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INTRODUCTION

Fairfax County's FY2014 Budget reflects many economic factors that are influencing all facets of the County including an extremely slow growing national economy, the potential effects of sequestration, and insufficient growth in residential and commercial taxes to sustain the required functions of government. The County's budget must protect the strengths of this dynamic community:

- an outstanding school system,
- a robust work force,
- safe and caring neighborhoods,
- great amenities that are used by residents,
- a safety net to care for those unable to care for themselves,
- a strong financially well-managed government, and
- an environmentally-conscious quality of life

All of these factors are important to County residents and taxpayers who are willing to support its County government in providing these world class services. Unfortunately revenues are not available to continue expanding services, so hard decisions have to be made on prioritizing the County's expenditures in FY2014-2015.

The Fairfax County Federation of Citizens' Associations review of the Fairfax County's FY2014 Proposed Budget yield several over-arching conclusions:

- County staff deserves praise for steering prudently through a time of extended fiscal challenge due to slow economic growth following the Great Recession.
- Investments in technology have paid off. Organizational redesigns have resulted in low County staff ratios of positions per 1,000 residents. In 1992 the ratio was 13.5 employees per 1000 residents and in 2013 that number is 11.2.
- The actual effects of sequestration will be felt for several years, as cuts to affected programs will have continued impact down the road.
- Major transportation taxes levied on sales, gasoline, and property transfers will result in significant impacts to all residents in the County due to a higher differential impact in Northern Virginia.
- Several fees for government services will increase this year.

- The Federation urges the County to identify additional funding; and streamline redundant lines of business.
- Reductions in additional areas will be needed to fund any increases in Fairfax County Public Schools (FCPS) or to pay for new staffing positions required for the Silver Line as the Metro opens.
- County government must concentrate funding on mandated programs and areas that local government is uniquely responsible for.
- Demographic increase in the above 65 year-old is taking place at a faster rate than the under 19 year-olds. This demographic trend requires potential additional services for older residents.
- Multiple year budgeting is critical to provide the Board with information to make informed decisions about the fiscal impacts of each budget year. The Federation applauds the County Executive leadership in proposing a two year budget review for FY2014 and FY2015.
- Agencies that have the ability to charge more for services should increase their fees to reduce the disproportionate burden on real estate taxpayers.
- The County needs to continue to reduce duplicated services between the County and the Schools, including information technology, accounting, budgeting, public information, personnel/human resources.
- The Federation continues to be dissatisfied with the current public budget process. It strongly urges:
 - additional time for community review;
 - additional metrics in the agency narratives to show what programs are working;
 - more consolidation of similar functions;
 - a more transparent discussion of long-term budget issues, such as pension liabilities, potential federal and state funding cuts, BRAC, stormwater planning and revitalization/development costs connected to Tysons Corner, Dulles Rail, and Mosaic;
 - formation of a functioning countywide citizens' budget committee;
 - requirement for an independent auditor for the FCPS; and
 - Funding for the neediest of County residents should be preserved in both Human Services and the Community Services Board. However, every effort should be made to ensure that revenues are collected from:
 - other jurisdictions whose residents receive County services;
 - Federal government reimbursements for Medicare/Medicaid; child care;
 - applying for additional federal grants; and
 - assessing fees to clients who can pay for services received.
 - Long term review must be conducted concerning both the County and FCPS pension and retirement funds, since the number of workers supporting retirees is almost one for one, which is not a sustainable financial model.

The FY2014 Federation's Budget Resolution package addresses 1) General Fund expenditures and reviews specific agencies of concern; 2) General Fund Revenues, including the proposed real estate tax rate increase; and 3) the County's budget process. There is also a concluding resolution that will be presented to the Board of Supervisors during its public hearings in April 2013.

FY2014 OVERVIEW

The County Executive's FY2014 Advertised Budget Plan (www.fairfaxcounty.gov/dmb) totals \$7.17B. General Fund disbursements are \$3.59B, an increase of \$51.17M, or 1.42%, over the FY2013 Adopted Budget Plan. Of this, \$1.72B is the FCPS transfer (operating budget) and \$1.3B is for provision of the remaining County services. That is a 2% increase in funding for the Schools. The County's budget has increased only 1.4%, on average, since FY2009.

Here are some highlights of the Advertised FY2014 budget:

- The School Operating/Debt Service Transfer totals \$1.89B. That is an increase of \$41.28M, or 2.2 percent, from adopted FY2013.
- General Fund revenues are expected to rise to \$3.57B which is an increase of \$69.36M, or 2.8% over adopted FY2013.
- Average residential and commercial property assessments increased, but commercial values rose minimally at a rate of only 0.14% compared with 3.5% for residential properties.
- At the County's current real estate tax rate of \$1.075 per \$100, the average homeowner's real estate tax bill would increase due to the rising assessments of 3.5% on average this year.
- The proposed 2 cent rate increase to \$1.095 per \$100 of assessed value is a 5% increase in the amount of tax for an "average" home property or an average increase of \$262.45 per household.
- Since County services are only as good as the employees providing the services, the Federation recommends a competitive salary increase to help County employees keep pace with known increases in health care (8%), transportation sales taxes, increased real estate assessments and planned increases for FCPS teachers and employees (1% salary and 1% retirement).
- The County Executive's recommendation for an \$8M reserve fund to address cuts that result from sequestration and other federal and state cuts.

I. GENERAL FUND EXPENDITURES

General Fund total disbursements, which are composed of expenditures directly from the General Fund and "transfers out" to the Schools, Capital Improvement Program, Community Services Board, and other funds, total \$3.59B, an increase of \$51.17M, or 1.42%, from the FY2013 Adopted Budget Plan.

Major characteristics of the proposed FY2014 expenditures include spending increases:

- County operations – \$28.64M (FY2013 employee compensation, retirements, health insurance and other benefits, insurance, facilities maintenance). No new programs and limited fee increases.
- Public Safety operations \$3.99M -- 9 new officers to staff Silver Line Metro; 2 employees for the Animal Shelter; fire and rescue vehicle replacement; and E911 support requirements.
- A School Operating Transfer of \$1.72B, an increase of 2.0%, from Adopted FY2013, which included a 5% increase from FY2012.
- Human Services – \$10.67M increase mostly due to:
 - support of CSB's increased fringe benefits for existing CSB positions;
 - increased demand/cost of the Infant and Toddler Connection program;

- expenses for FCPS special education grads who turn 22 years old and are eligible for day support and employment services; and
- child care assistance and referral rate increase.
- \$49.35M to fund onetime expenditures in FY2013 that incur continuing expenses.

Major spending reductions include:

- No major program cuts, 91 County positions lost, but most are not currently filled.
- Adjustment to the Child Care Assistance and Referral program (\$13.3M)
- Agency specific reductions—(\$16.98M) as shown:

<u>Agency</u>	<u>Example Program Cuts</u>	<u>Amount</u>
Office of County Executive	Operating expenses, travel, admin assistant, consultant services	\$162,024
Dept of Cable and Consumer Services	Eliminate consumer specialist, manage vacancies	\$262,984
Facilities Management	Reduce utilities, training, travel, management analyst, lease purchase	\$513,060
Dept of Human Resources	Eliminate management analyst	\$85,000
Dept of Purchasing and Supply Management	Eliminate positions	\$183,159
Office of Public Affairs	Eliminate Asst Director position	\$56,288
Dept of Management and Budget	Eliminate business analyst position	\$82,000
Business Planning and Support	Eliminate admin assistant and reduce operating expenses	\$39,869
Office of Capital Facilities	Increase work performed by others billing	\$180,196
Land Development Services	Increase work performed by others, eliminate admin assistant, increase fees	\$864,317
Dept of Planning and Zoning	Eliminate limited term positions	\$132,665
Planning Commission	Reduce personnel expenses	\$33,689
Dept of Housing and Community Development	Eliminate refuse disposal expense	\$25,252
Office of Human Rights	Eliminate analyst position	\$78,611

and Equity Programs		
Dept of Transportation	Increase charges for work performed by others	\$85,416
Civil Service Commission	Reduce personnel expenses	\$21,288
Fairfax County Park Authority	Increase RecPac fees, eliminate positions, increase work performed by others, eliminate court renovations	\$216,311
Fairfax County Public Libraries	Reduce materials, reorganize services	\$275,000
Dept of Tax Administration	Increase collection of BPOL and Personal Property taxes	\$700,000
Dept of Family Services	Increase fees for SACC, align revenues with services, eliminate positions, operating efficiencies, close Job Corner	\$3,825,671
Dept of Administration for Human Services	Eliminate mail services contract, eliminate grant coordination positions	\$270,894
Dept of Information Technology	Reduce telecomm services capacity	\$100,000
Health Department	Eliminate positions in CHCN, consumer protection, office managers at CHCN	\$1,253,183
Office to Prevent Homelessness	Efficiencies in operations	\$65,895
Dept of Neighborhood and Community Services	Redesign functions, eliminate a community developer position, close 3 computer learning centers	\$955,931
Circuit Court and Records	Manage vacancies	\$177,017
Juvenile and Domestic Relations District Court	Reorganize court services administration	\$350,000
Public Works	Reduce community cleanup funds	\$163,249
Police Dept	Eliminate station logistics program	\$234,863
Office of the Sheriff	Reduce personnel budget, eliminate deputies at JDRC cases	\$955,851
Fire and Rescue Dept	Reduce ALS students, realign positions, implement efficiencies, delay opening Wolftrap station	\$1,736,319
Fairfax-Falls Church Community Services	Eliminate positions (intellectual disability specialists, admin assistants, senior management positions),	\$1,810,932

Board	restructure New Horizons	
Elderly Housing Programs	Transfer funding for positions	\$203,313
Technology Infrastructure Services	Reduce mainframe services as a result of FOCUS	\$482,619
	Total Reductions 91 personnel	
	Total Reductions	\$16,982,463

Looking ahead to FY2015 and beyond budget cycles, the County Executive warned that the Board of Supervisors must plan in advance to address several critical challenges, while maintaining the quality of our product (County services). County services must support the County strategic goals:

- maintaining safe and caring communities;
- building livable spaces;
- connecting people and places;
- maintaining healthy economies;
- practicing environmental stewardship;
- creating a culture of engagement; and
- exercising corporate stewardship.

The Federation recommends that given the revenue (without a residential property tax increase) will not meet the program needs identified above, then the Board of Supervisors and Fairfax County School Board must work to find additional cuts (personnel, fee increases, reduction in overtime) so that the budget is balanced and the most highly prioritized services remain and lesser services (or non-mandated programs) are reduced/suspended until economic growth allows for increases.

A. EDUCATION/FCPS TRANSFER

Background

The Fairfax County School Board (FCPS) has adopted the FY2014 Advertised Budget of \$2.5B in the School Operating Fund, which is a net increase of 2.7 percent, or \$65.7M, from the FY2013 Approved Budget. The FY2014 budget includes 292.5 additional positions to address student demographic changes and membership growth projected to be 184,292 in FY2014.

In addition to the \$2.5B operating fund, the FCPS FY2014 Advertised Budget includes the following funds: Construction, Food and Nutrition Services, Grants and Self-Supporting Programs, Insurance, Health Benefits, Central Procurement, Adult and Community Education, Education Employees Supplementary Retirement system and the OPEB Trust funds.

FCPS Transfer Resolution

Whereas, the School Board of Fairfax County Public Schools (FCPS or Schools) has an advertised FY2014

school budget of about \$2.5B which is an increase of about \$66M or 2.7% more than the FY2013 approved budget; and

Whereas, approval of the FCPS advertised budget would result in an increase in the County transfer of about \$95M or 5.7% over the FY2013 budget, and

Whereas, the County Executive has proposed a County transfer for school operation of \$1.72B, an increase of about \$34 or 2% over the FY2013 base for a difference from that requested by FCPS of about \$61M, but due to other FCPS adjustments the net difference is now about \$45M; and

Whereas, the County's support of FCPS represents 52.6% of the total County disbursements (currently 52.2%); and

Whereas, the County also provides additional support for the Schools in the amount of \$67.9M for programs such as Head Start, School Health, School Resource Officers, School Crossing Guards, after-school programming, field maintenance and recreational programs, among others; and

Whereas, total students for FY2014 are expected to be about 184,400 for an increase of about 2,850 students versus FY2013; and

Whereas, the proposed budget includes an increase of about \$21.8M for membership growth, \$18.9M for a 1% market scale adjustment for employees, \$16.6M for a shift of the remaining 3% of the state mandated employer/employee shift in the Virginia Retirement Savings plan or VRS (minimum of 1% is mandated for FY2014), \$13.5M for a local retirement (ERFC) shift of 1%, \$13.3M for health insurance increase, \$3.6M for major maintenance, \$3.5M for extended time for teachers, \$3M for expansion of the Family and Early Childhood Education Program, \$2.8M for preventive maintenance, \$2.1M for bus replacement, \$2M for advanced academic resource teachers, \$1M for world languages, and \$ 0.8M for miscellaneous items; and

Whereas, the increase is partially offset by \$48.9M of FCPS reductions and savings; and

Whereas, shifting only 1% of the VRS rather than the 3% VRS would save money in FY 2014, there would be a longer term annual cost increase to County taxpayers; and

Whereas, over the last several years FCPS has increased class size and substantially reduced summer school; and

Whereas, in FY2010 and FY2011 FCPS employees received no salary increase, in FY2012 there was a 1% salary increase and a step increase, and in FY2013 there was a 1.25% salary increase, plus payments to offset the increase in VRS payroll deductions; and

Whereas, for FY2013 the Washington Area Board of Education Guide (WABE) has the average FCPS cost per pupil in Fairfax County ranked 5th out of the 10 area school districts; and

Whereas, for FY2013 the WABE Guide has the starting teacher salary in Fairfax County ranked 5th, the salary for teachers at Step 9 ranked 7th, and the maximum FCPS teacher salary ranked 9th of the 10 area school districts; and

Whereas, there is a desire to provide quality education for the children in Fairfax County; and

Whereas, the Federation supports continued quality education for children living in the County; and

Whereas, the Fairfax County School Board does not have an independent review of programs; and

Whereas, FCPS receive proffers from real estate developers that are inadequate to cover FCPS costs incurred due to additional students from new development and such amounts are less than the amounts generally proffered in nearby jurisdictions, thus creating a further burden on residential property taxes.

THEREFORE BE IT

Resolved, the Federation urges the BOS and the School Board to take required steps to increase the proffers for Schools to a level that more appropriately recover forward-looking costs incurred due to additional students from new developments and to bring the County in line with surrounding jurisdictions.

Resolved, the Federation urges the Fairfax County School Board to consider hiring an independent auditor, who serves at the pleasure of the School Board, similar to the auditor who serves at the pleasure of the Board of Supervisors.

B. HUMAN SERVICES

Background

The Health and Welfare area of the budget includes Human Services categories, such as Family Services, Neighborhood and Community Services, Administration for Human Services, Office to Prevent and End Homelessness and the Health Department. The Community Service Board is addressed separately in another resolution.

Collectively, the programs serve the most vulnerable populations in the County, including low-income families, the homeless, seniors, and other disadvantaged residents. The gap between resources relative to human service needs is increasing:

- Department of Family Services budget rose by only one percent (\$81.0M to \$81.8M), an increase of only 0.2% per year between FY2008-2014, with caseloads and workload documented as increasing.
- Adult Protective Services Investigations rose 21.8%.
- Public Assistance caseloads increased 50.7%.
- Child Protective Services Assessments or Investigations rose 29.3%.
- Comprehensive Services Act clients increased 16.2%.
- Since 2010, attendance at senior centers has increased 14.0%.
- The numbers of participants with autism within Therapeutic Recreation Services programs have increased by 23.0% since FY2010.
- Communicable disease investigations by the Health Department increased by 11.5% from FY2011 to FY2012.
- The demand for services such as speech therapy, physical therapy, occupational therapy, and family education for Infants with Developmental Delays has grown by over 46.0% in the past two years, now providing services to over 1,500 families.

Human Services Resolution

Whereas, the impact of the last 3 years of consecutive stringent budgets has left many county residents facing an imbalance between the human service needs and available resources; and

Whereas, rising expenses for gas, food, housing, and taxes continue to adversely impact those who do not have job stability and/or are unemployed; and

Whereas, the state has implemented a new reimbursement rate for Child Care Assistance and Referral; and

Whereas, the Federation acknowledges the difficult choices the County Executive made in balancing competing County priorities in the FY2014 Advertised Budget; and

Whereas, Federal reductions will disproportionately affect the human services system; noting county-wide federal funding is approximately 1% of General Fund revenues, the human services system receives 20% of its revenue base from federal funding.

THEREFORE BE IT

Resolved, the Federation supports approval of increases to the following human services programs as requested in the budget:

- Community Health Care Network (CHCN) (\$751,826). This funding will ensure that the system continues to maintain the most critical CHCN services including:
 - providing laboratory testing;
 - filling approximately 9,000 prescriptions annually;
 - obtaining thousands of free medications from pharmaceutical companies;
 - coordinating nearly 10,000 specialty referrals annually;
 - developing an efficient patient scheduling system; and
 - promoting financial accountability of the health care network.
- \$1M for the Human Services Resource Stabilization Fund which provides critical flexibility and effectively plugs gaps in the human service system as they developed.
- Targeted FY2014 Housing Blueprint Goals (\$900,000), the recent “100,000 Homes” effort and interviews with persons who are homeless, showed that many individuals have jobs but still cannot escape homelessness. Individuals with few skills or little experience, find limited opportunities for jobs that pay a living wage. This funding would provide the resources to develop targeted employment services that support the housing blueprint.
- Funding (\$2.5M) to pay for increased rates in the Child Care and Referral program.

C. FAIRFAX-FALLS CHURCH COMMUNITY SERVICES BOARD

Background

The Fairfax-Falls Church Community Services Board (CSB) is the public agency that plans, organizes and provides services for people in the Fairfax and Falls Church communities who have mental illness, substance use disorders, and/or intellectual disability. The CSB also provides early intervention services for infants and toddlers who have developmental delays.

Priority is placed on those most in need of services and least able to obtain the service without government intervention.

The CSB continues to implement the recommendations of the Josiah H. Beeman Commission, which recommended better integration of treatment for mental health, substance abuse and intellectual disabilities. Personnel are being deployed to various treatment teams to better integrate multiple services for consumers and to serve a slightly increasing number of customers.

However, the percent of funding from County funds for the CSB is the highest in the Commonwealth, far exceeding the support from other counties/local jurisdictions.

Fairfax – Falls Church Community Services Board Resolution

Whereas, the CSB has reorganized and realigned its operational services to better address customer needs in the community; and

Whereas the Board approved in September 2012 a budget carryover package resolving a budget shortfall that had been projected for the Fairfax-Falls Church Community Services Board for the 2013 fiscal year; and

Whereas, the Board of Supervisors provided \$3.5M from the County's General Fund to pay for the increased cost of employee fringe benefits that had accounted for over one-third of the CSB's total projected shortfall; and

Whereas, additional funding of \$3.02M was provided from a budget reserve to cover projected costs of meeting the growing need for critical services; and

Whereas, the remaining shortfall is being addressed through a combination of reductions, redesigns and consolidations totaling a little over \$1.8M that would eliminate 15 staff positions; and

Whereas, there are 918 eligible intellectually disabled and developmentally disabled waitlisted for training centers; and

Whereas, the CSB has asked the Board to consider adding \$1.1M to the CSB budget for FY 2014 to allow CSB to fill approximately 11 vacant staff positions that are "urgently needed"; and

Whereas the CSB has identified areas where its short staffing has impacted the community:

- 18 beds open for the past nine months, has resulted in an estimated loss in Medicaid revenue of \$128,000. Over 500 individuals are on a waiting list with serious mental illness and co-occurring substance use disorders.
- Historically, 85 percent of all CSB emergency services clients were seen in less than one hour. Now thirty (30) percent of all individuals wait between one and four hours to be seen.
- Daytime operations of the CSB mobile crisis unit are being suspended intermittently because of insufficient staff coverage. This impacts many other County agencies, including police and Adult Protective Services.
- In February 2013, CSB had to cut the capacity of its Crisis Care facility by 25 percent (from 16 to 12 beds) due to lack of staff.
- The Detoxification Center has only enough staff to keep open five beds for individuals needing medical detoxification. Currently 22 people are waiting for one of those five beds, and they are likely to have to wait two to three weeks.

- The six-person adult case management team in Springfield office is currently handling 295 active cases of individuals who have serious mental illness. This means each staff member is handling an average of 49 cases, far in excess of best practice standards for community based care, which recommend one case manager for every 20-30 cases.

THEREFORE BE IT

Resolved, the Federation supports \$7.62M for CSB requirements including the Infant-Toddler Program and services for new graduates with intellectual disabilities.

Resolved, the Federation urges the CSB to recover as much revenue as possible from federal and state programs and clients to reduce the inordinately high amount of local funds used to support CSB programs.

Resolved, that the Federation urges continued implementation of the recommendations by the Josiah H. Beeman Commission regarding adequate staffing for community-based services in coming budget years.

D. TRANSPORTATION

Background

The Fairfax County Department of Transportation (FCDOT) coordinates and oversees all transportation-related programs and issues for Fairfax County. The County transfers support three primary modes of mass transportation: subway (Metrorail), bus (Fairfax Connector and Metrobus), and heavy commuter rail (Virginia Rail Express (VRE)). These three modes reduce congestion and provide workforce transportation. They are supported through some County General Fund transfers, but mostly through applied state funding and the Northern Virginia district's share of the gasoline tax.

The County has a number of resources available in the form of General Fund dollars, Commercial and Industrial (C&I) tax revenues, State Aid and Gas Tax receipts, and fare box revenues. This diversified funding stream is critical to the progress being made in the transportation funding. In addition, the FY 2013 County Budget identifies a comprehensive inventory of all identified needs—whether transit, roadway, or trail—and has noted \$3B in required but unfunded road and transportation improvements over the next decade. In spite of the County's major efforts to solve traffic congestion in Northern Virginia, one of the biggest challenges is that of addressing the unfunded transportation needs.

Along with the above mentioned unfunded road and transportation improvements, devolution of the secondary roads continues to be a foreboding looming issue. Currently, the Virginia Department of Transportation (VDOT) has much of the responsibility for maintenance of secondary roads, but it is severely underfunded. If local jurisdictions are left to absorb these costs, it would result in an enormous obligation for Fairfax County, with no clear funding source.

The Dulles Rail Extension is a project led by the Metropolitan Washington Airports Authority (MWAA), in conjunction with the Commonwealth of Virginia, Fairfax County, Loudoun County and the Washington Metropolitan Area Transit Authority (WMATA), to extend the Metrorail system by 23 miles through the Dulles Corridor and build 11 stations. This project will more than double the number of Metrorail stations in Fairfax County and will provide new mass transit services to the fastest growing corridor in the County and Northern Virginia.

Recent updates to preliminary engineering estimates indicate a total project cost range of \$5.8B to \$6.3B. The Metrorail extension will be constructed in two phases, with Phase 1 serving Tysons Corner and Reston at Wiehle Avenue and Phase 2 continuing through the western part of the Dulles Corridor to Dulles International Airport and Route 772 in Loudoun County.

WMATA does not establish its budget until June and its FY2014 General Fund transfer in support of Metro Operations and Construction is projected to be \$11.3 M which is consistent with the FY2013 Adopted level. Based on current Metro system needs, WMATA projects an increase FY2015 operating subsidy requirement from local jurisdictions of \$2.4M, which is approximately a 5% increase over the FY2013 Adopted Budget.

Transportation Resolution

Whereas, the Federation strongly supports the diversification of transportation funding, especially due to the potential for \$3B in required, but unfunded, road and transportation improvements that will be required over the next decade; and

Whereas, devolution of the secondary road system located in Fairfax County along with transportation maintenance funding for roads, road repairs and snow removal, are of grave concern to the Federation, due to the potential unfunded mandate that would be imposed on residents; and

Whereas, the Federation, while expressing concerns about the current rising cost, reaffirms its continued support for the Dulles Rail Extension and recognizes the tremendous feat on the part of the Fairfax Delegation to the General Assembly in securing guaranteed funding for Phase II of the Silver Line project in the amount of \$300M for the next three years; and

Whereas, the Federation supports the proposed General Fund transfers to Metro, Fairfax Connector, and VRE and notes that additional funding would be enhanced by the 2013 General Assembly action required when the Metro budget is set in June;

THEREFORE BE IT

Resolved, that the Federation supports the proposed General Fund transfers to Metro, Fairfax Connector, and VRE; and

Resolved, that the Federation urges that the various members of the public-private partnership make every effort to ensure the completion of the Dulles Rail Project, while containing costs to protect County taxpayers; and

Resolved, that the Federation reaffirms its position that mass transit is essential to the region's economy, security, and environmental health, and urges all local and regional transportation agencies to promote public transportation in Fairfax County.

Resolved, The Federation recommends the County explore additional non-General Fund tax revenue to fund the shortfall in transportation needs, taking into account any funding from the Commonwealth.

E. PUBLIC SAFETY

Background

The public safety budget covers several key agencies: Department of Cable and Consumer Services, Police Department, Office of the Sheriff, and Fire and Rescue Department. There is a new Deputy

County Executive overseeing the operations of public safety. It remains to be seen what changes he will implement.

We have been experiencing a severe and persistent economic crisis which has caused undue hardship to many taxpayers and affected capabilities and services at all levels of government. Lost jobs and decreased incomes are not only a financial disaster affecting individuals and families; they also translate into lost revenue and increased social (and other) costs for the federal, state, county, and local governments. In order to successfully operate through the crisis, changes need to be embraced and occur.

Public Safety Resolution

Whereas, Public Safety is critical to supporting the vision for a safe quality of life in the County; and

Whereas, additional safety concerns will arise with the opening of the Silver Line metro with additional stations in Tyson's Corner; and

Whereas, fire and rescue equipment has a long useful life schedule; and

Whereas, additional proffers should be collected from developers for areas such as Tysons Corner/Mosaic/ Route 1, where the need for additional public safety is directly attributed to the development; and

Whereas, overtime can be reduced by 10% while allowing for completion of work; and

Whereas, additional fees could be generated for police documents or ambulance calls sufficient to partially pay for equipment; and

Whereas, physical security equipment can help reduce the need for uniformed officers; and

Whereas, volunteers can help staff the Animal Shelter as is done in many locations; and

Whereas, police are often used to transport patients, homeless or other people not requiring a policeman. The use of Sheriff's deputies or taxis might be a better use of funds.

THEREFORE BE IT

Resolved, the Federation supports using proffer funding in new development areas to include staffing for additional public safety and for to use volunteers through Volunteer Fairfax at the Animal Shelter. (Savings \$2.99M); and

Resolved, the Federation urges Public Safety to reduce overtime by 10%, review other fees and vehicle life tables to reduce future increases, and work closely with the Sheriff's department to consolidate/reduce similar functions.

F. DEBT MANAGEMENT

Background

In July 2011, as a result of the national debt ceiling issues, Moody's Investors Service placed the AAA Bond rating of the U.S. government on review for possible downgrade. As a result of this action, Moody's also placed the bond ratings of the Commonwealth and Fairfax County on review for possible

downgrade (negative outlook) due to the close alignment of both economies to that of the federal government. The County's AAA rating with negative outlook remains today. There is concern that this may impact the County's ability to raise additional debt revenue at favorable terms if a debt downgrade were to occur.

Debt Management Resolution

Whereas, Fairfax County has maintained a AAA rating from Moody's Investors Service since 1975, a AAA rating from Standard & Poor's since 1978 and a AAA rating from Fitch Ratings since 1997; and

Whereas, as of May 2012, Fairfax County is one of only eight states, 39 counties, and 34 cities to hold a triple-A rating from all three rating agencies; and

Whereas, savings associated with the County's triple-A bond rating are estimated to be in excess of \$402M since 1975; and

Whereas, in 1975, the County adopted and abides by a set of financial policies known as the Ten Principles of Sound Financial Management, designed to promote sound financial management practices and maintain and protect the County's triple-A bond rating; and

Whereas, these financial management principles require that net debt as a percentage of estimated market value be less than 3% and the ratio of debt service expenditures, as a percentage of Combined General Fund disbursements, be less than 10%; and

Whereas, the County plans to increase its net debt (General Obligation Bonds and other tax supported debt obligations) by an estimated \$60M over FY2013 estimates; and

Whereas, the increase in new debt is estimated to result in an increase in debt service requirements of approximately \$118.8M per year; and

Whereas, even with the increase in new debt, the County will continue to maintain low net debt and debt service ratios, estimated at 1.27% and 8.47% respectively, well within the guidelines established by the Ten Principles of Sound Financial Management; and

Whereas, Fairfax County has been able to maintain its triple-A bond rating throughout many economic downturns over the past 35 years by following its sound financial management practices.

THEREFORE BE IT

Resolved, the Federation recommends that Fairfax County continue its sound financial management policies and practices and restrict any new debt issuance so as not to negatively impact the County's triple-A rating nor breach the debt ratio limits prescribed by the adopted financial management principles.

Resolved, the County continues its open dialogue with the rating agencies and closely monitor the effects of sequestration on the County's economy and if necessary defer, or limit, any new debt issuance accordingly.

G. COUNTY EMPLOYEES COMPENSATION

Background

County residents expect quality services from its government. Services are provided by the employees and not the institution. Employees continue to work hard even though pay increases have been limited in recent years. County employees had a small raise in FY2012 which is being realized during FY2013.

Compensation Resolution

Whereas, the CPI for the Washington area rose by 1.8% from March 2012 to March 2013 and is projected to increase by 2.5% in FY2014; and

Whereas, health care costs are expected to increase by 8% in FY2014 following a 13% increase this year; and

Whereas, the number of County residents being provided services of all types continues to increase as the population increases -- 112,000 increase in population between 2000 and 2010. The trend will continue as the County expects an increase of over 34,600 residents between 2010 and 2015; and

Whereas, the County's population is diversifying so that 37% of the population speak a language other than English at home; and

Whereas, the population is aging in the County, so that by 2015, 11% of the population will be 65 years old or older and using more of all types of County services; and

Whereas, the County is reducing its workforce by 91 positions in FY2014 bringing the ratio of County employees to 1000 residents below its 1992 level despite increasing population; and

Whereas, the County needs to remain competitive to attract quality employees to public service; and

Whereas, the County Executive is implementing the STRIVE program which allows for no salary increase in FY2014 and limited increases thereafter.

THEREFORE BE IT

Resolved, the Federation recommends competitive compensation for County employees; and

Resolved, The Federation recommends that the County identify budget offsets for any compensation increase.

H. PENSION FUND REVIEW

Background

A comprehensive study of both the County and Public Schools retirement/pension funds is needed to determine whether the pensions are too generous or too conservative to retain employees and also whether they are adequately funded and managed. These funds include the Fairfax County Uniformed Retirement System, the Fairfax County Employees' Retirement System, the Fairfax County Police Officers Retirement System, the Educational Employees' Supplementary Retirement System and the Other Post-Employment Benefits, and OPEB. We should also consider the Virginia Retirement System (VRS), which is at the State level.

Methods to reduce the pension costs could be:

- switch to a defined-contribution plan for new employees only;
- continue increasing full retirement age for all to at least the Social Security age levels;

- have employees pay an even larger portion of their retirement plan costs.

Pension Fund Resolution

Whereas, the actuarial values of the assets and liabilities depend on the forecasted values of inflation and return on investment,

Whereas, the Board of Supervisors and School Board should be informed of potential shortfalls and surpluses, and

Whereas, the currently assumed values of the rates of inflation and return on investment differ significantly from what has been experienced over the past thirty years, especially the last ten years, and from the longer-term S&P 500 rate.

Whereas, the County's pension costs are already a major component of the County's expenses; and

Whereas, the County desires decreasing expenditures, not raising taxes, to meet budget limitations.

THEREFORE BE IT

Resolved, the Federation requests that the County and Schools evaluate their pension plans against updated actuarial tables to ensure that the plans are sustainable.

Resolved, the Federation urges the County and Schools to determine the reduction in cost associated with delaying payment of retirement benefits until age 65, with the annual payment being limited to what is currently earned with 30 years of service.

Resolved, the Federation requests that the County and Schools forecast and report the expected actuarial liabilities, year by year, over the next 30 years.

Resolved, the Federation requests that no retirement benefits be added or increased while the pensions are underfunded or while the County contribution to the County and State pension funds exceeds 10% of the wages.

II. REVENUES

Background

About 62.4% of the General Fund's revenue derives from residential, multi-family and commercial/office real estate taxes. Residential property values used to estimate revenue for FY2014 rose, by an average of 3.5% countywide with some areas receiving almost 7% increases. Foreclosures continued to decline.

Commercial assessments, including multi-family apartment buildings, rose only 0.14%, the second straight year such values have remained essentially unchanged.

The County Executive's projected revenue increases, compared to Adopted FY2013 Budget, include:

- \$112,151,134 or \$5.6% increase in real estate taxes (based on property assessments and proposed 2 cents rate increase to \$1.0975)
- \$4M decrease in personal property taxes
- \$About \$3M in other local taxes
- Increase of \$3.5M in transfers in
- Equalization/Assessment increases will generate about \$26M

The economy grew at about 2.2% for the year and unemployment declined to 3.7%, well below the national average. All these indicators show that the County's economy is poised for growth once the uncertainties of the effects of sequestration, Affordable Health Care Act, Transportation Act, and the Commonwealth's review and consolidation of funding to local governments are resolved. Until that time, the County should not increase real estate taxes and reduce its operating costs to live within the available revenue.

Revenues Resolution

Whereas, real estate values have increased on average 3.5% during the recent equalization process, meaning that maintaining the property tax rate of \$1.075 per \$100 would still generate about \$26M in revenue and increase the cost for the average homeowner of roughly \$93 per year; and

Whereas, tax payments are paid from income rather than home value; and

Whereas, the median household income, corrected for inflation, continues to decrease; and

Whereas, the Federation in Section I of this resolution (General Fund Expenditures), has urged some increases in funding for human services programs; and

Whereas, the effects of the comprehensive State Transportation Act contains significant tax increases on sales, wholesale gasoline/diesel, property transfers, and other taxes.

THEREFORE BE IT

Resolved, the Federation endorses a tax rate of \$1.095 per \$100 of assessed valuation.

III. BUDGET PROCESS

Background

Some 96 Boards, Authorities, Commissions (BACs) and other advisory groups are appointed by the Fairfax County Board of Supervisor or the Public School Board. Not one of those advisory panels focuses exclusively on the County's budget process.

In recent years, the Federation has called, without success, for the creation of a citizens' budget committee. The Board has established a process that has the potential, so far unfulfilled, to satisfy the Federation's request. Specifically, each supervisor may appoint a budget committee for his or her district, and the chairs of each district committee, in turn, meet as a countywide group to discuss broader budget issues. Unfortunately, no more than three or four supervisors currently have functioning budget committees. This uneven participation has limited the value of the countywide meetings of budget committee chairs.

There are other areas of Federation concern about the County budget process/calendar:

- The arrival of a proposed budget gives citizens little time to digest it, especially before a tax rate is advertised.
- There is limited public discussion of long-term budget issues, such as bond debt management, pension obligations and infrastructure obligations.
- There has been insufficient public explanation of whether a spike in County spending, which significantly raised the household tax bill between 2000 and 2007, even when adjusted for inflation, is fully justified in the current budget climate.

- There are concerns that the transfer to the FCPS does not receive independent review because there is not an independent auditor for the School Board.
- Performance measurements many times describe activity not results. Programs and the Public Schools must actually identify what programs are achieving their goals.

Resolution on County Budget Process

Whereas, there are no fewer than 86 Fairfax County boards, authorities and commissions, and 10 citizen advisory groups to the FCPS, all of which are advocacy groups for everything from trees to pets and child care to the elderly, none address a balanced, thorough analysis and prioritization of expenditures and revenue sources of the Fairfax County and Public Schools' budgets; and

Whereas, the ongoing financial situation creates counterproductive competition among vital programs, making carefully tailored cuts especially important, based on a close examination of community needs and projected resources; and

Whereas, a few of the District Supervisors have their own advisory committees on the County budget, whose chairs meet irregularly to exchange ideas; and

Whereas, community input must not only be broad, but also be informed by a depth of knowledge that effectively employs the diverse expertise of those who live and work in Fairfax County; and

Whereas, the Advertised Property Tax Rate for FY2014 had to be set just one week after the County Executive released his FY2014 Advertised Budget; and

Whereas, the County's increasing participation in public-private partnerships, including the Tysons transit and other community redevelopments, may expose taxpayers to open-ended financial risks without adequate public discussion; and

Whereas, the Advertised Budget was released on February 26, 2013, and the public hearings on the budget are scheduled to begin 41 days later, on April 9; and

Whereas, the most recent edition of the County's *Performance Measurement Matters* newsletter is dated Fall 2008; and

Whereas, the accomplishments of most departments and agencies are well reported in the county's proposed budget under the heading of Performance Measurement Results, but many County offices report activities, such as attending meetings, rather than accomplishments; and

Whereas, the Schools do not have an independent auditor to review programs against expenditures to determine which programs deliver promised benefits; and

Whereas, both the County government and Schools provide many non-mandated programs that should be reviewed for effectiveness, especially during economic downturns. But it seems once a program begins, it is hard to end it; and

Whereas, the average real dollar amount of Fairfax real estate property taxes more than doubled FY2000-2012, a time when median incomes remained flat or decreased; and

Whereas, the Commonwealth's Transportation Plan imposes significant sales tax increases, wholesale gas taxes, and increased fees on property transfers; and

Whereas, Fairfax County has an obligation to ensure the most efficient use of tax dollars at a time of continuing shortfalls, to minimize damage to essential County and Schools programs, and to limit the strain on County taxpayers.

THEREFORE BE IT

Resolved, the Federation praises the County's extensive series of public meetings to solicit community input on spending priorities, and urges that such meetings be continued in future years;

Resolved, that the Federation strongly urges that the processes/calendar for County residents' informed input to the budget decision-making process allow at least 60 days between release of the Advertised Budget and the public testimony on the budget.

Resolved, the Federation strongly advocates for year-round review of the budget by a citizens' advisory committee to the Board of Supervisors, comprised of members whose focus is not advocacy of specific causes but a balanced, in-depth analysis and prioritization of expenditures and revenue sources for Fairfax County government and Public Schools' budgets.

Resolved, that the Federation urges all District supervisors to appoint budget advisory committees, and at the very least appoint a chairman who can participate in countywide meetings with other district budget committee chairs.

Resolved, the Federation recommends that the County establish an inventory of all public-private partnerships that may expose taxpayers to unexpected budget obligations, and establish a process that ensures broad public discussion of any partnership that may entail hidden risks for taxpayers.

Resolved, the Federation requests that all Performance Measurement results in departmental budgets and Lines of Business documents, the latter of which needs to be updated, be reported in terms of accomplishments/results.