McLean Citizens Association
MCA
McLeanCitizens.org

P.O Box 273
McLean, Virginia 22101
December 2, 2012
Via Email

Mr. Edward Long
County Executive
1200 Government Center Parkway
Suite 552
Fairfax, Virginia 22035-0074

Dear Mr. Long,

The McLean Citizens Association appreciates the opportunity to provide you with initial thoughts on the projected County budget shortfall of $100 million in both FY 2014 and FY 2015.

We endorse your initiatives to institute a multi-year budget process and to have departments identify spending reduction options totaling 5 percent for FY 2014 and for FY 2015. We urge that the Fairfax County Public School System, which receives its funding largely from Fairfax County taxpayers, be required to do likewise. We hope that County and school system departments use the opportunity to identify ways to deliver essential services at lesser costs and to propose – as you suggest – innovative and creative solutions for doing things better, faster and cheaper.

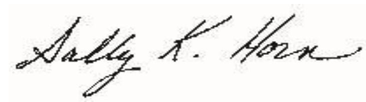
Given the substantial shortfall in anticipated revenues, we would urge special focus on key revenue drivers, including pensions for County and school system employees. For the same reason, we urge establishment of a genuinely independent Audit office, similar to the Board of Supervisor's Office of Financial and Program Audit, to help the School Board identify areas of savings within the school system and ensure that County taxpayer funds are wisely and efficaciously spent by the school system

With regard to revenues, in light of the state of the economy, we would encourage you to look for creative, new opportunities to increase revenues, while keeping residential real estate tax rates constant for FY 2014.

In the attachment to this letter, our membership has proposed options for consideration by both the County Government and Fairfax County Public School system to enable the delivery of priority programs and services while living within our collective means. We also have proposed areas for further review and evaluation. However, inasmuch as the MCA formally received your request for community input only on November 5, 2012, the examples of options to achieve the cited goals generally are preliminary observations culled from input provided by our membership, rather than formal recommendations from our Board of Directors.

We look forward to continuing to work with you and your staff.

Sincerely,



Sally K. Horn
President
McLean Citizens Association

Options for Consideration Related to Fairfax County and School System Budgets

County Budget

Revenue

- Hold residential real estate tax rates constant for FY 2014, in light of the state of the economy.
- Look for creative, new opportunities to increase revenues. E.g.,
    - Consider user fees for services that benefit only a portion of the population; use sliding scale to protect against a disproportionate impact on low-income residents.
    - Require for-profit groups to pay "market rate" rental fees for use of County facilities.
    - Consider leasing rather than buying types of county vehicles that are not continuously in use, if lease rates are more cost-effective – e.g., special-use snow equipment.
    - Establish "service districts" to help fund public infrastructure costs, along the lines of the Tysons "service district".
    - Consider seeking authority for a "meals tax" and/or increasing "hotel occupancy" taxes/fees.

Cost Savings

- Consider drawing down reserve and contingency fund accounts where discretionary funds have remained idle for a significant time.
- Eliminate redundancies in County Government; consolidate like/similar functions across County departments. E.g.,
    - Consider consolidating and merging public information offices.
    - Consider consolidating and merging technology/IT offices.
    - Consider consolidating and merging acquisition offices and maintenance services.
- Evaluate for all relevant functions, the efficacy and potential cost-savings associated with both "in-sourcing" and "out-sourcing".
- Evaluate whether expenditures above those required to meet legally-established federal and state mandates provide sufficient benefits to justify the additional spending. E.g.,
    - For each federal and state mandate, identify the minimum expenditures required to meet the mandate, identify any additional County expenditures that have been undertaken to exceed the mandate, conduct a cost-benefit analysis to assess the results of the additional expenditures on performance, and cut-back those additional expenditures that are assessed to have not yielded improved performance or where the benefits do not justify the costs.
- Reduce or eliminate spending for "discretionary" activities. E.g.,
    - Consider cutting travel budgets and using more teleconferencing to minimize meeting costs.
    - Consider eliminating bus routes that are under-utilized.
    - Consider deferring new vehicle purchases, except to replace current defective and inoperable vehicles; consider establishing a longer time period for vehicle retention.
    - Consider reducing the number of government-owned vehicles.
    - Consider reducing the number of personnel who are provided county-owned private vehicles and require that their use be limited to county business.
    - Consider competitively bidding service contracts for insurance, health care and energy on a periodic basis.

    - Consider deferring new program starts and new contracts where appropriate.
    - Consider reducing public funding for the Economic Development Authority.
- Reduce personnel expenditures where possible in County Government. E.g.,
    - Consider cutting actual employee positions, not just budgeted positions.
    - Consider eliminating positions if they have been vacant for 18-24 months.
    - Consider eliminating department head positions with only 2-3 subordinates.
- Establish a more fiscally sustainable approach to pensions. E.g.,
    - Consider modeling approach on the hybrid approach used by federal government (FERS) or moving from a defined benefit to a defined contribution plan for new hires.
    - Consider raising the retirement age for new hires in all departments to that of Social Security eligibility. For those performing public safety (fire, police) functions, consider linking retirement with full benefits before the age of Social Security eligibility to medical determinations that the employee can no longer perform his/her public safety functions effectively.
    - Consider eliminating the pre-Social Security Supplement program, if still operational.
    - Consider modification of the formula used for determining retirement pay COLA.
    - Consider eliminating the DROP program.
- Establish a more fiscally sustainable approach to other personnel benefits. E.g.,
    - Consider increasing employee contributions to health and other insurance benefits.
- Consider reducing or holding constant in FY 2014, the transfer of moneys from the Fairfax County General Fund to the Fairfax County Public School System.
- Expand efforts to eliminate or reduce the number of non-tuition paying students attending County schools who do not reside in Fairfax County. E.g.,
    - Compare the addresses of students listed with the FCPS system with the County list of commercial and industrial properties that is used to levy the Commercial and Industrial (C&I) Tax. In those instances where the listed student address corresponds to an address in the C&I tax base, unless it can be demonstrated (e.g., through an on-site visit) that the address also is the family residence, require that the student be removed from the FCPS system or that the parents pay a fee equal to the full cost associated with the student's attendance in county schools, including a pro-rata share of the costs associated with rectifying any overcrowding experienced by the school at which the student is in attendance.

<u>School Budget</u>

<u>Cost Savings</u>

- Establish a genuinely independent audit office for the School Board, like the Board of Supervisor’s Office of Financial and Program Audit, to identify cost savings and assess program efficacy.
- Consider drawing down reserve and contingency fund accounts where discretionary funds have remained idle for a significant time.
- Eliminate redundancies; consolidate School system departments/function with like/similar functions in the County government and, where not possible with the County, across School system departments. Eliminate positions and reduce central staffing to reflect the consolidations. E.g.,
    - Consider consolidating and merging public information offices.
    - Consider consolidating and merging technology/IT offices.

    - Consider consolidating and merging acquisition offices and maintenance services
    - Consider consolidating the FCPS Departments of Special Services, Instructional Services and Professional Learning and Accountability into one department with a single Assistant Superintendent. (Note: Professional Learning was part of the Instructional Services Department until FY2004.)
    - Consider folding the Department of Communications and Community Outreach into the Superintendent's Office, as it was until FY 2008.
- Reduce or eliminate spending for "discretionary" activities. E.g.,
    - Consider cutting travel budgets and using more teleconferencing to minimize meeting costs.
    - Consider placing a moratorium on the hiring and use of consultants for the remainder of FY2013 and FY2014, except in the case of time-urgent requirements which FCPS staff is unable to perform.
    - Consider deferring new vehicle purchases, except to replace current defective and inoperable vehicles; establish a longer time period for vehicle retention.
    - Consider reducing the number of government-owned vehicles.
    - Consider reducing the number of personnel who are provided county-owned private vehicles and require that their use be limited to county business.
    - Consider competitively bidding service contracts for insurance, health care and energy on a periodic basis.
- Reduce non-teaching personnel expenditures; some savings could be used to increase classroom instructors. E.g.,
    - Consider cutting actual employee positions, not just budgeted positions.
    - Consider eliminating positions if they have been vacant for 18-24 months.
    - Consider eliminating department head positions with only 2-3 subordinates.
    - Consider requiring a "zero-based" programming and budgeting approach (i.e., cost-benefit justification) for all non-teaching positions and headquarters staff.
    - Consider reducing the number of assistant principal positions to the level required in the state Standards of Quality.
- Establish a more fiscally sustainable approach to pensions. E.g.,
    - Consider modeling the approach on the hybrid approach used by the federal government (FERS) or moving from a defined benefit to a defined contribution plan for new hires.
    - Consider raising the retirement age for new hires to that of Social Security eligibility.
    - Consider modification of the formula used for determining retirement pay COLA.
- Establish a more fiscally sustainable approach to other personnel benefits. E.g.,
    - Consider increasing employee contributions to health and other insurance benefits
- Evaluate whether expenditures above those required to meet legally-established federal and state mandates provide sufficient benefits to justify the additional spending. E.g.,
    - For each federal and state mandate, identify the minimum expenditures required to meet the mandate, identify any additional County expenditures that have been undertaken to exceed the mandate, conduct a cost-benefit analysis to assess the results of the additional expenditures on performance, and cut-back those additional expenditures that

are assessed to have not yielded improved performance or where the benefits do not justify the costs.

- Examine current staffing models for all programs to identify options for potential savings without negatively impacting student achievement.
- Expand efforts to eliminate or reduce the number of non-tuition paying students attending County schools who do not reside in Fairfax County. E.g.,
    - E.g., Compare the addresses of students listed with the FCPS system with the County list of commercial and industrial properties that is used to levy the Commercial and Industrial (C&I) Tax. In those instances where the listed student address corresponds to an address in the C&I tax base, unless it can be demonstrated (e.g., through an on-site visit) that the address also is the family residence, require that the student be removed from the FCPS system or that the parents pay a fee equal to the full cost associated with the student's attendance in county schools, including a pro-rata share of the costs associated with rectifying any overcrowding experienced by the school at which the student is in attendance.