

Unclassified Administrative Expenses

Focus

Agency 87, Unclassified Administrative Expenses, includes General Fund reserves that have been appropriated by the Board of Supervisors. These reserves are typically established when funding is identified to support programs that span multiple County agencies but has not yet been allocated to those individual agencies. Funding may be expended in Agency 87 to support these programs or may be reallocated to the implementing agencies during a future budget process.

Pandemic Response and Impact

The County received over \$200 million in stimulus funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Fund to support the County's pandemic response. These funds are being used in combination with General Funds, anticipated funds from the Federal Emergency Management Agency (FEMA), and other federal and state funds. CARES Coronavirus Relief Funds are centrally budgeted and tracked in Agency 87 to ensure compliance with federal guidance. These one-time funds can only be used to cover costs that:

- are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act), for the State or government; and
- were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.

The Coronavirus Relief Funds have been used for a variety of purposes, including the County's public health response and contact tracing program; support for County residents requiring assistance for basic needs; a medical isolation program for vulnerable residents, including those who are homeless; support for County small businesses and non-profits; costs related to personal protective equipment and enhanced sanitation practices; expenses related to expanding telework options for County employees; and support for the Towns of Herndon, Vienna, and Clifton. As funds are eligible to be used for expenses through December 31, additional allocations are expected. Staff submit monthly reports to the Board regarding utilization of the funds, and these memorandums are posted at www.fairfaxcounty.gov/budget.

In addition, General Fund resources were identified as part of the *FY 2020 Third Quarter Review*, *FY 2021 Adopted Budget Plan*, and *FY 2020 Carryover Review* to be set aside in an appropriated reserve in Agency 87, Unclassified Administrative Expenses, for costs associated with the County's pandemic response which are not eligible under the Coronavirus Relief Fund. This funding totaled \$25.03 million in FY 2021, of which \$9.07 million was utilized as part of the *FY 2021 Mid-Year Review* to partially offset revenue losses as a result of the pandemic. An additional \$9.07 million was appropriated as part of the *FY 2021 Third Quarter Review*, which a portion was utilized to offset additional revenue losses as a result of the pandemic, for a total increase of \$1.76 million. As a result of these adjustments, there is \$17.72 available in the reserve in FY 2021. Updates regarding the use of these funds are included in the monthly reports to the Board, as noted above. The *FY 2022 Adopted Budget Plan* does not include additional funding for this appropriated reserve, and instead includes a recommendation to hold \$20.0 million in an unappropriated General Fund reserve to allow the County the flexibility to continue to address the impacts of the pandemic and to fund recovery efforts.

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Fairfax County is anticipated to receive \$222 million in direct federal assistance, distributed through two funding tranches, through the American Rescue Plan Act. The first tranche of \$111 million was received in May 2021 and appropriated by the Board of Supervisors at a public hearing on June 8, 2021. The second tranche of funding of \$111 million is anticipated no earlier than 12 months following the first disbursement. Similar to the CARES Coronavirus Relief Funds, updates regarding the use of these funds will be included in the monthly reports to the Board.

Budget and Staff Resources

Summary by Reserve

Cost Center	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
Gang Prevention Reserve	\$0	\$0	\$178,375	\$0	\$0
Health and Human Services Innovation Fund ¹	0	200,000	0	0	0
Reserve for Ad-Hoc Police Practices Review Commission Recommendations ²	0	0	0	0	0
CARES Coronavirus Relief Fund	55,702,407	0	144,533,078	0	0
American Rescue Plan Act Fund	0	0	111,447,319	0	0
Reserve for Coronavirus Pandemic	0	9,838,597	17,722,211	0	0
Total Expenditures	\$55,702,407	\$10,038,597	\$273,880,983	\$0	\$0

¹ As part of the FY 2022 Adopted Budget Plan, the Health and Human Services Innovation Fund is transferred to Agency 79, Department of Neighborhood and Community Services.

² As part of the FY 2020 Carryover Review, the remaining balance of \$1.25 million in the Reserve for Ad-Hoc Police Practices Review Commission Recommendations was transferred to multiple agencies to fully implement the Body-Worn Camera Program. For more information on the Body-Worn Camera Program, please refer to Agency 90, Police Department, in Volume 1 of the FY 2022 Adopted Budget Plan.

FY 2022 Funding Adjustments

The following funding adjustments from the FY 2021 Adopted Budget Plan are necessary to support the FY 2022 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 4, 2021.

No reserve funding is included in Agency 87, Unclassified Administrative Expenses, in FY 2022.

Changes to FY 2021 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, FY 2021 Third Quarter Review, the appropriation of American Rescue Plan Act funding, and all other approved changes through April 30, 2021.

Carryover Adjustments **\$160,559,107**

As part of the *FY 2020 Carryover Review*, the Board of Supervisors approved the re-appropriation of reserve balances totaling \$160,559,107. This amount included the remaining balance of \$144,790,534 in stimulus funding received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Fund; \$15,190,198 in the Reserve for Coronavirus Pandemic; \$400,000 in the Health and Human Services Innovation Fund; and \$178,375 in the Gang Prevention Reserve. In addition to these reserve adjustments, the Board of Supervisors approved the transfer of the remaining balance of \$1,259,537 in the Reserve for Ad-Hoc Police Practices Review Commission Recommendations to multiple agencies to support Phase Two and Phase Three of the Body-Worn Camera Program.

Mid-Year Adjustments **(\$9,331,789)**

As part of the *FY 2021 Mid-Year Review*, the Board of Supervisors approved a reduction of \$9,331,789, including a reduction of \$9,074,333 in the Reserve for Coronavirus Pandemic to offset revenue losses as a result of COVID-19 and a reduction of \$257,456 to update the balance remaining in stimulus funding received from the CARES Act Coronavirus Relief Fund.

Third Quarter Adjustments **\$1,167,749**

As part of the *FY 2021 Third Quarter Review*, the Board of Supervisors approved net adjustments of \$1,167,749 to the reserves held in Agency 87. Of this amount, an increase of \$1,767,749 in the General Fund Pandemic Reserve is attributable to an increase of \$9,067,339 as a result of increased revenue projections for BPOL (Business, Professional and Occupational Licenses), which is partially offset by a decrease of \$7,299,590 to help offset other revenue losses as a result of COVID-19. In addition, a decrease of \$600,000 is due to the transfer of the Health and Human Services Innovation Fund to Agency 79, Department of Neighborhood and Community Services, to support the development of new and innovative approaches that transform nonprofit service delivery practices, create entrepreneurial venues that support their mission, or foster the utilization of technology to improve customer outcomes.

American Rescue Plan Act Fund **\$111,447,319**

An increase of \$111,447,319 is included for the first tranche of funding through the American Rescue Plan Act (ARPA) Fund. This funding was appropriated by the Board of Supervisors on June 8, 2021. The second tranche of ARPA funding is anticipated no earlier than 12 months following the first disbursement. The County is waiting for specific guidance on the use of this funding and an update will be included in the monthly report to the Board of Supervisors.