FAIRFAX COUNTY FEDERATION of Citizens Associations Established 1940

Fairfax County Federation of Citizens Associations
Resolutions Package
Approved at the Federation Membership Meeting on March 24, 2011

Fairfax County Advertised Fiscal Year 2012 Budget
And Fiscal Year 2012-2016 Capital Improvement Program

INTRODUCTION

Fairfax County's FY 2012 represents the end of a challenging three-year budget environment that began with the subprime mortgage and foreclosure emergencies in FY 2009, and culminated with a sharp fall in revenue in FY 2011. In contrast to previous years, FY 2012 is described by county leaders as a "balanced, no-expansion" budget that preserves services and avoids major program or personnel cuts.

This review of the proposed FY 2012 budget by the Fairfax County Federation of Citizens Associations yields several over-arching conclusions:

- The county deserves praise for steering prudently through a time of extended fiscal challenge due to the ongoing recession.
- As the economy slowly improves, attention must begin to turn to funding some county needs that have been underfunded in previous years.
- The Federation urges a real estate tax rate of $1.075 per $100 of assessed valuation. While this will allow an increase in real estate property taxes, the Federation concludes that an additional $10 M is needed for school priorities, including completion of full-day kindergarten, and $5 M is needed to offset possible cuts in state and federal funding for Human Services program.
- In a time when total real estate property values in Fairfax County remain less than in FY 2009, and when many residents and households continue to feel financial distress, the average tax bill could approach historically high levels in Fairfax County. Therefore continued efforts must be made to identify cost reductions.
- The Federation is dissatisfied with the current public budget process and strongly recommends that additional time be added to the budget process. It also urges a far more meaningful role for public input; and a more transparent discussion of long-term budget issues, such as pension liabilities, potential federal and state funding cuts, and transportation infrastructure costs connected to Tysons Corner, Dulles Rail and BRAC. Greatest among the Federation's disappointments is the continued lack of a countywide citizens' budget committee.

In short, the calmer fiscal climate represents the right time to reexamine both the county's process for setting spending priorities, and also to review long-standing buildups in county spending, to see if greater efficiencies can be achieved. An improved, more inclusive process should be in place for FY 2013 and future budgets.

FY 2012 OVERVIEW

The County Executive's FY 2012 Advertised Budget Plan (www.fairfaxcounty.gov/dmb) totals $6.1 B. General Fund disbursements are $3.38 B, an increase of $68.2 M, or 2.0 percent, over the FY 2011 Adopted Budget Plan. This includes a 3.8 percent in the county government's portion of the General Fund. Here are some highlights of the proposed FY 2012 budget:

- The School Operating Transfer remains unchanged from FY 2011.
- General fund revenues rise $102.8 M, including a still-unallocated balance of $30 M.
- Residential and commercial property assessments are "clearly stabilizing," with a residential value increase of 2.34 percent.
- At the county's current real estate tax rate of $1.09 per $100, the average homeowner's tax bill will increase by $110—to $4,834, the second highest total ever.
- As noted in FY 2011, service cuts in recent years are retained, representing a "new normal."
- No county employee pay increase, for the third consecutive year.
- A $15.4 M increase for fiduciary requirements associated with the county's retirement systems, and a general fund payment of $10.1 M for other post-employment benefits.

This budget resolution package addresses 1) General Fund expenditures; 2) General Fund Revenues; 3) the Capital Improvement Program; and 4) the county's budget process. There is also a concluding resolution. Some sections of this document contain a Background explanation for the benefit of the Federation Membership, as well as a resolution, or resolutions, pertaining to the topics of the section.

I. GENERAL FUND EXPENDITURES

General Fund total disbursements, which is composed of expenditures directly from the General Fund and "transfers out" to the Schools, Capital Improvement Program, Community Services Board, and other funds, total $3.376 B, an increase of $68.2 M, or 2 percent, from the FY 2011 Adopted Budget Plan. County Executive Anthony Griffin characterizes FY 2012 as "a barebones budget which fulfills minimum fiscal obligations and ensures the funding of essential services and core functions necessary for the continuity of operations."

Major characteristics of the proposed FY 2012 expenditures include:

- An increase of $78 M in agency and personnel needs, driven largely by insurance, pension costs, and other post-employment benefits.
- A projected $9.8 M in agency cuts and reorganizations to partly offset agency increases.

- No county employee pay increases.
- No change in school operating transfer
- No major program cuts or expansions
- The conversion of part-time jobs into 400 merit positions, resulting in an increase of $4 M for benefits.

Longer-term, there are concerns about funding of county employee pensions, and infrastructure obligations related to the re-planning of Tysons Corner also will increase.

A. EDUCATION

Education Resolution

Whereas, there was no increase in the County transfer increase to Fairfax County Public Schools (FCPS) in FY 2010, and an actual decrease of $14.6 M in FY 2011; and

Whereas, the County Executive has recommended not increasing the transfer amount to FCPS in FY 2012; and

Whereas, the County Executive has proposed increasing the County's budget by $68.2 M, of which $31.8 M is from new directed/dedicated funds; and

Whereas, from FY 2009 to FY 2011, FCPS enrollment has increased by about 6,000 students; and

Whereas, a shift in the demographics of the student population, and an increase in the number of services provided to students with disabilities, has necessitated an even greater number of teachers; and

Whereas, an increase of 2,120 students is projected in FY 2012 at a cost of $17.8 M; and

Whereas, FCPS employees have not received an increase in compensation (neither market scale adjustment, nor step increase, nor merit) for the last 2 years; and

Whereas the FCPS Advertized FY 2012 budget includes $35.8 M for a 2 percent saving increase, and $40.2 M for a step increase (averaging 2.3 percent but not available for all employees with over 20 years of service); and

Whereas, FCPS has requested an increase of $42 M (2.6 percent) in the transfer amount; and

Whereas, the State has imposed additional costs of $33.3 M for the VRS retirement fund and $8 M for on-line SOL testing of elementary students, of which at least $4 M is needed in FY 2012, and there is a further loss of $1.7 M for AB/IB fees as a result of Attorney General's opinion; and

Whereas, under a 3-year phase-in plan adopted before FY 2008, all FCPS elementary schools were to have full-day kindergarten by FY 2010, and FCPS currently has about

100 elementary schools with full-day kindergarten, but 37 schools still have half-day kindergarten; and

Whereas, the School Board has directed the Superintendent to develop a plan to implement full-day kindergarten in all of the district's elementary schools by FY 2014 at a cost of $7.3 M; and

Whereas, the County Executive has recommended continued funding of school-related activities including resource officers, school crossing guards, certain after-school programs, Head Start, school health personnel, some field maintenance, and debt service; therefore, be it

Resolved, that the Federation supports some compensation increase for FCPS employees, but prefers a one-time flat dollar amount, so long as it does not increase the transfer of funds from the county. However, if County employees receive a salary increase, the Federation believes school employees should be treated comparably; and be it further

Resolved, that as a matter of fairness, the Federation supports implementation of all-day kindergarten in all remaining elementary schools as soon as fiscally possible; and be it further

Resolved, that the Federation acknowledges and supports the continued county funding of school-related activities, as recommended by the County Executive; and be it finally

Resolved, that the Federation recommends that the Board of Supervisors transfer an additional $10 M above the amount transferred to FCPS in the Adopted FY 2011 County budget, with the expectation that FCPS will implement full-day kindergarten in as many of the remaining 37 schools as physically possible in FY 2012, and that FCPS will acquire the initial equipment necessary to implement online SOL testing in all elementary schools in FY 2013.

B. HUMAN SERVICES

Background. The Health and Welfare area of the budget includes Human Service categories, such as Family Services, Neighborhood and Community Services, Administration for Human Services, and Office to Prevent and End Homelessness. It also includes the Health Department and a county transfer to the Fairfax-Falls Church Community Services Board. Collectively, the programs service the needs of various populations, including low-income, homeless and senior residents. The Neighborhood and Community Services office was created in FY 2011, consolidating the Department of Community and Recreation Services and the Department of Systems Management for Human Services.

As a result of the economy's deterioration in recent years, Fairfax County has seen a significant increase in people needing assistance, including a sharp rise in youngsters attending School Age Child Care programs. FY 2012 calls for an increase in total Health and Welfare funding of 5.0 percent, from $363.4 M to $381.7 M. Much of this increase was led by a $12.5 M rise in spending on the Department of Family Services, most of which—$11.8 M—is funded by non-county revenue.

Indeed, the partial dependence on state and federal revenue is one source of uncertainty for Human Services, as funding from those sources is subject to possible change.

Human Services Resolution

Whereas, the Federation recognizes that the ongoing economic downturn has made it difficult to prioritize programming for the county's neediest and most vulnerable populations; and

Whereas, the Federation recognizes the county has worked to build safety net partnerships with community organizations, and to improve internal efficiencies; and

Whereas, Human Services spending depends in part on state and federal funds, and there is uncertainty as to whether some of that funding may be cut; and

Whereas, Human Services spending has decreased in recent years, even as the public's need has grown; therefore, be it

Resolved, that the Federation supports all FY 2012 increases in county funding for human services; and be it further

Resolved, that the Federation applauds the creation of Neighborhood and Community Services, as a significant contribution to operational efficiencies, accessibility and delivery of services; and be it further

Resolved, that the Federation urges that at least $5 M be set aside as a reserve, in case anticipated state or federal funding is cut, and that this money be returned to a General Fund reserve if the county receives all federal and state funding projected for Human Services programs; and be it further

Resolved, that the Federation urges that there be no more human services cuts in upcoming budgets, and that cuts from recent budgets be reexamined as the economy improves, for possible restoration; and be it finally

Resolved, that the Federation asks the county to explore ways of better anticipating and mitigating foreclosures and housing downturns, as these have a major impact on human service needs.

C. FAIRFAX – FALLS CHURCH COMMUNITY SERVICES BOARD

Background. Revenue and spending both will grow by $4.3 M in FY 2012 for the Fairfax-Falls Church Community Services Board, from $144.5 M in Adopted FY 2011 to $148.8 M. This total includes county, federal and state transfers, and about threequarters of the new money will come from the state and federal governments. Fairfax County's transfer to CSB would rise by $1.1M, from $93.3 M to $94.4 M. About $1.06 M would be spent to create 15.5 SYE positions, staffing six new intensive community treatment teams. The budget notes that CSB continues to work to implement the recommendations of the Josiah H. Beeman Commission, which recommended better integration of treatment for mental health, substance abuse and intellectual disabilities. It also notes that the service population rose rapidly in FY 2011, by about 20 percent.

Fairfax – Falls Church Community Services Board Resolution

Whereas, service levels continue to grow for those needing mental health treatment; and

Whereas, state and federal funds for FY 2012 grew by more than $3 M; and

Whereas, CSB would create six intensive community treatment teams; and

Whereas, CSB is still working to integrate service delivery, as recommended by the Josiah H. Beeman Commission, leaving additional requirements to be satisfied; therefore, be it

Resolved, that the Federation endorses the creation of six intensive community treatment teams; and be it further

Resolved, that the Federation urges increased effort in coming budget years to fully implement the recommendations by the Josiah H. Beeman Commission.

D. PARKS

Background. After experiencing some of the county's most severe cuts in FY 2010 and 2011, county parks got a bit of a reprieve in the advertised FY 2012 budget, holding steady at a net cost budget of $26.1 M. The Park Authority's 358 SYE positions are equal to the FY 2011 revised budget, and an increase of 21 over the FY 2011 adopted budget. The Authority is a major provider of retail services, welcoming 17.1 million visitors in FY 2010 to 417 parks, and grooming fields for 174,000 competitors. The Park Authority also maintains a more than 300 mile trail system, and works to control non-native invasive plants, promote native species and preserve woodlands and green open spaces.

Park Authority Resolution

Whereas**,** the Advertised Budget proposes maintaining staffing and funding from the FY 2011 budget level; and

Whereas, county parks suffered cuts in FY 2010 and FY 2011; and

Whereas, county parks are an important quality of life amenity, in FY 2010 hosting an estimated 17.1 M visitors; therefore, be it

Resolved, that the Federation supports the maintenance of funding in the FY 2012 advertised budget; and be it further

Resolved, that the parks, because of cuts in previous years, should receive high priority for funding restoration when the economy recovers further.

E. TRANSPORTATION

Background. County transfers support three primary modes of mass transportation: subway (Metrorail), bus (Fairfax Connector and Metrobus), and heavy commuter rail (Virginia Rail Express, or 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 Washington Metropolitan Area Transit Authority (WMATA) does not establish its budget until June, but the projected FY 2012 subsidy requirement for Metro Operating Expenses totals $79.3 M, a net increase of $7.2 M, or 7 percent, over the *FY 2011 Revised Budget Plan*. A General Fund transfer of $11.3 M is proposed for Metro, an increase of $3.8 M over the FY 2011 Revised Budget Plan.

Total FY 2012 funding of $93.1 M is proposed for county bus services, including $76.9 M for FAIRFAX CONNECTOR existing and new service, and $12.5 M in one-time funding for the acquisition of 25 new buses. The buses must be ordered 18 months in advance to support transit on future High Occupancy Toll lanes.

The proposed FY 2012 General Fund transfer for county bus service is $34.4 M, an increase of $2.4 M, or 7.7 percent, over the FY 2011 Adopted Budget Plan. This increase supports additional CONNECTOR service associated with Fort Belvoir (BRAC). The county also proposes to save $1,187,886 by eliminating the Tysons Lunch Shuttle. No bus fare increase is proposed for FY 2012.

Transportation Resolution

Whereas, mass transit is essential to the region's economy, security and environmental health; and

Whereas, there is an old unused rail line running from Fort Belvoir to Springfield owned, and controlled by the US Army; and

Whereas, the Mt. Vernon transit program fund now has $30 M, and that fund could go as high as $55 M; and

Whereas, the budget provides for minimal service cuts, most notably the elimination of a Tysons Lunch Shuttle bus service; and therefore be it

Resolved, that the Federation supports the proposed county General Fund transfers to Metro, Fairfax Connector, and VRE, and notes that additional funding may be required when the Metro budget is set in June; and be it further

Resolved, that the Federation supports closure of the Tysons Lunch Shuttle bus service; and be it further

Resolved, that the Federation supports the consideration of updating of the old and unused rail line from Fort Belvoir to Springfield, and that this rail line be placed in service by the completion of BRAC transfers to Fort Belvoir; and urges the Board of Supervisors to contact appropriate members of Congress and the administration regarding this project; and be it further

Resolved, that the Federation urges the Board of Supervisor dedicate the Mount Vernon transit fund to building rail to Fort Belvoir; and be it finally

Resolved, that the Federation urges that bus schedules be aligned to serve workers who must return home late at night.

F. PUBLIC SAFETY

Background. The public safety budget covers several key agencies: police, fire/rescue, sheriff's department/county jail, 911 emergency dispatching, and juvenile and family relations domestic court.

The proposed FY 2012 public safety budget is $411.2 M, virtually identical to the $411.5 M in the adopted FY 2011 budget. The Police Department and Fire and Rescue Department each will cut $1 M from their unscheduled overtime budget, saving a total of $2 M. Police staffing for FY 2012 is at 1,712 SYE positions, compared with 1,704 in the FY 2011 adopted budget, while fire staffing is at 1,497 SYE positions, the same as the revised FY 2011 budget, and 35 more than the FY 2011 adopted budget.

Since FY 2010, the two departments estimate total overtime savings of nearly $16 M, but each says there will be some service costs. These include increased police response times, delayed investigations, difficulty responding to unforeseen major incidents; and reduced Advanced Life Support training for fire/rescue workers.

Similarly, sheriff's staffing remains almost identical, but a $1.5 M reduction in overtime costs will enable the county to lower the sheriff's budget to $42.4 M, $900,000 less than in the FY 2011 adopted budget (other costs offset some of the overtimes savings). According to the FY 2012 document, the sheriff's office has found it less expensive to maintain full staffing than to pay overtime costs.

Public Safety Resolution

Whereas, Public Safety accounts for $411.2 M, or 12.2 percent of the proposed FY 2012 operating budget; and

Whereas, promotion of public safety is essential to Fairfax County's quality of life—the No. 1 county priority—and must be balanced carefully against fiscal concerns; and

Whereas, reductions in overtime enable the police, fire and sheriff's staff maintain current staffing, but also may cause some slippage in service; therefore, be it

Resolved, that the Federation supports adoption of the recommended Public Safety budget as a responsible way of balancing safety concerns and fiscal reality; and be it further

Resolved, that the Federation notes the safety concerns cited by police and fire officials, and urges the Board of Supervisors and county staff to closely monitor the potential dangers, with an eye to restoring some overtime if the need is demonstrated to preserve public safety.

G. LIBRARIES

Background. County libraries underwent extensive service cuts in FY 2011, when $2.5 M and 65 SYE positions were eliminated from the previous year. The libraries will retain the same hours and funding ($26.03 M) as the FY 2011 adopted budget, and staffing will grow modestly (from 356.5 SYE in adopted FY 2011, to 364.5 in FY 2012).

The county has adopted some valuable efficiencies, such as self-checkout and self-service for library users, and enhanced online availability of references. And Friends of the Library programs are playing a growing role in the libraries' services, such as some children's reading programs and adopting of schools, to make up for the retirement and attrition of staff in previous years.

Libraries Resolution

Whereas, a recent national study funded by the Bill & Melinda Gates Foundation found that in 2009 libraries were a vital resource for an estimated 77 million Americans (a third of the teenage and adult US population), many of whom were low income, who used library computers to do research for homework and to seek jobs; and

Whereas, service hours and staffing were significantly cut in FY 2011 at the regional and community libraries; and

Whereas, self-service lines and increased programming and fundraising by Friends of the Library groups have eased the impact of staff reductions, but in some cases these volunteers do not receive adequate staff support; and

Whereas, the FY 2012 Advertised Budget maintains the same funding as the FY 2011 adopted budget; therefore, be it

Resolved, that the Federation accepts proposed FY 2012 funding levels, but urges that libraries be given high priority for restored funding as the county's finances improve in future years; and be it further

Resolved, that the Federation urges that all library staff cooperate fully with Friends of the Library volunteers to enhance the quality of service provided by our libraries.

H. COUNTY AND SCHOOL EMPLOYEES PENSION FUND

Background. Since 2000, county pension obligations have risen significantly, for funds covering county employees, Fairfax school employees and uniformed public safety officers. A detailed Fairfax County Federation of Citizen Associations evaluation of county pension funds is at the end of this report, as Appendix A. Its key points are:

- Under the county's reported actuarial assumptions, the pension funds are under-funded.
- The actuarial values of pension fund assets and liabilities should be evaluated under multiple economic scenarios—including high inflation, and scenarios where returns on investment are equal to the historical averages over the last ten, twenty and thirty years.
- Because the pension fund already is a major cost to the county, the switch to a defined-contribution plan should be evaluated, for new employees.
- Pension costs increased significantly over the past decade, primarily because many benefits were added when the return on investment was high. Now that investment return is low, these added benefits, e.g., paying the employee's contribution to the Virginia Retirement System (VRS), should be reconsidered.
- Reports on Other Post-Employee Benefits should be made to conform to those of the other pension funds.

Pension Resolutions

Pension Resolution 1: Re-evaluate actuarial assets and liabilities under historical rates of inflation and return on investment

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

Whereas, the Board of Supervisors 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 10 years, and from the longer-term S&P 500 rate; therefore, be it

Resolved, that the Federation recommends that the actuarial values be re-computed under alternative assumptions, including (1) the last 10-, 20- and 30-year average values for the rate of return of the pension and the inflation rate and (2) the high inflation rates anticipated by many economists.

Pension Resolution 2: Evaluate current retirement plans and alternatives to identify sustainable options

Whereas, the Board of Supervisors has commissioned a study to review sustainable retirement plan options, including defined-contribution plans; and

Whereas, under the current assumptions used by the county, the actuarial assets are less than the actuarial liabilities, indicating that the Fairfax County's defined-benefit pensions are currently under-funded; and

Whereas, a proper balance of the varied fiscal needs of current and prospective employees should be included in the planning process, and may call for an expansion of defined-contribution options; and

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; and

Resolved, that the Federation urge the Board of Supervisors to review sustainable retirement plan options being prepared by a consultant for a final report to the Board in July 2011, conduct a 60-day review of the various options recommended for consideration, and select a plan for Fairfax County employees that reduces the present costs of retirement plans now in effect.

Pension Resolution 3: Project actuarial liabilities for the next 30 years

Whereas, the growth in actuarial liabilities continues to exceed the growth in actuarial assets, estimates of future actuarial liabilities are needed for budgeting purposes, therefore, be it

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

Pension Resolution 4: Avoid increasing retirement benefits while pensions are underfunded

Whereas, actuarial liabilities are increasing faster than actuarial assets, thereby increasing the underfunding of the pension plans; therefore, be it

Resolved, that the Federation requests that no retirement benefits be added or increased while the pensions are underfunded.

Pension Resolution 5: Review increases in retirement benefits

Whereas, at least some of the actuarial underfunding is due to new retirement benefits being added in prior years, when higher returns on investment were experienced; therefore, be it

Resolved, that the Federation requests that the county review the retirement benefits added during the past decade and provide a public accounting of potential long-term liabilities associated with those benefits.

I. Land Development Services

Background**.** In its resolution on FY 2011, the Federation performed an evaluation of Land Development Services, and concluded that additional budget savings could be realized. A new evaluation (available in full, Appendix B) continues to find unneeded staffing. The key points of the evaluation and supporting resolution are:

- The workload of the Land Development Services (LDS) unit has decreased consistently and substantially since FY 2000.

- Some $6.8 M in employee costs can safely be trimmed, in addition to $3M in savings proposed in the FY 2012 budget, by reducing the proposed Land Development Services workforce of 275 employees, to a total of 170.

- In times of higher demand for LDS services, the workload can be handled by contract employees.

Resolution on Land Development Services Budget

Whereas, the Performance Measurement Results for the Land Development Services unit show that the caseload of that unit has decreased consistently and substantially since FY2000; and

Whereas, the Land Development Services is to be congratulated for proposing a $3 M reduction in its budget; and

Whereas, another reduction of $6.8 M seems possible in the Land Development Services budget to match the decrease in workload; and

Whereas, the county wants to decrease expenditures to meet budget limitations; and

Whereas, Land Development Services can outsource some work, as needed, under emergency conditions; therefore, be it

Resolved, that the Federation agrees with the proposed decrease in the Land Development Services personnel to 275, and suggests that any further reduction not impair the county’s land development needs or the performance of the unit.

J. Economic Development Authority

Whereas, the Economic Development Authority was established in 1964 to promote business and investment growth in Fairfax County; and

Whereas, the EDA has 34 full-time staff members, and satellite offices in San Francisco, Bangalore (India), London, Munich, Seoul and Tel Aviv; and

Whereas, the advertized budget for the EDA has increased to $7,045,506 in FY 2012, compared to$6,795,506 in FY 2011; and

Whereas, the effectiveness of the EDA is not clear and merits evaluation;

Whereas, some of the work of the Economic Development Authority might duplicate the work of the Virginia Economic Development Partnership; therefore, be it

Resolved, that the Federation urges the Board of Supervisors to evaluate the EDA's cost effectiveness, including EDA satellite offices and staffing level, and be it further

Resolved, that the Federation urges that the BOS does not increase the FY 2012 budget to more than the FY 2011 level.

II. REVENUES

Background. About 62 percent of the General Fund revenue derives from residential, multi-family and commercial/office real estate taxes. Residential property values used to estimate revenue for FY 2012 had their strongest performance since FY 2007, rising 2.34 percent, following four consecutive years of decline. Commercial values rose 3.73 percent, following a drop in assessed value of 18.29 percent in FY 2011. Moreover, the county listed a total of 842 residential disclosures in December 2009, far less than the peak of 2,257 foreclosures in September 2008.

Driven by this nascent real estate recovery, the county projects $102.8 M in increased General Fund revenue, assuming the real estate tax rate is held at $1.09 per $100 of assessed valuation. That is an increase of 3.1 percent over the FY 2011 adopted budget. The projected revenue increases include:

- $69.2 M in increased real estate taxes (vs. FY 2011 adopted budget)
- $20.03 M in increased personal property taxes (vs. FY 2011 adopted), mostly due to a higher percentage of newly purchased vehicles.
- $11.76 M in other local taxes (vs. FY 2011 adopted), due to increases in various categories.

Because of these projected increases in tax revenue, the county has not proposed fee increases, or a higher real estate tax rate, two sources of additional revenue in prior budget years.

The 2008-09 recession was the nation's most severe since the Great Depression. The recovery, while heartening, is still considered slower than past recoveries, making a swift rebound of real estate tax assessments unlikely.

Unlike previous budgets, the FY 2012 plan contains no reserves to offset funding shortfalls from the Commonwealth, although state and federal funding remain sources of long-term uncertainty. The only reserve is a $30 M balance (at a $1.09 tax rate) to be allocated at the discretion of the Board of Supervisors.

Revenues Resolution

Whereas, real estate values have increased slightly, meaning that maintaining the property tax rate of $1.09 would increase the average homeowner's bill by $110.55; and

Whereas, in recent years, the Fairfax County Federation of Citizens Associations has recommended holding the line on average homeowner tax bills, which in FY 2012 would mean a real estate property tax rate of $1.065 per $100 of assessed valuation; and

Whereas, the Federation has urged that $10 M be added to the education transfer to pay for the expansion of full-day kindergarten and new supporting technology for online SOL testing at all elementary schools; and

Whereas, the Federation has urged that $5 M be added to the Human Services budget, as a reserve against unanticipated cuts in state and federal funding; and

Whereas, a tax rate of $1.075 per $100 of assessed valuation would pay for the Federation's requested additions but produce $28.95 M less than total revenue in the advertised FY 2012 budget, which was based on a rate $1.09 per $100 of assessed valuation; therefore, be it

Resolved, the Federation endorses a tax rate of $1.075 per $100 of assessed valuation, and urges that the Board of Supervisors identify $28.95 M in spending reductions from the FY 2012 advertised budget, drawing on the best savings proposals recommended to individual supervisors by the District Budget Advisory Committees of the four Supervisors who have appointed them.

III. CAPITAL IMPROVEMENT PROGRAM

Background. The County Executive's Advertised Capital Improvement Program for FY 2012 - FY 2016 proposes bond sales targets for:

- the County of $275 M per year, or a ratio of debt to the value of taxable property of 1.06 percent; and
- FCPS bond sales of $155 M per year for the five year CIP period, thereby maintaining the present allowable bond authority for FCPS for an additional five years; and

Further, the county executive is recommending the following bond referenda for the county of:

- $120 M in Fall 2012 or FY 2013
    - $50 M is for parks ($12 M for the Northern Virginia Regional Park Authority and $38 M for the Fairfax County Park Authority),
    - $50 M for prioritized Public Safety facilities (3 fire stations and renewal of 22 existing courtrooms); and
    - $20 M for prioritized library renovation projects, and
- $100 M in Fall 2014 to support road construction for the Tysons Corner area; and
- FCPS bond reference of $240 M in the autumn of 2011, 2013, and 2015 (FYs 2012, 2014, and 2016, respectively); and

The paydown program proposed for FY 2012 is $16.1 M, a small increase of $507 K over the FY 2011 Adopted Budget, which will provide

- $2.17 M for the Americans with Disabilities Act (ADA) annual requirements
- $1.88 M for Park Authority Grounds, Building and Equipment Maintenance,
- $4.65 M for Athletic Field Maintenance;
- $550 K for renovation of a fourth courtroom;
- $1.1 M for continued revitalization maintenance and support;
- $85 K for Clean Air Partners and the Invasive Plant Removal Program;
- $2.24 M for ongoing development such as Laurel Hill development, emergency road repairs and developer defaults; and
- $3.42 M for the School-Age Child Care (SACC) program, the Northern Virginia Community College, and the annual Salona Park property payment,

Capital Renewal projects amounting to $35 M over 3 years are proposed to eliminate the current backlog of infrastructure updates and enable the renewal program to reach a fairly consistent level of annual funding.

And capital construction plans for FY 2012 - FY 2016 include preliminary estimates for:

- replacement of the 1967 Massey building
- infrastructure costs associated with the
    - Tysons Corner redevelopment plan,
    - Dulles Rail project and

over 110 capital projects (i.e., fire stations, libraries, human service facilities) and capital programs (i.e., athletic field maintenance, dam safety programs) have also been identified for future requirements beyond the 5-year CIP period;

The CIP also supports the Blueprint for Affordable Housing formulated in FY 2010.

Capital Improvement Program Resolution

Whereas, the Capital Improvement Program assures funding for long-term capital projects; and

Whereas, the county has numerous capital-plant needs, for both Fairfax County schools and county-government projects such as rail and Tysons-related projects; and

Whereas, it is important that debt obligations permit the retention of Fairfax County's AAA bond rating, therefore be it

Resolved, that the Federation supports the cautious approach to bond sales keeping the ratio of debt to the value of taxable property below 3 percent, which will help maintain the county's AAA bond rating; and be it further

Resolved, that the Federation is concerned about the possibly escalating costs of the capital construction projects and how to fund them; and be it further

Resolved, that the Federation requests a clear public explanation, and analysis, of Fairfax County's financial exposure should there be additional costs on Dulles Rail; and be it further

Resolved, that the Federation commends the continuing efforts to find county and private partnership funding of $10 M to meet the requirements identified in the Blueprint for Affordable Housing; and finally be it

Resolved, that the Federation supports recommended bonds for schools, athletic fields maintenance, and the fee for stormwater management.

IV. 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.

More than any other county decision, the budget affects all citizens, and places community groups in competition for scarce resources. Both in prosperous and tough times, the in-depth expertise and outside perspective of a citizens' budget committee could help ensure a proactive and heightened efficiency in spending the taxpayers' money. Given the budget's central importance in county life, the absence of a citizens' budget committee from this list is difficult to justify. Unfortunately, the Federation's call in recent years for a citizens' budget committee has yet to be implemented.

There are other areas of Federation concern about the county budget process:

- The late 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 pension obligations and infrastructure obligations.
- The Smart Services committee, which pools county and school staff to examine savings, appears reluctant to examine large-scale consolidation of basic operations, such as human resources.
- There has been insufficient public explanation of whether the spike in county spending over the past decade is fully justified in the current budget climate.

- Performance measurements sometimes describe activity, but do not spell out what programs actually are achieving.

Collectively, all these shortcomings make it difficult for the public to identify potential waste or inefficiency in county spending, or to identify areas where greater county investment might improve county life.

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

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 FY 2012 had to be set on the same day that the county executive released his FY 2012 Advertised Budget; and

Whereas, the Advertised Budget was released on February 22, FY 2011, and the public hearings on the budget are scheduled to begin only 35 days later, on March 29; and

Whereas, the Smart Services committee, which pools county and school staff to examine savings, appears reluctant to examine large-scale consolidation of basic operations, such as human resources; 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 some county offices report activities, such as attending meetings, rather than accomplishments; and

Whereas, the average real dollar amount of Fairfax real estate property taxes nearly doubled FY 2000 - 2007, and real estate property owners are being asked to continue paying that level of taxation at a time of widespread personal duress; 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 programs, and to limit the strain on county taxpayers; and therefore be it

Resolved, that although 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; and be it further

Resolved, that the Federation strongly urges that the processes for county residents' informed input to the budget decision-making process are in serious need of a makeover and need to allow (a) at least 60 days between release of the Advertised Budget and the public testimony on the budget, and (b) deeper study of the budget on a year-round basis by a citizens' advisory committee to the Board of Supervisors, which is comprised of members whose focus is not advocacy of specific causes but a balanced, in-depth analysis and prioritization of expenditures and revenue sources of Fairfax County governments' and public schools' budgets; and be it further

Resolved, that the Federation believes the County-FCPS Smart Services Committee should be more aggressive in its review of possible consolidations of county-school administrative functions, such as merging most/all County and FCPS human resource activities; and be it further

Resolved, that 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, as well as activities such as attending meetings; and be it finally

Resolved, that the county better explain the history and mission of individual programs and departments, as well as spending increases since FY 2001, to help the public assess whether spending increases are justified or sustainable in less prosperous budget environments.

V. CONCLUDING RESOLUTION

Whereas, the County Executive's FY 2012 Advertised Budget offers a balanced plan that preserves major programs; and

Whereas, the Federation has proposed a few modifications to the Advertised Budget; therefore, be it

Resolved, that the Federation appreciates that the county executive submitted to the Board of Supervisors a fiscally responsible proposed budget; and be it finally

Resolved, that the Federation appreciates the challenges that the Board of Supervisors and county staff face, and the hard choices that have been made this year, and in recent years, to successfully negotiate an extended period of severe budget challenges.