

NON-DEPARTMENTAL BUDGET SUMMARY

Non-departmental accounts include County-wide costs for insurance premiums and claims (including workers' compensation), fringe benefits for retirees (health and life insurance premiums), miscellaneous expenses, County building rent, overhead charges to certain County agencies, and contingents held for future County Board actions, such as the Affordable Housing Investment Fund.

NON-DEPARTMENTAL FINANCIAL SUMMARY

	FY 2021 Actual	FY 2022 Adopted	FY 2023 Proposed	% Change '22 to '23
Insurance	\$5,111,150	\$5,600,000	\$5,100,000	-9%
Retiree Benefits/Health Plan Adjustment	12,762,394	17,900,000	16,500,000	-8%
Miscellaneous	37,174,357	22,656,737	27,470,555	21%
Contingents	31,574,626	40,480,493	28,651,972	-29%
Total Expenditures	\$86,622,527	\$86,637,230	\$77,722,527	-10%

INSURANCE COSTS

The County's risk financing program is comprised of commercially purchased insurance coverage and retained risks paid for through a program of self-insurance. The liability program is self-insured up to \$1 million per occurrence. The program includes general liability, police legal liability, public officials' liability, and automobile liability. The County has a commercially purchased excess liability policy with limits of \$10 million per occurrence with no annual aggregate. The County has exposure for property losses to a current deductible of \$50,000. Losses above the deductible level are covered by a commercially purchased policy.

The County also maintains a Self-Insurance Reserve (\$5,000,000) and a General Fund Operating Reserve funded at five and one-half percent of General Fund expenditures. Insurance is purchased primarily for property, general liability, and automobile liability exposures subject to prudent deductible/retention levels. Insurance is provided for real and personal property, crime, garage keepers, professional liability, and constitutional office coverage. Retained exposures include general liability, automobile damage, and related liability up to specific retention levels.

	FY 2021 Actual	FY 2022 Adopted	FY 2023 Proposed	% Change '22 to '23
Insurance Cost	\$5,111,150	\$5,600,000	\$5,100,000	-9%
Total Expenditures	\$5,111,150	\$5,600,000	\$5,100,000	-9%

RETIREE BENEFITS AND HEALTH PLAN ADJUSTMENTS

This account includes the employer's share of retirees' health and life insurance premiums and adjustments related to the employer's share of health plan expenses for general employees.

	FY 2021 Actual	FY 2022 Adopted	FY 2023 Proposed	% Change '22 to '23
Retirees' Health & Life Insurance	\$12,551,969	\$11,400,000	\$11,400,000	-
Other Post Employment Benefits (OPEB - trust)	7,500,000	6,500,000	5,100,000	-22%
Health Plan Adjustment	(7,289,575)	-	-	-
Total Expenditures	\$12,762,394	\$17,900,000	\$16,500,000	-8%

- OPEB funding levels are based on the most recent actuarial study and ensure that the County is fully meeting its annual required contribution to the fund. The total funding for OPEB (current costs plus future liability) is \$16.5 million in FY 2023.
- The total County employee healthcare costs are expected to remain flat.

MISCELLANEOUS EXPENSES

These County expenses include rent, overhead charge-backs to some County agencies, the cost of the County's annual external audit and other consulting fees, national and state association memberships (National League of Cities, National Association of Counties, Virginia Municipal League, and Virginia Association of Counties), and other miscellaneous expenses not allocated to County departments.

	FY 2021 Actual	FY 2022 Adopted	FY 2023 Proposed	% Change '22 to '23
Facility Rent and Operating Charges	\$12,260,307	\$12,092,166	\$12,128,088	-
Intra-County Charges	(1,426,393)	(410,222)	(431,278)	5%
Consultants	1,098,344	1,183,600	1,842,592	56%
Contracted Services	588,530	478,000	478,000	-
Memberships	145,694	238,050	164,000	-31%
Special Events & Unclassified Services	24,789	150,000	150,000	-
Mass Transit Credit	(408,252)	-	-	-
Employer of Choice	268,049	(957,000)	3,013,753	-415%
Housing Projects	17,211,657	-	-	-
Fuel, Fleet, & Utility Savings	-	(625,000)	(625,000)	-
Short-term Financing	7,411,631	8,107,143	8,350,400	3%
IDA Debt Service on Ballston Skating Facility	-	2,400,000	2,400,000	-
Total Expenditures	\$37,174,356	\$22,656,737	\$27,470,555	21%

- ↑ The rent costs and operating expenses in various County facilities and intra-county charges remained relatively flat over FY 2022 primarily due to normal increases in rent for the Bozman Government Center, partially offset by seven months of free rent per the terms of the new lease for Arlington Economic Development's office space.
- ↑ Consultant expenses increase primarily due to the addition of one-time for the Arlington CEP Action Fund (\$1.0 million) and ongoing for racial equity efforts (\$215,000), partially offset by

the removal of one-time funding from FY 2022 for equity training (\$200,000), the implementation of recommendations in the Barrier Analysis (\$100,000), the Airport Noise study (\$50,000), a broadband analysis (\$50,000), and work on budget equity metrics (\$50,000) as well as the transfer of funding to the Department of Management and Finance for prevailing wage administration (\$168,600).

- ↓ Memberships decreased based on the removal of \$100,000 of one-time funding for the Northern Virginia Economic Development Consortium, partially offset by increases charged by regional organizations (\$25,950).
- ↑ Employer of Choice program funding increases primarily due to the proposed approximately \$1,000 net bonus for employees (\$4.2 million) and funding to address pay compression (\$1.5 million), partially offset by a budgetary adjustment to capture departmental savings from the continuation of the hiring freeze in FY 2022.
- ↑ Short-term Financing increases based on an inflationary adjustment for the financing of projects in the Pay-As-You-Go capital fund.
 - The Ballston Skating Facility, the practice facility for the National Hockey League’s Washington Capitals ice hockey team, which opened in November 2006, was financed with Industrial Development Authority (IDA) taxable revenue bonds. It is projected that lease payments to the IDA from the Capitals will be sufficient to pay the debt service on the bonds.

CONTINGENTS

The non-departmental accounts also hold the County Board's contingents. These contingents are appropriated funds established to cover unforeseen expense items, new projects initiated after a fiscal year has begun, or for a particular purpose (Affordable Housing Investment Fund).

The Affordable Housing Investment Fund (AHIF) totals \$16.9 million, including \$7.3 million of one-time funding added in the FY 2023 Proposed Budget per County Board guidance given in October 2022. Total AHIF funding includes one-time as well as base ongoing, ongoing federal HOME funding budgeted in the Housing and Community Development Fund, and portion of recordation tax revenue earmarked by the County Board when the recordation tax rate increased from \$0.05 to \$0.0833 in FY 2005 (after setting aside the incremental recordation tax funds for previously approved affordable housing programs).

Source	Funding
Base Budget	\$6,874,790
One-time Added to Meet Board Guidance	7,343,795
Federal HOME (in Housing and Community Development Fund)	662,547
Recordation Tax Increment	2,028,052
TOTAL	\$16,909,184

The Economic Development Contingent decreases slightly due to the projected funding required in FY 2023 for previously approved economic incentives agreements. Economic incentives are used to attract businesses to Arlington to help reduce the office vacancy rate and spur investment in the Arlington community. The total funding of \$2,416,029 includes \$916,029 in one-time funds and \$1,500,000 in ongoing funding.

The Proposed Budget includes a \$2.0 million County Manager’s Contingent to address unforeseen needs which arise during the fiscal year.

In FY 2023, nearly \$8.0 million in American Rescue Plan Act (ARPA) funding has been set aside for Countywide programs in line with prior Board allocations of the funding including \$5.0 million to address childcare needs as well as funding for Eviction Prevention (\$1.4 million), the Disparity Study (\$500,000), the Broadband Study (\$150,000), and logistics and call-center support related to pandemic response (\$600,000).

	FY 2021 Actual	FY 2022 Adopted	FY 2023 Proposed	% Change '22 to '23
Affordable Housing Investment Fund (AHIF) ⁽¹⁾	-	\$14,815,038	\$14,218,585	-4%
AHIF - Incremental Recordation Tax	-	1,428,412	2,028,052	42%
Economic Development Contingent	\$1,437,982	2,491,028	2,416,029	-3%
County Manager’s Contingent	2,685,371	2,500,000	2,000,000	-20%
Countywide ARPA Programs/COVID Contingent	27,451,273	19,246,015	7,989,306	-58%
Total Expenditures	\$31,574,626	\$40,480,493	\$28,651,972	-29%

(1) Federal HOME funding is budgeted in the Housing and Community Development fund beginning in FY 2019. In FY 2023, \$662,547 of the total \$16.9 million in AHIF funding is budgeted in the Community Development Fund.