BUDGET GUIDANCE
For FISCAL YEARS 2010 and 2011

At a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board Auditorium of the Fairfax County Government Center on Monday April 20, 2009, the Board approved the following Budget Guidelines for FY 2011:

1. Based on current market trends, it appears that real estate assessments will realize further negative growth in FY 2011 and that overall County revenue will at best remain flat but most likely will actually decline in FY 2011. As a result, funding for County and School spending will be further limited in FY 2011. As a result, the Board directs the County Executive to:

Forecast

- Provide the Board of Supervisors with regular updates on the FY 2011 financial forecast to assist Board of Supervisors' decision making as it relates to guidance to the County and the Schools on the strategic priorities and the budgetary support for programs and services in FY 2011. This forecast shall include revenue projections with a focus on the residential market including regular updates on the number of foreclosures, their location and the impact on the housing market. Preliminary estimates of revenue growth should be provided by the August 3, 2009 Board of Supervisors meeting and shared with the Schools.

Federal Stimulus Tracking

- Provide the Board of Supervisors with regular updates on the impact of Federal Economic stimulus funding on the County including status of application for funding, funding awarded and how funding shall be used. In addition, the Schools shall include information regarding final determination of stimulus funding availability for Fairfax County Public Schools and the impact on proposed reductions or application to specific programs.

Public Input Process

- The Board of Supervisors is extremely interested in continuing to educate the community on the budget and the budget process and to engage the community in discussions of what Fairfax County's priorities should be during difficult economic times. Therefore, the County Executive is directed to work with the Board of Supervisors to implement a public input process as part of the FY 2011 budget that provides opportunity for public comment, in the Fall of 2009, through community dialogue sessions in various locations throughout the County. The public input process should include traditional means of gathering and disseminating information about the budget such as community meetings and presentations as well as on-line and telephone hotline opportunities for public comment.

  Recognizing the valuable insight that County employees have regarding County services and programs the Board of Supervisors recommends the continued use of employee chats, surveys and anonymous online and telephone hotline forums for employee comments and improvement suggestions.

The Board of Supervisors acknowledges and commends the excellent work of County employees. We recognize and appreciate that our workforce is doing more with less. The decision to suspend FY 2010 pay for performance system funding and the market rate adjustments for all County employees adjustments was difficult. In addition, the Board recognizes that employees are concerned about the projected increases in health insurance premiums that would dilute their purchasing power as salaries are held flat. As such, the Board reaffirms its commitment to a competitive pay and benefit structure.

a. The Board of Supervisors directs County staff to review the issue of compensation and possible adjustments to the pay for performance system and return with recommendations prior to the Board's deliberations on the FY 2011 budget. As part of this review, staff shall work with representatives of the various employee groups in the County to draft a compensation philosophy for Board of Supervisors review and approval. The draft compensation policy will include, at a minimum, a statement on the County's competitive posture and threshold with comparator jurisdictions, the relationship these have to total compensation, and the timing and approval processes of adjustments to pay for performance, merit increments and market rate adjustment awards.
b. The Board of Supervisors recognizes that the premium increases included in the FY 2010 budget are estimates and directs staff to diligently work to reduce premiums for health insurance prior to the Fall 2009 open enrollment period and work to balance setting premiums at a rate that covers the cost of the plans and takes into account long term GASB liability implications but that as much as possible minimizes the increase in employee premiums. In addition, staff is directed to review the County's various benefit programs to determine if consolidation of programs will garner savings to employees and the employer.

2. In addition, the Board of Supervisors directs staff to review the requirements placed on the County's retirement system as a result of the economic downturn. As the County continues to address increasing pension benefit costs, the volatility of the markets and uncertainty about future funding flexibility, it is an opportune time to examine and refine a number of policies related to the County's retirement systems:

a. The first of these policies involves the application of an ad-hoc cost of living adjustment (COLA) increase by the respective retirement systems. Staff is directed to work with the Retirement Boards to evaluate best practices and look at policy options to potentially adjust the annual calculation of COLA and timing of approval of the COLA to align it with the budget process. Since there is a direct impact on the employer contribution rate as a result of the application of an ad hoc COLA, the Board of Supervisors directs staff to work in concert with the three Retirement Boards to review the County code as it relates to the ad hoc cola calculation methodology to determine ability to fund and under what conditions the ad hoc COLA shall be awarded. In addition staff should review best practices from other jurisdictions and recommend a sound and equitable methodology that can be applied across all three retirement systems. Staff and the three retirement boards shall strive to complete this effort in advance of decisions regarding award of the ad hoc COLA for FY 2011.

b. The second policy involves the corridor approach. After experiences of a number of years related to this approach, it is time to reexamine the funding philosophy for potential adjustment in future years. The examination of the philosophy will include

maintenance of the objective of reducing the need to dramatically change contribution rates from year to year but also recognition that with the difficult economic environment and the impact on investment returns, it is unlikely that the funding ratios for the three County retirement systems will increase significantly over the next few years based on the current corridor policy of assuming that investment returns would push the funding ratio towards 100 percent.

3. The Board of Supervisors directs staff to review the procurement policies, utilization statistics, publicity and marketing options, accountability and insurance as it relates to the creation of a sustainable home share program that will provide an opportunity to assist the County's older adults to age in place, as well as help individuals who are having difficulty finding affordable housing in neighborhoods where they wish to live. The program should allow individuals to remain independent in their homes with the help of home seekers who pay affordable rent with no exchange of services, or, who in exchange for reduced rental fees, will provide non-medical services. In addition, staff is explore the possibility of using established non-profit human services organization to implement the program.

4. The Board of Supervisors recognizes that a number of the reductions included in the FY 2010 Budget have a significant impact on the Human Services transportation system and in particular provision of transportation services to intellectually disabled individuals as a result of reductions to FASTRAN. Therefore the Board of Supervisors directs staff to provide information to the Board with a status update prior to the *FY 2009 Carryover Review* regarding both the transition of Medicaid-eligible riders from FASTRAN to other Medicaid transportation providers and the impact these and other reductions will have on all other remaining FASTRAN clients.

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Nancy Vehrs,
Clerk to the Board of Supervisors