Multi-Year Budget – FY 2023 and FY 2024

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 2023) and framework for the subsequent year (FY 2024). 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. Currently, there is additional uncertainty in the forecast due to the COVID-19 pandemic. The trajectory of the pandemic over the coming months will shape the County's outlook for FY 2024, and this preliminary projection will be updated and adjusted during FY 2023.

Summary of the Multi-Year Budget

The current forecast for FY 2024 indicates a challenging budget environment as the County continues to recover from the negative impact of the COVID-19 pandemic on the economy and as strong growth in Residential and Personal Property values is expected to moderate. Revenue growth is projected at a modest 3.0 percent assuming no tax rate increases. This growth rate would provide additional resources totaling $145.61 million. However, 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 in the community. Thus, it is not anticipated that projected revenues in FY 2024 will be sufficient to cover expected spending increases.

The table below summarizes the requirements that are identified in greater detail in the following pages, which include a total of $128.86 in additional County disbursements. Schools transfers have been assumed to increase by 5.67 percent, the same rate as County disbursements would grow if all of the identified requirements were funded. It should be noted that the available revenue of $145.61 has been reduced by $24.4 million in the table. This funding represents additional revenues redirected to the County's affordable housing efforts in order to bring baseline funding or affordable housing to the equivalent of 1.5 pennies on the Real Estate Tax rate.

Projected Shortfall based on Identified County Needs and Equal Schools Growth

	FY 2024 (in millions)	% Inc/(Dec) Over FY 2023
Base Revenue Increase	**$145.61**	**3.0%**
Revenues directed to Affordable Housing	$24.40	--
Adjusted Revenue	**$121.21**	**2.5%**
County Disbursements	$128.86	5.67%
Schools Transfers	141.82	5.67%
Net Change in Reserve Contributions	23.23	
Total Uses of Funds	**$298.55**	
Net Balance	**($172.70)**	

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, demonstrates that the available resources identified for FY 2023 will fund only a small subset of the identified priorities. It should be noted that this presentation assumes that the $79.26 million balance available for the Board's consideration in the

FY 2023 Advertised Budget Plan is fully utilized in FY 2023, either for recurring expenses or to reduce tax rates. This balance is not assumed to offset the FY 2024 projected deficit. As the multi-year budget is an early forecast of the challenges that will be faced in the coming budget cycle, it is anticipated that other funding priorities will develop prior to the release of the FY 2024 Advertised Budget Plan. Balancing the FY 2024 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 2024 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. 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

The latest General Fund revenue estimate for FY 2022 does not assume any additional pandemic-related revenue from the federal government and as a result reflects a decrease of 1.17 percent compared to FY 2021, or an increase of 1.29 percent if adjustments for the federal support received in FY 2021 are taken into account. In FY 2023, the General Fund revenue is expected to increase 6.83 percent compared to the *FY 2022 Revised Budget Plan* as a result of strong growth experienced in property assessment values, which determine the majority of the General Fund tax levy. A General Fund revenue increase of 3.00 percent is currently projected in FY 2024, primarily as a result of projected increase in real estate and personal property assessments, as well as Local Sales Tax and Business, Professional and Occupational License (BPOL) Taxes. Other revenue categories such as Permits and Fees, Charges for Services, and Fines and Forfeitures are expected to continue to recover from the pandemic-related impacts. Revenue growth rates for individual categories are shown in the following table:

Category	Actual	Projections		
	FY 2021	FY 2022	FY 2023	FY 2024
Real Estate Tax – Assessment Base	**3.76%**	**2.88%**	**8.57%**	**3.10%**
Equalization	2.71%	**2.02%**	**7.72%**	**2.50%**
Residential	*2.65%*	*4.25%*	*9.57%*	*3.00%*
Nonresidential	*2.87%*	*(4.05%)*	*2.27%*	*1.00%*
Normal Growth	**1.05%**	**0.86%**	**0.85%**	**0.60%**
Personal Property Tax – Current[1]	**(1.14%)**	**3.32%**	**10.83%**	**2.50%**
Local Sales Tax	**5.10%**	**3.50%**	**2.68%**	**2.50%**
Business, Professional and Occupational License (BPOL) Taxes	**(1.48%)**	**3.00%**	**2.50%**	**2.50%**
Interest Rate Earned on Investments	**0.74%**	**0.40%**	**0.50%**	**0.60%**
Building Plan and Permit Fees	**9.46%**	**(14.14%)**	**(100.00%)**	**0.00%**
Charges for Services	**(51.94%)**	**51.02%**	**14.98%**	**8.27%**
State/Federal Revenue[1]	**(26.27%)**	**(43.65%)**	**0.57%**	**0.00%**
Total General Fund Revenue	**(1.19%)**	**(1.17%)**	**6.83%**	**3.00%**

[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

The COVID-19 pandemic remains the single largest factor determining the course of the economy. After the initial wave of COVID-19 in 2020, there have been several significant new spikes, including the Delta variant in Summer 2021, and the Omicron variant which peaked in January 2022. Overall, in 2021 the economy grew at an extremely strong rate of 5.7 percent, in contrast to a decrease of 3.4 percent in 2020. The country's Gross Domestic Product (GDP) is now larger than it was pre-pandemic. The increase in the GDP was driven by unusually strong consumption expenditures, particularly on goods, which increased by 12.1 percent during the year, and investment, which increased by 9.5 percent after decreasing in 2020. The momentum continued through the 4th quarter of 2021 when the economy grew at an annual rate of 6.9 percent. In Fairfax County, for the first six months of the fiscal year, Sales Tax revenues increased by 15.5 percent compared to the previous fiscal year. Growth in consumer expenditures on services, while still strong, has lagged and expenditures on services have not yet recovered to pre-pandemic levels.

Reflecting the strong economy, employment surged in 2021. The unemployment rate fell from 6.4 percent in January 2021 to 4.0 percent in January 2022. The average monthly gain in the number of jobs during 2021 was 555,000 per month, for a total increase of over 6.5 million jobs. As of January 2022, nonfarm employment has increased by 19.1 million since bottoming in April 2020 but remains down by 2.0 million or 1.9 percent from its pre-pandemic level in February 2020. According to the Bureau of Labor Statistics' Job Opening and Labor Turnover Survey (JOLTS), there are currently 10.9 million unfilled jobs in the United States, a number that remains close to its series high. In contrast, prior to the pandemic in February 2019, there were 7.1 million job openings. It appears that the labor force participation rate is still subdued, likely due to the ongoing uncertainty related to the pandemic.

In Northern Virginia, from December 2019 to December 2021, the overall number of jobs fell by 22,600 or 1.5 percent, while the number of jobs in the Leisure and Hospitality sector decreased by 11.8 percent. The number of jobs in the well-paying Professional and Business Services sector increased by 3.9 percent during that period. Federal procurement spending accounts for about 30 percent of the Washington area's economy, and the workforce of federal contractors has recovered more quickly from pandemic-related disruptions and resumed more normal operations, even if many continue to work from home. In December 2021, the unemployment rate in Fairfax County was at 2.2 percent, compared to last December's rate of 5.5 percent. The unemployment rate would be higher but for the fact that the total labor force remains 3.6 percent lower than in December 2019, reflecting lower labor market participation compared to pre-pandemic levels.

Current economic conditions make revenue forecasting difficult. In Chairman Powell's statement at his January 26, 2022 press conference, he said that "the economic outlook remains highly uncertain" and that "the economy evolves in unexpected ways." The end of fiscal stimulus means that fiscal policy will likely become an economic headwind instead of a tailwind. To pursue its mandate of price stability, the Federal Reserve will have to find a balance between raising interest rates and reducing monetary accommodation while not stalling an economy that has become very dependent upon low interest rates. Most economic forecasters expect the economy to continue to expand, albeit at a slower pace. The Conference Board projects that GDP growth will increase at an annualized rate of 3.5 percent in 2022 and 2.9 percent in 2023, while the International Monetary Fund predicts that GDP will increase at a rate of 4.0 percent in 2022 and 2.6 percent in 2023. However, the last time inflation in the United States fell from over 5 percent without a downturn was over 70 years ago. It is likely that COVID-19 will continue to have a major impact on how County residents work and do business, with significant economic effects likely to linger in unpredictable ways.

Staff reviews and utilizes economic projections for the national and local economies by economic forecaster IHS Markit in the development of revenue estimates. Based on current information, the FY 2023 and FY 2024 General Fund revenue forecast assumes that the local economy will continue to grow in 2022 and 2023.

Real Estate Taxes

Reflecting market activity through calendar year 2021, FY 2023 Real Estate property values were established as of January 1, 2022, and rose 8.57 percent compared to the FY 2022 level. The total Real Estate Tax base is expected to increase 3.10 percent in FY 2024 as a result of expected increases in both residential and nonresidential property values.

Local Housing Market

Based on information from Bright MLS, the average sales price of homes sold in Fairfax County rose 8.7 percent from $652,320 in 2020 to $709,136 in 2021. Home prices increased primarily as a result of the tight inventory of homes for sale and low mortgage rates. Since bottoming out in 2009, the average home sales price has risen 70.0 percent, or at an average annual growth rate of 4.5 percent. Bright MLS also reported that 19,407 homes sold in the County in 2021, up 15.9 percent compared to 2020. Homes that sold during 2021 were on the market for an average of 17 days, down from 19 days in 2020.

Residential assessed values are anticipated to increase 3.00 percent in FY 2024 after rising 9.57 percent in FY 2023. Residential properties constitute approximately three quarters of the County's real estate tax base.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, the direct office vacancy rate at year-end 2021 was 16.0 percent, up from 14.6 percent at year-end 2020. The overall office vacancy rate, which includes empty sublet space, was 17.0 percent at year-end 2021, up from 15.5 percent recorded at year-end 2020. The amount of empty office space increased to 20.3 million square feet. As a result, office property values experienced a 0.45 percent decrease in FY 2023. Of all the real estate sectors, the pandemic delivered the hardest and most immediate blow to hotels and retail, however, in FY 2023 these types of properties started to recover, increasing 1.92 percent and 2.84 percent respectively.

Office leasing activity totaled 2.2 million square feet during the first half of 2021, compared to 1.9 million in the back half of 2020. The number remains considerably down from pre-pandemic levels. The expectation is that office leasing activity will remain low through the rest of 2021, with many industry experts viewing 2022 as the beginning of the office market recovery.

The overall value of all types of nonresidential properties in FY 2024 is tentatively projected to increase 1.00 percent after increasing 2.27 percent in FY 2023.

Personal Property Taxes

The Personal Property Tax is levied on vehicles in the County, as well as business personal property. The FY 2023 car tax is based on January 1, 2022, valuation using the J.D. Power's National Automobile Dealers' Association guide. In FY 2023, the projected increase in the vehicle levy is based on a preliminary analysis of vehicles in the County valued with information from the National Automobile Dealers Associations (NADA), which indicates a significant increase in average vehicle values. It should be noted that updated information regarding the January 1, 2022 vehicle assessed values suggests an even greater increase above the level already assumed in the FY 2023

Advertised Budget Plan, as the ongoing disruption in supply chains and the manufacturing of technological components has caused used and new car prices to continue to soar. The latest CPI (Consumer Price Index) report for January 2022 indicated that the cost for used cars and trucks increased 40.5 percent compared to January 2021 and there are no signs of softening. Experts also expect that used car prices will remain very strong for the next year, with increased volatility in the new car market industry as it works towards recovery.

The FY 2023 revenue estimate for Personal Property Tax assumes an increase of 10.83 percent and FY 2024 is expected to increase 2.50 percent.

Other Major Revenue Categories

Sales tax collections in FY 2022 through October 2021 were up 14.8 percent primarily as a result of federal stimulus and as people have continued to spend more on goods rather than services. As the economic boost from the federal COVID stimulus begins to wane, Sales Tax collections are expected to slow in the remainder of the current fiscal year and are projected to increase 3.50 percent over the FY 2021 level. Growth of 2.68 percent is projected in FY2023, followed by an increase of 2.50 percent in FY 2024 based on the anticipation that consumer spending will increase moderately.

Since County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, there is limited actual data available throughout the fiscal year. FY 2022 BPOL revenue is expected to be positively impacted by the reopening of the economy during calendar year 2021, and also supported by significant federal government stimulus. Collections are expected to increase in most BPOL categories, with the most extensive increases in categories such as Hotels and Motels, Retail Merchants, and Personal Services that experienced the largest pandemic related declines. The FY2022 estimate reflects an increase of 3.00 percent over the FY 2021 actual level. Based on the expectation that the economy will continue to grow, FY 2023 BPOL receipts are projected to increase 2.5 percent, followed by another increase of 2.5 percent in FY 2024.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. Early in 2020, the Federal Reserve cut its target for the federal funds rate to a range of 0 percent to 0.25 percent. The Fed's actions negatively impacted the earnings that the County generated on its portfolio investments. General Fund Investment Interest revenue in FY 2021 declined 64.2 percent from the FY 2020 level and the average yield was 0.72 percent. The FY 2022 estimate reflects a projected average yield of 0.40 percent. The FY 2023 revenue estimate assumes an average yield of 0.50 percent and no growth in the County's portfolio. It should be noted that in December 2021, Federal Reserve Board Chairman Jerome Powell suggested that the Fed would likely pivot toward tighter monetary policy in the face of soaring inflation. In his January press conference after the most recent Federal Reserve Board meeting, Powell affirmed that asset purchases would end in March 2022, two months earlier than planned, and that once asset purchases ended, interest rates would increase. Any necessary adjustments to the FY 2023 projected average yield and revenue will be included in the FY 2023 Adopted Budget Plan, when more information will be available regarding the Fed's actions. Th FY 2024 forecast assumes an average yield of 0.60 percent.

No growth is assumed for FY 2023 and FY 2024 in State and Federal revenue categories. 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 2023 and FY 2024 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 2024 and FY 2025 multi-year budget development process in light of updated data and revenue projections. However, the modest revenue growth that is currently projected is insufficient to fund the identified items. Therefore, in order to develop a balanced budget and address Board priorities, it will be necessary to consider revenue enhancement options and programmatic reductions or to defer some of these items to FY 2025 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 employee compensation increases, employee benefit increases for health, instructional staffing to support English for Speakers of Other Languages (ESOL), special education lead teachers for each elementary school, investments to support the implementation of the second phase of the Advanced Academic Program, and the recurring cost of FCPSOn. In addition, long-term investments are required for previously identified unfunded needs. Each one percent increase in the transfer for operations is approximately $22.85 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 2024. As a result, total County support for the Schools is projected to increase by approximately 5.67 percent, or $141.82 million. This amount includes an increase of $133.76 million for School operations. The County transfer for debt service is projected to decrease by $2.14 million based on the payoff of existing debt obligations, partially offset by requirements associated with the increased bond sales as recommended by the Joint County/Schools Capital Improvement Program (CIP) Committee. This estimate assumes a Schools bond sale of $205 million (up from $180 million) in January 2023. Additionally, the transfer to the School Construction Fund assumes an increase of $10.2 million for capital paydown. This increase, when combined with the $2 million in additional debt service requirements associated with the increased sales and the $2.5 million allocated for Schools paydown in the FY 2023 Advertised Budget Plan, equals the current value of one-half penny on the Real Estate tax rate. This investment is also consistent with the Joint CIP Committee recommendations, which are explained further in the *Debt Service and Capital Construction* section below.

Employee Pay

For purposes of the FY 2024 plan, a $63.8 million placeholder for employee pay increases is used. This placeholder includes:

- Market rate adjustment (MRA) increases for all employees are included based on an assumed 1.5 percent MRA, at an estimated cost of $22.00 million. The actual MRA, based on the previously agreed to funding calculation, will be calculated in the fall of 2022. 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 $16.20 million is required for General County employee pay increases, including performance and longevity adjustments. The funding reflects increases effective July 2023 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. The average increase in FY 2024 is projected to be 2.0 percent. Although a larger number of employees are eligible for longevity increases in FY 2023 due to the deferral of longevity increases in FY 2021 and FY 2022, the number of eligible employees in FY 2024 will decrease accordingly.

- Funding of $20.6 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. The funding reflects the full-year impact of merit and longevity increases provided to uniformed employees in FY 2023 and the partial-year costs for merit and longevity increases provided to uniformed employees in FY 2024 since all increases 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 an eligible length of service milestone (15 and 20 years) are eligible for longevities. Beginning in FY 2023, it is proposed in the FY 2023 Advertised Budget Plan that an additional longevity increase be awarded to public safety employees after 25 years of service. If the proposed additional longevity increase is approved by the Board, approximately 400 more employees will receive the 25-year longevity pay increase in FY 2023, with significantly less numbers in future years, including FY 2024, as there will be a higher number of employees eligible in the first year, or FY 2023. This proposal will enhance the County's strategy in retaining experienced employees and increase the County's market position in the long term. 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. However, more than 70 percent of public safety employees will be eligible for pay increases in FY 2023 due to the deferral of longevity increases in FY 2021 and FY 2022 as well as the impact from the proposed 25-year longevity. It is anticipated that the percentage of public safety employees eligible to receive pay increase in FY 2024 will decrease significantly as compared to FY 2023.

- A placeholder of $5.00 million is included in FY 2024 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.

Fringe Benefits

A total increase of $5.50 million is included for employee benefits in the FY 2024 projection. Adjustments will be required to reflect changes in health insurance plan premiums and actual experience based on employee benefit plan enrollment. Health insurance cost increases are primarily the result of actual experience in the County self-insured health plans. The estimated increase in FY 2024 is based on projected 5.0 percent premium increases for all health insurance plans in plan years 2023 and 2024. It should be noted that these premium increases are budgetary projections only, and final premium decisions are made in the fall prior to the beginning of each plan year based on updated claims experience.

There are no adjustments for fiduciary requirements associated with the County's retirement systems based on the preliminary estimates of the FY 2024 employer contribution rates from actuarial valuation report as of June 30, 2021. It is the County's policy not to reduce employer contributions until each system reaches 100 percent funded status.

The increase amount includes the projected impact of increases in employer contribution requirements for General Fund employees as well as adjustments required to support fringe benefit costs in General Fund supported funds. 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 $8.46 million is identified for FY 2024 to reflect the required costs for County bond projects supporting the County's Capital Improvement Program (CIP). This estimate assumes approximately $2 million in additional requirements based on a $25 million increase in County bond sale as recommended by the Joint CIP Committee. The January 2023 County bond sale is projected to be $145 million (up from $120 million). The actual debt service requirement will be based on market conditions at the time of the bond sale and 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. In February 2020, the Board of Supervisors and the School Board established a joint CIP working group to allow for information sharing, prioritizations, and planning by both the County and Fairfax County Public Schools. The Committee approved a series of recommendations, which were subsequently approved by both the Board of Supervisors and the School Board. These recommendations include gradually increasing General Obligation Bond Sale limits from $300 million to $400 million annually; dedicating the equivalent value of one penny on the Real Estate tax to the County and School capital program to support both infrastructure replacement and upgrade projects and debt on the increased annual sales; and increasing the percentage allocated to the Capital Sinking Fund at year-end, as well as including Schools in the allocation. Based on resource constraints, the Committee's recommendation to dedicate the value of one penny has not been included in the FY 2023 Advertised Budget Plan. An investment totaling $5 million, split equally between the County and Schools, has been included, with the anticipation that this investment will grow in the coming fiscal years. When fully implemented, these recommendations will provide significant funding for infrastructure replacement and upgrades in the future.

The FY 2024 multi-year plan does include the investment of a fully penny, split between the County and Schools, as shown in the table on the following page. Equal investments would be made for both the County and Schools, including funding related to the increased bond sales, as well as a total of $12.70 million for capital paydown for each organization. This projection will be evaluated based on available resources in FY 2024, and a more gradual phase-in towards the allocation of the equivalent of a fully penny may be necessary.

Joint CIP Committee Recommendations included in FY 2024 Multi-Year
(in millions)

	County	Schools	Total
Capital Paydown Investment included in FY 2023 Proposal	$2.50	$2.50	$5.00
Additional FY 2024 Debt Service Requirements based on Increased Bond Sales *(Schools from $180m to $205m, County from $120m to $145m)*	$2.00	$2.00	$4.00
Additional FY 2024 Capital Paydown	$10.20	$10.20	$20.40
Total Investments	**$14.70**	**$14.70**	**$29.40**

Public Safety

Police Department

South County Police Station

An increase of $1.80 million and 10/10.0 FTE positions is identified for FY 2024 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 70 positions were added between FY 2017 and FY 2022, competing the number of uniformed positions required to staff the station. The final 10 support positions in FY 2024 will complete the required station staffing.

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 $0.59 million and 5/5.0 FTE positions is identified for FY 2024, reflecting the third and final year of a multi-year process to increase dispatchers. A total of 15 positions have been added, 10 positions in FY 2020 and 5 positions in FY 2022.

Department of Animal Sheltering

An increase of $2.8 million and 27/27.0 FTE positions is identified for FY 2024 to staff the South County Animal Shelter to address the growth needed 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. As part of the FY 2023 budget, 2 positions have been included to assist with the planning and coordination of the facility opening scheduled for Spring of 2023.

Commonwealth's Attorney

Funding of $796,316 and 6/6.0 FTE positions is identified in FY 2024 to support the Office of the Commonwealth's Attorney. At the September 22,2020 Public Safety Committee Meeting, the Commonwealth's Attorney discussed the need for additional positions and the impact to the office as a result of being underfunded. County staff and the Office of the Commonwealth's Attorney staff collaborated on a plan that will add 65 positions over a ten-year period. As part of the FY 2022 budget, 15 positions were added, and 6 positions are included in the FY 2023 budget. The additional of these positions will allow for the prosecution of a wider array of crimes.

Human Services

Diversion First

Funding of $0.97 million and 6/6.0 FTE positions have been identified in FY 2024 to support the continued implementation of the multi-year Diversion First initiative. Diversion First is a multi-agency effort to redirect individuals with mental illness, developmental disabilities, and cooccurring substance use disorders form the judicial system into the health care system to improve public safety, promote a healthier community, and maximize public resources into the most cost-effective manner.

Opioid and Substance Abuse Task Force

Funding of $1.05 million and 6/6.0 FTE positions have been identified to continue addressing the opioid epidemic in the County. The County's opioid response strategy (initially set forth in the Opioid Task Force Plan approved by the Board of Supervisors in January 2018 and updated in 2020 for FY 2021 and FY 2022) includes prevention and education, early intervention and treatment, data and monitoring, criminal justice and enforcement, harm reduction, and recovery activities. It is anticipated that opioid settlement funds will be available in future years to advance some of this work, but the timing and amount are unclear at this time.

Response to Behavioral Health Crisis Calls -Co-Responder Model

Funding of $3.6 million and 22/22.0 FTE positions is identified for FY 2024 for Phase II of the Co-Responder Model. Phase I was implemented in FY 2022 with the use of ARPA dollars and baseline funding for Phase I is included in the FY 2023 budget. The Co-Responder Model pairs a CSB Crisis Intervention Specialist and a Crisis Intervention Team trained police officer to respond to 911 calls that are related to behavioral health issues. This model has proven to be an effective approach in responding to and de-escalating behavior health crises. Phase II will allow for the expansion of the program.

Department of Family Services

Public Assistance

An increase of $0.80 million and 7/7.0 FTE positions has been 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 $1.0 million and 8/8.0 FTE positions has been identified to support older adults and adults with disabilities who are determined to be at-risk for abuse, neglect, or exploitation in Adult Protective Services; expanded case management and service needs in Nutrition Services due to the growing population of older adult and individuals with disabilities who require services;

and the establishment of a training unit needed to address limited access and training opportunities offered by the state, even for state required courses.

Positions Supporting Children, Youth and Families

The Children, Youth and Families division is implementing the Safe & Connected™ practice model to provide a structure to focus on team decision-making and critical thinking to inform key decisions regarding children's safety, permanency, and well-being. This will transform the child welfare system to ensure the best possible outcome for children and families. Funding of $0.6 million and 5/5.0 FTE positions has been identified to strengthen clinical practice; increase capacity on the Continuous Quality Improvement team; and address strategic planning and practice improvement to ensure programs meet all federal and state requirements.

Positions Supporting Domestic and Sexual Violence Services

The Domestic and Sexual Violence Services (DSVS) division is a state-accredited dual program serving victims of domestic and sexual violence and a state-certified batterer intervention program. DSVS provides services to adults, children and youth victims of domestic and sexual violence, human trafficking, and stalking, and to adult offenders of domestic violence. DSVS also partners with community non-profits on the Domestic Violence Action Center, a comprehensive, co-located service center now in three locations. Additionally, DSVS facilitates coordination of a community response to domestic and sexual violence. Funding of $0.4 million and 3/3.0 FTE positions are needed in order to continue this important work and move the division forward with victim services, strategic planning, and data management.

Health Department

Epidemiology

Funding of $0.40 million and 3/3.0 FTE positions has been identified in order to continue expanding the Health Department's use of epidemiological data to improve health outcomes, reduce health disparities and enhance program effectiveness within the County as well as enhancing the Health Department's capability to meet the growing Population Health needs of the community. These positions will improve the Health Department's capacity to prevent and control infectious diseases as well as develop the 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. Funding in the amount of $1.1 million and 9/9.0 FTE positions, partially offset by $0.4 million in revenue, has been identified to serve the newly eligible individuals.

Department of Neighborhood and Community Services

School Readiness

An increase of $5.00 million is identified for the next phase of School Readiness funding. 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 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 and expanding the early childhood mental health consultation initiative.

Opportunity Neighborhoods

Funding of $0.40 million and 1/1.0 FTE position will support the continued expansion of Opportunity Neighborhoods (ON) into a seventh to-be-determined area in the County. 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.

Additional Staffing for Original Mount Vernon High School

In FY 2024 it is estimated that an additional $1.1 million and 8/8.0 FTE positions will be required to support expanded programming at the Original Mount Vernon High School once renovations are completed. It should be noted that this does not include resources that will be necessary to operate the child care and development center of the facility, which is currently scheduled for completion in FY 2025.

Expansion of Boys & Girls Club Youth Programming

Funding of $0.065 million is required to expand the Boys & Girls Club of Greater Washington's (BGCGW) out-of-school time programming to the Annandale area of the County. The BGCGW provides an array of out-of-school time programming opportunities. Programs and services will be offered to youth who are particularly low-income, of color, and at-risk; including those at risk of not completing school, becoming involved with the juvenile court systems, using drugs and/or alcohol, becoming sexually active at an early age, and becoming a member of a gang with resulting involvement in delinquent behavior.

Parks and Libraries

Park Authority

Operations and Maintenance

Funding of $1.6 million is identified for Park operations and maintenance throughout the Park system. Funding is required for forestry operations including contracted arboreal work to respond to tree complaints promptly, an enhanced landscaping and sustainability program to address the growing need for long-term preservation activities and ensure natural habitat preservation, and the full-year funding associated with staff, operating costs and equipment to support the new Patriot Park North complex, expected to open in December 2022.

Social Equity

Funding of up to $5.0 million has been 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. In FY 2023 a pilot program is proposed for funding to support the development of a strategy by utilizing geographic and demographic data, to support a significant expansion of the Park Authority's existing scholarship program and approach to serving residents living in "equity areas" of Fairfax County. The Park Authority will work with staff in the Department of Neighborhood and Community Services and the Department of Family Services to both identify geographic options for the pilot and to expand income and eligibility definitions and a fee reduction program based on demonstrated financial need. FY 2024 funding will be allocated based upon the results of the initial pilot program.

Public Library

Funding of $0.7 million and 12/9.0 FTE new positions are identified for phase two of a four-phase plan to make regional and community library branch hours consistent. This funding, which was originally included in the FY 2021 Advertised Budget Plan but was deferred in response to the COVID-19 pandemic, will move three additional locations of the library's 22 full-service branch locations to one set of standardized hours: 10am to 9pm Monday through Wednesday, and 10am to 6pm Thursday through Sunday. At the end of phase four, there will be an additional 9,568 service hours per year.

Community Development

Transportation

A placeholder of $5.0 million has been included in FY 2024 for transportation requirements. This amount is based on the annual increase included in the Metro funding agreement. It should be noted that the Washington Metropolitan Area Transit Authority (WMATA) has applied federal stimulus funding towards its FY 2021 and FY 2022 and based on the ongoing WMATA Board of Directors discussion about FY 2023, WMATA anticipates utilizing most of the remaining stimulus balances in FY 2023 to offset unrealized fare revenues resulting from low ridership during the pandemic.

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 dedicated for the preservation and development of affordable housing. While this proposal was not implemented as a result of the COVID-19 pandemic in FY 2021 or FY 2022, it remains one of the County's highest priorities. From FY 2006 through FY 2022, the Affordable Housing Development and Investment Fund provided a total of $244.6 million for affordable housing in Fairfax County.

Legislative-Executive Functions/Central Services

IT Projects/Infrastructure

A placeholder of $5.0 million has been included in FY 2024 for Information Technology needs. For a number of years, the County has been funding one-time IT projects as part of quarterly budget reviews instead of building funding for these projects into the baseline budget. In order to ensure appropriate funding levels for these often-critical projects, it is prudent for baseline funding to be added. Additionally, commensurate with the $0.75 million increase included in the FY 2023 Advertised Budget Plan, increased funding is required to cover the rising costs of hardware and licensing.

Next Steps in the Multi-Year Process

Balancing the FY 2024 Budget

Although the revenue projections and inventory of disbursement priorities included above set the stage for the FY 2024 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 2024 and FY 2025 Multi-Year Budget, others will require policy decisions to be made. Adjustments to develop a balanced FY 2024 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 2024 budget forecast presents a challenging picture as a result of projections that the County will experience constrained revenue growth as the economy recovers from the impacts of the COVID-19 pandemic. The disbursement increases that could be accommodated within the projected revenue growth are limited and would not address most of the County and Schools items that have been identified based on information available today. 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 2024 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 2024 and which items to exclude or delay until FY 2025 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 2024. The FY 2024 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 5.67 percent, and total disbursements are shown to exceed available resources. The FY 2024 projection will be refined over the coming year, and the FY 2024 Advertised Budget Plan, when presented to the Board of Supervisors, will be balanced.

MULTI-YEAR BUDGET
FY 2019-2024
(in millions)

	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Revised	FY 2023 Advertised	FY 2024 Projected	Inc/(Dec) Over FY 2023	% Inc/(Dec) Over FY 2023
Beginning Balance	$234.06	$268.48	$450.48	$490.60	$189.50	$191.01	$1.51	0.80%
Revenue								
Real Property Taxes	$2,796.96	$2,898.13	$3,006.83	$3,047.96	$3,296.24	$3,374.70	$78.46	2.38%
Personal Property Taxes	421.83	441.67	431.08	451.65	522.87	541.62	18.74	3.58%
General Other Local Taxes	528.25	535.82	549.10	545.97	559.82	573.82	14.00	2.50%
Permit, Fees & Regulatory Licenses	55.87	54.00	57.08	50.78	10.77	11.31	0.54	5.00%
Fines & Forfeitures	12.26	10.00	5.48	6.91	8.17	8.98	0.82	10.00%
Revenue from Use of Money & Property	71.18	66.20	24.78	14.60	19.15	22.46	3.31	17.27%
Charges for Services	85.48	70.11	33.70	50.89	58.51	63.34	4.84	8.27%
Revenue from the Commonwealth	307.42	308.77	308.78	313.70	314.30	314.30	0.00	0.00%
Revenue from the Federal Government	43.97	246.97	156.50	40.73	40.95	40.95	0.00	0.00%
Recovered Costs/Other Revenue	18.61	15.49	18.31	14.78	17.01	17.52	0.51	3.00%
Total Revenue	**$4,341.83**	**$4,647.16**	**$4,591.63**	**$4,537.97**	**$4,847.78**	**$4,969.00**	**$121.21**	**2.50%**
Transfers In	**$10.17**	**$9.08**	**$8.71**	**$24.00**	**$9.71**	**$9.71**	**$0.00**	**0.00%**
Total Available	$4,586.05	$4,924.72	$5,050.82	$5,052.56	$5,046.99	$5,169.72	$122.72	2.43%
County Disbursements								
County Debt Service	$147.05	$131.76	$131.04	$131.32	$133.67	$142.13	$8.46	6.33%
Capital	51.06	39.12	47.92	100.40	25.50	35.70	10.20	40.01%
Contributories/Grants	20.08	19.05	19.70	19.61	20.13	20.13	0.00	0.00%
Legislative-Executive Functions/ Central Services	171.20	156.06	168.07	190.45	172.45	181.52	9.08	5.26%
Judicial Administration	41.60	42.84	42.07	50.62	50.56	52.26	1.70	3.36%
Public Safety	505.14	512.65	522.23	570.22	576.21	607.37	31.16	5.41%
Public Works	78.45	73.73	76.54	85.49	79.14	80.37	1.24	1.56%
Health and Welfare	468.83	467.46	447.04	519.24	548.99	577.53	28.55	5.20%
Parks and Libraries	55.67	54.27	56.28	62.14	62.07	71.25	9.18	14.79%
Community Development	115.83	139.13	161.80	176.81	163.65	171.63	7.98	4.88%
Nondepartmental (Fringe Benefits)	391.53	453.19	514.93	565.24	439.92	461.24	21.32	4.85%
Subtotal County	**$2,046.45**	**$2,089.26**	**$2,187.61**	**$2,471.54**	**$2,272.28**	**$2,401.14**	**$128.86**	**5.67%**
Schools Transfers								
School Operating	$2,051.66	$2,136.02	$2,143.32	$2,172.66	$2,285.31	$2,419.07	$133.76	5.85%
School Construction	15.60	13.10	13.10	13.10	15.60	25.80	10.20	65.38%
School Debt Service	193.38	197.98	198.18	197.12	199.87	197.73	(2.14)	(1.07%)
Subtotal Schools	**$2,260.64**	**$2,347.10**	**$2,354.60**	**$2,382.88**	**$2,500.78**	**$2,642.60**	**$141.82**	**5.67%**
Reserve Contributions	**$10.48**	**$37.88**	**$18.01**	**$8.65**	**$3.67**	**$17.04**	**$13.38**	**364.80%**
Total Disbursements	$4,317.57	$4,474.24	$4,560.22	$4,863.07	$4,776.73	$5,060.79	$284.06	5.95%
Total Ending Balance	$268.48	$450.48	$490.60	$189.50	$270.26	$108.93	($161.33)	(59.70%)
Less:								
Managed Reserve	$168.04	$184.89	$182.58	$189.50	$191.01	$202.37	$11.36	5.95%
Other Reserves	1.56	144.53	130.55	0.00	0.00	0.00	0.00	-
Impact of Anticipated FY 2023 Board Action[1]	0.00	0.00	0.00	0.00	0.00	79.26	79.26	-
Total Available	$98.88	$121.06	$177.47	$0.00	$79.26	($172.70)	($251.95)	(317.89%)

[1] This presentation assumes that the $79.26 million balance available for the Board's consideration in the FY 2023 Advertised Budget Plan is fully utilized in FY 2023, either for recurring expenses or to reduce tax rates. This balance is not assumed to offset the FY 2024 projected deficit.