

Fiscal Year 2024 Budget Message to the Residents of Arlington County

Our FY 2024 Adopted Budget reflects priorities in the community and outlines a spending plan for various County operations. This budget addresses a number of areas of acute need from the incredible challenges in recruitment of talent across the organization – particularly in priority community programs – to housing needs and mental health services.

Responsive and Responsible

In addressing the needs of the community, the County Board has strived to fund important community programs within the limits of our resources in a responsive and responsible manner. The budget is responsive to needs in this post-pandemic era while making progress on strategic priorities. Examples of investments in the FY 2024 budget include:

- Assisting those households in need as best we can through programs like **eviction prevention** and delivering help to those who need it;
- Prioritizing funding to meet the needs for mental and behavioral health services through operations like those of the Crisis Intervention Center and adding four behavioral health therapists for our schools;
- Responding to an insufficient supply of affordable housing by providing over \$20 million in AHIF funding and moving forward with the Crystal Houses and Barcroft Apartments commitments as well as maintaining space in AHIF to fund other projects; and
- Sufficiently resourcing our **Planning and Economic Development** departments to be able to be innovative and quick in responding to emerging opportunities in our commercial office market.

The adopted FY 2024 budget is responsible in that it balances the needs of the community with the ability to fund those efforts. Some in our community are still struggling with the post-pandemic effects on the economy. With the real estate tax burden continuing to shift to residential properties due to the pressures in the commercial sector, the County Board held tax rates flat this calendar year. Other examples of budget responsibility include:

- Continuing to make sure ongoing expenses are paid with ongoing revenue;
- Maintaining fiscally sound budgeting to continue Arlington County's triple-AAA status with rating agencies reducing our cost of borrowing in this high interest rate environment;
- Making necessary investments in workforce – talent and labor are the keys to our delivery of good government in Arlington County; and
- Approaching challenges responsibly – for example, holding some positions vacant to generate financial savings and using technology to reduce discretionary overhead.

Notably, this budget continues the focus on equity – most seen in initiatives by the [Department of Parks and Recreation](#) and the [Transportation Bureau of the Department of Environmental Services](#). Their professional understanding of how to apply an equity perspective is becoming a routine part of their work.

Strategic Priorities

While Arlington is relatively well-resourced, it is still a challenge to fund priorities in part because we have so much we desire to do, but also because of our ongoing and valued commitments to fund Arlington Public Schools, compensation for our personnel who provide the direct services to the public, Metro, the debt service on previously committed investments, retirement benefits for employees, and other regional commitments. With the remaining funding, the County must be strategic and judicious with its spending priorities and decisions.

The FY 2024 adopted budget includes a few strategic funding priorities:

- Investments in climate and energy (restoration of climate position)
- Envisioning the future of libraries and beginning that public process
- Investing in our partners in various areas (Langston, Columbia Pike) to increase their capacity

All of these investments position us to move forward. As we move into future budget years, the County will have to think thoughtfully about how to align the revenue collected with spending priorities making sure revenue alignment, i.e., tax rates, are at the right level will be key to our success and sustainability. While I hope economic growth precludes this conversation, there are headwinds in the commercial sector that may lead to discussion of whether current tax rates are sufficient.

Budget Guidance

For the coming year, the County Board has adopted four areas of budget guidance to advance key priorities:

Transition to a NOFA for awarding human and community services grants: Earlier this year, the County Board adopted a [resolution](#) to transition to a racial-equity based competitive process for Board-awarded community and human services funding. The resolution represented the conclusion of a multi-year engagement process to better align the Board’s funding practices with our goals of racial equity and transparency in decision-making, and served to initiate a new, “Notice of Funding Available” (NOFA) process currently being developed by the County Manager’s Office with input from the County Board. Implementation is beginning now as community members and subject matter experts are being recruited to form a panel to advise on the award of grants through the NOFA process. While the awards will be considered as a part of FY 2025 budget deliberations, it is necessary to give the convening panel a sense of the range of funding available to consider in their review. Therefore, the Board directs the Manager to bring forward in November 2024, at the time of FY 2023 closeout, options for allocating one-time close-out money to the total Notice of Funding Available.

Support for affordable ownership projects: As staff begins work on the [Homeownership Study](#), they should consider as a part of the charge finding opportunities to provide guidelines and recommended funding levels for launching an Affordable Expanded Housing Options Pilot Program to be launched by end of 2024. Approaches could include options, such as acquisition loans or gap financing for construction, to provide financing to help realize a couple of affordable EHOs by allowing nonprofit developers to use the EHO pathway to come up with affordable ownership projects.

DHS Backbone Support: The County Board has included an additional FTE for the Department of Human Services in the adopted budget. This position is intended to support cross-departmental initiatives that land in DHS’s purview – initiatives that require intensive policy work, convening teams, bringing together outside resources, and developing and executing policy plans. In the short-term, this position is intended to support the childcare initiative, particularly around affordable childcare.

Collective bargaining: With this adopted budget, the County Board has fulfilled our good faith commitment to meet the obligations under the tentative agreements and arbitration awards as set forth in the fiscal impact studies for the three-year agreements for IAFF and ACOP and for the one-year pay increase only for FY 2024 for AFSCME (Service, Labor, Trades). The Board is also including additional funds for the first year of the revised three-year wage structures with the goal of transitioning to a grade and step system for Police and Fire and agreed to outside of the formal collective bargaining process. Looking ahead to FY 2025 and FY 2026, the Board asks that the County Manager consider, in consultation with union representatives and outside the formal collective bargaining framework, any potential enhancements to the newly revised step and grade wage structures that would address compensation, requirement, retention, and pay compression challenges facing police and fire staff. Any suggested approaches should be shared by the Manager with the Board prior to the formulation of FY 2025 budget direction in Fall 2023.

Finally, as this budget is my eighth and my last opportunity to be a part of the budget process as a County Board member, I wish to express my deep appreciation to our community, our advisory commissions, my colleagues, and our staff for their dedication in the development of this budget. So many people have been engaged – whether outlining their priorities for the budget, engaging in public hearings, sending emails and letters, and coming to Open Door Mondays. This engagement is a wonderful part of the Arlington community.

There are many things that I will miss about serving on the County Board, but the budget is, perhaps, what I will miss most. The budget speaks to the essence of what we do in local government.

Sincerely,



Christian Dorsey

Chair, Arlington County Board