Dranesville Budget Task Force
FY 2012

Introduction

The arduous annual task of balancing the County budget will again be an uphill, painful challenge, even amid hopeful—though tenuous—signs in economic data which, if they can persist, will nevertheless not work their way to the County's bottom line for some time, perhaps even for some years. When Supervisor Foust asked our Task Force to reconvene for a third time, we knew that the choices facing the County continue to be ever more difficult. While the projected deficit is again marginally less than last year's, the available options for addressing it are limited and even more painful, in large part because County decision makers chose to address the issue in the last two budget cycles by making the easier choices—taking the "low hanging fruit," as it were, and short term fixes and state and federal short term funding stopgaps are largely gone or disappearing fast. The numbers may have changed but the challenge remains the same: finding ways to reduce expenditures while continuing to meet our citizens' needs and maintaining our quality of life in Fairfax County.

The Task Force

All of our members have returned from last year, and we have welcomed several new members to our team, as well. We remain a group comprised of Dranesville residents bringing a wide range of perspectives, experience and talents to the exercise. Our diversity of viewpoint and opinion, while always a challenge, ensured a far-reaching scope of inquiry and discussion. We have continued to operate, though, on a consensus basis, and the conclusions and comments in this Report represent the unanimous view of our Task Force, except where specifically noted.

Given the significant portion (54%) of the County budget directed at schools (FCPS), we focused again this year on the issues and options facing the School Board. Consistent with our view expressed over the last two years that the County's fiscal issues cannot be addressed without considering the school budget, and while understanding that our mandate is from Supervisor Foust and that the BOS cannot dictate how the School Board chooses to spend its allocation, we nevertheless include herein some of our suggestions and reactions to the School Board's challenges.

Principles

The Task Force began its work this year with a review of the principles it has applied over the last two years, and determined that they continue to be the principles by which the Task Force believes the County's political and professional decision makers should view the budget choices facing the County. Those principles include:

1. No aspect of the County budget should be off limits to budget-cutting.

2. In allocating scarce dollars, County government should prioritize its core functions as: First, public protection (police/law enforcement, fire, etc.); second, education; and third, human services, consistent, however, with Principle One. The Task Force continues to recognize how difficult it is to prioritize those crucial functions in the context of increasingly scarce resources,

when each function is so vital to the continuation of what makes Fairfax County the place that it is, and each function is intertwined with and dependent upon the other.

3. While the Task Force recognizes the FCPS as perhaps the crown jewel of our community and a major element in our County's economic and cultural ascent over the past several decades, as the recipient of such a large share of the County's expenditures FCPS will necessarily have to be a major participant in any budget cuts which will have to be imposed. This is consistent with Principle One.

4. The Task Force applauds the County Executive's directive to County agencies to propose ways to cut 1% (an actual cut, not a cut in growth rate) from each agency's budget. That said, the Task Force remains convinced that the County's approach to budget cutting should not be "across the board." That is to say, there may be some areas of the budget which cannot be prudently cut by even 1% (the library budget comes to mind) while other areas may be susceptible to larger cuts or consolidation or even elimination.

5. County professional and political management should seek to diversify revenue sources, leveraging private and non-County government resources to bridge gaps or enhance priority initiatives affected by budget cuts. Pursuit of grants and corporate partnerships should consider impacts on school, nonprofit and community funding partnerships, with a goal of increasing resources without destabilizing funding in other sectors.

6. Look for every reasonable opportunity to raise fees for County-provided services. In line with Principle Two, fees for programs that address citizens' health or general welfare should be tied to a sliding scale based on income.

7. New programs and areas of recent growth ought to be a focus of decision makers, and have been a focus of the Task Force. Under these economic circumstances, it may well be that programs the County once did without, or once funded at lower levels, are programs that we can do without or fund at lower levels again. This ongoing budget crisis may well provide an opportunity for the County to exercise fiscal restraint for the long term, and an opportunity to make tough decisions now that it might not otherwise make.

8. It is apparent that reducing or eliminating fraud, abuse, and redundancy will not solve our problem, although the effort to identify and address those issues should be of paramount importance.

9. Outsourcing should be encouraged where it will result in significant savings, but, in some instances, insourcing -- that is, taking functions back into the government -- may also be fruitful. The Task Force observes that an enormous sum of money—over $622 million annually—is spent on outsourced work, which makes that area a potentially fertile ground for savings. Recent examples of savings due to renegotiated supply contracts are encouraging, and other attempts to leverage lower outsourcing costs should be encouraged. The large amount of money spent on outside consultants is another area which could present potential for savings.

10. Balancing the budget must involve both increasing revenues and decreasing expenses.

Compensation

The topic which occupied the largest portion of the Task Force's deliberations this year, and which clearly is the thorniest issue which will predictably dominate this year's budget discussion, is compensation of County and FCPS employees. The numbers are stark: over 75% of the County's General Fund direct expenditures, and over 87% of the FCPS budget, goes to personnel costs (salary and benefits). Budget cuts of any significance will necessarily involve personnel cuts; compensation increases of any significance will necessarily and negatively impact any budget deficit.

County and FCPS personnel have now gone two budget cycles with no compensation increase. The tempting reality is that, given the actions previously taken and the current forecast, if there is no compensation increase again this year for County and FCPS personnel, the County's deficit is a relatively manageable one (and turns into a surplus by FY2014), and the FCPS 2012 budget is actually projected to be in balance. The difficult question, then, is whether County and FCPS personnel should be asked to go a third year with no compensation increase.

The Task Force is of the view that it ought to be a priority for the Board to address this issue, and that the Board ought to find a way to give a compensation increase to County personnel. We recognize the importance—both practically and symbolically—of a modest upward adjustment. There was one dissenting member on this point.

The Task Force is of the view that, whatever decision is made regarding compensation, it needs to be bilateral. That is, County and FCPS personnel should be treated equally. There should be no decoupling. There should be an upward adjustment for both, or for neither. We understand the separate relationship between the Board of Supervisors and the School Board, but are confident that our political leaders can find a way to work together in tandem on this issue.

There is some sentiment for the notion that any adjustment ought to be more in the nature of a bonus or one-time payment, rather than a percentage wage increase, to avoid building any increase into future budgets. But it is also our sense that, if there is a percentage increase, a smaller increase, rather than a larger bonus, would be better, and likely more palatable to employees.

Neither is the Task Force convinced that any upward compensation adjustment must be across the board. Despite concerns about maintaining an atmosphere of uniformity, it may be that certain categories of employees (whether based on seniority, current compensation, or type of position) could merit different increases, or different types of increases, than others.

The Task Force adds, however, that any increase in compensation must be paid for with savings elsewhere. The Task Force is opposed to an increase in the property tax rate. Thus, County political and professional leaders must carefully weigh the desire or necessity for a compensation adjustment against the reduction in County services any upward adjustment is likely to require.

Retirement/Pension Issues

The Task Force recognizes that our short term budget challenges cannot be addressed by changes to the County or FCPS retirement systems. Nevertheless, the Task Force firmly believes, and strongly recommends, that the County should do all it can within state law to consider and address long term retirement and pension plan issues and options, including looking hard at the potential savings associated with transitioning its employee retirement plan (for new employees) to a defined contribution plan rather than the current defined benefit plan.

Recommendations

The Task Force makes the following recommendations with regard to budget cuts and revenue enhancements:

Budget Cuts

1. Because personnel costs make up such a large percentage of the County budget, reducing those costs continues to be crucial to any deficit reduction plan. The Task Force has continued to be underwhelmed with the number of actual filled positions cut (as opposed to cutting vacant positions), by both the County and FCPS. Difficult as it will be, the Task Force believes County political and professional management need to cut more actual positions this year, and ought to begin by eliminating any position that has remained open for more than one year. Moreover, to the extent employees are moved into open positions, those employees ought to be moved at the same pay grade and step of the open position, not the pay level of their former position, and the employee's new salary ought to take effect immediately.

2. The Task Force continues to believe the Economic Development Authority needs to tighten its belt along with every other part of the County government. While we agree with the notion that, in times like these, the role of the EDA actually takes on added importance, the point is that the EDA, which has avoided any significant cut in its budget or personnel, can and should—like everyone else—be expected to do more with less, and to focus on creating efficiencies in its operation.

3. The Task Force concludes that County political and professional management must look harder at eliminating some transit routes, and consider raising rates for County-provided transportation. In line with Principle Two, consideration should be given to preserving transit routes for those without other transportation options, or that meet the needs of special populations.

4. The County should consider the possibility of using school buses for other transportation uses. In that regard, the Task Force applauds the effort to investigate ways for the County and schools to coordinate and share expenses, and urges that that effort be redoubled.

5. The Task Force recommends renewed focus on savings from better use of technology, for instance, more teleconferencing by County employees rather than intra-County travel for meetings.

6. The Task Force notes that the libraries have absorbed enormous cuts over the last two years, and we urge the County to spare the libraries from further funding reductions. Libraries fill an important community gap beyond educational and cultural enrichment, as a place for community engagement and providing safe gathering spaces for community members.

7. In evaluating areas to be cut, we think it is important to reiterate one of our prior recommendations, namely that special scrutiny should be given to those departments and programs which received the largest increases in funding and personnel - or recently launched new programs or initiatives - during the last five to ten fiscal years, a time period when County resources were growing. In addition, it is evident from last year's budget decisions that some department budgets were cut at a higher percentage than other departments. While that may be inevitable, to some degree reflecting important prioritizing, we also think that last year's disproportionate cutting necessitates even more careful and deliberate decision making this year.

We have consistently been concerned about human services programs. Our current historic economic crisis has resulted in significant pain for many of our neighbors – unemployment, loss of health insurance, mortgage defaults – as well as for groups that are traditionally more vulnerable – low-income working families, the disabled, and seniors. As a result, the County needs to be even more cautious now when considering further cuts to programs that serve those most in need. In acting, we do not want to compound the pain of these difficult times and create additional problems. In that regard, the Task Force urges the Board of Supervisors and County Executive to keep as one of their guiding budget principles the need to safeguard the most vulnerable in the County.

8. The Task Force recommends that County professional and political decision makers review and reconsider not only the recommendations of this Task Force which were not implemented last year, but also the proposed cuts which emerged from the LOB process of two years ago which were not taken.

There have been areas where such review has resulted in cost savings, efficiencies and/or quality service delivery improvements through new ways of working together. The County's Ten Year Plan to Prevent and End Homelessness is a partnership between County and businesses, nonprofit, faith and community group who have developed consensus goals and strategies, with shared accountability, that resulted last year in keeping nearly 900 people in their homes, and has laid the foundation for a stronger safety net for vulnerable citizens in these hard times. A program being piloted now by FCPS and the County department of Family Services, establishes a new "systems of care" approach to child-centered, school-based services for at-risk children and families that made the County eligible to shift personnel costs to a federal grant, while bringing disparate County and community resources directly to the family and child.

9. The Task Force recommended previously that serious consideration be given to consolidation of certain County offices/programs, including merging Public Information Office functions across departments/agencies, and merging Technology Office functions across departments/agencies. We commend and endorse the County Executive's focus, as reflected in his November 23, 2009, presentation to the Board Budget Committee, on the reorganization potential in the Planning Commission, BZA, Clerk's office, and the Park Authority, although we

note little movement in that direction (the creation of the new Department of Code Enforcement being one notable and positive exception).

With regard to FCPS:

The Task Force notes that many of the potential cuts floated last year by FCPS were not implemented. Given the School Board's expressed desire to make upward compensation adjustments, it may want to revisit some of those previously proposed cuts. For instance:

- The Task Force supports continued close review for potential savings in Driver Education, Assistant Principals, technology support, teacher leadership, custodians, teacher stipend and tuition reimbursements, guidance, psychologists and social workers, internal audit, new bus purchases, equipment replacement funding, and preventive maintenance.

- The Task Force continues to believe that the SRO Program could be a source of savings with a more strategically targeted program.

- The Task Force urges FCPS to look harder for savings in central office and administrative costs.

- With regard to elementary school foreign language education (FLES and immersion programs), the Task Force is not eager to recommend cuts, but rather suggests that making targeted, strategic cuts (focusing particularly on low participation schools) could make these programs less costly.

- With regard to summer school, the Task Force recognizes that cuts are necessary, and recommends that emphasis be placed on a more fee-based system (with a needs-based waiver component) which would preserve the ability to enable students to keep from falling behind academically. Enrichment programs should be cost-neutral, if not already.

- The Task Force urges FCPS to retain Elementary Band and Strings, retain the current level of instructional assistants in elementary schools, and, at a minimum, retain the full-day kindergarten program at its current level. The Task Force recognizes and applauds the Superintendent's recent announcement of his decision to implement full-day kindergarten system-wide, although it agrees with the School Board's direction that funding for that expansion must be identified which does not increase the FCPS transfer request to the County.

- The Task Force suggests that the previously proposed increase in the Community Use Fee by 20% may be too small.

- The Task Force suggests that, while technology can often be a cost-saver, FCPS should ensure that it is not using unnecessary technology merely for the sake of technology. The earlier proposed cut to Blackberry acquisition and use, for instance, apparently now abandoned by FCPS, may well be a savings that should be looked at again.

- With regard to high school sports, consistent with our focus throughout our deliberations on, where possible, raising participation or user fees, rather than cut certain sports (winter cheerleading and track regularly end up on the target list, for instance), participation in certain sports should continue to become more fee-based. Similarly, while in an environment of competing claims and painful cuts freshmen sports seems to some an attractive cut, we see value to the schools in retaining freshmen sports. In situations in which parents can pay to have their children participate, however, it should be required. It is the Task Force's firm view that no student in Fairfax County should be unable to participate in any extracurricular activity because of an inability to pay.

- Finally, any cut in the student-teacher ratio for autistic students is troubling to us. Autistic children are among the most vulnerable, and fastest-growing, segments of the school population, and the Task Force suggests that FCPS should be particularly cautious about cuts in these ratios.

- The Task Force continues to believe that the School Board should focus on reducing administrative costs, especially non-school based employees. In 2010, the first year with no salary increases, FCPS added a new job category: Functional Supervisor. While most of the employees moved into the new position did not receive substantial salary increases, we believe it was unnecessary to create 50 highly paid positions for people who have no contact with students. FCPS still has 160 employees working on curriculum development and we wonder whether it could get by with fewer.

Revenue

1. To continue to meet its responsibilities, the County needs to raise additional revenue. There is no question that, in these difficult economic times, revenue is a hot button issue. There is certainly a greater appetite for raising "fees" or imposing "charges" than there is for raising "taxes." Indeed, the Task Force is of the view that the Board should not make any change in the property tax rate this year, particularly since projections show an incremental (finally!) increase in average home values, meaning the average homeowner's tax bill will rise slightly and revenue from property taxes will tick upward. There are members of the Task Force who are more supportive of reducing the tax rate to a level which would hold residential real estate tax revenue approximately level with FY2011, but the more widely-held view of the Task Force members was that the tax rate should remain unchanged. We hasten to note that, for many Dranesville residents, whose assessment may have dropped less than the County average in recent years, this will result in an increase in property taxes that is above the average. Thus, as has been the case for some time, many Dranesville residents are doing more than their part to address the County's fiscal challenge.

2. The Task Force also recognizes the importance of diversifying the County's potential revenue sources, as many other local jurisdictions already have done. In that regard, the Task Force again urges County leadership to take whatever action is necessary (by referendum, or seeking action by the General Assembly) to enable the County to impose a meals tax and an increase in the lodging tax. While the calendar is such that neither of these options is likely to be available to address the FY 2012 budget deficit, having either or both of these options in the

future will predictably help address similar fiscal challenges which are certain to arise again in the out years.

3. The Task Force spent a considerable amount of time discussing other, more unusual, potential revenue sources. While none of the Task Force Members relishes the thought of too much visual blight in our County, these are unusual times. The Task Force thus recommends that the Board of Supervisors accelerate its analysis of its options for raising revenue through advertisements, sponsorships, partnerships, and other means in schools or other public places in the County. This could be an opportunity for the private sector to help pull the County out of this difficult economic crisis. One example is the public-private partnership and naming opportunity established at Herndon High School for turf field improvements whereby the County and FCPS are sharing costs with schools-based and community partners to enable this project to be completed.

4. We are pleased to learn about the recent steps of Fairfax County Public Schools to expand charitable donations to the school system through a new partnership with the Fairfax County Chamber of Commerce. While we applaud this innovative effort, we believe that it only highlights the need for strong leadership and commitment by the Board of Supervisors to work in partnerships with the business and non-profit community to enhance current charitable giving efforts and more importantly to help generate a new sustained push to expand charitable giving in the county.

In a county as affluent as Fairfax, it is clear that we need to do a much better job generating charitable dollars in the County to address our unmet needs, and that we should draw upon lessons from more successful philanthropic efforts in comparable metropolitan areas elsewhere in the U.S. It takes leadership to build and nurture a culture of philanthropy. As we hopefully near the end of the current economic crisis and begin to build for the future, now is the time for our County elected officials to exercise that leadership.

February 7, 2011

Dranesville Budget Task Force

Richard C. (Rip) Sullivan, Jr., Chairman
Steven Bloom
Sue Boucher
Wes Callender
Don Finberg
Jim Mietus
Al Rosier
Rick Sargent
Ted Smith
Tim Thompson
Jim Turner
John Ulfelder
Armand Weiss
Kerrie Wilson