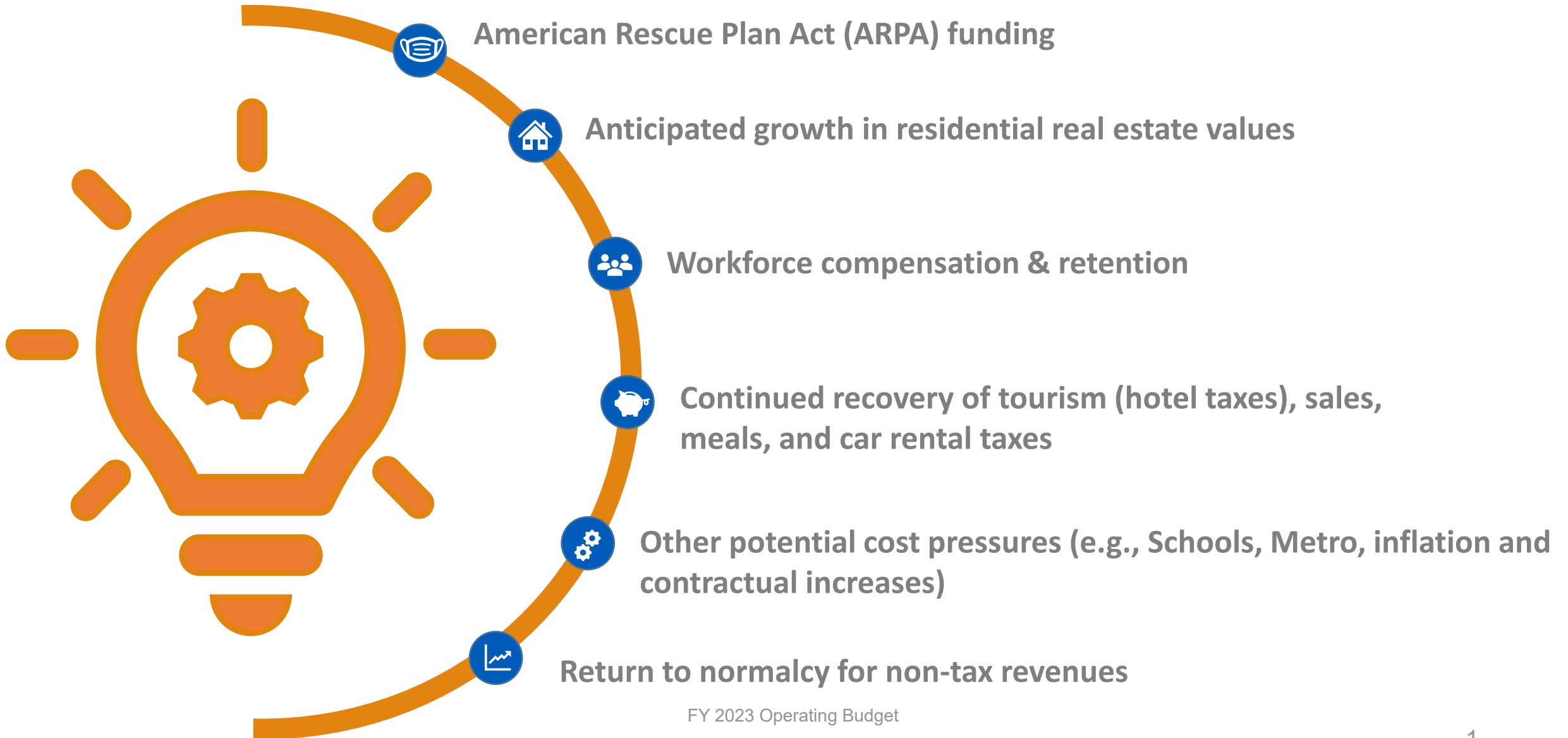


County Manager's FY 2023 Budget Outlook

County Board Recessed Meeting
Tuesday, September 21, 2021 @ 3:00 P.M.

Preparing for the FY 2023 Budget

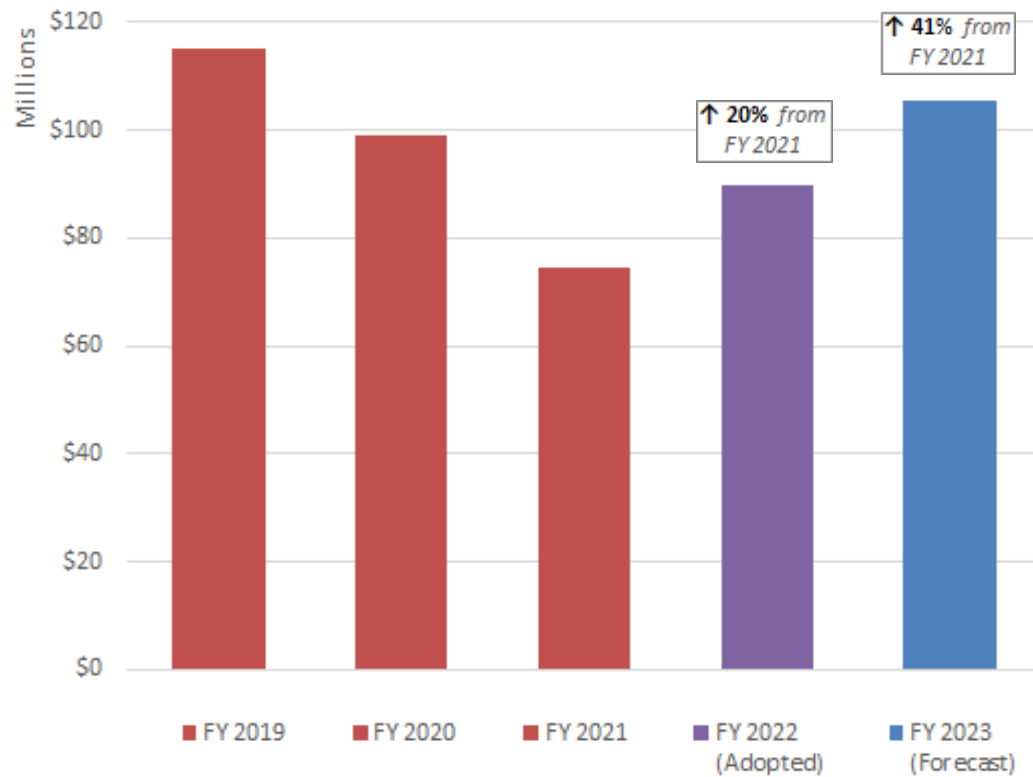


FY 2023 Operating Budget

Revenue Recovering with Some Uncertainties

MONTHLY TAX REVENUES

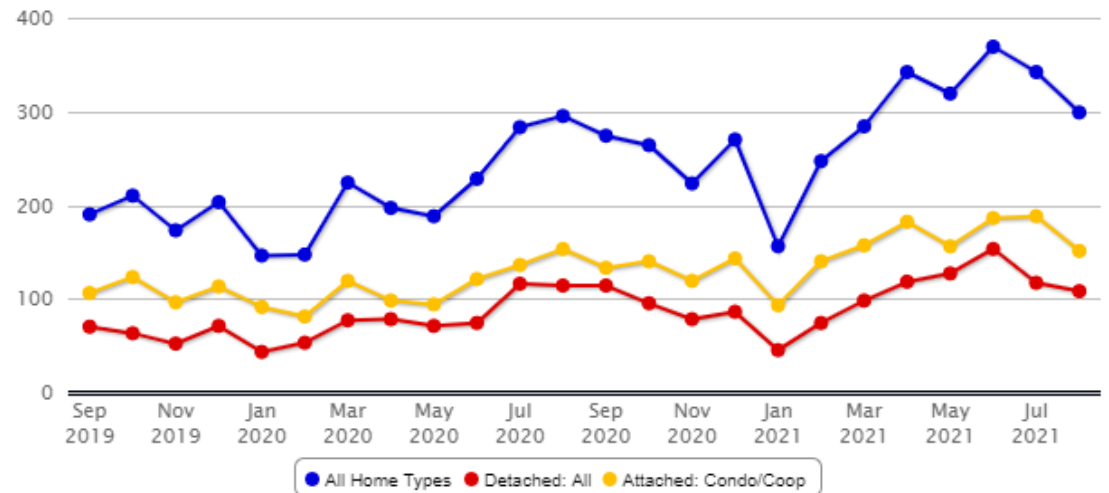
(Sales, Meals, Car Rental, TOT)



Residential Real Estate

- Increase in market activity from 2019
- Single-family home prices continue to grow with detached homes growing at a faster rate than condominiums

Closed Sales | Arlington County, VA
By Home Type



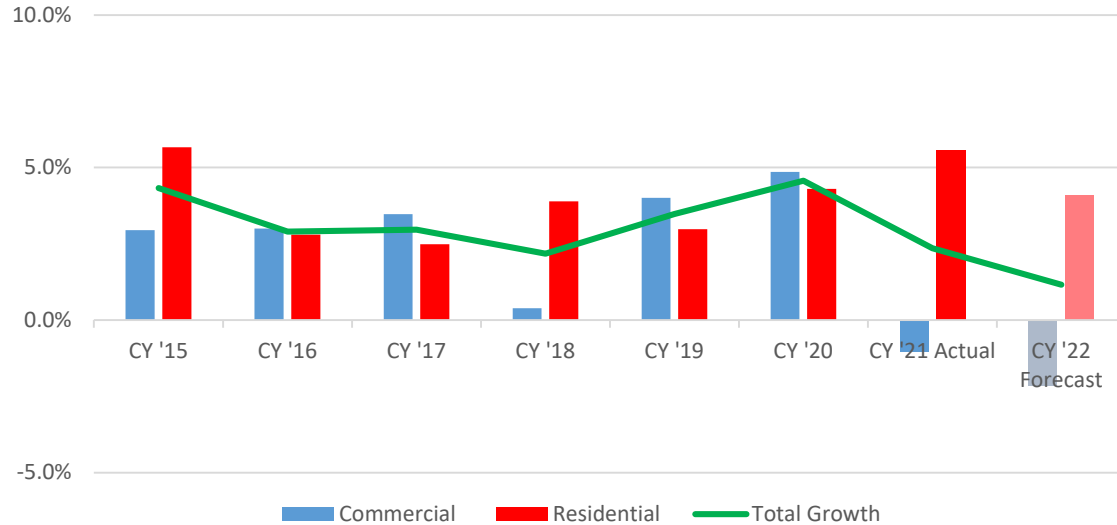
© 2021 ShowingTime. Data provided by Bright MLS as of Sep 7, 2021

Continuing Revenue Pressures

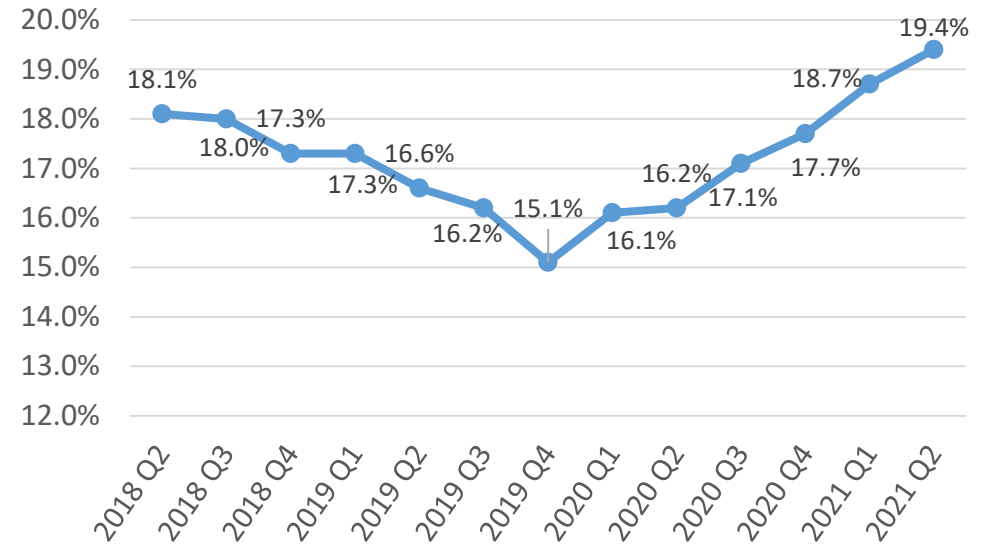
Real Estate Revenue

Real estate taxes provide 58% of total County revenue

Anticipating declines in commercial assessments



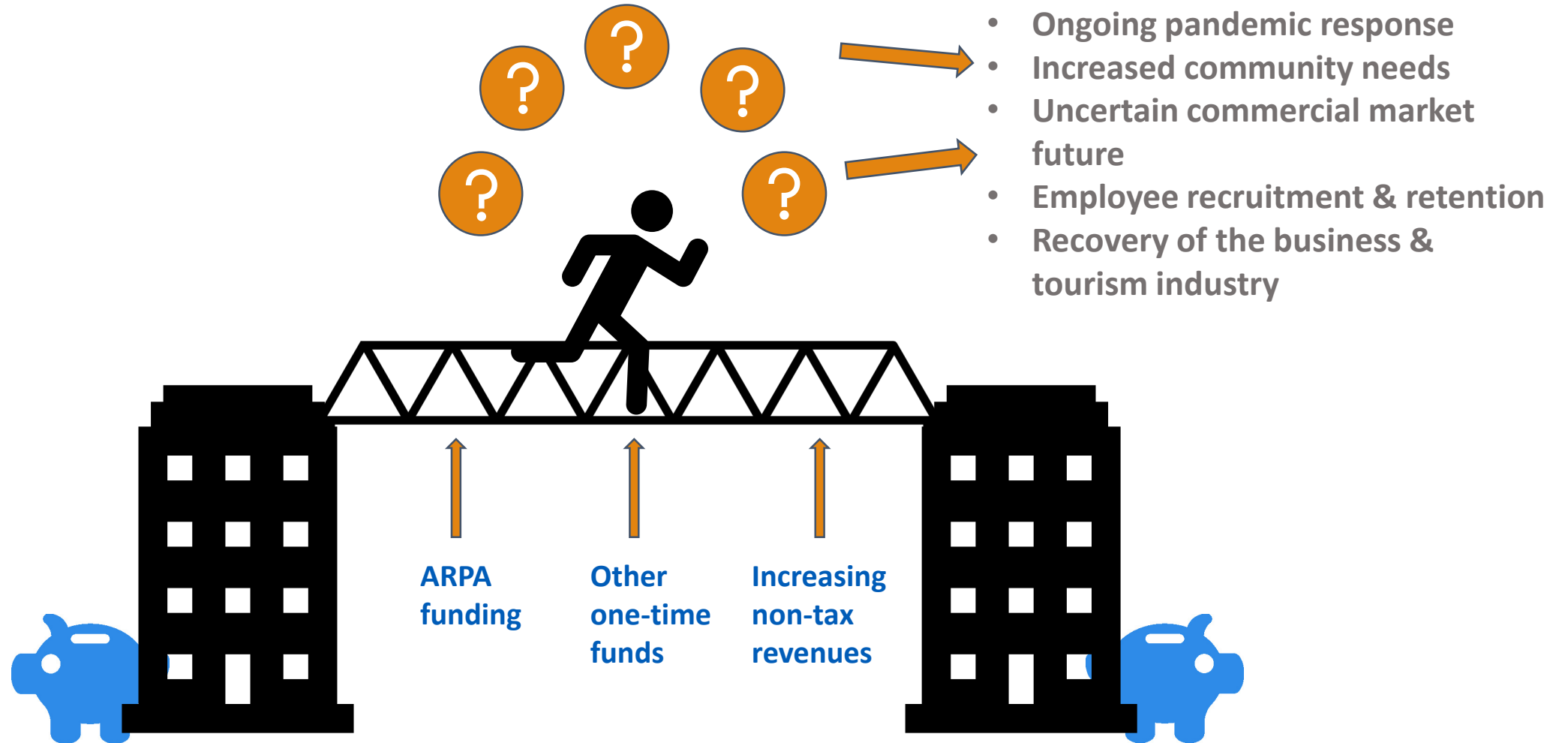
Office Vacancy



OTHER PRESSURES

- Continued uncertainty in office real estate market
- Inflation/rising interest rates
- Slow tourism recovery
- Transit ridership revenue

Addressing Priorities and Managing Uncertainties



FY 2023 Budget Outlook

Additional Information Still to Come:

- January 2022 Real Estate Assessments
- Additional Data Points on Sales / Meals / Hotel Revenue Received in FY 2022
- Inflationary and contractual cost pressures
- Needs related to continued economic and pandemic related support

Assumptions:

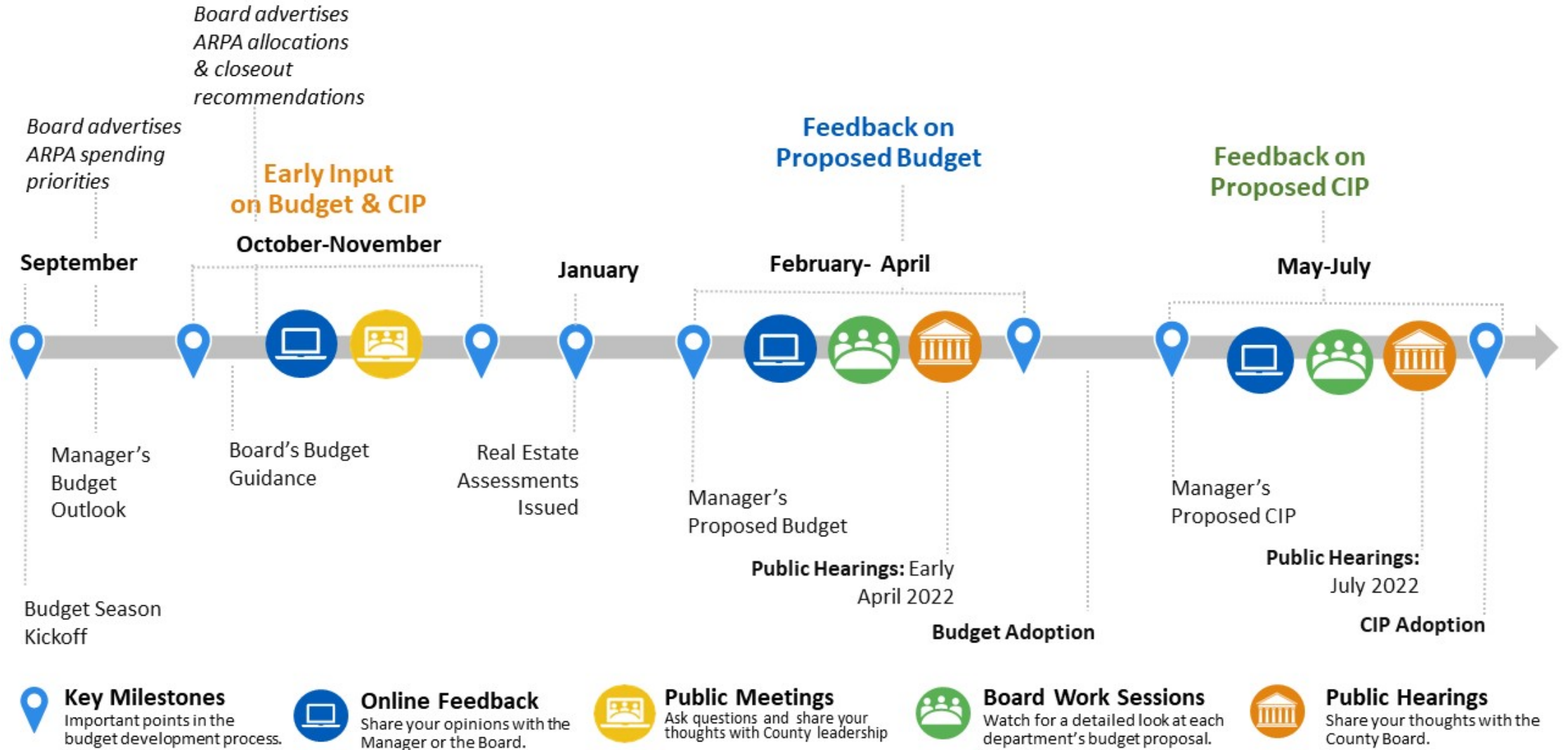
- Real Estate Assessments increasing 1-2%
- Other Revenue up 5-10%
- Compensation increases
- Non-personnel expenses increasing between 3% and 5%
- Appropriate Use of One-Time Funds
- Potential Tax and Fee Changes
- Expenditure Reductions and Realignments

Support of Schools

- Sharing Local Tax Revenue (47.0%)
 - Same level as adopted in FY 2022
- Preliminary Local Tax Revenue for Schools in FY 2023 is anticipated to go up 4-5% above the adopted FY 2022 budget
- Additional Support (over \$10 million) through:
 - School Health Nurses & Services
 - Crossing Guards
 - DHS Programs Helping Children & Families
 - Athletic Fields
 - Maintaining Safe Routes to Schools



Budget Season in Arlington



County Manager's Preliminary FY 2023 Budget Outlook

County Board Recessed Meeting
Tuesday, September 21, 2021 @ 3:00 P.M.