Multi-Year Budget – FY 2021 and FY 2022

Multi-Year Financial Planning Process

Beginning in FY 2014, the County undertook a more comprehensive multi-year General Fund budgeting process – the development of a two-year budget framework. The two years include the budget proposed to the Board of Supervisors (FY 2021) and framework for the subsequent year (FY 2022). County staff throughout the organization are able to outline the prospective issues that will need to be addressed as part of the budget process for the following year, more clearly demonstrate the impact of decisions in the budget being adopted, and lay out a more accurate projection for the next year, as well as any associated options for balancing that budget. The process will culminate in the adoption each year of the annual budget, as required by State Code.

The multi-year budget is a preliminary projection of revenues and disbursements for the upcoming fiscal year, and each year these estimates are adjusted as additional information becomes available during the budget process. There is additional uncertainty in the forecast this year due to the COVID-19 pandemic. County revenues have declined due to stay-at-home orders and business closures, and County services have been modified to prevent the spread of the disease and better serve those who have been impacted by it. The trajectory of the pandemic over the coming months will shape the County's outlook for FY 2022, and this preliminary projection will be updated and adjusted during FY 2021.

Summary of the Multi-Year Budget

The forecast for FY 2022 has shifted significantly from the projections included in the FY 2021 Advertised Budget Plan due to the negative impact of the COVID-19 pandemic on the economy. Revenue is now projected to decrease 0.25 percent assuming no tax rate increases and no change in taxing authority. While this decrease in revenue would be partially offset by savings as a result of reserve adjustments, the decrease in available resources would require County disbursements and support for the Fairfax County Public Schools to decrease by approximately 0.16 percent. As a result, County funding would be reduced by $3.38 million and total County support for the Schools would decrease by $3.77 million.

Available Resources based on Projected Revenue

County	$ in Millions	Schools
($5.22)	Reduction in County Base Revenue ($11.04)	($5.82)
$1.84	Reserve Savings ($3.89)	$2.05
($3.38)	Total Available	($3.77)

The Schools continue to be the County's top funding priority, and the division of available resources shown in the table above would provide total support for the Schools at 52.8 percent of disbursements, approximately the same share as in the FY 2021 Adopted Budget Plan. School debt service requirements are projected to increase $4.16 million, and the transfer for School operations would decrease by $7.93 million. As a result, FY 2022 support for the Schools would include transfers of $2.14 billion for operations, $202.3 million for debt service, and $13.1 million for construction.

Meanwhile, disbursement requirements continue to increase both as a result of the factors that drive expenses in the County and Schools budgets, such as population growth and employee compensation increases, and as a result of the need to address the priorities of the community, including those items that were originally included in the FY 2021 Advertised Budget Plan but were deferred in response to the pandemic. The table below summarizes the requirements that are identified in greater detail in the following pages, which include a total of $130.81 in additional County disbursements. Schools transfers have been assumed to increase by 6.20 percent, the same rate as County disbursements would grow if all of the identified requirements were funded.

Projected Shortfall based on Identified County Needs and Equal Schools Growth

	FY 2022 (in millions)	% Inc/(Dec) Over FY 2021
Base Revenue Decrease	($11.04)	(0.25%)
County Disbursements	$130.81	6.20%
Schools Transfers	146.04	6.20%
Net Change in Reserve Contributions	26.33	
Total Uses of Funds	$303.18	
Net Balance	($314.22)	

The table above, as well as the General Fund statement at the end of the multi-year budget section that presents the same data in greater detail, shows the reduction in revenue projected for FY 2022 and the cost of the priorities identified in this document. As the multi-year budget is an early forecast of the challenges that will be faced in the coming budget cycle, it is likely that other funding priorities will develop prior to the release of the FY 2022 Advertised Budget Plan. Balancing the FY 2022 budget will require difficult decisions regarding which priorities to fund, which to exclude or delay, and whether programmatic reductions should be made in other areas or revenue enhancements should be considered.

Development of the FY 2022 budget will span the majority of the next year. The next step in the process will be a series of joint meetings between the Board of Supervisors and School Board in the fall, including an additional quarterly review of the County's budget in the middle of FY 2021. Updated projections will be presented at those meetings to provide a better picture of anticipated revenues based on the most recent data, and the inventory of County and Schools priorities will be refined based on input from the two boards.

Revenue Assumptions

Revenue growth of 7.35 percent is projected in FY 2020 primarily as a result of one-time COVID-19 federal stimulus revenue of $200.2 million, which was received by the County in April 2020 to help fund COVID-19 related expenditures. Absent this revenue, the *FY 2020 Revised Budget Plan* reflects a growth rate of 2.74 percent. Based on the assumptions and estimates detailed below, General Fund revenue is expected to decrease 4.37 percent in FY 2021 compared to the *FY 2020 Revised Budget Plan* and to be level with the FY 2020 Adopted Budget Plan. A General Fund revenue decrease of 0.25 percent is currently projected in FY 2022, primarily as a result of projected declines in real estate and personal property assessments. Other revenue categories are projected to experience a rebound in FY 2022 after plummeting in FY 2021 as a result of shelter-at-home orders and business closures due to COVID-19. Revenue growth rates for individual categories are shown in the following table:

Category	Actual	Projections		
	FY 2019	FY 2020	FY 2021	FY 2022
Real Estate Tax – Assessment Base	3.59%	3.60%	3.76%	(1.00%)
Equalization	2.58%	2.45%	2.71%	(1.60%)
Residential	*2.17%*	*2.36%*	*2.65%*	*1.50%*
Nonresidential	*3.79%*	*2.71%*	*2.87%*	*(10.00%)*
Normal Growth	1.01%	1.15%	1.05%	0.60%
Personal Property Tax – Current[1]	1.50%	2.52%	(1.50%)	(2.00%)
Local Sales Tax	2.67%	5.65%	(13.45%)	10.00%
Business, Professional and Occupational License (BPOL) Taxes	2.99%	2.97%	(10.00%)	7.50%
Interest Rate Earned on Investments	2.53%	2.16%	0.74%	0.50%
Building Plan and Permit Fees	7.01%	(0.46%)	(11.45%)	2.00%
Charges for Services	3.64%	1.08%	(4.30%)	4.11%
State/Federal Revenue[1]	2.42%	144.65%	(58.55%)	0.00%
Total General Fund Revenue	4.72%	7.35%	(4.37%)	(0.25%)

[1] The portion of the Personal Property Tax reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 is included in the Personal Property Tax category for the purpose of discussion in this section.

Economic Indicators and Assumptions

Amid the coronavirus pandemic, Fairfax County's revenue and economic outlook has significantly changed. Because the path of the health crisis as well as consumers' and businesses' responses are uncertain, the economic outlook will be very volatile and unpredictable for an extended period of time. As a result, quantifying the impact on County's revenues for FY 2022 is an extremely difficult task. The outcome depends on the course of the pandemic, the prospects of developing a vaccine and effective treatments, the duration of the restrictions established by governments in order to control the spread of the virus, consumer confidence, and businesses' responses, as well as the effect of fiscal and monetary measures that were implemented in support of the economy. In addition, both official economic and revenue data lag, which means that there is limited current information about how deteriorating conditions are already affecting County's revenues.

The U.S. economy shrank at a rate of 5.0 percent in the first quarter of 2020, ending the longest economic expansion in U.S. history. The rate of decline of real Gross Domestic Product in the second quarter of 2020 is expected to be dismal. While the U.S. unemployment rate at 3.5 percent by the end of 2019 stood at a level not seen since December 1969, it skyrocketed to 14.7 percent in April 2020 due to COVID-19. As the economy started to gradually reopen, the unemployment rate dropped to 13.3 percent in May 2020. The May number of unemployed persons was 21.0 million, with 15.3 million of those on temporary layoff.

In April, the unemployment rate in Northern Virginia jumped to 10.0 percent, up from 2.7 percent in March. Total non-farm employment in the area was down over 130,000 jobs in April compared to a year ago. Compared to last April, the Leisure and Hospitality sector lost approximately 64,000 jobs, a drop of 43.4 percent. The Retail Trade sector lost 14,300 jobs, or 10.4 percent, during the same period. At the same time, the drop experienced in the Professional and Business Services sector was only 1.0 percent.

Staff reviews and utilizes economic projections for the national and local economies by economic forecaster IHS Markit in the development of revenue estimates. The latest IHS Markit baseline forecast for the U.S. economy is a three-quarter recession, with real Gross Domestic product declining 7.3 percent in 2020, followed by a 5.1 percent rebound in 2021. IHS expects that COVID-19 will peak in the second quarter of 2020 and social distancing restrictions will be gradually lifted during the third quarter. It should be noted that the IHS forecasts have worsened over time compared to the initial projections from late March-early April. The baseline forecast is assigned a 45 percent probability. However, according to IHS, a longer and very sluggish recovery is also possible, particularly if a longer period of social distancing and deterioration of consumer confidence lead to permanent closures of small businesses that are impacted by the restrictions. Upside potential to the forecast, in which the economy recovers faster, is given only an eight percent probability by IHS.

Real Estate Taxes

Reflecting market activity through calendar year 2019, FY 2021 Real Estate property values were established as of January 1, 2020 and rose 3.76 percent compared to the FY 2020 level. Based on data through the first five months of 2020, the total Real Estate Tax base is expected to decrease 1.00 percent in FY 2022, primarily as a result of expected declines in commercial property values due to the COVID-19 disruption of economic activity.

Local Housing Market

Based on information from Bright MLS, the average sales price of homes sold in Fairfax County rose 3.9 percent from $578,723 in 2018 to $601,506 in 2019. Home prices continue to increase primarily as a result of the tight inventory of homes for sale and record low mortgage rates. Through May 2020, the average home sales price in Fairfax County has risen 7.6 percent, though the number of closed sales has declined 10.2 percent. In both March and April, the average sold price that home buyers paid was above the average list price. In May, there was only a very slight dip, where buyers paid 99.4 percent of list price, implying that the residential market did not deteriorate significantly in the face of COVID-19. Housing prices are expected to hold fairly steady through the end of 2020, while the number of closed sales is likely to decline moderately. Sales activity in the second half of 2020 will depend on whether COVID-19 surges again as restrictions are lifted and if there is a second wave of the virus in the fall as cooler weather returns.

Residential assessed values are anticipated to increase 1.50 percent in FY 2022 after rising 2.65 percent in FY 2021. Residential properties constitute approximately three quarters of the County's real estate tax base.

Local Nonresidential Market

Presently, there is very little actual data to help project the impact of the economic disruption on nonresidential property values. The Department of Tax Administration is currently tracking developments in the commercial real estate market and collecting industry information through publications, webinars, articles, and studies before the department kicks off the tax year 2021 assessment cycle later this summer. Of all the real estate sectors, the pandemic delivered the hardest and most immediate blow to hotels and retail, and it is expected that the assessed values of these types of commercial properties will be impacted more severely than other types.

Due to the impact of the COVID-19 pandemic, the U.S. hotel industry has reported significant year-over-year declines in three key performance metrics: occupancy, average daily rate (ADR), and revenue per available room (RevPAR). The travel industry is projected to report a 50 percent decline in RevPAR in calendar year 2020 based on data from STR and Tourism Economics. In Fairfax County, hotel occupancy for the week ended March 14 was only 22 percent, with some hotels at single-digit occupancy. April occupancy was down over 76 percent compared to a year ago. ADR was down 39 percent and RevPAR was down over 85 percent in April.

In the retail sector, the pandemic brought foot traffic to a halt, while online shopping surged, delivering a deeper blow to brick-and-mortar retail. Many retail chains have announced bankruptcies and liquidations.

Some of the measures implemented by the U.S. government such as providing relief to commercial property tenants and the Fed's purchase of agency commercial mortgage backed securities (CMBS) may help mitigate some of the negative impact of the COVID-19 disruption on the commercial real estate market. It remains to be seen in the coming months if delinquency rates on CMBS loans grow and if the office sector is materially impacted as a result of more workers being allowed to permanently work from home, shrinking the need for office space and increasing office vacancy rates. In FY 2022, the overall value of all types of nonresidential properties is tentatively projected to decrease 10 percent from the FY 2021 level. However, there is a great uncertainty and unpredictability with this projection, and it is possible that nonresidential values may drop more if conditions worsen and the economic recovery is more sluggish than presently anticipated.

Personal Property Taxes

The Personal Property Tax is levied on vehicles in the County (77 percent of total), as well as business personal property. The FY 2021 car tax is based on January 1, 2020 valuation using the J.D. Power's National Automobile Dealers' Association guide. While vehicle assessed values will not change for FY 2021, new vehicle purchases will likely fall. The FY 2021 revenue estimate assumes a decrease of 1.0 percent in the total vehicle tax levy and a lower tax collection rate compared to FY 2020.

Business personal property is primarily comprised of assessments on furniture, fixtures, and computer equipment. Generally, during economic slowdown, businesses are not likely to purchase new equipment and some businesses could close altogether. A deterioration in the collection rate could also be expected. The business personal property tax levy is expected to decrease 3.0 percent in FY 2021 compared to FY 2020.

The National Automobile Dealers' Association (NADA) indicated that the COVID-19 pandemic severely disrupted new- and used-vehicle wholesale vehicle operations at wholesale auctions and at dealerships. According to NADA, annual used car price expectations for 2020 have worsened, with year-over-year prices forecast to decline between 2 percent in the low-impact scenario (quick recovery) and 10 percent in the high-impact scenario (longer recovery after a deep recession). The severity of the decline will depend on the length of consumer and business restrictions, the economic conditions, and the effect of government and manufacturer stimulus actions. Declines in the used vehicle values during calendar year 2020 will negatively impact the County's FY 2022 Personal Property tax revenue. As a result, the FY 2022 Personal Property tax revenue is anticipated to decrease 2.0 percent after a projected decline of 1.5 percent in FY 2021.

Other Major Revenue Categories

The steps taken to prevent the COVID-19 virus from spreading have curtailed travel and public gatherings throughout the country. In Virginia, Governor Northam issued a statewide Stay at Home order on March 30 through June 10 to protect the health and safety of residents and to mitigate the spread of the coronavirus. Even before the Governor's order, many restaurants, movie theaters, large retailers, and other businesses had shut down. As a result, consumers are expected to make fewer taxable purchases in FY 2021, resulting in lower Sales Tax revenue. Categories that will be severely impacted include Restaurant and Drinking Places, and Accommodation and Amusement, as well as discretionary spending for many items such as home appliances, furniture, clothes, and automobiles. Sales tax receipts received by the County in April are based on purchases made in February. May receipts are for purchasing activity in March, when consumers stockpiled on food, beverages, and other personal items. The magnitude of the impact started to be evident in the County's June Sales Tax receipts, which were down almost 16 percent.

The overall FY 2021 Sales Tax revenue loss will depend on the timing and rate of economic recovery. If the containment of the virus is successful by mid-summer and consumer confidence is not permanently affected, retail sales might rebound quickly. However, if the disruption lasts through the fall, or if the virus returns later in the year after successful initial containment, the declines in consumer confidence will be long-term and the negative impact on consumption will be compounded. Taking these factors into account, Sales Tax receipts in FY 2021 are conservatively projected to decrease 13.5 percent from the FY 2020 estimate. Sales Tax receipts are projected to rebound in FY 2022 over the extremely low FY 2021 level and growth of 10.0 percent is anticipated.

BPOL (Business, Professional and Occupational License) tax receipts are sensitive to economic conditions. FY 2021 BPOL revenue is based on gross receipts of businesses generated during calendar year 2020. Due to COVID-19, the forecast assumes gross receipts will decline significantly. County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year. Very little actual data will be available to help assess the impact of COVID-19 and forecast FY 2021 BPOL receipts throughout the fiscal year. A major BPOL category that will be negatively impacted is Retail Merchants. Other categories of concern include Amusements, Hotels and Motels, Personal Service Occupations, Builders and Developers, and Business Services. Small businesses that rely on discretionary spending by consumers will most certainly see a drop in their gross receipts. Depending on the duration of the disruption, and absent any government help, many are likely to close altogether. However, a sizable share of the County's BPOL revenue is derived from large federal government contractors who rely on federal procurement spending. The FY 2021 revenue estimate assumes that these federal contractors will largely be insulated from the impact of the economic disruption. Based on these assumptions, FY 2021 BPOL tax revenue is expected to decrease 10.0 percent compared to FY 2020. Growth of 7.5 percent is projected in FY 2022 based on an assumption that the local economy experiences a recovery during calendar year 2021.

Building permit fee revenue is forecasted to decline 11.5 percent in FY 2021 as a result of the COVID-19 disruption. Other fee revenue estimates that were adjusted downward as part of the adopted FY 2021 budget due to COVID-19 include Zoning fees and Fire Marshal fees. A rebound of 2.0 percent in projected for FY 2022.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. In the face of the coronavirus crisis, the Federal Reserve implemented two emergency rate cuts in the beginning of March and took the benchmark interest rate to near zero. Since the central bank began announcing its rate moves in 1994, the Fed has never moved to cut interest rates on two separate occasions in between scheduled meetings. To prop the U.S. economy from the fallout of the pandemic, the Fed also announced numerous steps to ensure that banks can keep lending to businesses.

Based on the actions of the Fed, the FY 2021 estimate for Investment Interest revenue assumes a yield of 0.74 percent. The average annual yield on County investments is anticipated to be 0.50 percent in FY 2022 as the Fed has indicated that the federal funds rate is likely to remain at the current level of near zero percent for several years.

State and federal revenue categories are expected to increase 144.7 percent in FY 2020 primarily due to one-time federal stimulus revenue of $200.2 million authorized by the U.S. Congress in March 2020 and received by the County in April 2020 from the CARES Act $150 billion Coronavirus Relief Fund to cover necessary expenditures incurred due to the COVID-19 public health emergency. FY 2021 is projected to decrease 58.6 percent due to the one-time funds received in FY 2020. No growth is projected for FY 2022. It should be noted that the Commonwealth of Virginia has not released revised state revenue estimates and it is unknown at this time if it will implement reductions in aid to localities to help mitigate state tax revenue declines in FY 2021 and FY 2022. Staff will continue to monitor the impact of state and federal spending on County funding streams.

Disbursement Priorities

The disbursement requirements and priorities that have been identified through the FY 2021 and FY 2022 multi-year budget process are discussed below. Among these items are basic requirements such as funding of County and School debt service, employee pay increases and benefit cost increases, increases resulting from budget drivers such as increased workloads and School enrollment, and implementation of programs that have been identified as Board priorities. In addition to the costs noted below, the County's reserve policy requires that contributions be allocated to the Managed Reserve, the Revenue Stabilization Fund and the Economic Opportunity Reserve to maintain the reserves at their target funding levels which total ten percent of General Fund disbursements.

The items identified below and associated expenditure levels will be revalidated during the FY 2022 and FY 2023 multi-year budget development process in light of updated data and revenue projections. However, based on the reduction in revenue that is currently projected in FY 2022, it will be necessary to consider revenue enhancement options and programmatic reductions or to defer some of these items to FY 2023 or beyond.

Fairfax County Public Schools (FCPS)

An increase in the transfer to the Fairfax County Public Schools for operations will be required to support enrollment and demographic changes; employee compensation increases including a step increase for eligible employees, a 1 percent market scale adjustment, and funding as part of a multiyear plan to bring the salaries of instructional assistants and public health training assistants on the Classroom Instructional Support scale to 50 percent of teachers on the BA lane; employee benefit increases for retirement and health; and instructional resources such as elementary special education chair positions, additional assistant director of student activities positions at high schools, and the FCPSOn expansion at middle schools. In addition, FCPS' strategic plan will require additional, long-term investments, and previously identified unfunded needs including school counselors; special education needs; eliminating pre-K waitlists; replacing computers, equipment, scoreboards, and buses; and investing in critical capital infrastructure requirements including aging infrastructure needs such as preventive and major maintenance. It is anticipated that guidance regarding the increase in the County transfer for operations will be developed during the joint meetings of the Board of Supervisors and the School Board. Each one percent increase in the transfer for operations is approximately $21.43 million.

For the purposes of this projection, it has been assumed that County disbursements and County support for the Schools will both increase at the same rate in FY 2022. As a result, total County support for the Schools is projected to increase by approximately 6.20 percent, or $146.04 million. This amount includes an increase of $141.88 million for School operations. The County transfer for debt service based on the size of bond sales for School facilities is projected to increase by $4.16 million and the transfer to the School Construction Fund is expected to remain at $13.1 million.

Employee Pay

For purposes of the FY 2022 plan, a $50.31 million placeholder for employee pay increases is used. This placeholder includes:

- Market rate increases (MRA) for all employees are included based on an assumed 1.5 percent MRA, at an estimated cost of $20.90 million. The actual MRA, based on the previously agreed to funding calculation, will be calculated in the fall of 2020. The MRA increase in funding is applied to employee salaries at the beginning of the fiscal year. The MRA provides a guide to the amount of pay structure adjustment needed to keep County pay rates competitive with the market.

- Funding of $14.70 million is required for General County employee pay increases, which reflects the performance and longevity program for all eligible General County employees approved by the Board of Supervisors in fall 2014 and implemented in FY 2016. The funding reflects increases effective July 2021 for graduated performance increases, based on where employees are on the pay scale, and the 4 percent longevity increases provided to employees who reach 20 or 25 years of service as of June 30 each year. The performance increases range from 3 percent for employees within 15 percent of the bottom of the pay scale to 1.25 percent for employees within 25 percent of the top of the pay scale. A larger number of employees are now projected to be eligible for longevity increases in FY 2022 due to the deferral of longevity increases in FY 2021. The average increase in FY 2022 is projected to be 2.0 percent.

- Funding of $11.70 million is required for public safety pay increases which reflect merit and longevity increases for all eligible public safety employees that are effective on the employee's anniversary date. Merit increases are awarded to public safety employees as they progress through the pay scale. Public safety employees who have reached a combination of length of service (15 and 20 years) and have otherwise reached the top step of their pay scale are eligible for longevities. Merit and longevity increases are each 5 percent for public safety employees. In any given year between 40 and 50 percent of public safety employees are eligible for one or the other. A larger number of employees are now projected to be eligible for longevity increases in FY 2022 due to the deferral of longevity increases in FY 2021.

- A placeholder of $2.50 million is included in FY 2022 for compensation adjustments that would result from the annual review of County job classifications. The process for review uses representative job classes from among job families and compares pay levels with competitors in the local job market.

- An increase of $0.46 million, which was originally included in the FY 2021 Advertised Budget Plan but was deferred in response to the COVID-19 pandemic, is identified in the General District Court to accommodate salary supplements for the Office of the Public Defender (OPD) and the Fairfax District 29 Probation and Parole Office. These positions are funded by the state and employees participate in state benefit plans. A majority of the funding will support a new 15 percent salary supplement for Fairfax District 29 probation and parole officers and support staff. Funding is also included to extend salary supplements to administrative and support staff in the Office of the Public Defender. As part of the FY 2017 Adopted Budget Plan, the Board approved a salary supplement for some positions within the OPD to raise their salaries to be more consistent with their counterparts at the Office of the Commonwealth's Attorney. With this adjustment, all of the positions in the OPD will be eligible for a local salary supplement. When the original supplements for the Public Defender positions were approved, they varied by position. Beginning in FY 2021, as approved as part of the FY 2021 Adopted Budget Plan, all supplements in the OPD are standardized at 15 percent, which would results in consistent supplements for all state positions. Incumbents currently receiving a higher supplement were grandfathered at their existing supplement level. It should be noted that clerks in the General District Court and Juvenile and Domestic Relations District Court currently receive salary supplements of 15 percent.

- An analysis was performed as part of the development of the FY 2021 Advertised Budget Plan to determine if shift differential premium pay rates are consistent with the market average. As a result of this analysis, it was determined that the night shift differential rate for sworn police officers fell below 95 percent of the market average. An increase in the night shift differential rate for sworn police officers from $1.35 to $1.40 per hour was proposed for FY 2021 but was deferred in response to the COVID-19 pandemic. An increase of $0.05 million is identified in FY 2022 to support this adjustment.

Fringe Benefits

A total increase of $5.00 million is included for employee benefits in the FY 2022 projection. Adjustments will be required to reflect changes in health insurance plan premiums, fiduciary requirements associated with the County's retirement systems, and actual experience based on employee benefit plan enrollment. It should be noted that the fringe benefit costs associated with employee compensation increases and new positions are included in the total cost of those adjustments in other sections.

Debt Service and Capital Construction

An estimated increase in debt service of $4.14 million is identified for FY 2022 to reflect the required costs for County bond projects supporting the County's Capital Improvement Program (CIP). This estimate is consistent with the projects outlined in the CIP and will be refined based on the timing of bond sales and cash flow requirements at the time of the sale. The actual debt service requirement will be based on the size and timing of the sale and the interest rate received by the County.

A significant increase in capital construction funding is needed in order to meet the County's backlog of requirements, primarily infrastructure upgrades and replacements at County-owned facilities, as well as priorities that were included in the FY 2021 Advertised Budget Plan but deferred in response to the COVID-19 pandemic such as projects to advance the County's Environmental Vision and Operational Energy Strategy and support for the synthetic turf field maintenance program. An increase of $10.00 million is identified at this time for FY 2022. As capital requirements are refined over the upcoming year, this amount will be revisited, and priority projects will be identified for its use.

Public Safety

Police Department

South County Police Station

An increase of $2.98 million and 16/16.0 FTE positions is identified for FY 2022 as part of a multi-year process to staff the South County Police Station. It is estimated that 70/70.0 FTE uniformed positions and 10/10.0 FTE associated support staff will be required to fully staff the station. A phased staffing approach was adopted based on the large number of staff required and the significant lead time associated with hiring and training new recruits. This approach also allows for continued analysis to ensure that current staffing estimates are accurate. A total of 54/54.0 FTE positions were added between FY 2017 and FY 2020 to begin the staffing process. The FY 2021 Advertised Budget Plan proposed adding 8 uniformed positions in FY 2021 and the final 8 uniformed positions in FY 2022. However, adjustments to the budget in response to the COVID-19 pandemic resulted in no positions being added in FY 2021, and therefore all 16 remaining uniformed positions are identified for FY 2022. It is anticipated that the 10 support positions will be included in FY 2023.

Body-Worn Camera Program

On June 9, 2020, the Board of Supervisors directed staff to provide an option for consideration that would fully fund implementation of the Body-Worn Camera program in FY 2021. A total of 13/13.0 FTE positions were added to support the program as part of the *FY 2019 Carryover Review* process, with baseline funding for the positions included in the FY 2021 Adopted Budget Plan. An additional 21/21.0 FTE new positions and $4.50 million are required for full implementation of the program, which will be presented for consideration at a quarterly review during FY 2021. Baseline funding of $4.50 million will be required in FY 2022 to support the ongoing costs of the program if it is fully implemented during FY 2021.

Fire and Rescue Department

Apparatus Replacement

An increase of $2.00 million is required to support a multi-year process to gradually increase the annual contributions to the Large Apparatus Replacement Fund and the Ambulance Replacement Fund. As part of the FY 2017 Adopted Budget Plan, $1.775 million in baseline funding was included for this purpose. Due to budget constraints, no additional baseline funds have been available for this purpose in subsequent fiscal years.

This funding would be in addition to the department dedicating additional grant funds, additional baseline funds and one-time contributions in support of this effort. Additional contributions are required due to the increasing cost of vehicles and fleet growth. Without additional funding, the replacement reserves will be depleted in the near future. Starting in FY 2014, the Fire and Rescue Department (FRD) has increased its baseline contribution to the Large Apparatus Reserve by $250,000 and has supported some ambulance purchases through the use of Four-for-Life grant funds. FRD, with the assistance of the Department of Management and Budget, has developed several scenarios with the goal of stabilizing the replacement reserve and ensuring sufficient funding is available in future years.

Fire Station 44 – Scotts Run

An increase of 13/13.0 FTE positions and $4.19 million is identified for FY 2022 to support the full-year cost of Fire Station 44, Scotts Run. Partial-year funding for the station was originally included in the FY 2021 Advertised Budget Plan based on the planned opening of the station during FY 2021 but was deferred in response to the COVID-19 pandemic.

Department of Public Safety Communications

As a result of the transition to Next Generation 911, the Department of Public Safety Communications anticipates increases in call volume and the complexity of 911 calls. An increase of $1.18 million and 10/10.0 FTE positions is identified for FY 2022, which includes $0.59 million and 5/5.0 FTE positions that were originally included in the FY 2021 Advertised Budget Plan but were deferred in response to the COVID-19 pandemic. The multi-year plan to increase dispatchers includes a total of 20/20.0 FTE new positions, of which 10/10.0 FTE positions were added in FY 2020.

Department of Animal Sheltering

An increase of $1.89 million and 24/24.0 FTE positions is identified for FY 2022 to staff the South County Animal Shelter to address the growing need for animal shelter services in the southern part of Fairfax County. The animal shelter will offer services such as rabies clinics, pet adoptions, spay and neuter services, wildlife education and a volunteer program. The facility will be collocated with the South County Police Station and was approved in the 2015 Public Safety Bond Referendum.

Human Services

Diversion First

Funding of $1.98 million and 12/12.0 FTE positions have been identified in FY 2022 to support the continued implementation of the multi-year Diversion First initiative, reflecting positions and funding that were originally included in the FY 2021 Advertised Budget Plan but were deferred in response to the COVID-19 pandemic. Diversion First is a multi-agency effort to redirect individuals with mental illness, developmental disabilities, and cooccurring substance use disorders from the judicial system into the health care system to improve public safety, promote a healthier community, and maximize public resources in the most cost-effective manner.

Opioid and Substance Abuse Task Force

Funding of $1.42 million and 9/9.0 FTE positions have been identified to continue addressing the opioid epidemic in the County, reflecting positions and funding that were originally included in the FY 2021 Advertised Budget Plan but were deferred in response to the COVID-19 pandemic. The initial Opioid Task Force Plan, approved by the Board of Supervisors in January 2018, established a strong framework for meeting the goals of reducing deaths from opioids through prevention, treatment, and harm reduction; and using data to describe the scope of the problem, target interventions, and evaluate effectiveness. Building on that strong foundation, the next iteration of the plan has been developed, which outlines how the goals will be further achieved in subsequent fiscal years through work in five priority areas: Education, Prevention, and Collaboration; Early Intervention and Treatment; Enforcement and Criminal Justice; Data and Monitoring; and Harm Reduction.

Department of Family Services

Public Assistance

An increase of $0.80 million and 7/7.0 FTE positions is identified to continue to address increasing public assistance caseloads in the Self-Sufficiency Division. In accordance with federal and state policy, the County is required to determine eligibility for public assistance and enroll clients in benefits programs within a certain timeframe. These positions will continue to address the ongoing increases in public assistance caseloads in the Self-Sufficiency Division in order to meet state and federal guidelines for both timeliness and accuracy.

Positions Supporting the Adult and Aging Population

In the coming years, it is anticipated that there will be a significant increase in the older adult population. Therefore, a multi-year plan has been developed to address the needs of this growing population. Funding of $0.80 million and 7/7.0 FTE positions has been identified to support case management and mandated pre-admission screenings in Adult Services; investigations of suspected abuse, neglect and exploitation in Adult Protective Services; specialized assistance to callers about Medicaid funded services in the Aging, Disability, and Caregiver Resources unit; and case management in the Home Delivered Meals Program.

Health Department

School Health

The County has been steadily addressing the needs of the School Health program for several years. Beginning in FY 2017, the Health Department began filling Public Health Nurse II positions that were being held vacant due to previous budget reductions. From FY 2017 to 2020, two existing vacant Public Health Nurse II positions each fiscal year were filled utilizing either existing balances within the Health Department's Personnel Services budget or with new funding. All existing Public Health Nurse II positions in the School Health program are now funded.

In response to the COVID-19 pandemic, the Health Department has begun recruiting for 35/35.0 FTE new Public Health Nurse positions, which will be included in the *FY 2020 Carryover Review* for formal approval by the Board. These positions will support case and contact investigations and public health interventions in high-risk settings and communities. After the pandemic is over, these positions will be redeployed to the School Health program to address the nurse-to-student ratio. Based on the modest Fairfax County Public Schools enrollment growth, this will bring the nurse-to-student ratio to 1:1,990, just under the 1:2,000 target. Funding of $4.40 million is identified in the Health Department in FY 2022, which represents the full-year cost of these positions.

Epidemiology

In order to successfully plan for and respond to current and emerging public health challenges, $0.30 million and 2/2.0 FTE positions is needed to expand capacity for communicable and non-communicable diseases and conditions. This represents the third year of a multi-year phase-in to improve the Health Department's capacity to prevent and control infectious diseases as well as develop capability to monitor the health status of the community; use data in real time to guide new approaches to the delivery of population-based health services; and research new insights and innovative solutions to health problems within the community.

Fairfax-Falls Church Community Services Board

Medicaid Waiver Redesign/Support Coordination

Pursuant to DOJ settlement implementation, the Commonwealth of Virginia has redesigned the previously separate service delivery systems for people with intellectual disability (ID) and developmental disabilities (DD) into one Developmental Disabilities (DD) services system. The term "developmental disabilities" is now understood to include intellectual disability as well as disorders on the autism spectrum and other developmental disabilities. In FY 2017, CSBs throughout the Commonwealth, including the Fairfax-Falls Church CSB, became the single point of eligibility determination and case management not only for people with intellectual disability, but also for individuals with other developmental disabilities. As a result, CSB's role and oversight responsibility, as well as the number of people served has increased considerably. The Department of Behavioral Health and Developmental Services (DBHDS) Commission has pledged to eliminate the priority 1 waitlist by FY 2022. The CSB presently has approximately 700 individuals on the priority 1 waitlist. Funding in the amount of $2.20 million and 20/20.0 FTE positions, partially offset by $0.80 million in revenue, has been identified to serve the newly eligible individuals.

Special Education Graduates

An increase of $3.80 million has been identified to support special education graduates of Fairfax County Public Schools turning 22 years of age who are eligible for day support and employment services and currently do not have a funding source for such services. This funding would be required to maintain the program as currently designed, with no cut to program enhancement or local support, and would prevent any special education graduates from being without services.

Department of Neighborhood and Community Services

School Readiness

An increase of $10.00 million is identified for the next phase of School Readiness funding. The new Fund 40045, Early Childhood Birth to 5, was established to address school readiness through quality community and family-based programs that are accessible even to those most vulnerable. The new fund is specifically aimed at creating a network of programs that promote school readiness through the alignment of curricula to the Virginia Foundation Blocks for Early Learning, as well as supporting children living in poverty to reach fall kindergarten benchmarks. Early childhood education programs support the cognitive, social, emotional, and physical development of a child. Funding will support the multi-tiered approach to school readiness programming including but not limited to the expansion of the Early Childhood Development and Learning Program for at-risk children birth to age 5, increasing eligibility for the Child Care Assistance and Referral program, and expanding the early childhood mental health consultation initiative

School-Age Child Care (SACC) Rooms

Funding of $1.50 million and 8/6.4 FTE positions have been identified to support new SACC rooms at Clearview Elementary School and North West County Elementary School, which were originally included in the FY 2021 Advertised Budget Plan but were deferred in response to the COVID-19 pandemic, as well as SACC centers at Lorton Community Center and Sully Community Center which are scheduled to open in FY 2022. The expenditure increase would be partially offset by $1.16 million in revenue for a net impact to the County of $0.34 million.

Original Mount Vernon High School

The Original Mount Vernon High School was vacated in October of 2016 by its tenant, the Islamic Saudi Academy, after its 30-year lease expired. Fairfax County owns the building and has begun a multi-departmental effort to coordinate reuse for the site. The project will develop over three distinct phases; Immediate, Interim Use, and Long Term Reuse. The immediate phase occurred in 2016 and included use of the gymnasium; improvements to the appearance, landscaping, and safety; use of the fields; and retained existing use of the site by two non-profits. Funding of $0.80 million and 3/3.0 FTE positions will support expanded program capacity for the South County Teen Center and South County Senior Center at Original Mount Vernon High School once the next phase of redevelopment has been completed.

Opportunity Neighborhoods

Funding of $0.38 million and 1/1.0 FTE position will support the continued expansion of Opportunity Neighborhoods (ON) into the Centreville/Chantilly area of Human Services Region 4. This adjustment was originally included in the FY 2021 Advertised Budget Plan but was deferred in response to the COVID-19 pandemic. ON is a Department of Neighborhood and Community Services initiative that coordinates the efforts of multiple County agencies and community-based programs and services to promote positive outcomes for children and youth by aligning available programming with identified needs, interests, and gaps in a particular community. Major outcomes include ensuring that children are prepared for school entry; that children succeed in school; that youth graduate from high school and continue onto postsecondary education and careers; and that

ON families, schools, and neighborhoods support the healthy development and academic success of the community's children and youth.

Parks and Libraries

Park Authority

Operations and Maintenance

Funding of $2.37 million is identified for Park operations and maintenance throughout the Park system. Funding would also provide for increased ADA accommodations, additional park security, forestry operations including contracted arboreal work to the ability to respond to tree complaints promptly, and additional contracted mowing.

Social Equity

Funding of $0.60 million is identified to advance the County's mission of social equity. Funding would provide for reduced membership rates at RECenters, and scholarship programs for classes and programs to ensure that vulnerable populations have an opportunity to learn lifelong skills such as swimming, fitness, and wellness. In order to meet the scholarship demands of the growing number of County residents living in poverty so that they may enjoy access to recreational amenities, the Park Authority has identified a level of funding that current resources are unable to bear without General Fund assistance.

Capital Equipment

Funding of $1.50 million is identified for replacement maintenance equipment which is beyond its life expectancy. Approximately 44 percent of the current maintenance equipment is beyond its useful life or repairs are no longer cost effective.

Public Library

Funding of $1.15 million and 12/9.0 FTE new positions are phase one of a three-phase plan to make regional and community library branch hours consistent. This funding, which was originally included in the FY 2021 Advertised Budget but was deferred in response to the COVID-19 pandemic, will move 11 of the 22 full-service library branch locations to one set of standardized hours: 10am to 9pm Monday through Wednesday and 10am to 6pm Thursday through Sunday.

Community Development

Transportation

The General Assembly continues to discuss its approach to transportation funding during its 2020 session, and staff will monitor the impact of any legislative action on the County's transportation obligations. A placeholder of $10.00 million has been included in FY 2022 for transportation requirements, recognizing the need for recurring baseline funding for the opening of Phase 2 of the Silver Line, to support operating costs that were previously funded with one-time State Aid balances, and to support Connector bus fleet replacement reserves.

Department of Housing and Community Development

Patrick Henry Family Shelter

Funding of $1.53 million is identified for the Patrick Henry Family Shelter Permanent Supportive Housing Program. The Office to Prevent and End Homelessness, within the Department of Housing and Community Development, is expanding the programs tied to the Patrick Henry Family Shelter to include permanent supportive housing, which is needed to house families with children that have no other housing options due to significant housing barriers, such as long-term disabilities and extremely low income. The new facility will be constructed with 16 supportive housing units. Nine units will be leased in the nearby community to replace the current on-site shelter units.

Affordable Housing

In March 2019, the Affordable Housing Resources Panel (AHRP) presented recommendations for Phase II of the Communitywide Housing Strategic Plan to produce 5,000 units of affordable housing to households earning up to 60 percent of the Area Median Income (AMI) over the next fifteen years. In order to help achieve the recommendations as outlined in Phase II, the AHRP recommended that the Board of Supervisors make a commitment equivalent to the value of an additional penny to support affordable housing initiatives. In FY 2021, in accordance with the Board's budget guidance, a one cent increase to the Real Estate Tax rate was proposed to increase funding allocated to this purpose. When combined with existing revenue, this would have resulted in one and a half cents on the Real Estate Tax – or $39.7 million annually – dedicated for the preservation and development of affordable housing. While this proposal was not implemented as a result of the COVID-19 pandemic, it is anticipated that it will be considered again in FY 2022 as affordable housing remains one of the County's highest priorities From FY 2006 through FY 2019, the Affordable Housing Development and Investment Fund provided a total of $234.8 million for affordable housing and preserved a total of 3,016 affordable units in the County.

Cost of County Operations

Board Office Support

An increase of $1.05 million is identified in the Board of Supervisors, reflecting an increase of $100,000 in each of the nine district offices and $150,000 in the Chairman's Office for additional office support. This funding was originally included in the FY 2021 Advertised Budget but was deferred in response to the COVID-19 pandemic.

Information Technology

Recurring funding in the baseline is required to support the multi-year implementation of existing IT projects. This funding would support critical IT investments designed to improve access to County services, promote government operational efficiencies and effectiveness, and increase performance and security capabilities. While a funding requirement of $23.85 million has been identified, this amount has not been included in the multi-year projection as it is anticipated that IT projects will continue to be funded through the quarterly reviews.

Next Steps in the Multi-Year Process

Balancing the FY 2022 Budget

Although the revenue projections and inventory of disbursement priorities included above set the stage for the FY 2022 budget, significant effort will be required to build and balance the budget. While some of the necessary changes will occur naturally over the next year before the release of the FY 2022 and FY 2023 Multi-Year Budget, others will require policy decisions to be made. Adjustments to develop a balanced FY 2022 budget could include efficiencies, reduction options, revenue enhancement options or deferral of a number of the items that have been outlined above. It is anticipated that these decisions will be guided by input received from the Board of Supervisors and School Board through their joint meetings in the fall.

The FY 2022 budget forecast presents a challenging picture as a result of projections that the County will see a reduction in revenue due to the impacts of the COVID-19 pandemic on the economy. However, there is also the potential for changes as more information is available over the course of the next year. The items that need to be funded in FY 2022 will therefore be considered in the context of Board priorities, and decisions will be made by the County Executive on what specific items to recommend for FY 2022 and which items to exclude or delay until FY 2023 or beyond.

Multi-Year General Fund Statement

The following page provides a historical view of the General Fund as well as a projection for FY 2022. The FY 2022 projection includes funding of all of the items discussed above, with the assumption of equal growth in both County disbursements and Schools transfers. As a result, both the County and Schools portions of General Fund disbursements are shown to increase by 6.20 percent, and total disbursements are shown to exceed available resources. The FY 2022 projection will be refined over the coming year, and the FY 2022 Advertised Budget Plan, when presented to the Board of Supervisors, will be balanced.

MULTI-YEAR BUDGET
FY 2017-2022
(in millions)

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Revised	FY 2021 Advertised	FY 2021 Adopted	FY 2022 Projected	Inc/(Dec) Over FY 2021	% Inc/(Dec) Over FY 2021
Beginning Balance	$166.09	$212.81	$234.06	$268.48	$184.89	$184.89	$178.88	($6.01)	(3.25%)
Revenue									
Real Property Taxes	$2,601.55	$2,651.84	$2,796.96	$2,894.70	$3,054.28	$3,002.08	$2,972.31	($29.77)	(0.99%)
Personal Property Taxes	401.59	411.12	421.83	437.50	442.47	428.02	415.84	(12.19)	(2.85%)
General Other Local Taxes	513.76	526.92	528.25	544.27	547.92	489.10	521.85	32.75	6.70%
Permit, Fees & Regulatory Licenses	52.20	52.72	55.87	55.56	54.97	49.64	50.64	0.99	2.00%
Fines & Forfeitures	12.73	12.18	12.26	11.80	11.80	11.80	11.80	0.00	0.00%
Revenue from Use of Money & Property	29.54	43.52	71.18	60.90	48.45	24.26	18.03	(6.23)	(25.67%)
Charges for Services	81.49	82.47	85.48	86.40	87.15	83.12	86.52	3.40	4.09%
Revenue from the Commonwealth	306.24	305.49	307.42	313.21	313.20	312.71	312.71	0.00	0.00%
Revenue from the Federal Government	42.96	42.58	43.97	240.81	40.24	40.24	40.24	0.00	0.00%
Recovered Costs/Other Revenue	16.92	17.41	18.61	15.75	16.23	16.23	16.23	0.00	0.00%
Total Revenue	$4,058.97	$4,146.27	$4,341.83	$4,660.88	$4,616.71	$4,457.20	$4,446.16	($11.04)	(0.25%)
Transfers In	$10.17	$10.07	$10.17	$9.08	$8.71	$8.71	$8.71	$0.00	0.00%
Total Available	$4,235.23	$4,369.15	$4,586.05	$4,938.44	$4,810.31	$4,650.80	$4,633.74	($17.06)	(0.37%)
County Disbursements									
County Debt Service	$136.75	$146.04	$147.05	$131.76	$131.04	$131.04	$135.18	$4.14	3.16%
Capital	37.07	50.69	51.06	39.12	19.67	18.07	28.07	10.00	55.33%
Contributories/Grants	18.78	18.90	20.08	19.05	17.61	18.94	18.94	0.00	0.00%
Legislative-Executive Functions/ Central Services	144.40	147.73	171.20	164.69	159.00	153.21	157.73	4.52	2.95%
Judicial Administration	38.66	39.40	41.60	45.05	46.46	43.33	45.07	1.75	4.04%
Public Safety	472.03	480.52	505.14	549.03	559.91	535.71	571.00	35.29	6.59%
Public Works	74.90	76.47	78.45	82.15	81.00	79.69	80.76	1.07	1.35%
Health and Welfare	446.65	452.86	468.83	512.30	513.39	496.31	533.16	36.85	7.42%
Parks and Libraries	51.64	53.76	55.67	59.31	61.02	57.75	65.02	7.28	12.60%
Community Development	99.29	100.17	115.83	146.88	167.61	159.11	172.23	13.12	8.24%
Nondepartmental (Fringe Benefits)	363.43	375.14	391.53	619.23	422.41	415.90	432.69	16.80	4.04%
Subtotal County	$1,883.61	$1,941.68	$2,046.45	$2,368.58	$2,179.11	$2,109.05	$2,239.86	$130.81	6.20%
Schools Transfers									
School Operating	$1,913.52	$1,966.92	$2,051.66	$2,136.02	$2,221.53	$2,143.32	$2,285.20	$141.88	6.62%
School Construction	13.10	13.10	15.60	13.10	13.10	13.10	13.10	0.00	0.00%
School Debt Service	189.87	189.13	193.38	197.98	198.18	198.18	202.34	4.16	2.10%
Subtotal Schools	$2,116.49	$2,169.15	$2,260.64	$2,347.10	$2,432.82	$2,354.60	$2,500.64	$146.04	6.20%
Reserve Contributions	$22.32	$24.26	$10.48	$37.88	$13.37	$8.26	$17.14	$8.88	107.48%
Total Disbursements	$4,022.41	$4,135.09	$4,317.57	$4,753.55	$4,625.30	$4,471.92	$4,757.65	$285.73	6.39%
Total Ending Balance	$212.81	$234.06	$268.48	$184.89	$185.01	$178.88	($123.91)	($302.79)	(169.27%)
Less:									
Managed Reserve	$106.47	$126.03	$168.04	$184.89	$185.01	$178.88	$190.31	$11.43	6.39%
Other Reserves	0.24	0.12	1.57	0.00	0.00	$0.00	0.00	0.00	-
Total Available	$106.10	$107.90	$98.88	$0.00	$0.00	$0.00	($314.22)	($314.22)	-