

Budget Guidance for Fiscal Year 2011 and Fiscal Year 2012

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 Tuesday, April 20, 2010, the Board approved the following Budget Guidance for FY 2011 and FY 2012:

FY 2012 Budget Development

Forecast

- The Board directs the County Executive to provide a financial forecast for FY 2012 by Fall 2010 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 2012. This forecast shall include revenue projections with a focus on the real estate market and disbursement requirements for FY 2012 and the next several years.

FY 2012 Budget Development

- The Board of Supervisors directs the County Executive to return by Fall 2010 with a plan for identifying further savings opportunities to address budget shortfalls. In addition, the plan should include opportunities for the Board of Supervisors to look at specific programs and departments for efficiencies and improvements. Specific areas for review could include Housing and Community Development, Wastewater Management system, Vehicle Standards and Replacement policies and a review of existing County outsourcing. The Board acknowledges agency reorganization and collaboration in identifying creative solutions for service delivery and requests that the County Executive's plan include an update on further initiatives planned.
- The Board of Supervisors directs the County Executive to prepare an FY 2012 budget proposal that considers the affordability of taxes for our residents and businesses and attempts to keep the taxes steady with FY 2011.

Public Input Process

- The development of the FY 2010 and FY 2011 budgets was greatly enhanced by the implementation of an extensive public dialogue process which included unprecedented citizen involvement. The Board recognizes the valuable input and recommendations that were provided by residents as part of the community dialogue meetings in the Fall and the budget presentations and meetings held in the Spring 2010. These meetings provided important feedback and suggestions to the Board which were useful during the budget deliberations. In addition, the public input process on the budget helps to educate residents and advocates on key budget issues. Finally, the community dialogue process allowed for important information exchange and sharing among our residents. The Board directs staff to return with a plan by Summer 2010 to provide opportunities for enhanced public participation

through continued dialogue and with the stepped up use of technology and television. In addition, the Board directs the continued use of employee chats, surveys and anonymous online and telephone hotline forums for employee comments and improvement suggestions.

Fairfax County Public Schools (FCPS)

- The Board of Supervisors acknowledges the continued spirit of cooperation and collaboration demonstrated by the FCPS School Board and staff in working through the significant budget challenges during the last several years. The transfer for School operations approved by the Board of Supervisors for FY 2011 represents a reduction of 1% or approximately \$16 million from the FY 2010 level. With this transfer level, the County support of the FCPS schools system continues to be the Board's highest priority and represents more than 53% of the entire budget.
- The approved transfer level, in combination with the impact of full state funding of the Local Composite Index (LCI) formula adjustment, fully funds the School Board operating request and enables the restoration of such programs as band and music and language immersion. The approved transfer also provides funding to establish a reserve of \$45 million to offset future year requirements to support the Virginia Retirement System. The Board of Supervisors requests that the School Board identify additional funding to supplement the fund as available. In particular, the Board requests that the School Board designate state revenue received during FY 2011 that is in addition to those state revenues anticipated in the FY 2011 budget to the reserve. The County also may apply any of the remaining flexibility it has from the \$7 million reserve for additional FY 2011 State reductions to this VRS Reserve. The establishment of the VRS Reserve is important to maintain the integrity of the system over the long term. In addition, the Board of Supervisors and the Fairfax County School Board will continue to identify opportunities for savings during FY 2011 and will work together to address future budget issues.
- It should be noted that in addition to the FY 2011 transfer to schools for both operating and debt service, the FY 2011 budget includes important programs and services in support of schools such as Middle School Resource Officers and Athletic Field Maintenance. The Board of Supervisors urges the School Board to reconsider the implementation of a fee for sports participation and proposed fees for AP/IB testing to prevent impediments to youth involvement and access. In addition, the County has and will continue to assume primary funding responsibility for the replacement of the County and Schools' corporate legacy systems which include those systems used for purchasing, human resources, finance and budget. This multi-million dollar project will result in

significant efficiency and effectiveness improvements. County funding of this project means that School funding does not need to be diverted to this project.

- The Board of Supervisors is concerned about the lack of definition associated with changes in programs, such as EXCEL, Title I and FOCUS, at our most challenged schools and is scheduling a meeting between the School Board and the County Board of Supervisors to discuss plans for changes to the programs. The programs that are currently in place have resulted in significant successes and any adjustments need to produce significant, continued, and positive results.
- As a budget reduction strategy for both the Board of Supervisors and the Fairfax County School Board, at the end of the FY 2010 Budget Process, the Smart Savings Committee was formed. The purpose of this committee is to continue dialogue and engagement in looking for ways to make both operations more efficient and cost effective. Through this process the Committee has identified additional means by which savings can be achieved: school-aged child care, vending, attorneys, refuse/recycling, etc. As we continue to face difficult budget decisions, we will continue to identify opportunities to streamline operations, for systemic changes that may be necessary to achieve meaningful, large-scale budget efficiencies.

School construction is one such place where both the School Board and the Board of Supervisors may be able to find such efficiencies. The Board of Supervisors would like to seriously explore opportunities to build community schools, where appropriate, to maximize both capital construction efficiencies and service delivery efficiencies in those areas where the County finds itself not only erecting, or renovating a school site, but also having non-profit or public service delivery by the Department of Neighborhood and Community Services, Health Department, Park Authority, Department of Housing and Community Development, or other relevant agencies requiring separate locations. Additionally, we encourage the County human services system, in collaboration with FCPS, to develop and test a pilot community based service model with schools as the hub of the community and focal point for early identification of children and families in need of services and linkage to appropriate services.

Another such way efficiencies may be found is in transportation services. As Fairfax County becomes more of an urban center and we continue to stress to our residents that transit options are a more efficient means of getting to and from, both individually and collectively, the County and FCPS may be able to work towards reducing bus routes for our older high school population base by better utilizing our current bus transit system. In fact, Fairfax County families with high school-aged children have already tried this approach as referenced in a Sunday, October 11, 2009, Washington Post Op-ed column.

The Board of Supervisors and FCPS should work together to determine if this can bring greater budget efficiencies and improved quality of life through better access to services. A collaborative and thorough analysis should be done by appropriate agencies and departments within our organizations and a subsequent report of findings should be issued to both Boards in time to include in the FY 2012 Budget process if appropriate. In addition, an analysis should be completed which looks at ways to encourage students walking or biking to school.

- The Board of Supervisors and the School Board should work together to take advantage of historically low construction costs and interest rates by exploring ways to accelerate projects on the school CIP. If projects are not fully developed, techniques such as design-build should be considered.

Available Balances

The Board of Supervisors directs that balances made available at the Carryover and Third Quarter Reviews that are not required to support critical requirements be held in reserve to address FY 2012 budget challenges and requests that the School Board also reserve available balances for FY 2012 requirements.

Recognizing that with the slow economic recovery and the budgetary reductions taken by agencies that have reduced their flexibility it is more important than ever that the County maintain adequate reserve funding for unforeseen requirements.

County Staff

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. County services are effective, efficient and valued because of our employees and their hard work. Unfortunately based on the current economic situation, the FY 2011 budget does not include pay increases for County staff and the projected increases in health insurance premiums will continue to dilute their purchasing power as salaries are held flat. As such the Board directs that staff should attempt to minimize premium increases, which will be set in the Fall of 2010, while maintaining appropriate reserves in compliance with County policy.

The Board of Supervisors appreciates the hard work of our many employee groups in working toward solutions to our budget difficulties. These groups made a number of recommendations for both savings and no cost/low cost employee incentives. The Board directs staff to review the proposed incentives and return to the Board's Personnel Committee with recommendations by Summer 2010. Specific areas for review include:

- Expanded opportunities for teleworking and the addition of the requirement for supervisor explanation in situations where the request to telework has been denied.
- Continued review of the County's retirement policies and programs, including review of the Social Security offset for service-connected disability retirements.
- Changes to County policies regarding health insurance particularly in light of recent federal legislation, including an analysis of the feasibility of providing additional entry points for retirees to elect to participate in the County health and dental insurance programs after leaving County employment and a review of health savings accounts (e.g. a Voluntary Employees Beneficiary Association).
- Review of sick leave programs to include feasibility and need for establishment of sick leave bank for employees.
- Options for reinstatement of online classifieds partnering with employee groups to staff the program using the County's IT platform

DROP

The Board of Supervisors directs County staff to return to the Board's Personnel Committee with analysis and ordinance changes to eliminate the sunset provision of the Deferred Retirement Option Program (DROP).

Human Services Transition Reserve

The Board of Supervisors supports the Human Services Council recommendation to establish a reserve in the amount of \$500,000 as part of the *FY 2010 Carryover Review* to fund transition and implementation costs associated with the reorganization initiatives included in the FY 2011 budget. An example of these costs is the transition of the Fairfax Families4Kids program. Staff should be commended for the hard work throughout the Human Services system and the County in general for identifying and recommending strategic organizational changes which result in improved services and efficiencies.

Air Quality Monitoring

The Board of Supervisors refers the issue of the provision of air quality monitoring by the state to the Board's Legislative Committee.

A Copy Teste:

Nancy Vehrs,
Clerk to the Board of Supervisors