

**City of Alexandria, Virginia
 FY 2023 Proposed Operating Budget & CIP
 Budget Questions & Answers**

March 16, 2022

Question: The proposed budget increases the budgeted vacancy savings by \$2.86M. What has been our achieved vacancy savings for the last 5 completed fiscal years?

Response: The following table presents personnel expenditure budgets and budgeted vacancy savings (VS) for the City’s annual funds (General and Library Funds) for the last 5 completed fiscal years. Budgeted vacancy savings is a reduction to the personnel expenditure budget in recognition that not all positions will be filled for the entire fiscal year and that there will be savings due to turnover.

Item	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
1 ORIG BUDG INCL VS	229,715,681	234,455,879	234,543,566	239,465,524	234,928,827
2 ACTUALS	221,830,099	225,421,673	227,499,632	227,021,152	228,349,336
3 \$ SURPLUS INCL VS	7,885,582	9,034,207	7,043,934	12,444,372	6,579,491
4 % SURPLUS INCL VS	3.4%	3.9%	3.0%	5.2%	2.8%
5 VACANCY SAVINGS \$	(3,055,880)	(2,990,556)	(4,594,508)	(4,351,610)	(9,556,833)
6 VACANCY SAVINGS %	-1.3%	-1.3%	-1.9%	-1.8%	-3.9%
7 \$ SURPLUS EXCL VS	10,941,462	12,024,763	11,638,441	16,795,982	16,136,324
8 % SURPLUS EXCL VS	4.7%	5.1%	4.9%	6.9%	6.6%

Line 1 in the table above represents the original approved personnel budget including a vacancy savings reduction for each fiscal year.

Line 2 is the actual amount expended.

Line 3 and 4 show dollar and percentage amounts of personnel budget surpluses (original budget minus actual expenditures) respectively.

Line 5 is the amount of vacancy savings budgeted in each year.

Line 6 is the budgeted vacancy savings as a percent of the total personnel budget.

Line 7 is the surplus that would have been realized had the budget not been adjusted by the vacancy savings amount in Line 5.

Line 8 represents the surplus as a percent of the total personnel budget had it not been adjusted by the amount in Line 5. or the percent difference between the estimated cost to fund every position in the City at 100 percent of the budget and actual personnel expenditures in each fiscal year.

For FY 2017 through FY 2020, the budget included a vacancy savings amount between 1 percent and 2 percent. The rate was increased in FY 2021 due to the hiring freeze implemented late in FY 2020 and maintained throughout FY 2021 in response to the COVID-19 pandemic. The FY 2022 budget includes a 2 percent vacancy savings rate. As part of the FY 2023 budget development, OMB reviewed prior year personnel spending and increased the vacancy savings rate to 3 percent of the base permanent position costs. While this is below the 4.7 percent to 5.1 percent range experienced in FY 2017 through FY 2019, compensation adjustments in FY 2022 and the FY 2023 proposed budget increases in the Human Resources Department are intended to improve recruitment and retention, speed up the hiring process, and reduce employee turnover and vacant positions. The vacancy rates experienced in FY 2020 and FY 2021 are considered outliers due to the impact of the pandemic and hiring freeze.