



# FY 2024 ADVERTISED BUDGET

AND THE FY 2024-2028 CAPITAL IMPROVEMENT PROGRAM

SLIDES ADAPTED FROM THE  
COUNTY EXECUTIVE'S  
PRESENTATION  
ON FEBRUARY 21, 2023

[WWW.FAIRFAXCOUNTY.GOV/BUDGET](http://WWW.FAIRFAXCOUNTY.GOV/BUDGET)



## FY 2024 ADVERTISED BUDGET CONTEXT

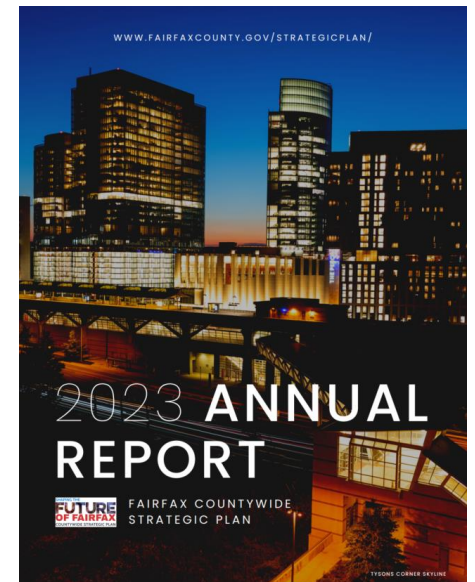
- Budget focuses on stabilizing our “core” – our employees and our existing programs
- As with last year, with recruitment and retention challenges continuing, proposal prioritizes compensation for County and Schools employees
- Outsized impact of inflation
- Growth in residential real estate and increased investment earnings drive overall revenue growth

# FY 2024 ADVERTISED BUDGET HIGHLIGHTS

- Revenue projections based on existing Real Estate Tax rate of \$1.11 per \$100 of assessed value
  - Based on equalization, results in an increase in the average tax bill of just over \$520
- Provides funding to support recurring requests in the Superintendent's Proposed Budget
  - Recommendation does not account for \$12.7 million funding error by State
- Includes funding for the County's compensation program
  - 2.00% Market Rate Adjustment
  - Performance, Merit and Longevity Increases
  - Adjustments associated with Market Studies
- Supports inflationary and contract rate adjustments and provides for limited, targeted investments for new facilities and other priorities
  - Includes no net new positions
- Includes balance of \$90 million for the Board's consideration

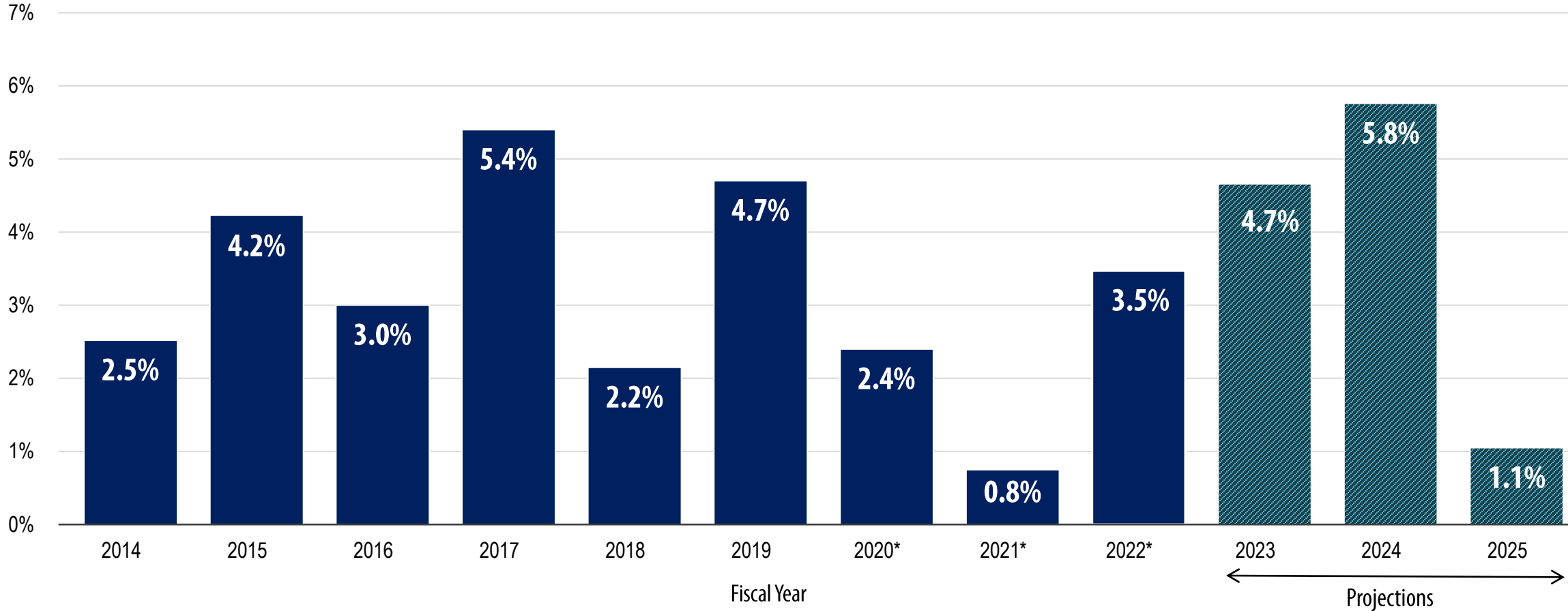
# STRATEGIC PLAN ANNUAL REPORT

- The first Countywide Strategic Plan Annual Report is now available
  - Outlines progress the County has made towards the proposed strategies in the plan
  - Highlights equity and the importance of continuing to operationalize One Fairfax in the County's work
  - Focuses on efforts to improve the use of data in decision-making and includes information on new data dashboards for Strategic Plan headline metrics



# ANNUAL CHANGE IN GENERAL FUND REVENUE

FY 2014 - FY 2025



\* Excludes the impact of one-time federal stimulus revenue received in FY 2020, FY 2021, and FY 2022

# ANNUAL GROWTH IN MAJOR REVENUE CATEGORIES

(Dollars in millions)	FY 2019	FY 2020	FY 2021	FY 2022			
					FY 2023	FY 2024	FY 2025
Real Estate - Current	\$2,786.9	\$2,887.0	\$2,997.9	\$3,049.8	\$3,197.0	\$3,408.8	
Percent Change	5.5%	3.6%	3.8%	1.7%	4.8%	6.6%	0.7%
Personal Property - Current	\$616.1	\$634.8	\$627.6	\$658.6	\$716.7	\$716.7	
Percent Change	1.5%	3.0%	(1.1%)	4.9%	8.8%	0.0%	1.5%
Sales Tax	\$187.0	\$191.1	\$200.8	\$231.1	\$243.0	\$247.8	
Percent Change	2.7%	2.2%	5.1%	15.1%	5.2%	2.0%	2.0%
BPOL - Current	\$167.23	\$173.8	\$171.3	\$184.3	\$191.7	\$191.7	
Percent Change	3.0%	4.0%	(1.5%)	7.6%	4.0%	0.0%	2.0%
Investment Interest	\$69.0	\$64.1	\$23.0	\$17.2	\$64.5	\$113.5	
Percent Change	66.6%	(7.2%)	(64.2%)	(25.1%)	275.2%	76.0%	5.0%
<b>Total General Fund</b>	<b>4.7%</b>	<b>7.0%</b>	<b>(1.2%)</b>	<b>3.4%</b>	<b>2.2%</b>	<b>5.8%</b>	<b>1.1%</b>

# REAL ESTATE TAX BASE

The projected value of 1 Penny on the Real Estate tax rate equals \$31.36 million in revenue in FY 2024

The Commercial/ Industrial percentage of the total real estate assessment base decreased from 17.00% in FY 2023 to 16.16% in FY 2024

	2012	2013	2014	2015	2016	2017	2018
Equalization	2.67%	2.53%	2.63%	4.84%	2.40%	1.94%	0.97%
- Residential	2.34	0.71	3.50	6.54	3.39	1.64	0.68
- Nonresidential	3.73	8.21	0.14	(0.10)	(0.60)	2.87	1.85
Growth	0.60	0.74	0.77	0.93	1.06	1.04	0.92
<b>TOTAL</b>	<b>3.27%</b>	<b>3.27%</b>	<b>3.40%</b>	<b>5.77%</b>	<b>3.46%</b>	<b>2.98%</b>	<b>1.89%</b>

	2019	2020	2021	2022	2023	2024	2025 Prelim
Equalization	2.58%	2.45%	2.71%	2.02%	7.72%	5.68%	0.25%
- Residential	2.17	2.36	2.65	4.25	9.57	6.97	0.00
- Nonresidential	3.79	2.71	2.87	(4.05)	2.27	1.65	1.00
Growth	1.01	1.15	1.05	0.86	0.85	0.91	0.40
<b>TOTAL</b>	<b>3.59%</b>	<b>3.60%</b>	<b>3.76%</b>	<b>2.88%</b>	<b>8.57%</b>	<b>6.59%</b>	<b>0.65%</b>

# FY 2024 BUDGET SUMMARY

Net County resources are projected to increase by \$365.46 million

Allocation of resources include:

- \$134.51 million for County priorities
- \$144.26 million for Schools
- \$90.22 million balance for Board Consideration

Schools remain at 52.2% of General Fund Disbursements in FY 2024

County's reserves remain budgeted at target of 10% of General Fund disbursements

- Reserve requirements are slightly decreased by \$3.53 million

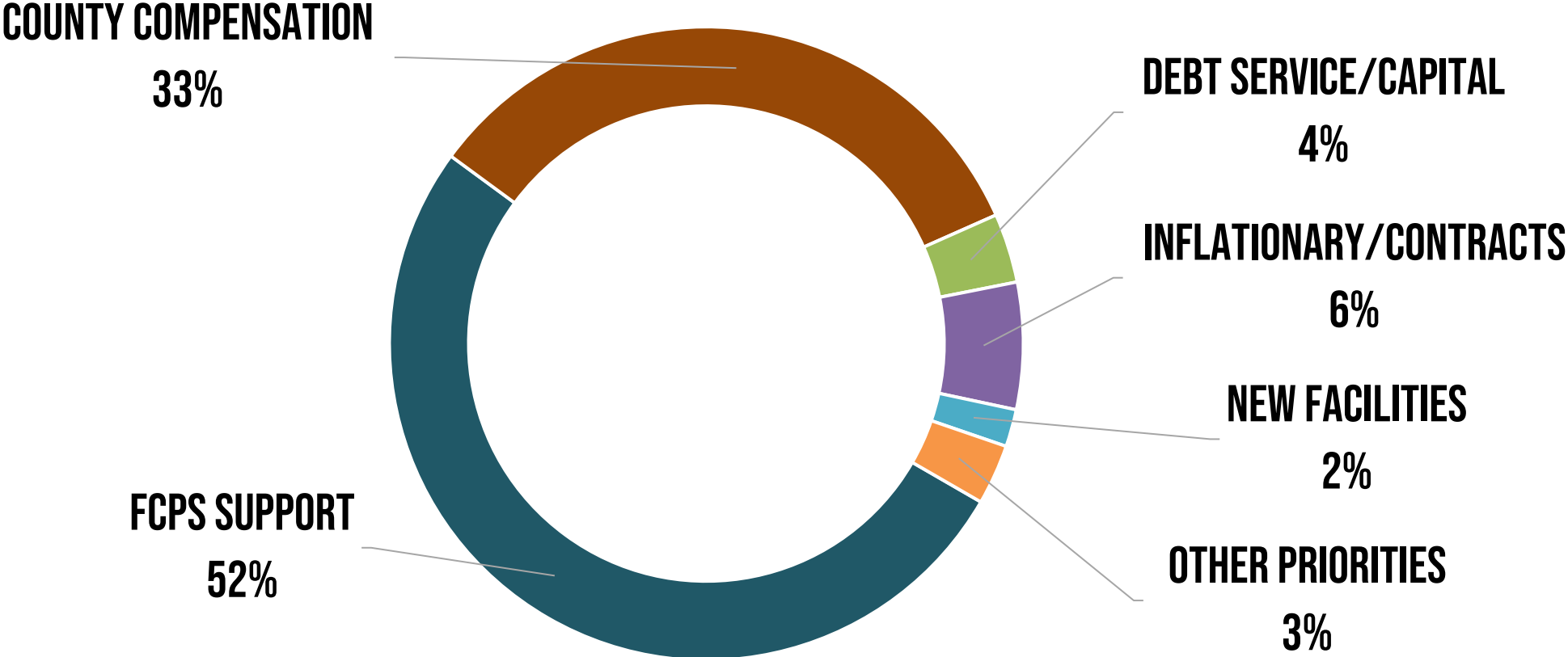
## ADJUSTMENTS INCLUDED IN FY 2024 GENERAL FUND BUDGET

(Amounts shown are in millions, net change over FY 2023 Adopted Budget Plan)

Projected Revenue Increase			
Revenue Increase at Current Real Estate Tax Rate			\$364.46
Enhanced Tax Relief for Seniors and Disabled			(\$2.70)
EMS Transport Billing Increase			\$1.99
Revenues associated with Expenditure Adjustments			\$1.56
Net Impact of Transfers In			\$0.15
<b>Total Available</b>			<b>\$365.46</b>
FY 2024 Requirements			
	County	Schools	Total
School Operating Support	--	\$144.10	\$144.10
County Compensation	\$92.73	--	\$92.73
Debt Service/Capital Requirements	\$9.85	\$0.16	\$10.01
Inflationary/Contract Rate Adjustments	\$18.05	--	\$18.05
New Facilities	\$5.31	--	\$5.31
Other Priorities	\$8.57	--	\$8.57
<b>Subtotal</b>	<b>\$134.51</b>	<b>\$144.26</b>	<b>\$278.77</b>
Reserve Adjustments			(\$3.53)
<b>Total Uses</b>			<b>\$275.24</b>
<b>Available Balance for Board Consideration</b>			<b>\$90.22</b>



# ALLOCATION OF NEW SPENDING IN FY 2024 PROPOSAL



# SUPPORT FOR FAIRFAX COUNTY PUBLIC SCHOOLS

*\$144.26M*

- Provides funding of \$144.10 million towards the School Operating transfer request included in the Superintendent's Proposed Budget
- Superintendent's budget requested increase of \$159.6 million
- Proposed budget includes:
  - ✦ \$84 million in increased sales tax and state aid
    - Projected revenues did not account for \$12.7 million state error, which was not identified until after release of the Proposed budget
  - ✦ 3% Market Scale Adjustment for all employees and Step Increases for eligible employees
  - ✦ Salary scale extension of one step
  - ✦ 1% retention bonus
- The additional \$0.16 million for School debt service is discussed later in the presentation



## COUNTY COMPENSATION

*\$92.73M*

- Market Rate Adjustment of 2.00%
  - Calculated rate was 5.44%
  - The County's living wage increases to \$16.22 per hour
- Performance, Merit and Longevity increases
- Average increases of 4.06% for non-uniformed merit employees and 4.39% for uniformed merit employees
- Includes adjustments for market study benchmark results
  - Increases are recommended to be accelerated

## COUNTY COMPENSATION (CONTINUED)

- Benefits increases are primarily driven by required increases in the employer contribution rates for all three retirement systems
  - General Fund impact totals \$24.9 million
  - All systems had returns below the assumed rate of return of 6.75%
  - As of June 30, 2022, funded ratios range from 72.1% to 81.8%
- Based on position vacancies, some savings in benefits are projected to offset retirement increases
- Savings in County contributions for OPEB are realized
  - As of June 30, 2022, OPEB Plan is near fully funded, with funded ratio of 97.5%

## DEBT SERVICE AND CAPITAL REQUIREMENTS

*\$9.85M*

- Increase of \$9.11 million for County and \$0.16 million for Schools supports programmed debt service payments
  - Bond sale in January 2023 included \$145 million for the County and \$205 million for Schools
    - ✦ Sale limits increased by \$25 million each for County and Schools
    - ✦ Interest rate of 2.98%, up from 1.75% last year
- General Fund Capital Program includes increase of \$0.74 million due primarily to funding to provide maintenance previously supported by the Community Labor Force, athletic field maintenance for Patriot Park North, and inspections and removal of hazardous or fallen trees on Park properties
- No additional paydown funding as recommended by the Joint County/Schools CIP Committee has been included

## CAPITAL IMPROVEMENT PROGRAM

- Based on inflation and escalation in construction bids, 10-12% inflationary factors have been added to most projects
- In order to smooth future referendum amounts and provide flexibility to meet urgent facility needs, some projects have been deferred
- Fall 2026 Parks referendum total is recommended at \$180 million
  - Last year, recommended that Fall 2024 referendum be shifted to 2026 based on unsold bonds and that timing shift from four to six-year cycle
  - Represents a 20% annual increase over the previous cycle of \$100 million every four years

# BOND REFERENDUM PLAN

## FY 2024-FY 2028 CIP Bond Referendum Plan

Year	Category	Description	Total
Fall 2023	Schools	Capital Enhancement, Renovation, Infrastructure Management	\$360 mil
Fall 2024	County	Public Safety      \$168 mil      Fox Mill Fire Station, Oakton Fire Station, Tysons Fire Station, Mt. Vernon Police Station, Criminal Justice Academy Transportation      \$180 mil      Metro Contribution	\$348 mil
Fall 2025	Schools	Capital Enhancement, Renovation, Infrastructure Management	\$460 mil
Fall 2026	County	Human Services      \$125 mil      Early Childhood Facilities, Tim Harmon Campus, Springfield Community Resource Center Libraries      \$44 mil      Centreville Regional, Herndon Fortnightly Community, Kings Park Community Parks      \$180 mil      County Park Authority	\$349 mil
Fall 2027	Schools	Capital Enhancement, Renovation, Infrastructure Management	\$460 mil

## INFLATIONARY/CONTRACT RATE ADJUSTMENTS

*\$18.05M*

- Contract rate increases, primarily for Human Services *\$8.96M*
- Utility cost increases *\$3.52M*
- Support for non-profits managing County homeless shelters *\$2.03M*
- Information Technology infrastructure inflation *\$2.00M*
- Lease adjustments *\$0.99M*



## NEW FACILITIES

*\$5.31M*

- South County Animal Shelter *\$3.02M*
  - Pet Assistance and Wellness Services (PAWS) Clinic
- Hybla Valley Community Center *\$0.83M*
- Patrick Henry Family Shelter *\$0.60M*
- Park Authority facilities, including Patriot Park North *\$0.37M*
- Maintenance at new and expanded facilities *\$0.27M*
- Springfield Center Without Walls *\$0.22M/3 POS*

## OTHER PRIORITIES

***\$8.57M***

- Contribution for the Tysons Community Alliance ***\$3.00M***
  - Consistent with action taken at the *FY 2022 Carryover Review*
- Elections positions and funding for non-merit support ***\$0.87M/2 POS***
- Police positions ***\$0.63M/4 POS***
  - Victim Services, Equity, Financial Resources
- Positions to support Charge Up Fairfax and the Community-wide Energy and Climate Action Plan (CECAP) ***\$0.53M/3 POS***
- Park Authority social equity initiatives ***\$0.50M***
  - Will maintain all summer camp program fees at the FY 2023 level

## OTHER PRIORITIES (CONTINUED)

- Healthy Minds Fairfax behavioral health system navigation program *\$0.34M*
  - Endorsed by the Successful Children and Youth Policy Team
- Deputy Director in Department of Economic Initiatives *\$0.24M/1 POS*
- Manufactured Housing Coordinator *\$0.16M/1 POS*
  - Recommended by the Manufactured Housing Task Force
- Support for elderly residents in FCRHA senior living communities *\$0.14M/1 POS*
- One Fairfax training *\$0.10M*

## OTHER PRIORITIES (CONTINUED)

- Probate Clerk for the Circuit Court *\$0.11M/1 POS*
- Transition of Regional Preparedness System to local funding *\$0.08M/1 POS*
  - Previously funded by Urban Areas Security Initiative (UASI) grant funding
- Position reductions have been identified to offset each position increase, resulting in no net new positions in the FY 2024 Advertised Budget Plan *[17] POS*

## 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 upcoming Budget Committee meetings (February 28, March 14, March 28) to discuss budget issues in more detail
- Looking ahead to FY 2025....
  - Trajectory of interest rates and inflation could have multiple impacts on budget
  - Elevated mortgage rates expected to further soften residential real estate market
  - Focus will continue to be on attracting and retaining employees
  - First budget developed following collective bargaining agreements

# FY 2024 BUDGET TIMELINE

February 21, 2023	County Executive presents <u>FY 2024 Advertised Budget Plan</u>
February 23, 2023	School Board adopts FY 2024 Advertised Budget
February 28, 2023	Joint Board of Supervisors/School Board Budget Committee Meeting
March 7, 2023	Board of Supervisors authorizes advertisement of FY 2024 tax rates
March 21, 2023	Board of Supervisors authorizes advertisement of <i>FY 2023 Third Quarter Review</i>
April 11-13, 2023	Board of Supervisors holds Public Hearings on FY 2024 Budget, FY 2024-FY 2028 Capital Improvement Program, and <i>FY 2023 Third Quarter Review</i>
May 2, 2023	Board of Supervisors marks-up FY 2024 Budget, adopts FY 2024-FY 2028 Capital Improvement Program and <i>FY 2023 Third Quarter Review</i>
May 9, 2023	Board of Supervisors adopts FY 2024 Adopted Budget
May 16, 2023	School Board holds public hearings on FY 2024 budget
May 25, 2023	School Board adopts FY 2024 Approved Budget
July 1, 2023	FY 2024 Budget Year Begins

## HOW TO PROVIDE INPUT ON THE FY 2024 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](http://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](mailto:clerktothebos@fairfaxcounty.gov).
- Residents can also provide testimony by phone, in person, or by submitting written or video testimony.
- The entire [FY 2024 Advertised Budget Plan](#) and the [FY 2024-FY 2028 Capital Improvement Program](#) are available online at:

[www.fairfaxcounty.gov/budget](http://www.fairfaxcounty.gov/budget)