



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



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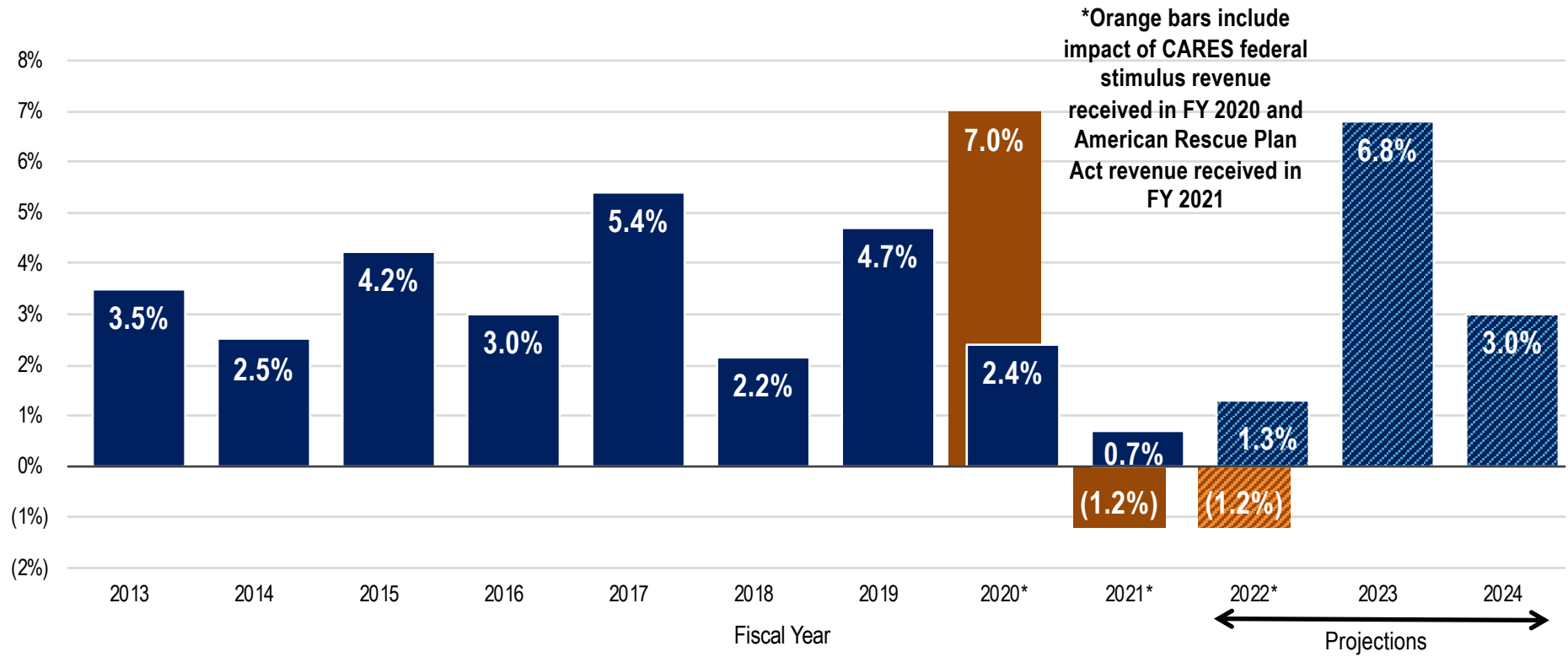


FY 2023 Advertised Budget Highlights

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

Annual Change in General Fund Revenue

FY 2013 – FY 2024



Real Estate Tax Base

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

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

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



Personal Property Tax

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

Adjustments included in FY 2023 General Fund Budget

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

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

FY 2023 Budget Summary

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



Joint County/Schools CIP Committee

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



Capital Recommendations

- Bond sales planned for January 2023 are increased by \$25 million each for the County and Schools.

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

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



Recommended Changes to Referendum Plan

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

Bond Referendum Plan

FY 2023-FY 2027 CIP Bond Referendum Plan

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



Looking Forward

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



How to Provide Input on the FY 2023 Budget

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

www.fairfaxcounty.gov/bosclerk/speakers-form

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

www.fairfaxcounty.gov/budget



FY 2023 Budget Timeline

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