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My Thoughts on the 2017 Budget, the Meal Tax, County Spending and Direction

Below are my thoughts on the host of tax increases in this year's budget - including a 6% increase in real estate taxes - 26% over five years. These increases are unacceptable and unsustainable. I also address the upcoming meals tax, some examples of county spending that show we have room for improvement, and where I think we should be heading.

Heroin & Prescription Drug Abuse Town Hall - Addressing a Public Health Crisis in our Community and the Nation

In Virginia, more people die from heroin overdoses than car crashes each year. Our office is partnering with the Drug Enforcement Administration (DEA), Fairfax County Police Department (FCPD), Community Service Board (CSB), Unified Prevention Coalition of Fairfax County (UPC), an addict in long term recovery, Congresswoman Comstock, and Delegate Hugo. Together they will bring you a town hall discussion on the epidemic and updates on what is being done and what needs to be done to address this crisis. **Please join us tomorrow, Tuesday, May 3 at 7:30 pm in the Board Auditorium at the Fairfax County Government Center.** See below for more information.

My Thoughts on the 2017 Budget, the Meal Tax, County Spending and Direction

The 2017 Budget. Last week, the Board of Supervisors voted 7-3 to formally approve a property tax rate of \$1.13 per \$100, an increase of 6% to the average homeowner (26% over 5 years). This will increase the average annual Real Estate tax bill for homeowners by approximately \$304; this is on top of the \$185 increase in last year's tax bill. In addition to the increase in the real estate tax rate, the Board voted to increase the storm water tax, Sewer Service charges, athletic fees, and a number of other taxes. I was one of the three Supervisors that voted against these tax increases.

I was dismayed at our budget meetings to hear some of my colleagues congratulating themselves on tackling a difficult budget with a 6% tax increase on our residents. I am certain that most Fairfax County residents won't be congratulating them when they receive their next tax bill, as most of their salaries are not going up by 6%.

A year ago, we were sitting in the same place we are today: facing a \$75M shortfall for the following year with the schools funded at 3%. I made a motion asking my fellow board members to begin addressing the shortfall in the summer, and was told we did not need budget

In This Issue

[Thoughts on Budget](#)

[Heroin Town Hall](#)

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guidance to schedule meetings. Those meetings never took place and we were left with only 2 months to come up with what I consider a bad answer: a 6% tax increase.

My biggest disappointment is that this year's budget does absolutely nothing to address our long term budget issues. With another looming \$75 million budget shortfall on the county side and an additional shortfall on the school side in FY18, it reminds me of the 1980s classic movie "Groundhog Day" with Bill Murray. If the Board does not set priorities and address its fiscal issues, we will be having this same conversation all over again next year. Unlike the movie where Bill Murray's character is the only person to remember the day before, the residents of Fairfax County's memories of this tax increase do not go away. I hope that this time we use the full year to address the budget so we do not end up in the same place. 26% percent over five years is an unsustainable pace.

The Board of Supervisors has an obligation to our residents to be fiscally prudent in our decisions and to set priorities. We must be prepared to address some difficult areas over the next year including a thorough review of pensions and benefits, areas that can be privatized or outsourced, using proffers for our priorities, and reviewing our zoning and permitting processes so we can attract businesses to the county. We would not have many of these issues if we had a 25% commercial tax base, compared to our current commercial tax base of about 19%. Regaining our position as the best place to locate a business, with the best educated workforce, the best school system and the highest paying jobs is key to maintaining high quality services at affordable tax rates.

Having grown up in Fairfax County and attended the county schools, I can regretfully say that I have never witnessed the kind of misguided PR campaign that was undertaken by our school system this year. The #SAVEFCPS was an embarrassment to our residents as well as the business community and did nothing to help with creating positive dialogue with the Board of Supervisors. Instead it has hindered economic development, tarnished the reputation of a school system that has prided itself with a top notch reputation for decades, and impacted our ability to hire top notch teachers. We are experiencing "Groundhog Day" all over again for the schools as well. Year after year, we hear the same thing: FCPS will need to take extreme measures and cut activities that make FCPS schools great if they are not "fully funded". Yet, no one is willing to sit down with me, roll up their sleeves, and work year-round to find common sense solutions to our fiscal problems.

It is not all doom and gloom as we look towards FY18. While my motion to have budget meetings during the summer and additional joint meetings with the school board failed last year, we do have several joint School Board and BOS meetings scheduled this year and several Budget Committee meetings where we will focus on cost savings.

At the budget markup meeting, I proposed budget guidance to have Fairfax County review its employees' pension benefits. I take some measure of success in the fact that the majority of the Board agreed at the dais to take a hard look at pensions, one of our largest costs. People are living and working longer and many of today's workers do not value pension benefits, especially millennial workers, and the high cost of pensions prohibits us from paying competitive wages. In 2010, I asked for a review of pensions, and the Board undertook a study that concluded that we could not change away from a defined benefit plan because state law required us to provide a pension equal or greater than VRS. The state has since changed to a hybrid plan. The review should look at the benefit we are receiving in attracting and retaining

hybrid plan. The review should look at the benefit we are receiving in attracting and retaining employees with the cost and look at alternatives for a more competitive and sustainable benefit and retirement package.

I would hope that we get off to a better start in discussing the next budget and hope that our school system tackles the tough issues in front of them as well - including the second pension.

Meals Tax. The Board's decision to raise the tax rate on our residents just wasn't enough. Instead of taking the logical next step of finding fiscally responsible solutions to our spending problems, this Board has now decided to go after our restaurants and impose a 4% meals tax. A tax on a single industry that currently gives back to our schools and community in various ways including, sponsoring youth groups, donating to various organizations, as well as providing first jobs and careers to our residents. This potential added tax would include restaurants, grocery stores, delis, food trucks, convenience stores, caterers, movie theater concessions, hotel food services and coffee shops. A Meals Tax would undoubtedly have an enormous adverse impact on our low income families as well as our senior citizens. I have and will continue to oppose a tax that targets a single industry and will instead continue to focus on ways of fixing this budget debacle we now find ourselves in. The Board of Supervisors plan on taking up this matter at its May 3rd Budget Committee meeting.

County Spending. In March, I addressed areas of the school budget that should be reviewed and discussed - see the Herrity Report [here](#). We repeatedly hear that the county has also cut costs to the bone, but below are a few recent spending examples that would seem to contradict that premise:

- Just last month the Board approved \$1.5M to \$1.7M in developer proffers to subsidize condo units in Tysons to make them affordable for people making \$80K to \$100K per year instead of using these developer contributions on priorities like public safety, schools, transportation, or to help those truly in need. I spoke against this developer contribution.
- Earlier this year the Board approved spending \$7.2M to purchase a building in Bailey's Crossroads so we could tear it down to build 20% of a road that has not been studied or designed. What is even more curious is that the building was assessed at \$3.8M in 2015, but its assessed value was raised to \$4.8M just before purchase, despite the fact that no improvements had been made to the property in that time. I voted against this purchase.
- This budget includes \$1M to go to Supervisors' offices (\$100,000 each), for unidentified small projects in their districts. I proposed a budget consideration item to remove this from the budget.
- This budget includes \$7M in emergency repairs for apartments it purchased for over \$107M in 2007. The \$7M is a down payment on \$54M in repairs needed at Wedgewood. No reserves have been set aside to cover capital repairs. The County should not be in the landlord business.
- During the budget deliberations, we used all of the third quarter carryover to fund one time expenses in next year's budget, freeing up ½ cent on the tax rate. Instead of giving that back to the taxpayers, the Board spent it.

Pensions Costs. Perhaps the biggest area that we need to address is pensions, not just because of the cost, but because we are likely not getting the best value for our tax dollars. In order to provide quality services, we need to attract and retain quality county employees, firefighters, and police officers. But that requires a balanced compensation package that is competitive in terms of salary, benefits, and retirement.

Most companies' fringe benefits (retirement, medical insurance, holiday and leave, FICA, etc.) costs them about 25 to 30 cents for every dollar. For county employees, that cost is about 56 to 73 cents for every dollar (higher than even schools) and that excludes leave and holiday costs.

The difference is largely pension cost, and like Fairfax County teachers, it is also the cost of the "second pension". The second pension is paid on top of the normal pension and approximates a social security benefit, with a guaranteed 3% increase.

Our workforce is changing and pension costs, especially the second pension, do not do much to attract the best and brightest of today's millennial worker that is concerned far more about salary and the next few months to a year than retirement.

If life were simple, we could increase salaries 15%, give market benefits and save the taxpayers 5%, and be able to attract and keep the best and brightest employees in the country. Unfortunately, life is not that simple. We have made commitments to our current employees that we cannot and should not break. As a result, the discussion of rebalancing the compensation mix to one that attracts and retains the best employees will be a complicated one. It cannot be as simple as throwing more tax payer money at salaries. It is critical we address this imbalance as soon as possible as the problem gets bigger every day we do not.

The Board last addressed pensions in 2010 as a result of my motion. Since then there have been significant changes at the state level and a renewed focus on the sustainability of pensions. It is past time to review them again.

The Budget Answer. Unfortunately, we will never find an easy answer to our budget problems. I want Fairfax County to be the best in the Nation at everything we do: best public safety programs, best schools, best jobs, best libraries and parks, highest educated workforce, highest incomes and a human services safety net for those that cannot help themselves. But that requires rolling up our sleeves now so we have time to work on our problems, not just crossing our fingers, hoping we'll come up with solutions two months before we need to vote on a budget. By devoting more conversation and planning time to the budget, we should be able to discuss the important budgetary issues over the course of a year, allowing us more flexibility and time than we have had in the past.

Another good start would be taking the business community up on their offer to review some of the services in the county for efficiencies. The Northern Virginia Chamber of Commerce has made the offer to leverage their member companies' expertise and partner with both the county and schools to find performance efficiencies within their systems - I hope both will seriously consider their offer.

The answer is not just about finding budget savings, efficiencies or programs to cut. We must work on expanding our commercial tax base. If we had a 25% commercial tax base, compared to 19% where it's currently sitting, we could afford the high quality services that our residents expect and deserve. But with a school system running a PR campaign advertising that our school system is degrading year after year, how are we supposed to attract new businesses to the area? If you were looking to start or relocate your business, would you choose an area for your employees where the school system is consistently in the Washington Post talking about cutting music and athletic programs?

I will also remain a strong proponent for focusing on priorities. Our County is constantly changing and with the change, we need to adapt to the many needs that follow. We must look at focusing more of our money towards ending human trafficking, cracking down on the heroin

epidemic (more on that below), and caring for our homeless and mentally/physically disabled. We cannot let our most vulnerable down.

Heroin & Prescription Drug Abuse Town Hall - Addressing a Public Health Crisis in our Community and the Nation.

Heroin and prescription drug abuse is a very real problem in our community. In Virginia, more people die from heroin overdoses than car crashes each year. In Fairfax County, we all are receiving the numerous reports of overdoses, including four overdoses in one day earlier this year. Heroin is a public health crisis in our community and around the nation and Fairfax County is working to address it.



The problem is in your neighborhood - it is occurring across the county, not just in "bad" neighborhoods. Typically young adults - including many athletes. Education and public awareness are important parts of combating this growing crisis. **Seventy percent of heroin addicts reportedly start with prescription drugs.**

My **Heroin and Prescription Drug Abuse Town Hall** will be held on **Tuesday, May 3 at 7:30 pm**, in the **Board Auditorium of the Fairfax County Government Center** (12000 Government Center Parkway, Fairfax, VA). The town hall will raise awareness of the dangers of heroin and prescription drug abuse, discuss the steps being taken to address the crisis, and the practical steps that can be taken by our citizens and their families to reduce the growing epidemic.

There will be presentations by the Drug Enforcement Administration (DEA) on what they are seeing at the national level including warning signs, the Fairfax County Police Department (FCPD) on what we are seeing in our community and their response, Community Services Board (CSB) on how to get help, including their life saving REVIVE! Program, and Substance Abuse & Addiction Recovery Alliance's (SAARA) Nick Yacoub and Ginny Lovitt with the Chris Atwood Foundation with personal perspectives on addiction, as well as brief updates from myself, the Unified Prevention Coalition of Fairfax County, Delegate Tim Hugo, and Congresswoman Barbara Comstock and a discussion period where the audience can ask questions.