Budget Guidance for FY 2023 and FY 2024

At a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board Auditorium of the Fairfax County Government Center on Tuesday, April 26, 2022, the Board approved the following Budget Guidance for FY 2023 and FY 2024:

Fairfax County Public Schools (FCPS)

Over the next fiscal year, and as we prepare for FY 2024, the focus of both the County and Fairfax County Public Schools (FCPS) will continue to be recovery – providing assistance for residents, students, and businesses who may have been negatively impacted by the COVID-19 pandemic. As we have been doing since the start of the pandemic, the County and Schools will continue to partner to best support the needs of our community. With the impending retirement of Dr. Scott Brabrand, the Board looks forward to working with the new FCPS Superintendent, Dr. Michelle Reid, and anticipates the same level of positive collaboration with leadership staff in both organizations.

Although we have been fortunate that the financial impact of the pandemic has not been as severe as that experienced in other jurisdictions, balancing resources against our joint needs as part of the FY 2024 budget will still be a difficult task. The Board anticipates the FY 2024 joint fiscal forecast will be presented by County and Schools staff in the Fall, providing insight into available revenues and initial expenditure pressures. As we have directed in prior years, the County Executive is encouraged to build his FY 2024 proposal seeking equal growth of both County disbursements and School transfers. Additionally, the proposal should include increased investments as recommended by the Joint County/Schools Capital Improvement Program (CIP) Committee. These investments of County resources to add capacity to the respective capital programs will accelerate school and facility renovations and new construction and provide an opportunity for continued collaboration on joint priorities. For example, the Board anticipates continued cooperation for the shared responsibility to identify new space for early childhood education programs.

Employee Pay and Collective Bargaining

As directed by the Board as part of the FY 2023 budget guidance, full funding of the County's compensation program was prioritized as part of the budget development process, and the Board is pleased that the FY 2023 budget provides significant pay increases to County employees. Throughout the pandemic, the County has taken steps to support our employees, through flexible scheduling, new leave programs, and enhanced teleworking options. Despite our best efforts, the County is still struggling to recruit and retain employees, as are many employers across the country. The Board appreciates the creative and targeted strategies being employed by leadership to address these issues, such as the recommendations recently outlined to boost recruitment and retention of employees with Commercial Drivers Licenses. The Board encourages the County Executive to continue to develop focused solutions in those areas of greatest concern.

Following the Board's action to approve a collective bargaining ordinance in the Fall, FY 2024 will be the first budget developed following collective bargaining negotiations and agreements. With increased employee involvement, the Board anticipates the development of collaborative solutions to acknowledge and reward employees, as well as further improve the quality of services delivered to residents, while understanding the fiscal constraints of the budget.

Affordable Housing

As has been shown through the allocation of resources in recent quarterly reviews, including the *FY 2022 Third Quarter Review*, as well as additional baseline funding added in the FY 2023 budget, expanding the inventory of affordable housing in the County continues to be one of the Board's greatest priorities. With the action taken by the Board last month, the County's new goal is 10,000 net new affordable housing units by 2034. Meeting this lofty challenge will require additional resources, and the Board remains committed to the allocation of additional Real Estate Tax revenue. The FY 2023 budget adds $15 million in baseline funding towards this initiative, bringing total baseline County funding to just over one penny on the Real Estate Tax rate. Support for affordable housing in FY 2022 and FY 2023 combined totals over $85 million, including $40.6 million in FY 2022 ($15 million from the American Rescue Plan Act (ARPA), $13.6 million in baseline County funds as part of the existing half-penny, and $12 million in one-time County funds) as well as $44.7 million allocated for FY 2023 (including $29.7 million in baseline County funds and $15 million allocated from ARPA funds).

However, the Board also recognizes the unique opportunity that federal funds – such as those received through ARPA – provide. Therefore, the County Executive is encouraged to maximize these one-time resources to augment County funds for affordable housing. Recognizing that these funds will not be available in the long-term, the County should work to build baseline County funds over the next few years to reach a total investment of two pennies on the Real Estate Tax rate for the preservation of existing and the development of new affordable housing units.

Parks

The Board heard from residents as part of feedback on the budget regarding the importance of the Parks system for our community, and Board members could not agree more. The Board has been steadfast in its support for the Fairfax County Park Authority (FCPA) by providing significant resources for operating expenses, environmental projects, capital support for athletic fields and maintenance, and debt service requirements, among others. In the current fiscal year alone, the County has provided over $80 million in support for FCPA, and an additional $7.5 million was allocated to support Parks from the County's federal stimulus funds, with additional funds expected to be allotted. This support is in addition to fees generated by the Parks system and does not include funding provided by other revenue sources, such as the County's Stormwater fund, where annual support is estimated at over $20 million.

Two Parks recommendations included in the Advertised Budget and Capital Improvement Program stirred significant interest in the community. The first was the inclusion of $0.5 million for a pilot equity program. The Board is incredibly supportive of this initiative and is committed to providing appropriate resources as necessary. As such, utilizing extensive community outreach and supported by consultant services, County and Parks staff should work together on the development and implementation of the pilot program. The Board then directs staff to return to the Board as part of a Health and Human Services Committee meeting to discuss the results of the pilot and future recommendations, implementation steps, and fiscal requirements based on those results.

The second recommendation that generated significant community feedback was the proposed two-year deferral of the 2024 Park Bond referendum, as well as the accompanying recommendation to shift from a four-year to a six-year referendum cycle. The Board understands that capital support for the Parks system is one piece of a larger County capital program, which includes support for Schools, public safety, transportation (including Metro), libraries, and human services, and that the six-year cycle is already in-place or is being recommended for all referendum except for Schools and Metro support. Additionally, the Board understands that projects in all segments of the program have experienced delays, contributing to a backlog of unsold bonds which is putting pressure on annual bond sale limits. As an example, there is currently $148 million in unsold Park bonds, with $48 million remaining from the 2016 referendum and no bonds from the 2020 referendum having been sold based on spending requirements. The approved increase in the annual bond sale limit from $300 million to $400 million will help to alleviate this pressure but is expected to take several years.

Previously, the County planned Park bond referendum of $100 million every four years. The proposed CIP shifted the scheduled $100 million 2024 referendum to 2026, seeming to indicate a reduction in bond support. It is the Board's understanding that the $100 million figure in 2026 was meant to be a placeholder, and the Board directs staff to work with FCPA to develop a 2026 proposal that meets the Park system's immediate needs and fits within the County's overall limitations. This plan should recognize the higher costs associated with Rec Center renovations, such as at the Audrey Moore and Mount Vernon Rec Centers. The change in the bond referendum schedule should not negatively impact progress on Parks projects, which may require County support outside of the bond program to bridge funding gaps, such as by funding feasibility and design studies prior to referendum. Staff should also collaborate on the development of a flexible, long-term strategy to provide appropriate resources for capital requirements across the Parks system, with bond referendum totals that fluctuate based on need and spending plans that fit within the County's bond sale limits.

Office of the Public Defender

As part of last year's budget, the Board took action to extend 15 percent salary supplements to state Probation and Parole Officers and support staff in the Office of the Public Defender (OPD). This action was an important step in consistently applying the Board's policy to provide equitable salary supplements for state employees who work in support of County activities, including clerks in the General District Court and Juvenile and Domestic Relations District Court, as well as attorneys and office managers in the OPD.

If the state were to appropriately compensate these employees, the need for County-funded salary supplements would be eliminated. However, despite the County's best efforts – and despite the availability of state funding – the state has not taken action to address pay concerns of its own employees, most notably those in the Office of the Public Defender. In fact, the latest legislative solution most recently considered by the General Assembly included mandating the allocation of additional County taxpayer dollars to increase pay supplements for state positions. This legislation would have required pay parity between those in the OPD and the Office of the Commonwealth's Attorney (OCA). While the Board supports the excellent and important work of staff in the OPD – and recognizes the role of the OPD in ensuring equitable access to criminal defense – the funding of this office is inherently a state responsibility. Positions in the OPD are state positions, with salaries set by the state and employees participating in state benefit and retirement plans. On the other hand, employees in the Office of the Commonwealth's Attorney participate in County pay plans, benefit programs, and retirement systems. While the Board is pleased that the state did approve additional positions for the OPD, which should help to partially alleviate concerns related to workload, it is imperative that the state take additional actions to compensate their employees based on their job responsibilities and their value to the overall criminal justice system, as well as considering the specific job market and cost of living in the jurisdiction in which they work. The County has spent considerable time working on the issue of equitable pay for these employees and, based on conversations with members of the General Assembly, at least a 3% pay increase seems possible as part of the state budget. However, if the state does not take this action, the Board remains open to revisiting this issue in the future.

ArtsFairfax

The Board appreciates the work of ArtsFairfax in supporting arts organizations across the County and is pleased that $250,000 in additional funds were available as part of the FY 2023 budget to bolster the organization's existing grant program, which is managed through a competitive and transparent process. County support for ArtsFairfax totals $1.35 million, with just under $847,000 targeted towards arts grants in FY 2023. The Board anticipates that the supplemental funding in FY 2023 will be used to focus support for those arts organizations which have been negatively impacted by the pandemic. Additionally, it is imperative that ArtsFairfax broadens its outreach efforts to include those organizations which have been historically underrepresented in the existing program, including those groups who represent residents in economically disadvantaged areas of the County. ArtsFairfax is also expected to report back to the Board on the results of the enhanced arts grant program, including the process used to broaden participation and the organizations assisted.

I now move the Budget Guidance that I just reviewed, which will help direct the FY 2024 budget process.

A Copy – Teste:

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Jill G. Cooper
Clerk for the Board of Supervisors

Approval of the FY 2023-2027 Capital Improvement Program (with future fiscal years to 2032)

I move Board approval of the FY 2023-FY 2027 Capital Improvement Program (with future fiscal years to 2032) with the following amendments:

- Support the crafting of an alternative to Fairfax County's existing policy for reimbursing developers for enlarging wastewater lines to meet future Comprehensive Plan-level density. Development projects can generate additional wastewater flows beyond the capacity of the existing wastewater lines. Under the current County "growth-pays-for-growth" policy, developers can be challenged to underwrite the full cost of enlarging the wastewater lines, particularly when that portion beyond their pro rata share is not reimbursed within a reasonable period. The Planning Commission supports the staff recommendation that the current reimbursement policy be revised to encourage developers to more proactively engage in enlarging the capacity of wastewater lines from their development, as may be needed to meet Comprehensive Plan-level density;

- Recommend staff in the Department of Management and Budget work with the Park Authority staff to determine specific bonding requirements for the next several years, review the timing and amounts of future Park Authority Bond Referendum and explore all sustainable financing options available to support the renovation of several Park Authority Rec Center facilities in need of renovation. Staff should work to develop a mutually beneficial solution to the bond financing and cash flow issues facing the Park Authority and return to the Board of Supervisors for discussion and approval;

- Recommend that staff review the Board-adopted JET recommendations and incorporate them, as appropriate, into the relevant sections of the Public Facilities element of the Policy Plan; and

- Recommend that staff continue its work with the Planning Commission to institutionalize community outreach for all CIP projects, regardless of the requirement for a 2232 Review public hearing, to ensure timely, robust, and equitable community engagement, and that community engagement be considered as a policy objective in the ongoing effort to update the Public Facilities element of the Policy Plan.

- Make all necessary adjustments to reflect actions taken during the Board's decision on the FY 2023 Adopted Budget Plan that impact the CIP.