



ARLINGTON
VIRGINIA

MULTI-YEAR FORECAST & FUTURE OUTLOOK

Consistent with the County's debt and financial policies, staff has prepared a multi-year financial forecast. This forecast is intended to help inform, and provide greater awareness to, the Board and the community of medium and long-term budget pressures as policy and service delivery choices are considered.

The County is required to adopt a balanced budget annually, so any projected shortfalls would be eliminated through a combination of expenditure and service reductions, revenue increases (either increased taxes or fees), or a combination of the two. The County is constrained in its revenue growth by restrictions to its ability to change taxes and fees.

As illustrated in the forecast, future budgets are expected to follow the current trend for the foreseeable future, with anticipated budget gaps of approximately \$22.0 million in FY 2024 growing to about \$57.2 million in FY 2028 driven principally by expenditure growth continuing to outpace revenue growth. The County continues to recover from the economic impacts of the pandemic with meals and sales tax trending higher than anticipated, while other areas like hotel taxes, parking meters, and departmental program revenues continuing to lag pre-pandemic levels. In the future, a major driver of the projected budget gaps will be how quickly the various sources of revenues recover.

On the expenditure side, the forecast assumes that we will continue our commitments to our workforce, fund the operating costs of capital projects, address the core needs of our growing population, and maintain support for our schools in line with the revenue sharing agreement. Additionally, the forecast accounts for the replacement of the federal one-time funds received through the American Rescue Plan Act (ARPA) with additional ongoing support. Along with normal budget pressures, FY 2024 and beyond will also require funding for any continued inflationary pressures, collective bargaining impacts on compensation, and prevailing wage requirements on the cost of capital investment, Metro, costs supporting Barcroft apartments, and other priorities.

With the discussion of budget priorities, it is evident that some programs would benefit from additional resources, but given the current budget climate, will not receive them. These additional resources range widely from continuation of pandemic-level support to residents and businesses to more traditional services like streetlight maintenance, library materials, and community engagement resources. Any changes in service levels to fund priority areas will be considered in each year's budget process.

Multi-Year Financial Forecast														
	FY 2022		FY 2023		Forecast		Forecast		Forecast		Forecast		Forecast	
REVENUE	Adopted	% chg	Proposed	% chg	FY 2024	% chg	FY 2025	% chg	FY 2026	% chg	FY 2027	% chg	FY 2028	% chg
Real Estate	810,573,740	0.9%	859,508,345	6.0%	875,074,290	1.8%	892,065,640	1.9%	911,067,090	2.1%	928,931,500	2.0%	944,171,360	1.6%
Less Crystal City TIF Real Estate	(4,303,230)	-25.3%	(4,600,160)	6.9%	(5,164,100)	12.3%	(5,742,070)	11.2%	(6,388,280)	11.3%	(7,096,850)	11.1%	(7,821,630)	10.2%
Less Columbia Pike TIF Real Estate	(627,960)	-35.2%	(1,453,260)	131.4%	(1,527,310)	5.1%	(1,642,510)	7.5%	(1,796,850)	9.4%	(1,962,170)	9.2%	(2,106,160)	7.3%
Less Ballston Quarter TIF Real Estate	(1,408,690)	-22.2%	(1,290,600)	-8.4%	(1,309,490)	1.5%	(1,338,870)	2.2%	(1,378,230)	2.9%	(1,420,390)	3.1%	(1,457,110)	2.6%
Personal Property	118,052,147	-1.7%	125,482,147	6.3%	126,722,147	1.0%	127,982,147	1.0%	129,482,147	1.2%	131,452,147	1.5%	133,452,147	1.5%
BPOL	72,500,000	15.1%	78,000,000	7.6%	80,340,000	3.0%	81,946,800	2.0%	83,585,736	2.0%	84,421,593	1.0%	85,265,809	1.0%
Sales*	43,800,000	1.6%	45,000,000	2.7%	45,900,000	2.0%	46,820,000	2.0%	47,760,000	2.0%	48,720,000	2.0%	49,210,000	1.0%
Meals*	31,480,525	-14.4%	39,000,000	23.9%	40,560,000	4.0%	42,180,000	4.0%	43,020,000	2.0%	43,880,000	2.0%	44,320,000	1.0%
TOT	10,000,000	-48.1%	16,500,000	65.0%	18,980,000	15.0%	21,830,000	15.0%	23,580,000	8.0%	24,760,000	5.0%	26,000,000	5.0%
Other Taxes	41,415,000	6.4%	43,635,000	5.4%	44,510,000	2.0%	45,400,000	2.0%	45,850,000	1.0%	46,310,000	1.0%	46,770,000	1.0%
SUBTOTAL: TAXES	1,121,481,532	0.5%	1,199,781,472	7.0%	1,224,085,537	2.0%	1,249,501,137	2.1%	1,274,781,613	2.0%	1,297,995,830	1.8%	1,317,804,416	1.5%
State	79,228,761	0.1%	84,448,275	6.6%	82,000,000	-2.9%	80,000,000	-2.4%	80,000,000	0.0%	80,000,000	0.0%	80,000,000	0.0%
Federal	38,994,904	141.5%	34,825,291	-10.7%	18,000,000	-48.3%	18,000,000	0.0%	18,000,000	0.0%	18,000,000	0.0%	18,000,000	0.0%
Other Revenue	126,865,276	13.6%	111,202,270	-12.3%	113,426,315	2.0%	114,560,579	1.0%	115,706,184	1.0%	116,863,246	1.0%	118,031,879	1.0%
SUBTOTAL: OTHER	245,088,941	18.4%	230,475,836	-6.0%	213,426,315	-7.4%	212,560,579	-0.4%	213,706,184	0.5%	214,863,246	0.5%	216,031,879	0.5%
CARRYOVER FUNDS - General	26,408,218	18.7%	39,823,985	-	17,027,008	0.0%	8,000,000	0.0%	8,000,000	0.0%	8,000,000	0.0%	8,000,000	0.0%
TOTAL REVENUE	1,392,978,691	3.5%	1,470,081,293	5.5%	1,454,538,860	-1.1%	1,470,061,716	1.1%	1,496,487,797	1.8%	1,520,859,077	1.6%	1,541,836,295	1.4%
EXPENDITURES	Adopted	% chg	Proposed	% chg	FY 2024	% chg	FY 2025	% chg	FY 2026	% chg	FY 2027	% chg	FY 2028	% chg
Salaries	303,864,752	2.6%	322,222,432	6.0%	333,198,060	3.4%	342,911,000	2.9%	352,907,000	2.9%	363,194,000	2.9%	373,781,000	2.9%
Benefits	130,940,579	4.0%	135,594,964	3.6%	139,201,447	2.7%	141,930,860	2.0%	145,209,657	2.3%	148,564,661	2.3%	151,997,652	2.3%
SUBTOTAL: PERSONNEL	434,805,331	3.1%	457,817,396	5.3%	472,399,507	3.2%	484,841,860	2.6%	498,116,657	2.7%	511,758,661	2.7%	525,778,652	2.7%
Ongoing Operating Expenses	221,837,143	-3.0%	223,646,421	0.8%	229,179,766	2.5%	243,301,745	6.2%	248,545,106	2.2%	253,941,219	2.2%	259,494,574	2.2%
One-time Operating Expenses	5,876,278	#DIV/0!	10,312,033	75.5%	-	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%
ARPA Funded Programs	-	-	16,392,853	-	9,027,008	-	-	-	-	-	-	-	-	-
Metro	46,622,208	0.0%	46,622,208	0.0%	48,953,318	5.0%	50,421,918	3.0%	51,934,575	3.0%	53,492,613	3.0%	55,097,391	3.0%
Contingents (General & CM)	2,500,000	-	2,000,000	-20.0%	2,000,000	0.0%	2,000,000	0.0%	2,000,000	0.0%	2,000,000	0.0%	2,000,000	0.0%
Economic Development Grants	1,500,000	-39.8%	1,500,000	0.0%	1,500,000	0.0%	1,500,000	0.0%	1,500,000	0.0%	1,500,000	0.0%	1,500,000	0.0%
One-time Economic Development Grants	991,028	-	916,029	-7.6%	282,413	-69.2%	282,413	0.0%	395,646	40.1%	357,409	-9.7%	205,308	-42.6%
Ongoing AHIF	8,303,202	0.0%	8,902,842	7.2%	8,902,842	0.0%	8,902,842	0.0%	8,902,842	0.0%	8,902,842	0.0%	-	-100.0%
One-time AHIF	7,940,248	-	7,343,795	-7.5%	7,343,795	0.0%	7,343,795	0.0%	7,343,795	0.0%	7,343,795	0.0%	-	0.0%
Regionals	7,060,129	1.0%	7,392,026	4.7%	7,196,440	-2.6%	7,196,440	0.0%	7,196,440	0.0%	7,196,440	0.0%	7,196,440	0.0%
Ongoing Capital	1,180,133	0.0%	4,050,000	243.2%	6,000,000	48.1%	6,000,000	0.0%	6,000,000	0.0%	6,000,000	0.0%	6,000,000	0.0%
One-time Capital	4,745,000	-	4,500,000	-5.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Debt	73,564,710	0.0%	77,110,907	4.8%	82,570,365	7.1%	86,553,163	4.8%	89,149,758	3.0%	92,715,748	4.0%	95,497,221	3.0%
Debt Service for Short-term Finance	8,107,143	0.0%	8,350,400	3.0%	8,600,912	3.0%	8,858,939	3.0%	9,124,708	3.0%	9,398,449	3.0%	9,680,402	3.0%
OPEB	17,900,000	0.0%	16,500,000	-7.8%	16,500,000	3.0%	16,500,000	3.0%	16,500,000	3.0%	16,500,000	3.0%	16,500,000	3.0%
COVID Contingent	19,246,015	10.0%	-	-100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
SUBTOTAL: NONPERSONNEL	427,373,237	3.9%	435,539,514	1.9%	428,056,859	-1.7%	438,861,256	2.5%	448,592,870	2.2%	459,348,514	2.4%	453,171,336	-1.3%
Schools Ongoing (based on 47.0% of tax revenue)	527,096,320	0.4%	563,897,292	7.0%	575,320,202	2.0%	587,265,534	2.1%	599,147,358	2.0%	610,058,040	1.8%	619,368,076	1.5%
Schools One-time	2,817,940	-	12,065,077	-	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Transfers to Other Funds	885,863	25.2%	762,014	-14.0%	762,014	0.0%	762,014	0.0%	762,014	0.0%	762,014	0.0%	762,014	0.0%
TOTAL EXPENSES	1,392,978,691	2.1%	1,470,081,293	5.5%	1,476,538,582	0.4%	1,511,730,664	2.4%	1,546,618,899	2.3%	1,581,927,230	2.3%	1,599,080,078	1.1%
Shortfall/Surplus \$ (millions)	Adopted	Forecast		Forecast		Forecast		Forecast		Forecast				
Revenue	1,392,978,691	1,470,081,293		1,454,538,860		1,470,061,716		1,496,487,797		1,520,859,077				
Expenditures	1,392,978,691	1,470,081,293		1,476,538,582		1,511,730,664		1,546,618,899		1,581,927,230				
Annual Deficit/Surplus**	-	-		(21,999,721)		(41,668,949)		(50,131,102)		(61,068,153)				

*Sales and meals tax estimates in years FY 2023 through FY 2027 include growth attributable to the Ballston Quarter development and are net of contributions to the Ballston Quarter TIF

**Arlington County is required to adopt a balanced budget each year. Deficits that appear in out-years will be reduced by the actions taken to balance the prior year.