



The Herrity Report
Special Edition: FY 2011 Budget Markup
April 20, 2010

Today we had our formal markup for the FY 2011 budget. I voted no on the budget because when you add up all of the tax rate and fee increases it results in approximately a \$100 tax increase for the average homeowner, meaning many people will pay much more than that. After years of out of control spending and tax increases that resulted in the average tax bill doubling from 2000 to 2007 (before I joined the Board) we needed to provide homeowners with real tax relief. This budget does not do that.

Last year we began to fix some of our spending problems when we cut the county budget for the first time in recent memory. The roughly \$100 million in reductions made last year have had no significant impact on county services and have resulted in no major increase in complaints about county services. We needed to continue on last year's success and focus this year's budget process on further reducing the size and scope of our county government. This budget does not do that and I did not vote for it.

As families all across Fairfax County continue to search for ways to cut their own budgets, they will now have to cope with an increased tax burden. I worry most about all the senior citizens who have told me that after a decade of massive tax increases they are on the verge of being taxed out of Fairfax County. Other families are dealing with no wage increases (like our county employees), lost jobs or jobs at salaries below where they have been. This budget only increases the tax burden placed on them.

Bringing back the vehicle registration fee (formerly known as the decal fee) and increasing the tax burden on our citizens was the easy way out. But as we have seen over the past decade taking the easy way out has drastically increased the size of our county government while doubling the tax burden on our citizens. It is much more difficult to focus county spending on our priorities while working to increase the efficiency of our existing government programs. We missed that opportunity this year.

Additional Savings

There are many ideas that I presented where we could have saved more in order to reduce the tax burden on our homeowners:

- **Eliminate the Proposed New Affordable Housing Program:** We are starting a new \$4 million affordable housing program at a time when we are cutting 26 positions in the police department along with many other valuable programs. Telling our citizens that we have to increase their taxes so that we can save the programs that they value while at the same time starting a new \$4 million program is irresponsible.
- **50% Increase in Stormwater Expenses:** Far too much of our stormwater funding goes to planning and consultants. A 50% increase is not justified.
- **Cut the Board of Supervisor Budgets:** I advocated cutting our own budgets by a minimum of 10% which would have saved approximately \$430,000. Unfortunately the Chairman's proposal only cuts BoS budgets by 2%. We should be sharing in the pain and cutting 10%-15% like many county agencies.
- **Political Statement Positions:** We are still funding positions like the "Environmental Coordinator" and the "Bicycle Coordinator" both at salaries well over \$90,000 a year. These positions were created not out of "need" but rather to satisfy certain constituencies. We already employ Deputy County Executives who should be "coordinating" these functions.
- **Competitive Sourcing:** We should have looked harder at competitive sourcing. I put a proposal on the table in December to compete the trash collection at county owned buildings that could have saved us \$500,000. Staff has not acted on that proposal.
- **New Health Department Positions:** There is \$877,000 in the budget for nine new positions in the Health Department that were originally funded with a federal grant. This is not the time for new positions.
- **State Reserve is Too Big:** There is a \$7 million reserve in the budget for unanticipated state cuts that "may" occur during the year. We should not be increasing the tax burden on our citizens so that we can keep a reserve for cuts

that may not ever come. If we do get hit with unanticipated state cuts we would be able to make mid year adjustments, as we always do, to cover them.

- **Non Voter Approved Affordable Housing Projects:** The Board voted to include over \$13 million in the Capital Improvement Program for three affordable housing projects that are not planned to be put to voter referendums. We should not be undertaking these projects but at the very least we should be asking the voters for approval first.

Areas of Agreement

While I did not support the budget there were areas I agreed with the Board approved budget.

- **Restorations in our Police Force:** I strongly supported restoring the cuts to the School Resource Officers and the Police Citizen Aide positions.
- **Fire Department Restorations:** Public safety is a core function of local government and should always be a funding priority.
- **Community Services Board:** I supported restoring funding for certain human services programs that help those most in need. These restorations help those that truly need the safety net.
- **Budget Guidance on Next Year's Tax Rate:** At our final budget workshop I was able to get language inserted into the budget guidance for FY 2012 that directs the County Executive to present a budget for FY 2012 that keeps homeowner tax bills flat.
- **Budget Guidance on Competitive Sourcing:** I was able to get language inserted into the budget guidance for FY 2012 that instructs the County Executive to examine areas where we can better utilize competitive sourcing.
- **Budget Guidance on School Renovations:** At my request, the budget includes language instructing the Board of Supervisors and the School Board to work together to take advantage of historically low construction costs and interest rates by exploring ways to accelerate projects on the school CIP.

The School Budget

The budget does include a 1% reduced transfer for the school system but because the state is allowing FCPS to only make half of their recommended contribution into the state retirement system next year, they will not have to make a \$109 million contribution. FCPS will use a portion of that money to fully fund their FY 2011 advertised budget and the rest (\$45 million) will be banked in a reserve, which is the right thing to do, so that the money is there when the retirement payments come due. The downside of this is that

because next year's school budget will be funded with a lot of one time money (the retirement money and federal stimulus money) we already know that the schools will have a large shortfall for FY 2012 as the one time money disappears.

As the school system enters the FY 2012 budget process next January I hope that they will finally make a commitment to reducing central administration costs. FCPS will tell you that they have reduced central administration **positions** by 15% over the past two years (FY 2009 and FY 2010) but the reality is that even with those position reductions there was still a 7.6% increase in central administration **costs** from FY 2006 to FY 2011. And that 7.6% increase has nothing to do with the cost of busses, fuel or any expenses related to operating and maintaining school buildings or equipment. Those are all paid for out of different funds. There are other areas, such as fixing the spike in bus utilization, where the school system can reduce costs without negatively impacting kids, classrooms or teachers.

The bottom line is that before FCPS asks the Board of Supervisors for more money next year they need to cut their central administration **costs** and not just central administration positions.

Where do we go from here?

Tax bills doubled from 2000 to 2007. We started to reverse that trend last year when we reduced spending and provided our homeowners tax relief but unfortunately the majority reverted back to the old ways this year by increasing taxes yet again. Next year is going to be just as difficult so we need to start working immediately on finding ways to responsibly cut spending and reduce the size and scope of our county government so that there is not a need to increase the tax burden on our homeowners.

In addition to the cost saving measures I detailed above there are several other things I think we need to do:

- **Focus on Competitive Sourcing:** I mentioned one specific proposal above but we as a Board need to examine all potential opportunities to privatize county functions. Some will make sense, some will not. But because this has not been a focus of the Board I believe we are missing commonsense opportunities in this area. At my request, language to this effect was included in the FY 2012 budget guidance.
- **County Wide Citizens Budget Review Committee:** Government officials do not have all of the answers. There are a lot of people living in Fairfax County who have had a great deal of success in the private sector and bringing them to the table in a meaningful way could lead to some great ideas. The Board has resisted creating this type of committee, rejecting the idea as recently as last month. I believe this needs to change.

- **Grow Our Commercial Tax Base:** Our commercial real estate tax base is down to 19.7%, well below the county’s goal of 25%. When our commercial tax base goes down the burden on our homeowners goes up. We as a Board need to continue to do everything we can to attract new businesses to Fairfax County and grow our commercial tax base.
- **Scrutinize the County’s Enterprise Funds:** You often hear that Fairfax County has a \$3 billion plus general fund but what most people don’t realize is that the entire Fairfax County budget is actually over \$6 billion. There are dozens of enterprise funds in the other half of the budget and there may be money there to help us with next year’s general fund shortfall. We won’t know until the Board scrutinizes every one of them. That needs to happen over the next year.
- **Other Areas:** There are many other areas – here are a few:
 - Work with the schools to focus our resources in the classroom
 - Move forward with implementation of the new information system (SAP) which will significantly help with consolidation
 - Increase transparency by putting our checkbook online

The *Herrity Report* is a monthly publication from the Office of Supervisor Pat Herrity to keep citizens informed on the issues facing Fairfax County. Communication is important to Supervisor Herrity and he encourages your feedback on the items in the *Report* or other issues that concern you. Past issues of the *Herrity Report* can be found at <http://www.fairfaxcounty.gov/springfield/herrity-report-newsletter.htm>. To sign up for the Herrity Report please go to <http://www.fairfaxcounty.gov/springfield>. If you no longer wish to receive the *Herrity Report*, please send an e-mail to springfield@fairfaxcounty.gov with “Unsubscribe” in the subject line or call us at 703-451-8873.