

## Joint Budget Development Committee

The Joint Budget Development Committee (JBDC) reviewed many aspects of the County and School budgets as well as priorities for each system. With the goal of “Doing the Best by Every Child” and recognizing that both County and School programs support services to children and their families, the JBDC has reached the following conclusions and recommendations:

1. Discussions and presentations at the Joint Development Budget committee have clearly identified a dichotomy between ***What We Need/Want*** and ***What We Have***. On one hand, we have talked about current and future years requirements related to both the County and the Schools, including explanations and justifications for requirements based on population and enrollment, and spending growth, mandates and investment requirements. We have seen the value of both a strong School system and strong County services, in a wide range of service areas including education, human services and public safety, economic development, and recreational and cultural resources. On the other hand, we have analyzed forecasted revenues for both Schools and County. We know, for example, that given state budget shortfalls, additional state funding for Schools is unlikely. For the County, we have discussed projected revenue forecasts and know that revenue growth beyond 3% annually is unlikely.

As such, there is a joint realization/understanding and appreciation of County revenue constraints, County and School requirements and forecasted growth. **Unfortunately, our Resources do not match our Needs/Wants.** And in fact, given our economic forecasts, current levels of revenue growth will not match those in past years. We must recognize that projected revenues, primarily from increases in property values, will not match needs/wants for many years to come. The discussion of future revenue growth includes the perspective that the balance on affordability for residents must also be included in the equation of maintaining strong services.

### Recommendations:

- a. We need a common and more transparent approach to presenting and analyzing cost drivers so we can come up with common measures to see how well we are managing these expenses.
- b. Both systems need to use common terminology to discuss budget and budget projections. Examples of areas where common terminology could be used in describing encumbered carryover vs. undelivered orders, etc.
- c. The approach to funding common budget requirements should be similar in the areas of developing and funding replacement reserves, funding long-term liabilities such as retirement, and supporting compensation increases.
- d. Both systems need to develop multi-year budget so that the combined impact of changes and future year budget challenges can be highlighted before budget decisions are made. These budget projections should include:
  - i. A review of demographic indicators.
  - ii. Identification of uncontrollable cost growth.

## Joint Budget Development Committee

- iii. Summaries of both County and School requirements to ensure a complete presentation of information to the public.
  - e. Staff responses to Budget questions need to be more comprehensive, more direct and more responsive to specific inquiries.
- 2. Because **What We Need/Want is more than What We Have**, we need to prioritize. We need to identify services and costs that are lower priority to redirect these resources to more pressing requirements. We also need to look for savings to allow for innovation, recognizing that in some cases an initial investment is required.

### Recommendations:

- a. Both organizations should continue work to evaluate opportunities for providing services jointly or on behalf of both organizations to eliminate waste, redundancies, and inefficiencies. While much work has been done in the past on ways the County and School system can work together to provide services (including the Smart Savings Task Force) and while there are already a number of areas where the organizations jointly provide services, among the items identified for additional work are:
  - i. Review transportation opportunities including the use of shared staff support for transportation and transit planning. In addition, the JDBC recommends a joint committee of county and school transportation staff be established which will plan for and implement a pilot of shared transit services to be utilized in both organizations in the Reston and Mount Vernon areas, or other suitable areas during the 2016-2017 school year. The results of this pilot should be reviewed for possible expansion in other areas of the county. The goals of this pilot would evaluate the benefits of having FCPS students use public transit resources to and from school.
  - ii. Review opportunities for the shared use of space, including implementing hoteling as possible for County and School administrative functions. This review should include a review of opportunities for reducing leased office space.
  - iii. Review opportunities for outsourcing and revenue maximization for items such as charges to other jurisdictions and increasing user fees. Review the proffer process to see if we can adjust formulas based on actual experience and cost.
- b. Each system needs to clearly identify its lines of business, to include metrics on accountability, usage and effectiveness, and prioritize and evaluate individual programs and resources and divest lower priority programs. We should engage the community and workforce in suggesting reductions and confirming priorities. Based on available funding, lower priority areas may need to be considered for reduction or repurposing
- c. Despite past reductions, additional reductions/repurposing of current resources must be made to balance needs/wants vs. the resources that we have. Both organizations need to continue ongoing work to eliminate waste, redundancies and inefficiencies

## Joint Budget Development Committee

- d. Review state and federal mandates and jointly advocate for elimination of unfunded mandates.
3. Some of our current budget difficulties are due to past decisions by our organizations in utilizing one-time funds to balance budgets either by applying one-time balances to support ongoing costs or by implementing measures which are funded only for a portion of the current fiscal year with larger future year requirements. In addition, past budget constraints have meant that we have not put away sufficient resources to fund reserve requirements, replacement needs or to address long-term liabilities. This underfunding of requirements makes each future year much more difficult and pushes the burden of responsibly for balancing the budget into the future. In addition, both systems need to identify measures to evaluate the appropriateness of County General Fund and School Operating Fund year end balances.

### Recommendations:

- a. Both boards need to commit to limit the use of one-time funding to support ongoing requirements.
  - b. Replacement and reserve requirements need to be clearly identified and funding levels discussed annually to support the maintenance of these reserves and ensure sustainable resources for replacement needs.
4. In order to maintain the consensus reached over budget issues, continued meetings and work is necessary in future years.

### Recommendations:

- a. Joint strategic goals need to be set in future years so that budget decisions are made in the context of meeting established community-wide priorities. The setting of these mutual priorities must consider metrics and be consistent with long-term planning efforts, including land use decisions. This goal and priority setting process should include metrics for assessing outcomes. This work should be completed in time to incorporate the outcomes into the fall budget meeting.

### Process for exploring joint opportunities:

- i. Joint meeting to identify strategic issues/opportunities to study/explore and determine prioritization
  - ii. Using a subcommittee model (like SCYPT), study the issues/opportunities and develop recommendations
  - iii. Bring the recommendations before each individual Board to discuss, determine funding possibilities (new money, reprogramming or existing resources, etc.), and prioritize with other budget requirements
  - iv. Joint meeting of both Boards to discuss and act on recommendations from subcommittee
- b. Annually both boards meet jointly for a fall forecast and expectation setting session so that County and School needs/wants can be reviewed, priorities discussed in relation to

## Joint Budget Development Committee

strategic goals, revenue limitations are presented, and revenue enhancements are considered. This discussion is also designed to address concerns that have been expressed about the difficulty of FCPS making expenditure adjustments in the spring budget process once annual funding is approved by the Board.

- i. As a result of this meeting, the Board of Supervisors can establish spending guidelines for both County expenditures and the School transfer.