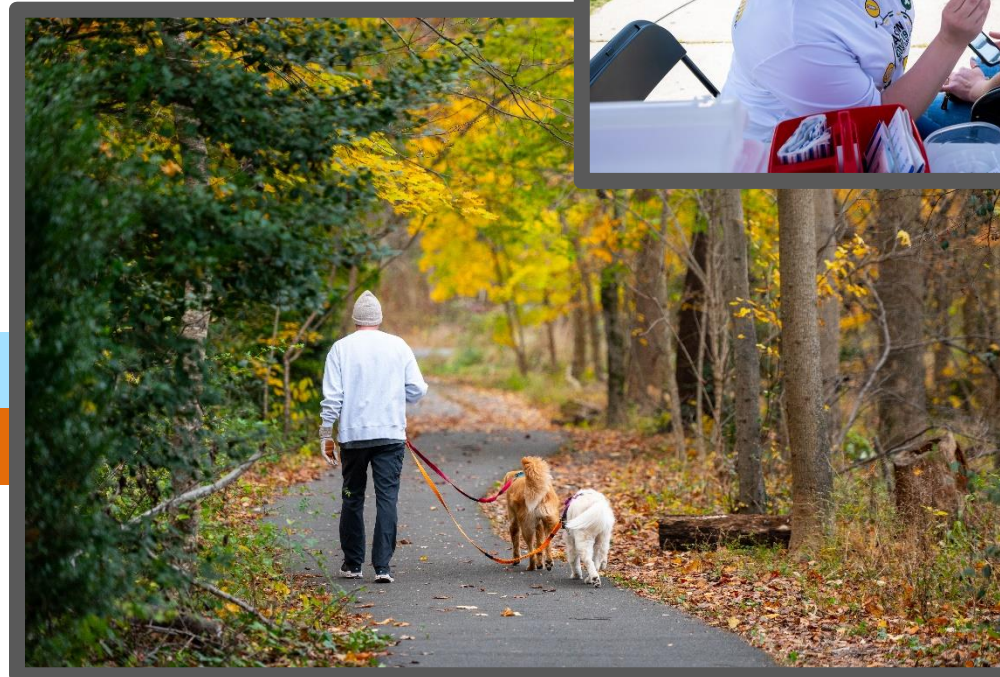




County Executive's Presentation on the **FY 2023 Advertised Budget** and the **FY 2023-2027 Capital Improvement Program**

2.22.22

www.fairfaxcounty.gov/budget



FY 2023 Advertised Budget Context

- With recruitment and retention challenges at the forefront, this budget prioritizes compensation for County and Schools employees
- Integrates investments with those being made using the almost \$700 million received in stimulus funding
- Growth in Real Estate and Personal Property assessments are significant, and mitigating the impact on residents will be the focus of future discussions
- Adjustments are in alignment with the Priority Areas as outlined in the Countywide Strategic Plan

FY 2023 Advertised Budget Highlights

- Built on existing Real Estate Tax rate of \$1.14 per \$100 of assessed value
 - Based on equalization, results in an increase in the average tax bill of approximately \$666
- Includes balance of \$80 million for the Board's consideration, including for a potential reduction in the Real Estate Tax rate
- Fully funds School Operating request as included in the Superintendent's Proposed Budget
- Includes funding for full County compensation program
 - 4.01% Market Rate Adjustment
 - Performance, Merit and Longevity Increases, including a new 25-Year Longevity for Uniformed Public Safety
 - Adjustments associated with Market Studies
- Funds investments in Board priorities such as Affordable Housing, Diversion First, Opioid Use Prevention Efforts, Public Safety staffing, and the new Language Access Program
 - Includes baseline funds for previously-approved initiatives, such as the Co-Responder Program and School Health Nurse positions initially funded with stimulus funds
 - Includes increase of 109 positions, primarily for new facilities, the continuation of previous initiatives, and workload requirements
- Begins to implement recommendations from the Joint County/Schools Capital Improvement Program Committee
 - Allocates a total of \$5 million – shared equally between County/Schools – for Capital Paydown

National Economy

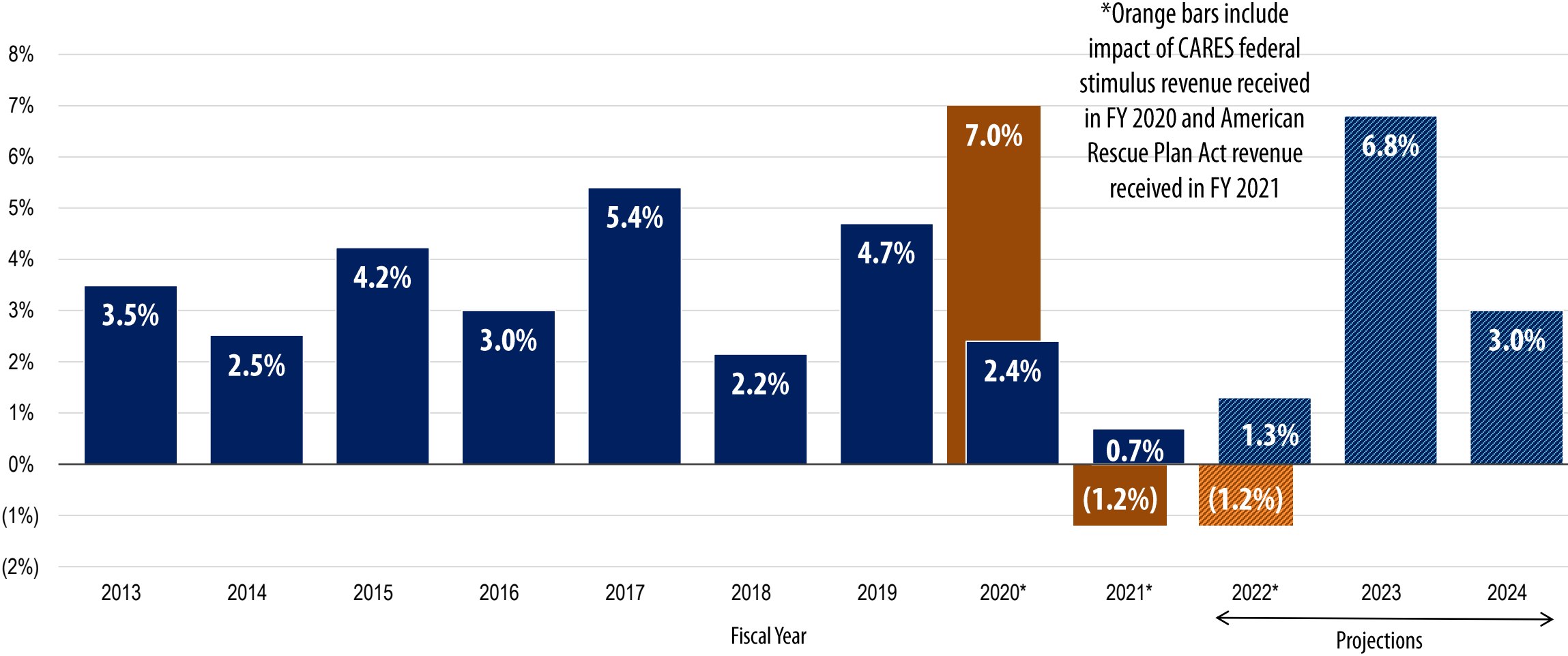
- The economy looks strong for now
 - In 2021, the economy grew at a rate of 5.7%, in contrast to a decrease of 3.4% in 2020
 - The economy gained approximately 6.5 million jobs in 2021 while the unemployment rate fell to 4.0% as of January 2022
 - Year-over-year inflation as measured by the Consumer Price Index surged to 7.5% in January, its highest level in 40 years
 - FY 2023 General Fund revenue forecast assumes that the national economy will continue to grow moderately
- Factors that could impact the future performance of the economy include:
 - The course of the pandemic
 - The decrease of federal stimulus
 - Inflation and Federal Reserve tightening of monetary conditions
 - Geopolitical conflicts

Local Economy

- The local economic recovery continued in 2021
 - In Northern Virginia, the number of jobs as of December 2021 increased by 54,900 or 3.8% compared to last December but remains 1.5% lower than December 2019
 - Some sectors have still not recovered from the effects of the pandemic:
 - ✦ Number of Leisure and Hospitality jobs is still down by 18.3% compared to 2019
 - ✦ Number of Professional and Business Services jobs is up by 3.0% compared to 2019
- In Fairfax County, the December 2021 unemployment rate was 2.2%, much lower than last December's rate of 5.5%, but higher than the 1.7% rate from two years ago
- Office vacancy rates in the County increased
 - The amount of empty office space increased to 20.3 million sq. ft.
- Growth in the County's FY 2023 real estate tax base of 8.57% is much greater than last year
 - Residential real estate strongly increased in value due to record low interest rates coupled with low inventory
 - Nonresidential real estate increased as well, but more modestly

Annual Change in General Fund Revenue

FY 2013 – FY 2024



Annual Growth in Major Revenue Categories

| (Dollars in millions) | FY 2018 | FY 2019 | FY 2020 | FY 2021 | Projections | | |
|-----------------------------|-------------|-------------|-------------|---------------|---------------|-------------|-------------|
| | | | | | FY 2022 | FY 2023 | FY 2024 |
| Real Estate - Current | \$2,641.9 | \$2,786.9 | \$2,887.0 | \$2,997.9 | \$3,039.4 | \$3,286.4 | |
| Percent Change | 1.9% | 5.5% | 3.6% | 3.8% | 1.4% | 8.1% | 3.1% |
| Personal Property - Current | \$607.0 | \$616.1 | \$634.8 | \$627.6 | \$648.4 | \$718.7 | |
| Percent Change | 1.6% | 1.5% | 3.0% | (1.1%) | 3.3% | 10.8% | 2.5% |
| Sales Tax | \$182.2 | \$187.0 | \$191.1 | \$200.8 | \$207.9 | \$213.4 | |
| Percent Change | 3.1% | 2.7% | 2.2% | 5.1% | 3.5% | 2.7% | 2.5% |
| BPOL - Current | \$162.3 | \$167.2 | \$173.8 | \$171.3 | \$176.4 | \$180.8 | |
| Percent Change | 4.4% | 3.0% | 4.0% | (1.5%) | 3.0% | 2.5% | 2.5% |
| Investment Interest | \$41.4 | \$69.0 | \$64.1 | \$23.0 | \$12.6 | \$17.2 | |
| Percent Change | 50.5% | 66.6% | (7.2%) | (64.2%) | (44.9%) | 35.7% | 19.0% |
| Total General Fund | 2.2% | 4.7% | 7.0% | (1.2%) | (1.2%) | 6.8% | 3.0% |

Real Estate Tax Base

- The projected value of 1 Penny on the Real Estate tax rate equals \$29.37 million in revenue in FY 2023
- The Commercial/ Industrial percentage of the total real estate assessment base decreased from 18.17% in FY 2022 to 17.00% in FY 2023

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equalization | (8.98%) | 2.67% | 2.53% | 2.63% | 4.84% | 2.40% | 1.94% |
| - Residential | (5.56) | 2.34 | 0.71 | 3.50 | 6.54 | 3.39 | 1.64 |
| - Nonresidential | (18.29) | 3.73 | 8.21 | 0.14 | (0.10) | (0.60) | 2.87 |
| Growth | (0.22) | 0.60 | 0.74 | 0.77 | 0.93 | 1.06 | 1.04 |
| TOTAL | (9.20%) | 3.27% | 3.27% | 3.40% | 5.77% | 3.46% | 2.98% |

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 Prelim |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equalization | 0.97% | 2.58% | 2.45% | 2.71% | 2.02% | 7.72% | 2.50% |
| - Residential | 0.68 | 2.17 | 2.36 | 2.65 | 4.25 | 9.57 | 3.00 |
| - Nonresidential | 1.85 | 3.79 | 2.71 | 2.87 | (4.05) | 2.27 | 1.00 |
| Growth | 0.92 | 1.01 | 1.15 | 1.05 | 0.86 | 0.85 | 0.60 |
| TOTAL | 1.89% | 3.59% | 3.60% | 3.76% | 2.88% | 8.57% | 3.10% |

Residential Market

- Total increase of 9.57% in residential equalization
 - Average price of homes sold in CY 2021 was up 8.7%
 - The number of home sales increased 15.9%, from 16,739 homes in 2020 to 19,407 in 2021
 - Homes that sold in 2021 stayed on the market for an average of 17 days, down from 19 days in 2020
 - There are more than 337,000 residential properties in Fairfax County that experienced an equalization change in FY 2023
 - ✦ 92% saw an increase in assessed value
 - ✦ 2.8% saw a decrease in assessed value

Residential Equalization

- Residential properties comprise approximately 75.5% of total base

Residential Equalization Percent Changes

| Housing Type (Percent of Base) | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 Prelim |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Single Family (71.8%) | 0.62 | 2.11 | 2.17 | 2.36 | 4.17 | 10.86 | |
| Townhouse/Duplex (19.9%) | 1.37 | 2.86 | 3.12 | 3.43 | 5.13 | 8.70 | |
| Condominiums (7.8%) | (0.32) | 1.68 | 2.98 | 4.36 | 4.62 | 3.98 | |
| Vacant Land (0.4%) | 0.03 | 2.01 | 3.11 | 1.89 | 2.07 | 11.67 | |
| Other (0.1%) | 9.52 | 9.70 | 1.67 | 0.35 | 1.95 | 3.88 | |
| Total Residential Equalization (100%) | 0.68 | 2.17 | 2.36 | 2.65 | 4.25 | 9.57 | 3.00 |

Nonresidential Real Estate

- The amount of empty office space increased to 20.3 million sq. ft. out of 119.3 million sq. ft.
- Office vacancy rates as of year-end 2021
 - 16.0% direct, up from 14.6% as of year-end 2020
 - 17.0% with sublets, up from 15.5% at year-end 2020
- Currently, 2.1 million sq. ft. of office space under construction
- Office real estate assessed values down modestly for the second year in a row
- Overall non-residential real estate values increased in FY 2023 after decreasing last year

Nonresidential Equalization

Nonresidential Equalization Percent Changes

| Category (Percent of Base) | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 Prelim |
|---|-------------|-------------|-------------|-------------|---------------|-------------|-------------------|
| Apartments (28.4%) | 3.37 | 2.40 | 2.13 | 4.37 | 2.78 | 6.60 | |
| Office Condominiums (3.5%) | 0.49 | 1.19 | 1.77 | 0.43 | (0.59) | 0.65 | |
| Industrial (6.1%) | (0.26) | 9.61 | 5.90 | 2.01 | 0.14 | 1.97 | |
| Retail (15.8%) | 7.39 | 7.00 | 1.66 | 2.59 | (10.20) | 2.84 | |
| Office Elevator (29.7%) | (1.39) | 2.82 | 3.32 | 4.01 | (4.42) | (0.45) | |
| Office – Low Rise (2.2%) | 1.39 | 1.11 | 2.75 | 1.77 | (3.28) | 2.41 | |
| Vacant Land (4.0%) | (1.17) | (0.35) | 4.28 | (0.13) | (5.36) | (0.74) | |
| Hotels (1.9%) | (0.12) | 8.13 | 6.62 | 2.23 | (44.20) | 1.92 | |
| Other (8.4%) | 6.73 | 6.13 | 2.80 | 1.52 | (3.75) | 0.84 | |
| Total Nonresidential Equalization (100%) | 1.85 | 3.79 | 2.71 | 2.87 | (4.05) | 2.27 | 1.00 |

Personal Property Tax

- The ongoing disruption in supply chains and the manufacturing of technological components has caused used and new car prices to continue to soar
- Vehicle values as of January 1, 2022 are even higher than the level already assumed in the FY 2023 Advertised Budget Plan
- Revenue projections based on November 2021 values assumed an increase in the average vehicle levy of 15.5% while updated information from JD Power for January 1, 2022 suggests an increase of over 33%
- With no changes to the Personal Property Tax rate or the methodology used to value vehicles for assessment purposes, the average vehicle levy for the taxpayer will increase by about \$181 while revenues will increase by \$83 million beyond what is included in the Advertised Budget
- Staff will discuss options with the Board of Supervisors at an upcoming Budget Committee meeting

Adjustments included in FY 2023 General Fund Budget

(Amounts shown are in millions, net change over FY 2022 Adopted Budget Plan)

| Available Revenue Increase | | | |
|--|-----------------|-----------------|-----------------|
| Revenue Increase at Current Real Estate Tax Rate | | | \$389.33 |
| Enhanced Tax Relief for Seniors and Disabled | | | (\$12.25) |
| Revenues directed to Affordable Housing | | | (\$5.00) |
| Land Development Services Revenues transferred to New Fund | | | (\$42.62) |
| Net Impact of Transfers In | | | \$0.71 |
| Total Available | | | \$330.17 |
| FY 2023 Requirements | | | |
| | County | Schools | Total |
| County Compensation | \$102.48 | -- | \$102.48 |
| Debt Service | \$2.36 | \$2.75 | \$5.11 |
| Joint County/Schools CIP Committee Recommendations | \$2.50 | \$2.50 | \$5.00 |
| Lifelong Education and Learning | \$0.14 | \$112.65 | \$112.79 |
| Health | \$15.05 | -- | \$15.05 |
| Mobility and Transportation | \$12.25 | -- | \$12.25 |
| Effective and Efficient Government | \$12.12 | -- | \$12.12 |
| Empowerment and Support for Residents Facing Vulnerability | \$10.66 | -- | \$10.66 |
| Safety and Security | \$6.57 | -- | \$6.57 |
| Cultural and Recreational Opportunities | \$4.75 | -- | \$4.75 |
| Economic Opportunity | \$2.34 | -- | \$2.34 |
| Housing and Neighborhood Livability | \$1.52 | -- | \$1.52 |
| Environment | \$0.96 | -- | \$0.96 |
| Land Development Services Expenditures transferred to New Fund | (\$42.62) | -- | (\$42.62) |
| Agency Reductions and Savings | (\$3.24) | -- | (\$3.24) |
| Subtotal | \$127.84 | \$117.90 | \$245.74 |
| Reserve Adjustments | | | \$5.17 |
| Total Uses | | | \$250.91 |
| Available Balance for Board Consideration | | | \$79.26 |

FY 2023 Budget Summary

- Net County resources (revenues and transfers in) increase by \$330.17 million. Of the increase:
 - \$127.84 for County priorities
 - \$117.90 for Schools
 - \$5.17 for Reserve Requirements
 - \$79.26 million balance for Board Consideration
- Schools are 52.4% of General Fund Disbursements in FY 2023
- County's reserves remain budgeted at target of 10% of General Fund disbursements

County Compensation

\$102.48 mil

- Funding for the County's full compensation program is included
 - Market Rate Adjustment of 4.01%
 - ✦ The County's living wage increases to \$15.90 per hour
 - Performance, Merit and Longevity increases, including a new 25-year longevity step proposed for uniformed pay plans
 - ✦ Average increase of 2.15% for non-uniformed merit employees; 3.85% for uniformed merit employees
 - ✦ A higher proportion of employees are eligible for longevity increases due to backlog from past two years and proposed 25-year longevity
 - Adjustments resulting from market studies were accelerated and implemented with the pay period beginning February 12

County Compensation (continued)

- Funding is included for benefits adjustments, including budgeted 5 percent health insurance premium increases in January 2023
- No changes in retirement employer contribution rates are required
 - As of June 30, 2021, funded ratios range from 81.3% to 90.2%
 - County moved to a more conservative assumed rate of return of 6.75% (down from 7.25%)
- Savings in County contributions for OPEB are realized (included in County savings figure)
 - As of June 30, 2021, OPEB Plan is fully funded, with funded ratio of 102.0%
 - Moved to more conservative assumed rate of return (6.25% down from 6.50%) and reduced amortization period from 30 years to 20 years

Joint County/Schools CIP Committee

- The final report from the Joint County/Schools Capital Improvement Program (CIP) Committee was released in October 2021 and endorsed by the Board on December 7, 2021
- Recommendations from Committee included:
 - Increase in the annual bond sale limit from \$300 to \$400 million
 - ✦ Would occur gradually beginning with a \$50 million increase (split evenly between County/Schools) in January 2023
 - ✦ Second \$50 million increase (split evenly) would occur in January 2025
 - Dedication of the equivalent of one penny on the Real Estate Tax rate to be utilized for debt service payments on the increased sales and to increase Capital Paydown investments
 - Increase in the percentage allocated to the Capital Sinking Fund at year-end, with Schools included in the allocation

Debt Service Requirements

\$5.11 mil

- For FY 2023, increase of \$2.36 million for County and \$2.75 million for Schools supports programmed debt service payments
 - Bond sale in January 2022 included \$120 million for the County and \$180 million for Schools
 - ✦ Interest rate of 1.75%
- In accordance with the recommendations from the Joint CIP Committee, bond sales planned for January 2023 are increased by \$25 million each for the County and Schools. These increases do not impact FY 2023 debt service payments.

| | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--------------|---------------|---------------|---------------|---------------|
| County | \$120m | \$145m | \$145m | \$170m |
| Schools | 180m | 205m | 205m | 230m |
| Total | \$300m | \$350m | \$350m | \$400m |

Capital Paydown Investments

\$5.00 million

- Based on resource constraints, the equivalent of a full penny is not included in the FY 2023 proposal
 - A \$5 million investment – split evenly between the County and Schools – is included
- As no additional debt service requirements are required in FY 2023 for the increased January 2023 bond sales, this investment would be utilized for Capital Paydown
 - For County, \$1 million is recommended to be utilized for feasibility studies
- Recommend gradually increasing investment over time

Recommended Changes to Bond Referendum Plan

- Significant backlog of outstanding unissued bonds as a result of project delays due to the COVID-19 pandemic, scope changes, co-location opportunities
- Based on projected timing of upcoming bond sales, several changes to the bond referendum plan are recommended:
 - 2-year deferral of many County referendums, with 6 years between referendum instead of every 4 years
 - No County referendum in November 2022
 - Move Northern Virginia Regional Park Authority capital contribution out of bond program to General Fund
 - Recommend no change to timing of Schools, Metro, or Libraries schedule
- Anticipate no impact to project completions or projected sales for approved referendums

Bond Referendum Plan

FY 2023-FY 2027 CIP Bond Referendum Plan

| Year | Category | Description | | | Total |
|-----------|----------|--|-----------|--|-----------|
| Fall 2022 | County | No Referendum | | | -- |
| Fall 2023 | Schools | Capital Enhancement, Renovation, Infrastructure Management | | | \$360 mil |
| Fall 2024 | County | Public Safety | \$146 mil | Chantilly Fire Station, Fox Mill Fire Station, Oakton Fire Station, Wellfit Performance Center, Mt. Vernon Police Station, Tysons Police Station | \$326 mil |
| | | Transportation | \$180 mil | Metro Contribution | |
| Fall 2025 | Schools | Capital Enhancement, Renovation, Infrastructure Management | | | \$460 mil |
| Fall 2026 | County | Human Services | \$117 mil | Early Childhood Facilities, Tim Harmon Campus, Springfield Community Resource Center | \$381 mil |
| | | Libraries | \$64 mil | Centreville Regional, Chantilly Regional Technical Operations, Herndon Fortnightly Community, Kings Park Community | |
| | | Parks | \$100 mil | County Park Authority | |
| | | Transportation | \$100 mil | Roads | |

Lifelong Education and Learning

\$112.79 mil

- Fully funds School Operating request of \$112.65 million as included in the Superintendent's Proposed Budget
 - Represents 5.18 percent increase
 - Schools budget includes:
 - ✦ \$88 million in increased sales tax and state aid
 - ✦ 4% Market Scale Adjustment for all employees and Step Increases for eligible employees
 - ✦ Reduction of over \$88 million based on lower projected enrollment
 - ✦ Baseline funding for initiatives previously funded with federal stimulus dollars
 - ✦ \$10 million placeholder for General Assembly actions
- FCPS has received approximately \$326.5 million in direct federal stimulus funds, in addition to \$19.6 million from the County's Coronavirus Relief Funds
- Support for Lifelong Education and Learning on County side reflects a \$0.14 million increase
 - Due to slight increase in per capita share of County's operating and capital contributions to Northern Virginia Community College and contract rate adjustments for early childhood programs



Health

\$15.05 mil and 12 pos

- Diversion First Initiative *\$1.05 mil/7 pos*
- Opioid Task Force *\$0.40 mil/3 pos*
- Baseline support for Health Department staff approved at *FY 2021 Carryover* and initially funded through stimulus dollars *\$12.92 mil*
 - School Health Nurses to respond to the state mandate for support position staffing ratios
 - Additional resources for Public Health Preparedness
- *Including revenues associated with some expenditure adjustments, the net General Fund impact of Health adjustments is \$13.28 million*

Mobility and Transportation

\$12.25 mil and 5 pos

- Metro Subsidy Requirements *\$9.10 mil*
- Fairfax Connector support *\$2.33 mil*
- Positions to support Fairfax Connector and the County's Active Transportation program *\$0.57 mil/5 pos*
- Funding to contract with VDOT for an additional mowing cycle *\$0.25 mil*

Effective and Efficient Government

\$12.12 mil and 30 pos

- Support for Office of Elections *\$1.78 mil*
- Language Access Program and One Fairfax Support *\$1.54 mil/5 pos*
- Lease adjustments *\$1.13 mil*
- Board Office support *\$1.10 mil*
- Technology Infrastructure Support *\$0.75 mil*
- Maintenance for new facilities *\$0.62 mil*
- Capital Projects workload positions *\$0.21 mil/6 pos*
- Baseline support for items funded at previous quarterly reviews including Collective Bargaining staffing, staffing in Facilities Management related to workload, and positions added in Tax Administration to support the expanded Tax Relief Program *\$4.20 mil*

Empowerment and Support for Residents Facing Vulnerability

\$10.66 mil and 9 pos

- 5% increase for 1st year of new cycle for Consolidated Community Funding Pool *\$0.61 mil*
- Children’s Advocacy Center (SafeSpot) *\$0.38 mil*
- Domestic and Sexual Violence Services *\$0.39 mil/3 pos*
- Detoxification and Residential Treatment Services *5 pos*
- Baseline funds for initiatives previously approved by Board and initially funded with stimulus funds, including the Co-Responder Program, Behavioral Health support, Equitable School Readiness and Emergency Rental Assistance Program support *\$5.48 mil*
- Baseline funds for Public Assistance Eligibility Workers, Child Protective Services, and Family First In-Home Services added at Carryover *\$1.69 mil, offset by revenue*
- *Including revenues associated with some expenditure adjustments, the net General Fund impact of Empowerment and Support for Residents Facing Vulnerability adjustments is \$8.50 million*

Safety and Security

\$6.57 mil and 27 pos

- Scotts Run Fire Station Staffing *\$2.92 mil/17 pos*
- Initial staffing for South County Animal Shelter *\$0.29 mil/2 pos*
- Electronic Control Weapons *\$0.36 mil*
- Baseline funding for items previously approved at quarterly reviews, including additional security funding and support for the new Office of the Police Civilian Review Panel *\$0.82 mil*

Cultural and Recreational Opportunities

\$4.75 mil and 7 pos

- Pilot Equity Program in the Park Authority *\$0.50 mil*
- Patriot Park North Complex *\$0.31 mil/3 pos*
- Lorton Community Center *\$1.42 mil*
- Sully Community Center *\$0.99 mil/1 pos*
- Programming at the Original Mt. Vernon High School *\$0.13 mil/1 pos*
- Support for Celebrate Fairfax *\$0.75 mil*
- Baseline funding for support for Community Center in Lee District as approved at Carryover *\$0.11 mil*

Economic Opportunity

\$2.34 mil and 9 pos

- New School-Age Child Care (SACC) rooms at Lorton Community Center *\$0.46 mil/2 pos*
- New SACC rooms approved at Carryover, including for Clearview Elementary, McNair Upper Elementary, and Sully Community Center *\$1.16 mil*
- Support for PLUS System *7 pos*
- Baseline funds for additional coaching and job training support for individuals impacted by the pandemic previously approved by Board and initially funded with stimulus funds *\$0.72 mil*
- *Including revenues associated with some expenditure adjustments, the net General Fund impact of Economic Opportunity adjustments is \$1.51 million*

Housing and Neighborhood Livability

\$1.52 mil and 7 pos

- Positions to support the County's efforts to preserve and expand affordable housing *\$0.78 mil/5 pos*
- Support for Planning and Development *\$0.29 mil/2 pos*
- Contract rate increases in Housing and Community Development *\$0.29 mil*
- Baseline funding for the Affordable Housing Preservation Coordinator approved at Carryover *\$0.16 mil*
- Additionally, \$5 million in revenue has been directed to support Affordable Housing, adding to the existing half-penny for a total of \$19.7 million in baseline funding
 - \$30 million has been allocated from the County's ARPA Coronavirus State and Local Fiscal Recovery Funds
 - \$5 million in one-time County funding was approved at Carryover, with another \$5 million approved at Mid-Year

Environment

\$0.96 mil and 3 pos

- Sustainable Procurement Program *\$0.37 mil/2 pos*
- Urban Forester position to support the Forest Pest Program *1 pos*
- Baseline funds to support energy strategy positions approved at Carryover *\$0.59 mil*
- \$1.3 million remains in base to support environmental and energy projects
- Almost \$19 million was approved at Carryover for projects to reduce carbon emissions, implement the Zero Waste plan, continue LED streetlight conversions, and support electric vehicles and charging infrastructure

New Land Development Services Fund

- Expenditures associated with the Land Development Services agency in the General Fund – along with associated revenues – are shifted to a new Special Revenue Fund in FY 2023
 - \$42.62 million in revenues and expenditures are transferred to new Fund 40200
- This will allow for increased transparency in how LDS fees are utilized and will provide for flexibility in responding to market demands
- Reserves will be established over time to sustain operations during periods of economic uncertainty and to build funds for technology upgrades

Savings and Reserves

(\$3.24 mil) and \$5.17 mil

- Savings of \$3.24 million has been identified to offset increases
 - \$2.50 million associated with reduction in contribution to OPEB Fund
 - \$0.90 million based on increased indirect cost charges to Other Funds
 - ✦ These funds are Transfers In to the General Fund
 - \$0.38 million in increase cost sharing for Community Services Board
 - \$0.35 million savings in Office of the Sheriff based on expenditure trends
- Based on disbursement growth in the FY 2023 proposal, reserve requirements result in an increase of \$5.17 million
 - The County's reserves are maintained at their target of 10% of General Fund disbursements

Looking Forward

- Staff will continue to monitor revenues and General Assembly actions and will return to the Board with additional recommendations as part of the Add-On package in April
- Three Budget Committee meetings in March (March 1, 15, 29) to discuss budget issues in more detail, including Personal Property Tax options
- Staff will continue to maximize stimulus resources as appropriate
- Looking ahead to FY 2024....
 - Trajectory of pandemic and continuing economic impacts are unknown
 - Recruitment and retention will likely remain a challenge for some time
 - Collective bargaining agreements will be incorporated

How to Provide Input on the FY 2023 Budget

- To learn more about participating in the budget public hearings, call the Clerk to the Board's Office at (703) 324-3151 (TTY 711) or to access the form at:

www.fairfaxcounty.gov/bosclerk/speakers-form

- The public can send written testimony or communicate with the Clerk's Office by email at: clerktothebos@fairfaxcounty.gov.
- Residents can also provide testimony by phone, in person, or by submitting written or video testimony.
- The entire [FY 2023 Advertised Budget Plan](#) and the [FY 2023-FY 2027 Capital Improvement Program](#) are available online at:

www.fairfaxcounty.gov/budget

FY 2023 Budget Timeline

- February 22, 2022 County Executive presents FY 2023 Advertised Budget Plan
- February 24, 2022 School Board adopts FY 2023 Advertised Budget
- March 1, 2022 Joint Board of Supervisors/School Board Budget Committee Meeting
- March 8, 2022 Board of Supervisors authorizes advertisement of FY 2023 tax rates
- March 22, 2022 Board of Supervisors authorizes advertisement of *FY 2022 Third Quarter Review*
- April 12-14, 2022 Board of Supervisors holds Public Hearings on FY 2023 Budget, FY 2023-FY 2027 Capital Improvement Program, and *FY 2022 Third Quarter Review*
- April 26, 2022 Board of Supervisors marks-up FY 2023 Budget, adopts FY 2023-FY 2027 Capital Improvement Program and *FY 2022 Third Quarter Review*
- May 10, 2022 Board of Supervisors adopts FY 2023 Adopted Budget
- May 5, 2022 School Board holds public hearings on FY 2023 budget
- May 26, 2022 School Board adopts FY 2023 Approved Budget
- July 1, 2022 FY 2023 Budget Year Begins