

# FY 2024 Budget: Adopted County Board Budget Guidance

April 22, 2023

## **Notice of Funding Available for Human and Community Services**

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" process currently being developed by the County Manager's Office with input from the County Board.

The NOFA process will invite proposals from Arlington nonprofits in Q1 of FY2024. A panel of community members and subject matter experts trained in racial equity will review those proposals and make recommendations to the County Board as part of the FY2025 budget deliberation and adoption process, with funding to be disbursed in July of 2024 at the start of the new budget year.

Though the NOFA can be released to the community with a range of potential funding in Q1 FY24, the Board will need to designate a reliable amount of total funding by the time proposals are received and the panel evaluations commence, in January 2025 (Q3 FY24).

Therefore, the Board directs the Manager to bring forward in November 2024, at the time of FY2023 closeout, options for allocating one-time close-out money to the total Notice of Funding Available.

*Further descriptions about the history and process of developing the new equity-based nonprofit NOFA, as well as application materials later this year, can be found on the [County Board's webpage](#).*

## **Use of AHIF for to Support Homeownership Projects**

To support affordable ownership\* projects using the Expanded Housing Options (EHO) provisions within the Arlington County Zoning Ordinance (ACZO), adopted by the Arlington County Board on March 22, 2023, the County Board directs the Manager to offer an implementation schedule, potential program guidelines and recommended funding levels for launching an "Affordable EHO Homeownership Pilot Program," by the end of 2024.

These recommendations should be developed and delivered concurrently with other findings and final recommendations for the ongoing [Homeownership Study](#). The broader scope of the Homeownership Study is to clarify the community's values and goals related to homeownership, examine the effectiveness of current homeownership program outcomes, assess opportunities for potential

homebuyers and existing homeowners, and determine whether existing programs support Arlington's homeownership goals.

Conceptually, an Affordable EHO Homeownership Pilot Program may be funded through the AHIF at about \$1.5m for its first year, with specific funding levels to follow with the staff recommendations.

*\*The ACZO defines affordable as "at or below 80 percent of median household income for homeownership programs, or other income level as determined by the County Board upon consideration of the Affordable Housing Master Plan." The economic analysis developed by consultants for the Missing Middle Housing Study indicated that adoption of General Land Use Plan and Zoning Ordinance amendments to allow alternate forms of development within R-5, R-6, R-8, R-10, and R-20 zoning districts will lead to more attainable housing opportunities but will not deliver new housing that is affordable to households earning up to 80% of Area Median Income (AMI) without additional County action.*

### **DHS Backbone Support**

Arlington's Department of Human Services has become the lead agency for an increasingly complex set of policy and service delivery issues, including childcare, housing assistance, behavioral health / substance abuse, and development disabilities, among others. In most areas, DHS has developed plans and strategies to address these challenges, but the significant increase in day-to-day caseloads along with the rapidity of change in client needs, creates challenges to consistent implementation of these plans, as well as to the innovation and adaption of the plans to the new regulations, policy innovations, and stakeholder interests that have emerged since their creation.

The County Board's addition of a 1.0 FTE (\$180,000) will provide additional capacity and "backbone" support to the Director's Office. This position is intended to provide both intra and inter-department analytical and coordination support for existing and new policy initiatives. Initially, the position should help with implementation of existing plans, namely the [Childcare Initiative Action Plan](#), but over time, is intended to support other emerging policy needs.

### **Collective Bargaining Agreements**

In December 2022, the County Board passed resolutions stating a good faith commitment to appropriate funding necessary 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 (Fire and Emergency Medical Services) and ACOP(Police) bargaining units for FY 2024 - FY 2026 and for AFSCME (Service, Labor, Trades) for the one-year pay increase only for FY 2024. These resolutions were based on the understanding that the funding obligation remains subject to actual appropriation with the approval of the budget in each fiscal year that the agreement is effective.

With adoption of the budget, the County Board has followed through on the good faith resolutions from December 2022 by appropriating the level of funding reflected in the fiscal impact studies to cover the tentative agreements and arbitration awards for the Service, Labor and Trade workers and for the Police and Fire uniformed services.

Subsequent to the December good faith resolutions, the Board directed the Manager to continue discussions on wage structures with the goal of transitioning from an open range structure to a grade and step system for Police and Fire in the first year of the three-year collective bargaining agreements. To support this effort, which was achieved through mutual discussions, we are including additional funds for the first year of the revised three-year wage structures agreed to outside of the formal collective bargaining process.

Looking ahead to FY 2025 and FY 2026, the Board acknowledges the market conditions and retention challenges facing our public safety staff, especially with the Police, and the issues of compression facing both the Police and Fire work forces. Accordingly, the County Manager should consider, in consultation with union representatives any potential enhancements to the newly revised step and grade wage structures that would address compensation, recruitment, retention and pay compression challenges facing police and fire staff. These discussions should continue outside the formal collective bargaining framework. Any suggested approaches should be shared by the Manager with the Board prior to the formulation of FY 2025 budget direction in Fall 2023.