

Department of Management and Budget

Mission

The mission of the Department of Management and Budget (DMB) is to provide financial and analytical consultant services; develop, implement, and monitor a financial plan; and produce information for Fairfax County agencies, the Board of Supervisors, the County Executive, and residents in order to maintain the County's fiscal integrity and accountability, as well as to support effective decision-making. In addition, the department serves as the centralized functional support organization for the County's enterprise resource planning system, FOCUS. DMB also serves as the central agency responsible for the implementation and monitoring of the Countywide Strategic Plan and works with agencies to better utilize data for decision-making through the Countywide Data Analytics and the Economic, Demographic and Statistical Research (EDSR) units.

Connection to the Countywide Strategic Plan

The Fairfax County Board of Supervisors adopted the first-ever Countywide Strategic Plan on October 5, 2021. The Countywide Strategic Plan serves as a road map to help guide future work, focusing on the 10 Community Outcome Areas that represent the issues of greatest importance to the community. In February of 2023, the first Annual Report on the work of the strategic plan was released to the public. The report contains point-in-time progress highlights for each of the proposed plan strategies, plus a sample data dashboard and data story that is being replicated across all of the outcome areas, and a number of additional initiatives to embed the elements of the plan within department-level work. The report also includes a Year Two Implementation Model, which focuses on identifying the specific strategies that will move forward to implementation under the guidance of the Board of Supervisors. For more information on the Countywide Strategic Plan, please visit www.fairfaxcounty.gov/strategicplan. The Department of Management and Budget primarily supports the following Community Outcome Area:



Community Outcome Area	Vision Statement
Effective and Efficient Government	<i>All people trust that their government responsibly manages resources, is responsible to their needs, provides exceptional services and equitably represents them.</i>

Focus

The Department of Management and Budget is chiefly responsible for coordination of the County's annual budget process, which includes the financial forecast, development of budget guidelines, review of agency and program requests, presentation of recommendations to the County Executive, preparation of the Advertised Budget Plan, support of deliberations by the Board of Supervisors and preparation of the Adopted Budget Plan, which exceeds \$9 billion for all funds, including over \$5 billion for General Fund Disbursements.

As a growing and diverse community, Fairfax County faces significant budget challenges regarding increasing service demands in a climate of constrained fiscal resources. In addition to requirements associated with population growth, Fairfax County's budget has been impacted by external factors.

Restrictions on revenue diversification, for example, severely limit the County's flexibility in addressing budget requirements and place a disproportionate burden on property owners, particularly residential taxpayers. Similarly, balancing the maintenance of an aging infrastructure with the needs of a growing population requiring expanded or new facilities is challenging.

One of the department's goals is to continue to work to expand public access to information at all stages of the budget formulation process and to increase transparency. For example, DMB continues to engage residents and businesses by participating in community meetings on the budget and providing support to civic groups. This affords residents a better understanding of their County government, the services it offers, and the role they can play in shaping budget decisions. In addition, the use of technology has played an increasingly significant role in the dissemination of budget information. The department has expanded the availability of online data, which includes all information contained in published budget volumes, as well as quarterly reviews, budget calendars, economic data, and historical files. The department is constantly updating its website (www.fairfaxcounty.gov/budget) to make the site more user-friendly and educational. The department also worked closely with staff from the Department of Information Technology, the Department of Finance and Fairfax County Public Schools (FCPS) on a countywide transparency initiative. Interested users are able to visit www.fairfaxcounty.gov/topics/financial-transparency to view amounts paid to vendors and expenditures by both the County and FCPS since FY 2013. In addition, the Financial Transparency web page includes links to resources that provide a clear view of government and FCPS operations and how tax dollars are spent such as the County Annual Comprehensive Financial Report (ACFR), the Public Schools Annual Report, the Popular Annual Financial Report (PAFR), and the contract register to facilitate easier navigation and research for residents and to generate community interest.



As a measure of the quality of its budget preparation, Fairfax County was awarded the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award by meeting rigorous criteria for the budget as a policy document, financial plan, operations guide, and communications device for the 38th consecutive year. The department will continue to build on this success by continuing to enhance accountability, transparency, and usefulness of the budget.

DMB's work extends considerably beyond budget preparation and DMB plays an essential role in many efforts that intersect with the budget, as well as those that involve cross-cutting issues, multiple County agencies, and the community.

DMB oversees the sale of bonds which fund the majority of the County's capital program, including school construction; coordinates special financings which optimize the timely and cost-effective provision of critical facilities; and leads the coordination and development of the County's Capital Improvement Program (CIP). In terms of legislative analysis, DMB monitors and analyzes proposals at the state level for fiscal impact and partners with agencies on issues concerning changes on the federal level that have programmatic and/or fiscal impacts on the County. In addition, DMB continues to partner successfully with the Department of Human Resources and all agencies to integrate workforce planning into County business operations to ensure that appropriate staffing resources are available to achieve strategic goals and objectives. This proactive focus enables the County to anticipate needs and collaborate on the most cost-effective means of meeting those needs.



The department was closely involved in the multi-year process to develop the first-ever Countywide Strategic Plan, first developed in 2019, and adopted by the Board of Supervisors in October 2021. The plan focuses on four key drivers which were used to immediately catalyze organizational change: Equity, Community Outcomes, Data Integration, and Inclusive Engagement. These elements set a new foundation for the way different functions within county government work together under a shared vision, in pursuit of achieving real and sustained progress for the benefit of all people who live, work, and play in Fairfax County. The plan charts a path forward across 10 Community Outcome Areas, including Cultural and Recreational Opportunities, Economic Opportunity, Effective and Efficient Government, Empowerment and Support for Residents Facing Vulnerability, Environment and Energy, Healthy Communities, Housing and Neighborhood Livability, Lifelong Education and Learning, Mobility and Transportation, and Safety and Security. The work of the plan is coordinated within the Countywide Strategic Planning Team in DMB, in close alignment with the Countywide Data Analytics Unit and One Fairfax. All documents and videos are available at <https://www.fairfaxcounty.gov/strategicplan>. In the first year of implementation, the plan provided an invaluable framework and intentionally set the conditions for meaningful change. The process to move the strategic plan forward is directed by a Steering Committee led by the County Executive and grounded in the work of employees throughout the County workforce. The plan will be continuously integrated into preparation of the County's annual budget and decision-making process. This will be done through the identification of an initial set of "headline metrics," which will support the collection, analysis, and reporting of key data elements, to highlight how the County is currently performing within the 10 Community Outcome Areas and to provide the opportunity to measure progress at this time. Data to inform the headline metrics will be assessed for accuracy and quality, and subsequent analysis and disaggregation will be based on best practices in data analysis. The methodology for data analysis will be defined to include data cleaning protocols, the clarification of data sources and margins of error, and the explanation of data integration and spatial analysis techniques where applicable. Of equal importance to the data itself is the "story behind the numbers," which will allow the Board and the community to view the data across the 10 Community Outcome Areas through an equity lens, whereby the data is disaggregated by place and population to highlight disparities, and including qualitative feedback from historically disadvantaged communities, collected using the County's emerging Inclusive Community Engagement Framework.

DMB is also home to the Countywide Data Analytics (CDA) unit. The unit develops policies, practices, and tools that increase the routine use of data for planning, problem-solving, and decision-making. CDA products and services provide information on community trends and needs and help build capacity in analytics capabilities. Fairfax County collects and uses a vast amount of data. DMB is charged with facilitating activities to maximize the value of that data through effective data management practices and targeted analyses that provide insights to inform priorities. CDA increases access to actionable information to guide County and regional efforts through improvements in data acquisition, analysis, and dissemination for greater interpretation, evaluation, and equitable outcomes.

CDA also includes the Economic, Demographic and Statistical Research (EDSR) unit. EDSR conducts quantitative research and develops systematic methodology and modeling to produce the County's official small area estimates and forecasts of population, households, and housing units. EDSR creates a wide range of data products on existing housing characteristics, commercial and industrial space, land use, and the economic and demographic status of Fairfax County. They are widely used for program planning, CIP planning, policy initiatives, grant writing, budgeting, revenue forecasting, and performance measurement. EDSR is the U.S. Census Bureau's liaison for Fairfax County and works on numerous programs to support the Decennial Census and Redistricting process, disseminates information from the Census survey programs, and provides technical assistance to bridge data usage. EDSR also participates in the Metropolitan Washington Council of



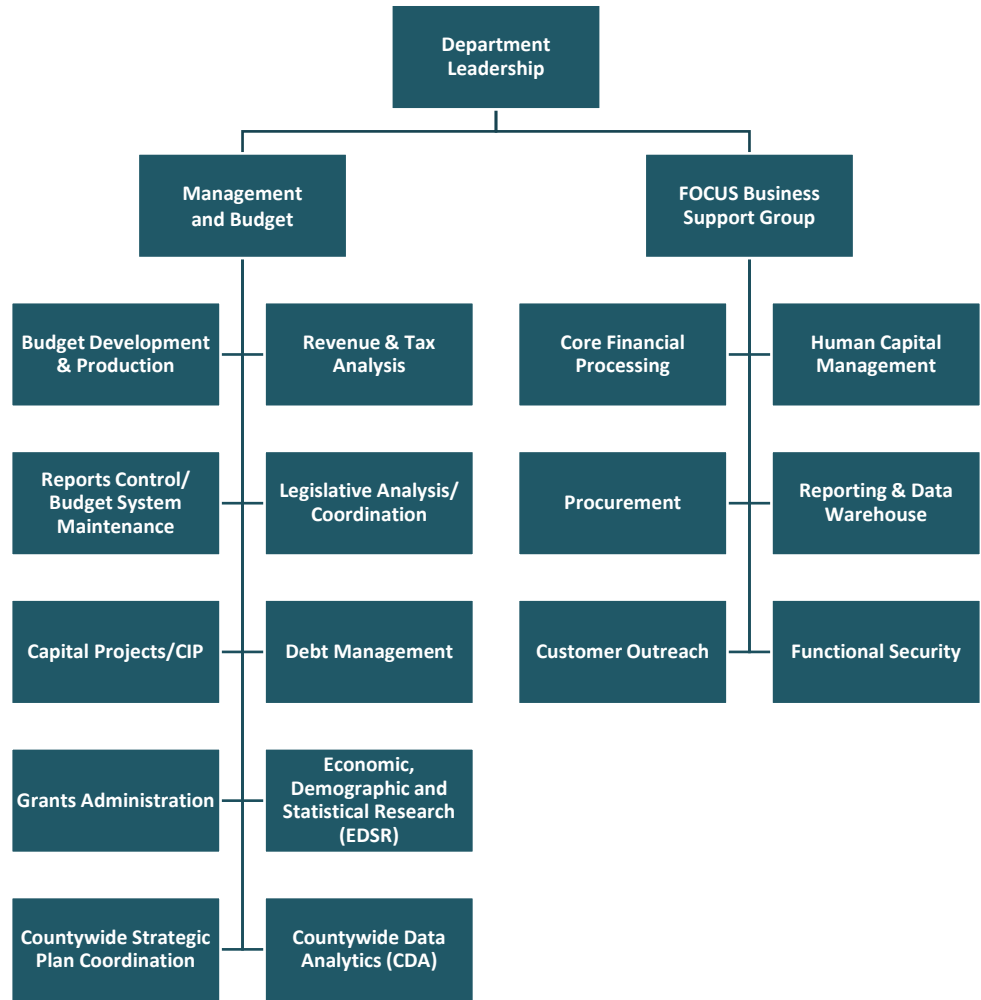
Governments' Cooperative Forecasting and Data Subcommittee in charge of producing a regional 30-year forecast of population and households. For more information on CDA or Fairfax County demographics and census summary data, please visit <https://www.fairfaxcounty.gov/data/data-analytics-homepage> and www.fairfaxcounty.gov/demographics, respectively.

DMB coordinates the County's performance measurement program, with reporting on efficiency and effectiveness as well as comparative benchmarks included in the annual budget document. In 2021, the most recent award cycle, Fairfax County was awarded the International City/County Management Association (ICMA) Certificate of Excellence, its highest level of recognition for excellence in performance measurement, for the 13th consecutive year. As of the publication date of the FY 2024 Adopted Budget Plan, ICMA has not distributed guidance for the 2022 award cycle, but it is anticipated that Fairfax County will apply and once again receive this recognition. Fairfax County is one of 31 jurisdictions recognized for this prestigious award and one of 56 jurisdictions recognized overall. With the approval of the countywide strategic plan, and the renewed efforts to utilize data more effectively, it is anticipated that the performance measurement program will see substantial changes in the coming years, with initial steps toward connecting performance measures with Strategic Plan Indicators of Success included in the FY 2024 Adopted Budget Plan. DMB's goal is to create a comprehensive program which integrates metrics at all levels of the organization to inform policy and budgetary decisions by County leaders, as well as provide a dashboard for residents to easily track measures of most interest to them.



The department is also home to the centralized functional support group for the County's enterprise resource planning system, FOCUS. The FOCUS Business Support Group (FBSG) serves in the capacity of functional system administrator for the FOCUS system. All work is implemented in partnership with the core business process owners (Department of Human Resources, Department of Management and Budget, Department of Finance, Department of Procurement and Material Management, and the Fairfax County Public Schools), who determine how policies and procedures should be applied in the system, and the technical system administrators for the system (Department of Information Technology).

Organizational Chart



Budget and Staff Resources

Category	FY 2022 Actual	FY 2023 Adopted	FY 2023 Revised	FY 2024 Advertised	FY 2024 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$5,780,130	\$6,522,898	\$6,544,770	\$7,230,120	\$7,427,308
Operating Expenses	366,306	534,985	933,323	540,985	540,985
Total Expenditures	\$6,146,436	\$7,057,883	\$7,478,093	\$7,771,105	\$7,968,293
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	62 / 62	62 / 62	62 / 62	62 / 62	62 / 62

FY 2024 Funding Adjustments

The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 9, 2023.

Employee Compensation \$729,821

An increase of \$729,821 in Personnel Services includes \$354,845 for a 5.44 percent market rate adjustment (MRA) for all employees and \$107,183 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2023. The remaining increase of \$267,793 is included to support employee retention and recruitment efforts that will reduce pay compression and align the County's pay structures with the market based on benchmark data.

Countywide Data Analytics Support \$207,788

Funding of \$207,788 comprises \$201,788 in Personnel Services and \$6,000 in Operating Expenses and is included to provide support to the Countywide Data Analytics (CDA) unit within the Department of Management and Budget. The role of the CDA is to develop policies, practices, and tools that increase the routine use of data for planning, problem-solving, and decision-making. This funding will allow 2/2.0 FTE existing but unfunded positions to be filled. It should be noted that an increase of \$103,497 in Fringe Benefits is included in Agency 89, Employee Benefits. For more information on Fringe Benefits, refer to the Agency 89, Employee Benefits, narrative in the Nondepartmental program area section of Volume 1.

Targeted Vacancy Savings (\$27,199)

A decrease of \$27,199 is included to recognize targeted vacancy savings. Although the County has taken actions to reduce the vacancy rate, it is anticipated that vacancies will remain high for the foreseeable future, generating flexibility in agency budgets.

Changes to FY 2023 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review, FY 2023 Third Quarter Review, and all other approved changes through April 30, 2023.

Carryover Adjustments \$398,338

As part of the FY 2022 Carryover Review, the Board of Supervisors approved funding of \$398,338 in Operating Expenses due to encumbered carryover.

Third Quarter Adjustments \$21,872

As part of the FY 2023 Third Quarter Review, the Board of Supervisors approved funding of \$21,872 to support employee retention efforts that will reduce pay compression and align the County's pay structures with the market based on benchmark data.

Cost Centers **Management and Budget**

The Management and Budget cost center is responsible for the preparation and publication of the County's Advertised and Adopted budget plans, as well as the Capital Improvement Program. Additionally, the County's debt management program, countywide strategic plan coordination, countywide data analysis and reporting, and economic, demographic, and statistical research are coordinated in this cost center.

Category	FY 2022 Actual	FY 2023 Adopted	FY 2023 Revised	FY 2024 Advertised	FY 2024 Adopted
EXPENDITURES					
Total Expenditures	\$3,921,757	\$4,276,652	\$4,673,284	\$4,771,325	\$4,893,491
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	40 / 40	40 / 40	40 / 40	40 / 40	40 / 40

FOCUS Business Support Group (FBSG)

The FOCUS Business Support Group provides technical and functional support to all County users for the integrated FOCUS system, including financial, purchasing, budgetary, and human capital management issues. This cost center manages all security related to the system, coordinates with the Department of Information Technology on enhancements and upgrades to the system and performs regular maintenance activities.

Category	FY 2022 Actual	FY 2023 Adopted	FY 2023 Revised	FY 2024 Advertised	FY 2024 Adopted
EXPENDITURES					
Total Expenditures	\$2,224,679	\$2,781,231	\$2,804,809	\$2,999,780	\$3,074,802
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	22 / 22	22 / 22	22 / 22	22 / 22	22 / 22

Position Detail

The FY 2024 Adopted Budget Plan includes the following positions:

MANAGEMENT AND BUDGET – 40 Positions			
1	Director	3	Budget and Policy Analysts III
2	Deputy Directors	1	Management Analyst III
8	Management and Budget Division Directors	4	Data Scientists II
2	Data Scientists IV	3	Budget and Policy Analysts II
7	Budget and Policy Analysts IV	1	Management Analyst I
1	Financial Specialist IV	1	Business Analyst I
1	Business Analyst III	1	Administrative Assistant V
4	Data Scientists III		
FOCUS BUSINESS SUPPORT GROUP (FBSG) – 22 Positions			
1	Deputy Director	9	Business Analysts III
2	Management and Budget Division Directors	5	Business Analysts II
5	Business Analysts IV		

Performance Measurement Results by Community Outcome Area

Effective and Efficient Government

A critical measure of accurate fiscal forecasting and careful budget management is minimal variance between projected and actual revenue and expenditures. The Department of Management and Budget continues to be successful in projecting and managing the County's budget to achieve minimal variance between projected and actual revenues and expenditures. During FY 2022, the 3.9 percent variance in revenues was greater than the 2.0 percent projected target. The actual variance for expenditures of 8.6 percent can be attributed to the carryover of unspent federal stimulus funding and County managers continuing to prudently manage their departmental budgets during the economic uncertainty as a result of the COVID-19 pandemic and recovery.

Through diligent fiscal management, Fairfax County is able to borrow at the most competitive rates available. The County continues to realize savings on bond sales based on its Triple-A rating from all three bond rating agencies, a distinction shared, as of January 2023, by only 47 counties, 11 states, and 36 cities nationally. Bond ratings are a measure of a government's financial condition. It means that financial professionals have evaluated the County's fiscal management practices over a period of time and have expressed confidence that Fairfax County is able to meet its scheduled interest and principal payments. Fairfax County's bond ratings are determined by Moody's Investors Services, Standard & Poor's Corporation, and Fitch Investors Service and represent the highest ratings that can be awarded for general obligation bonds. Ratings for special financings are lower based on credit issues unique to each financing but benefit from the County's underlying general obligation bond rating.

When DMB sells bonds on behalf of the County for capital facilities and infrastructure, the Triple-A rating results in significant interest rate savings. On January 19, 2023, the County conducted a General Obligation Public Improvement new money bond sale for the Series 2023A via a competitive sale to generate \$350.0 million in bond proceeds at a low interest rate of 2.98 percent. There were six bidders, and the second lowest bid was only 0.01 percent higher than the winning bid. The number of bids and tight proximity of the bids reiterated a strong support of the County's bond offerings and credit ratings.

As a result of the County's excellent triple-A bond rating, the County has saved an estimated \$1.01 billion from County bond and refunding sales. Paying less interest on debt for capital projects means that more funding is available for public facilities and services for residents.

The accuracy of the Economic, Demographic and Statistical Research unit's population forecasting assumptions, methodology and model is important because the forecasts are used to plan for future facilities and programs. For FY 2022, EDSR exceeded their accuracy target with the population forecasts made in 2017 for 2022 being only 0.35 percent different from the actual population. While there are no industry standards for an acceptable error level for population forecasting, research published by the Bureau of Economic and Business Research at the Warrington College of Business Administration concluded that county-level population forecast errors of +/- 5.5 percent or less for a five-year horizon forecast could be considered a "good record of forecast accuracy."

Department of Management and Budget

Community Outcome Area	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Effective and Efficient Government						
Financial Sustainability and Trustworthiness						
Percent variance in actual and projected revenues ¹	(0.3%)	0.9%	2.0%	3.9%	2.0%	2.0%
Percent variance in actual and projected expenditures ²	12.9%	11.6%	2.0%	8.6%	2.0%	2.0%
Interest rate for GO bond sales ³	1.80%	1.23%	1.75%	1.75%	2.98%	NA
Savings for bond sales (in millions) compared to the Bond Buyer 20-bond municipal index ³	\$16.68	\$26.32	\$12.60	\$12.60	\$11.80	NA
Savings associated with refundings (in millions) ³	\$15.77	\$38.54	\$24.00	\$24.55	NA	NA
Accuracy of five-year population forecasts measured as difference between forecast made five years ago and current estimate	0.8%	0.5%	5.0%	0.4%	5.0%	5.0%

¹ FY 2020 actual revenues were slightly below budget estimates due to the economic uncertainty in the third and fourth quarters of the fiscal year as a result of the COVID-19 pandemic. Based on historical trends, close monitoring, and actions to offset the loss of revenue, expenditure savings were anticipated and realized to offset revenue losses.

² FY 2020, FY 2021 and FY 2022 actual expenditures realized greater variances than in prior years, and part of this higher-than-normal variance is attributed to unspent CARES Coronavirus Relief Funds and ARPA Coronavirus State and Local Fiscal Recovery Funds. After excluding the Coronavirus Relief Fund Balance and the ARPA Coronavirus State and Local Fiscal Recovery Fund Balance, the variance for FY 2020 was approximately 5.9 percent, 5.6 percent for FY 2021, and 4.8 percent for FY 2022, which are all higher than the historical trend.

³ In some fiscal years, multiple bond sales were held, while in others, only one was held. The dollar value and interest rate for special financings and refundings cannot be projected as they do not take place unless the prevailing interest rates indicate it is favorable to undertake them. Therefore, while no projections are made for this category, actual results are reported.

A complete list of performance measures can be viewed at
<https://www.fairfaxcounty.gov/budget/fy-2024-adopted-performance-measures-pm>