

Department of Management and Budget

Mission

The mission of the Department of Management and Budget (DMB) is to provide financial and analytical consultant services; develop, implement, and monitor a financial plan; and produce information for Fairfax County agencies, the Board of Supervisors, the County Executive, and residents in order to maintain the County's fiscal integrity and accountability, as well as to support effective decision-making. In addition, the department serves as the centralized functional support organization for the County's enterprise resource planning system, FOCUS. DMB also serves as the central agency responsible for the implementation and monitoring of the Countywide Strategic Plan and works with agencies to better utilize data for decision-making through the Countywide Data Analytics and the Economic, Demographic and Statistical Research (EDSR) units.

Focus

The Department of Management and Budget is chiefly responsible for coordination of the County's annual budget process, which includes the financial forecast, development of budget guidelines, review of agency and program requests, presentation of recommendations to the County Executive, preparation of the Advertised Budget Plan, support of deliberations by the Board of Supervisors and preparation of the Adopted Budget Plan, which exceeds \$8 billion for all funds, including over \$4 billion for General Fund Disbursements.

As a growing and diverse community, Fairfax County faces significant budget challenges regarding increasing service demands in a climate of constrained fiscal resources. In addition to requirements associated with population growth, Fairfax County's budget has been impacted by external factors. Restrictions on revenue diversification, for example, severely limit the County's flexibility in addressing budget requirements and place a disproportionate burden on property owners, particularly residential taxpayers. Similarly, balancing the maintenance of an aging infrastructure with the needs of a growing population requiring expanded or new facilities is challenging.

One of the department's goals is to continue to work to expand public access to information at all stages of the budget formulation process and to increase transparency. For example, DMB continues to engage residents and businesses by participating in community meetings on the budget and providing support to civic groups. This affords residents a better understanding of their County government, the services it offers, and the role they can play in shaping budget decisions. In addition, the use of technology has played an increasingly significant role in the dissemination of budget information. The department has expanded the availability of online data, which includes all information contained in published budget volumes, as well as quarterly reviews, budget calendars, economic data, and historical files. The department is constantly updating its website (www.fairfaxcounty.gov/budget) to make the site more user-friendly and educational. The department also worked closely with staff from the Department of Information Technology, the Department of Finance and Fairfax County Public Schools (FCPS) on a countywide transparency initiative. Interested users are able to visit www.fairfaxcounty.gov/topics/financial-transparency to view amounts paid to vendors and expenditures by both the County and FCPS since FY 2013. In addition, the Financial Transparency web page includes links to resources that provide a clear view of government and FCPS operations and how tax dollars are spent such as the County Annual Comprehensive Financial Report, the Public Schools Annual Report, the Popular Annual Financial Report (PAFR), and the contract register to facilitate easier navigation and research for residents and to generate community interest.

As a measure of the quality of its budget preparation, Fairfax County was awarded the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award by meeting rigorous criteria for the budget as a policy document, financial plan, operations guide, and



communications device for the 37th consecutive year. The department will continue to build on this success by continuing to enhance accountability, transparency, and usefulness of the budget.

DMB's work extends considerably beyond budget preparation and DMB plays an essential role in many efforts that intersect with the budget, as well as those that involve cross-cutting issues, multiple County agencies, and the community.

DMB oversees the sale of bonds which fund the majority of the County's capital program, including school construction; coordinates special financings which optimize the timely and cost-effective provision of critical facilities; and leads the coordination and development of the County's Capital Improvement Program (CIP). In terms of legislative analysis, DMB monitors and analyzes proposals at the state level for fiscal impact and partners with agencies on issues concerning changes on the federal level that have programmatic and/or fiscal impacts on the County. In addition, DMB continues to partner successfully with the Department of Human Resources and all agencies to integrate workforce planning into County business operations to ensure that appropriate staffing resources are available to achieve strategic goals and objectives. This proactive focus enables the County to anticipate needs and collaborate on the most cost-effective means of meeting those needs.



The department was closely involved in the multi-year process to develop the first-ever Countywide Strategic Plan, which started in 2019 and culminated in the adoption of the plan by the Board of Supervisors in October 2021. The plan prioritizes inclusive community engagement and charts a path forward across Ten Community Outcome Areas, including Cultural and Recreational Opportunities, Economic Opportunity, Effective and Efficient Government, Empowerment and Support for Residents Facing Vulnerability, Environment, Health, Housing and Neighborhood Livability, Lifelong Education and Learning, Mobility and Transportation, and Safety and Security. The work of the plan is coordinated within the Countywide Strategic Planning Team in DMB, in close alignment with the Countywide Data Analytics Unit and One Fairfax. All documents and videos are available at <https://www.fairfaxcounty.gov/strategicplan>. During the next phase, the Countywide Strategic Plan will be continuously integrated into the budget preparation and decision-making process. This will be done through the identification of an initial set of "headline metrics", which will support the collection, analysis, and reporting of key data elements, to highlight how the County is currently performing within the Ten Community Outcome Areas and to provide the opportunity to measure progress over time. This work will proceed under the leadership of the County Executive, Deputy County Executives (who will serve as "champions" for the Ten Community Outcome Areas), and the Chief Equity Officer, with guidance from the Board of Supervisors. Frequent communication will continuously highlight progress made, lessons learned, and ongoing opportunities to better integrate and align work within the framework of the Ten Community Outcome Areas and across departments, population groups, and geographic areas.

DMB is also home to the Countywide Data Analytics (CDA) unit. The role of CDA is to develop policies, practices, and tools that increase the routine use of data for planning, problem-solving, and decision-making. Fairfax County collects and uses a vast amount of data, and DMB is charged with facilitating activities to maximize the value of that data through effective data management practices and targeted analyses that provide insights to inform priorities. The objective is to increase access to relevant data and produce actionable information to guide our efforts through improvements in the collective analysis, disaggregation, and dissemination of data for greater interpretation, evaluation, and accountability.

DMB coordinates the County's performance measurement program, including oversight of the County's participation in the International City/County Management Association's (ICMA) comparative data initiative where service areas are benchmarked annually, and comparisons of



efficiency and effectiveness are included in the annual budget document. In 2021, Fairfax County was awarded ICMA's Certificate of Excellence, its highest level of recognition for excellence in performance measurement, for the thirteenth consecutive year. Fairfax County is one of 31 jurisdictions recognized for this prestigious award and one of 56 jurisdictions recognized overall. With the expected approval of the countywide strategic plan, and the renewed efforts to utilize data more effectively, it is anticipated that the performance measurement program will see substantial changes in the coming years. DMB's goal is to create a comprehensive program which integrates metrics at all levels of the organization to inform policy and budgetary decisions by County leaders, as well as provide a dashboard for residents to easily track measures of most interest to them.

The department also includes the Economic, Demographic and Statistical Research (EDSR) unit. The EDSR conducts quantitative research, analysis, and modeling in order to produce the County's official small area estimates and forecasts of population, households, and housing units. EDSR also analyzes and summarizes existing housing characteristics, commercial and industrial space information, land use information, and economic and demographic data for Fairfax County. These data and analyses produced by EDSR are used for program planning, CIP planning, policy initiatives, grant writing, budgeting, revenue forecasting, and performance measurement. This work closely aligns with budget preparation and decision-making and allows greater collaboration and integration of the unit's data with countywide planning and decision-making.

EDSR's role extends beyond data utilized for County decision-making. For example, EDSR participates in the Metropolitan Washington Council of Governments' Cooperative Forecasting and Data Subcommittee in charge of producing a regional 30-year forecast of population and households. EDSR also acts as the Census Bureau's liaison for Fairfax County and works on numerous programs to support the Decennial Census. This includes major programs that require rigorous analysis and data integrity research to provide input on the development of methodology, such as support provided to the Participants Statistical Areas Program (PSAP) which requires intensive analysis for boundary line creation or adjustment for data tabulation; work with GIS to provide Local Updates of Census Addresses (LUCA) which focuses on updating addresses for housing units and group quarters population; and provision of informational resources to the Complete Count Committee and Redistricting. In addition, EDSR's role will be to disseminate census data and provide technical assistance to bridge data usage. For more information on Fairfax County demographics and census summary data, please visit www.fairfaxcounty.gov/demographics/.

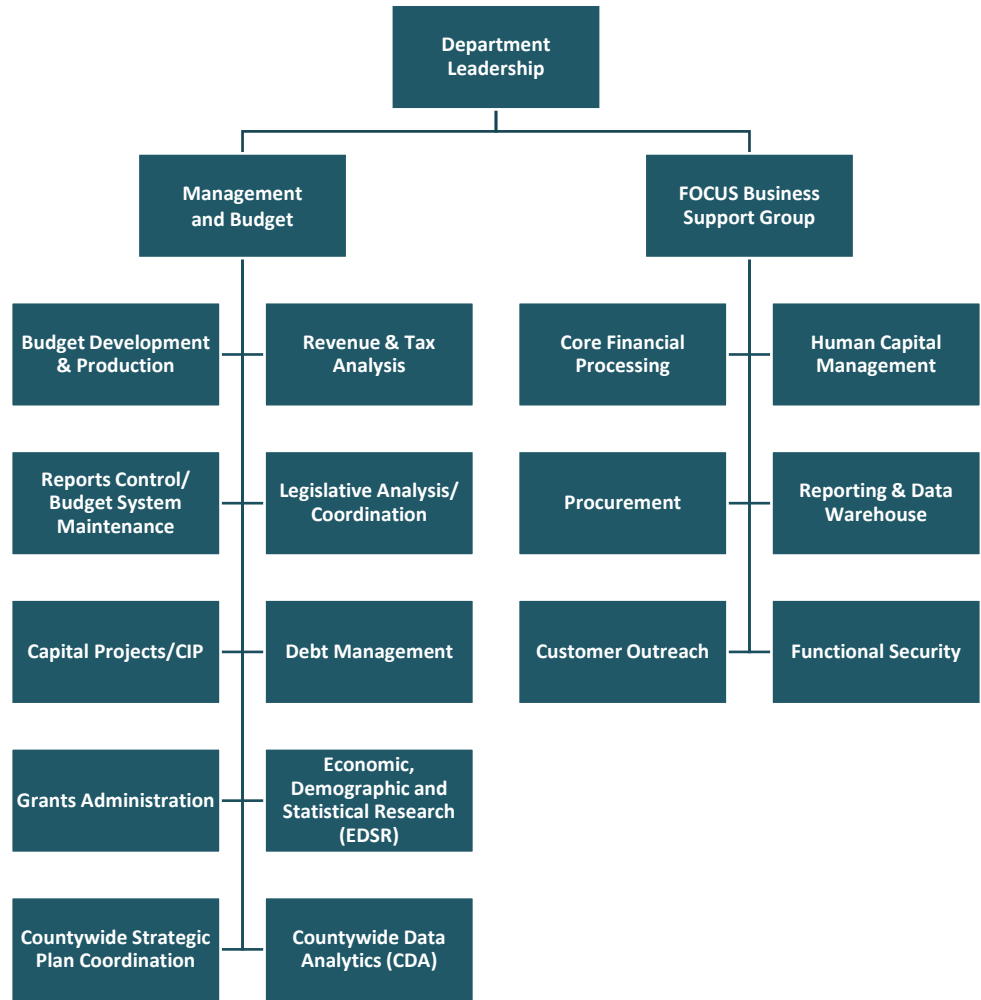


The department is also home to the centralized functional support group for the County's enterprise resource planning system, FOCUS. The FOCUS Business Support Group (FBSG) serves in the capacity of functional system administrator for the FOCUS system. All work is implemented in partnership with the core business process owners (Department of Human Resources, Department of Management and Budget, Department of Finance, Department of Procurement and Material Management, and the Fairfax County Public Schools), who determine how policies and procedures should be applied in the system, and the technical system administrators for the system (Department of Information Technology).

Pandemic Response and Impact

DMB continues to coordinate and manage new initiatives such as the allocation, monitoring, and reporting of more than \$200 million in federal funding from the Coronavirus Aid, Relief and Economic Security (CARES) Act Coronavirus Relief Fund, \$222.9 million anticipated through the America Rescue Plan Act (ARPA), and all approved FEMA reimbursements. For more information and updates on Fairfax County Government's application for and receipt of stimulus funding, go to <https://www.fairfaxcounty.gov/budget/cares-act-stimulus-funding-update>.

Organizational Chart



Budget and Staff Resources

Category	FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	FY 2023 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$5,215,190	\$5,404,542	\$6,105,488	\$6,522,898	\$6,522,898
Operating Expenses	197,141	180,819	798,104	534,985	534,985
Total Expenditures	\$5,412,331	\$5,585,361	\$6,903,592	\$7,057,883	\$7,057,883
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	57 / 57	57 / 57	62 / 62	62 / 62	62 / 62

FY 2023 Funding Adjustments

The following funding adjustments from the FY 2022 Adopted Budget Plan are necessary to support the FY 2023 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 10, 2022.

Employee Compensation \$445,096

An increase of \$445,096 in Personnel Services includes \$235,648 for a 4.01 percent market rate adjustment (MRA) for all employees and \$109,161 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2022. The remaining increase of \$100,287 is included for employee pay increases for specific job classes identified in the County's benchmark class survey of comparator jurisdictions.

Office of Strategy Management for Health and Human Services Realignment \$571,911

An increase of \$571,911 is associated with the realignment of funding and positions as a result of a reorganizational review of Agency 77, Office of Strategy Management for Health and Human Services (OSM), approved as part of the *FY 2021 Carryover Review*. This funding includes \$471,955 in Personnel Services to support the transfer of 4/4.0 FTE positions and \$99,956 in Operating Expenses. This reorganization includes the re-envisioning of Health and Human Services strategic policy and planning efforts, previously coordinated by OSM. Moving forward, this work will continue through a hybrid of centralized cross-system coordination and imbedded corporate agency supports. There is no net impact on the General Fund in terms of funding or positions associated with these changes.

Collective Bargaining \$455,515

Consistent with actions approved by the Board of Supervisors as part of the *FY 2021 Carryover Review*, an increase of \$455,515, including \$201,305 in Personnel Services and \$254,210 in Operating Expenses is associated with the implementation of collective bargaining for public employees beginning in May 2021.

Changes to FY 2022 Adopted Budget Plan

*The following funding adjustments reflect all approved changes in the FY 2022 Revised Budget Plan since passage of the FY 2022 Adopted Budget Plan. Included are all adjustments made as part of the *FY 2021 Carryover Review*, *FY 2022 Mid-Year Review*, *FY 2022 Third Quarter Review*, and all other approved changes through April 30, 2022.*

Carryover Adjustments \$1,280,045

As part of the *FY 2021 Carryover Review*, the Board of Supervisors approved funding of \$1,280,045, including \$51,500 in Personnel Services for a one-time compensation adjustment of \$1,000 for merit employees and \$500 for non-merit employees paid in November 2021. The remaining amount of \$1,228,545 is due to the transfer of \$571,911, including \$471,955 in Personnel Services and \$99,956 in Operating expenses, and 4/4.0 FTEs as a result of the realignment of the Office Strategy Management for Health and Human Services, an increase of \$405,188, including \$150,978 in Personnel Services and \$254,210 in Operating Expenses, and 2/2.0 FTE new positions to support the implementation of collective bargaining for public employees beginning May 2021, and encumbered carryover of \$251,446 in Operating Expenses.

Position Reduction \$0

A review of positions for potential reduction was conducted as part of the *FY 2021 Carryover Review*, and 1/1.0 FTE position was eliminated in Agency 20, Department of Management and Budget, as a result of this review. Based on current budget constraints, the positions were unfunded and could be eliminated without adversely impacting agency operations.

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Third Quarter Adjustments

\$38,186

As part of the *FY 2022 Third Quarter Review*, the Board of Supervisors approved funding of \$38,186 in Personnel Services for the implementation of changes resulting from the FY 2023 Benchmark Compensation Study that were effective on February 12, 2022.

Cost Centers Management and Budget

The Management and Budget cost center is responsible for the preparation and publication of the County's Advertised and Adopted budget plans, as well as the Capital Improvement Program. Additionally, the County's debt management program, countywide strategic plan coordination, countywide data analysis and reporting, and economic, demographic, and statistical research are coordinated in this cost center.

Category	FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	FY 2023 Adopted
EXPENDITURES					
Total Expenditures	\$3,148,826	\$3,279,204	\$4,287,712	\$4,276,652	\$4,276,652
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	35 / 35	35 / 35	40 / 40	40 / 40	40 / 40

FOCUS Business Support Group (FBSG)

The FBSG provides technical and functional support to all County users for the integrated FOCUS system, including financial, purchasing, budgetary, and human capital management issues. This cost center manages all security related to the system, coordinates with the Department of Information Technology on enhancements and upgrades to the system and performs regular maintenance activities.

Category	FY 2021 Actual	FY 2022 Adopted	FY 2022 Revised	FY 2023 Advertised	FY 2023 Adopted
EXPENDITURES					
Total Expenditures	\$2,263,505	\$2,306,157	\$2,615,880	\$2,781,231	\$2,781,231
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	22 / 22	22 / 22	22 / 22	22 / 22	22 / 22

Position Detail

The FY 2023 Adopted Budget Plan includes the following positions:

MANAGEMENT AND BUDGET – 40 Positions					
1	Director		2	Management Analysts III	
1	Deputy Director		1	Business Analyst III	
9	Management and Budget Division Directors		2	Data Scientists II	
3	Budget and Policy Analysts V		5	Budget and Policy Analysts II	
1	Data Scientist IV		1	Business Analyst I	
1	Financial Specialist IV		2	Management Analysts I	
3	Data Scientists III		1	Administrative Assistant V	
7	Budget and Policy Analysts III				
FOCUS BUSINESS SUPPORT GROUP (FBSG) – 22 Positions					
1	Deputy Director		5	Business Analysts IV	
1	Management and Budget Division Director		9	Business Analysts III	
2	Budget and Policy Analysts V		4	Business Analysts II	

Performance Measurement Results

A critical measure of accurate fiscal forecasting and careful budget management is minimal variance between projected and actual revenue and expenditures. The Department of Management and Budget continues to be successful in projecting and managing the County's budget to achieve minimal variance between projected and actual revenues and expenditures. During FY 2021, DMB exceeded the 2.0 percent target for revenue projections by achieving a variance of only 0.9 percent from the final General Fund budget estimate. The actual variance for expenditures of 11.6 percent, which is higher than the historical trend, can be attributed to the carryover of unspent federal stimulus funding and County managers continuing to prudently manage their departmental budgets during the economic uncertainty as a result of the COVID-19 pandemic.

Through diligent fiscal management, Fairfax County is able to borrow at the most competitive rates available. The County continues to realize savings on bond sales based on its Triple-A rating from all three bond rating agencies, a distinction shared, as of January 2022, by only 49 counties, 13 states, and 31 cities nationally. Bond ratings are a measure of a government's financial condition. It means that financial professionals have evaluated the County's fiscal management practices over a period of time and have expressed confidence that Fairfax County is able to meet its scheduled interest and principal payments. Fairfax County's bond ratings are determined by Moody's Investors Services, Standard & Poor's Corporation, and Fitch Investors Service and represent the highest ratings that can be awarded for general obligation bonds. Ratings for special financings are lower based on credit issues unique to each financing but benefit from the County's underlying general obligation bond rating.

When DMB sells bonds on behalf of the County for capital facilities and infrastructure, the Triple-A rating results in significant interest rate savings. On January 19, 2022, the County conducted a General Obligation Public Improvement new money bond sale for the Series 2022A via a competitive sale in the par amount of \$300.0 million at a low interest cost of 1.75 percent. There were seven bidders, and the second lowest bid was only 0.01 percent higher than the winning bid. The number of bids and tight proximity of the bids reiterated a strong support of the County's bond offerings and credit ratings.

As a result of the County's excellent triple-A bond rating, the County has saved an estimated \$1.01 billion from County bond and refunding sales. Paying less interest on debt for capital projects means that more funding is available for public facilities and services for residents.

The accuracy of the Economic, Demographic and Statistical Research (EDSR) unit's population forecasting assumptions, methodology and model is important because the forecasts are used to plan for future facilities and programs. For FY 2021, EDSR exceeded their accuracy target with the population forecasts made in 2016 for 2021 being only 0.5 percent different from the actual population. While there are no industry standards for an acceptable error level for population forecasting, research published by the Bureau of Economic and Business Research at the Warrington College of Business Administration concluded that county-level population forecast errors of +/- 5.5 percent or less for a five-year horizon forecast could be considered a "good record of forecast accuracy."

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Indicator	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2021 Actual	FY 2022 Estimate	FY 2023 Estimate
Percent variance in actual and projected revenues ¹	0.4%	(0.3%)	2.0%	0.9%	2.0%	2.0%
Percent variance in actual and projected expenditures ²	3.4%	12.9%	2.0%	11.6%	2.0%	2.0%
Interest rate for GO bond sales ³	2.90%	1.80%	1.23%	1.23%	1.75%	NA
Savings for bond sales (in millions) compared to the Bond Buyer 20-bond municipal index ³	\$29.97	\$16.68	\$22.09	\$26.32	\$12.60	NA
Savings associated with refundings (in millions) ³	\$3.30	\$15.77	\$29.28	\$38.54	\$24.00	NA
Accuracy of five-year population forecasts measured as difference between forecast made five years ago and current estimate	1.6%	0.8%	5.0%	0.5%	5.0%	5.0%

¹ FY 2020 actual revenues were slightly below budget estimates due to the economic uncertainty in the third and fourth quarters of the fiscal year as a result of the COVID-19 pandemic. Based on historical trends, close monitoring, and actions to offset the loss of revenue, expenditure savings were anticipated and realized to offset revenue losses.

² FY 2020 and FY 2021 actual expenditures realized greater variances than in prior years, and part of this higher-than-normal variance is attributed to unspent CARES Coronavirus Relief Funds and ARPA Coronavirus State and Local Fiscal Recovery Funds. After excluding the Coronavirus Relief Fund Balance and the ARPA Coronavirus State and Local Fiscal Recovery Fund Balance, the variance for FY 2020 was approximately 5.9 percent and 5.6 percent for FY 2021, which is higher than the historical trend.

³ In some fiscal years, multiple bond sales were held, while in others, only one was held. The dollar value and interest rate for special financings and refundings cannot be projected as they do not take place unless the prevailing interest rates indicate it is favorable to undertake them. Therefore, while no projections are made for this category, actual results are reported.

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2023-adopted-performance-measures-pm>