



April 25, 2017

Today's budget vote is another victory for the Fairfax County citizens that overwhelmingly defeated the meals tax last November. While it did not provide for real tax relief, the tax rate was held flat and the budget finally includes language addressing our outdated and unsustainable pensions.

Other Happenings

- Operation: Medicine Cabinet Cleanout - April 29th @ 10am
- 2017 Fairfax County Teen Job Fairs - April 29th @ 11am
- Just Ask's Walk/Run for Freedom to Prevent Human Trafficking - June 3rd @ 9am
- Various 50+ Initiatives listed below

Another Victory for Taxpayers

Today, the Board of Supervisors approved markups to the FY2018 budget that will be formally adopted next week. Under the approved marked up budget, the tax rate will remain unchanged at \$1.13 although some homeowners will see a modest increase (0.7% for the average taxpayer) in real estate taxes due to increases in home values. While the budget does not provide for real tax relief, the tax rate was held flat and the budget finally includes language addressing our outdated and unsustainable pensions.

The budget is another victory for the citizens of Fairfax County that overwhelmingly defeated the meals tax last November. Both the County Executive and the Chairman referenced the meals tax defeat when the County Executive presented his budget with no proposed increase in the tax rate. The meals tax defeat sent a message to the Board that raising real estate taxes by more than 24% over the last four years was too much. This year the Board had to make ends meet with what it had, just as our citizens have to do every year with their personal finances. This budget further

demonstrates that we can set priorities and make sound fiscal decisions without having a significant impact on our taxpayers or funds from a meals tax.

While I wish we had been able to provide some relief to our tax payers this year, I supported the budget primarily because it finally includes language on reforming our outdated and unsustainable pension costs - especially the pre-social security supplement. Eliminating this second pension benefit, which does little to attract, retain or reward employees, will result in tens of millions in annual savings alone once fully implemented. I have included my detailed thoughts on pensions below the sections addressing the budget challenges and opportunities ahead and some of the other items of note in the budget.

Today's budget vote is result of the engagement and the message sent by voters last November. I was happy to play a large role in the engagement of voters on the pension issue and message that was sent on taxes as a result of the meals tax defeat. There is a lot of work to be done to make sure that the message is not soon forgotten.

Budget Challenges/Opportunities Ahead. As the County Executive has been saying for years - next year's budget outlook does not look any better. Many fiscal challenges lie ahead but there are opportunities as well. A few of note are below:

Need to Grow the Commercial Tax Base. A strong commercial tax base allows Virginia's counties and cities to provide high quality services at a reasonable tax rate because businesses use fewer services but are taxed at the same rate. Loudoun County was able to provide its citizens with a tax reduction this year because of the growth in its commercial tax base. Fairfax County has a goal of 25% for its commercial tax base. We reached 27% in 1990 but have since fallen to 19%. We have historically high commercial office vacancy rates, as tenants have moved to high quality space and downsized. For too long we have been acting as though our future economic success is guaranteed--it is not and needs to be worked every day. We are reforming our permitting and zoning processes to make Fairfax County more business-friendly, but have yet to set meaningful targets and change is slow. The rezoning of the former Exxon Mobil site, now occupied by the INOVA Center for Personalized Health, will be a test of the Board's commitment to economic development and diversifying our economy.

Metro Cost Increases. Metro is critical to our growth and our transportation system. The County Executive has made it clear that we cannot absorb the proposed increase for Metro in FY2019. I was glad the Budget Chairman included my request to include a sense of urgency in the budget language. It is critical that any additional funding to Metro is accompanied by real reforms in governance (transportation professionals not politicians), the labor contract (pension reform, overtime rules, and outsourcing) and

safety (including the culture). The current GM has made great progress in most of these areas, but there is much work to be done and little time to do it. Fairfax County, as the largest jurisdiction in the Metro system, should be taking a lead in the discussions, but the board has decided to defer the decision making to a regional entity, NVTC.

Review of Overtime Policies and Practices. While we have made some progress in reducing our overtime costs, the response I received yesterday to one of my budget questions on overtime I believe shows the county still has some work to do. For example, one of the highest paid County employees is a Fire Technician whose total annual pay in 2016 was over \$270,000. Only \$90,000 was regularly scheduled salary, but more than \$160,000 was overtime and "call back" pay. When we have personnel making twice their base salary in overtime, it is cause for concern. I worry about the quality of services being provided by someone who must be working 80 hours a week on a regular basis. While some overtime is unavoidable, especially in public safety where we need them on the job responding to incidents, we need to make sure it is correctly managed and paid. After I have had a chance to further analyze and understand the analysis, I plan to propose a top-down review of overtime practices across the County. We owe it to citizens and our employees to make sure that our compensation policies do not result in over worked staff.

School System Challenges and Opportunities. Our school system is critical to our success and is the number one reason businesses and residents relocate to Fairfax County. Our school system is facing a number of challenges; the percentages of students receiving free meals and English as a second language have soared above 30% across the system and are over 50% in many schools. Our schools are facing significant new challenges with the impact of the over 4,000 undocumented minor children placed here since 2014 by the Federal government, many of which who cannot read or write in their own language, much less English. We need to reiterate our request to the Federal government to help fund the education for these students.

It is now more critical than ever that we focus our resources into the classroom and on our teachers. In past Herrity Reports, I have provided numerous ways funds can be funneled into the class room including:

- Address the schools supplemental retirement benefits (that only Fairfax County administrators and teachers receive) that does little to attract, retain, and reward teachers. We should focus these resources on increasing teachers' salaries. This supplemental pension plan cost adds 6 cents to every payroll dollar - money that could be better used to compensate our teachers.
- Address the lapse rate assumptions that leave the schools with large carryforward numbers that many times get spent on unbudgeted items

- Examine travel costs - for example, just last year the school system spent \$106K on travel to Canada and \$42K on travel to Germany

Other Opportunities for Savings. In previous Herrity Reports, I have included a number of areas where I think the county still has room to be more efficient and save taxpayer dollars. They include opportunities to privatize some county operations, eliminate functions that only Fairfax County provides, and focus our housing dollars on those that do not have housing options (the mentally and physically disabled, the elderly, and the homeless) instead of county subsidized rent control housing for people making up to \$120K a year. The Lines of Business Review process has been disappointing to date, but as we move into phase two, I hope we will have the opportunity to set real metrics to measure and benchmark how we provide services and the impact of the programs, as well as looking at overlapping duties.

Other Items of Note in the Budget. There were a number of items addressed in the budget language that I was happy to see.

- Addressing the Opioid Public Health Crisis - the budget language includes direction for staff to work with schools to address the opioid crisis that kills three people per day in Virginia and 80 in Fairfax County alone last year. With the recent news of Carfentanil (elephant sedative) use spreading into Loudoun County the problem has the opportunity to get worse if not further addressed.
- Tax Relief for Spouses of First Responders Killed in the Line of Duty - the budget language implements my request to have an ordinance drafted to provide for real estate tax relief for the spouses of first responders killed in the line of duty. Delegate Hugo led the effort to get a constitutional amendment allowing local governments enact these provisions. It is a small tribute to those that are killed serving our communities.
- Development of Fiscally Constrained Plans - In several places in the budget language and several times during the Board's discussions today, the term "fiscally constrained plans" was used. This term is welcome news and long overdue in fiscal discussions in the County.
- Addressing Police Pay - the budget language includes a long overdue study of police department pay at the lower ranks, with the goal of addressing in the next budget.
- Pre-notification 911 - this low cost initiative to provide first responders with critical information on a 911 caller's medical and/or mental health status will be explored with the hope of implementing in the FY2019 budget. This has been an initiative of the 50+ plan and the disability community.
- Addressing the Programs for Intellectual and Developmental Disability Graduates - The budget language directs staff to look at restructuring these

important programs so that they can serve more graduates as the current programs are fiscally unsustainable.

It is Past Time for Serious Pension Reform. The last Herrity Report contained my detailed thoughts on serious pension reform. I have summarized those thoughts below. For the full version please [click here](#).

Most of our residents are in complete disbelief when they learn that Fairfax County offers, and continues to offer, a pre-social security supplement benefit - also known as the second pension. Employees that started working for Fairfax County right out of college can retire from the County as early as age 55. In addition to their regular pension benefits, which are more generous than surrounding jurisdictions, County employees get a second pension benefit that provides the employee a County-paid benefit equal to social security payments until they reach social security age. Unlike actual social security payments, which saw no increase last year, the County's second pension recipients receive a guaranteed 3% increase. Serious pension reform in Fairfax County is past due and it starts with elimination of the second pension benefit for **new** employees.

Here are just some of the reasons I believe we need to eliminate the pre-social security supplement for new general County and school employees:

- **This benefit does not help recruit or retain employees.** Compensation plans should be designed to recruit and retain employees - this benefit does neither. The benefit is not valued as much as salary by the employees we are trying to recruit. Because the benefit is not paid unless you retire, it encourages employees to retire earlier.
- **Fairfax County is the only jurisdiction in Virginia to offer this benefit.**
- **It is an expensive benefit that adds 6% to the cost of every payroll dollar.** This benefit cost the County \$35M and the school system \$75M in FY 2016.
- **The cost of providing this benefit continues to grow and is unsustainable.** As people live longer, the cost of providing this benefit continues to grow and continues to crowd out important County and school programs.
- **The cost of this benefit is unpredictable.** Because this is a defined benefit, poor market returns can significantly increase the cost of the benefit.

As discussed further in the link pension reform starts with eliminating the pre-social security supplement, but we must also address the County's retirement plan and the school system's supplemental pension plan (ERFC). This includes changing the retirement age, phasing out the County's DROP program (allows for retirement payments prior to retirement), reducing the high costs of administering the benefit plans, and investigating the conversion to a hybrid plan like the rest of the counties in

Virginia have done. I have not addressed several other pension issues including the optimism of the pension return assumptions and the funding level of the pension liability. We need to keep our promises to our current employees, but must move our compensation programs into the 21st century for new employees.

Our hard working County employees and teachers continue to ask for salary increases to get them to market averages. Unfortunately, too many of our compensation dollars are going towards pension benefits which competes with the ability to fund employee and teacher raises and attract high quality candidates for openings. The cost of benefits for County and school employees range from 60% to 80% on top of each payroll dollar, compared to 25 to 35% for most private companies. Growing pension liabilities also compete for funds with the high quality services that our residents expect.

I have been working to address the County's overly generous and unsustainable pension costs since 2010. I spoke about the County and school pension issues repeatedly during the meals tax debate as a prime example of where the County needs to get spending prioritized and under control. Largely as a result of the meals tax discussions, several of the County's civic associations, business groups and community groups have joined me in the call to reform the County's pension benefit programs.

The goal of these reforms cannot just be to make our pension benefits sustainable and affordable, but to change our total compensation packages so that we can do a better job of attracting, retaining and rewarding a quality workforce. Despite a delay in discussing our pension costs, it appears that the Board is finally prepared to look at pension reform. Hopefully this time we end up with meaningful pension and compensation plan reform and not a few more nibbles around the edges. We need to keep our promises to our current employees, but must move our compensation programs into the 21st century for new employees.

Operation: Medicine Cabinet Cleanout - April 29th - 10 am - 2 pm

Every day in Virginia, three people die from opioid overdoses. In Fairfax County, it is about once a week. Many of these deaths start with prescription opioids. 70% of those that abuse prescription drugs obtain them from a relative or friend, typically without their knowledge. Safe handling of unused or expired medication prevents accidental poisoning, protects the environment, and prevents prescription medications from falling into the wrong hands.

"Operation: Medicine Cabinet Cleanout" will be held on Saturday, April 29th from 10 am to 2 pm. Any person may drop off any unused or expired medications at any Fairfax County Police Station where the disposal is free, confidential, and safe. Pills or liquids only, no pressurized canisters or needles.

Operation: Medicine Cabinet Cleanout is sponsored by the Drug Enforcement Agency, the Fairfax County Police Department, and the Unified Prevention Coalition of Fairfax County in partnership with local businesses and in collaboration with the following Fairfax County government departments: Police, Health, Public and Private Partnerships, Neighborhood and Community Services, Public Works and Environmental Services, and the Fairfax-Falls Church Community Services Board.

[Click here](#) for a listing of Police Stations participating in the operation.

2017 Fairfax County Teen Job Fairs and Resume Workshop - April 29th - 11 am - 1 pm

Our teen job fairs at West Springfield, Oakton and Chantilly High Schools attracted over 400 students to each fair and were a big success based on the feedback from the teens and parents leaving the job fair. Our last Teen Job Fair this year will be held Saturday, April 29th from 11 am to 1 pm at South County High School. These job fairs focus on student job seekers looking for full time employment, after-school employment, seasonal positions, internship opportunities, or volunteer experiences. It is open to all teens in Fairfax County looking for employment or wanting tips to build their resumes. Businesses and organizations have the opportunity to showcase their companies, brand their businesses in the local community, and advertise the positions they have available. There is no cost to participate. [Click here to register or for more information.](#)

A huge thank you to the Fairfax County Public Schools and the Connection Newspapers for their help getting the word out about the job fairs. Also, thanks to Chantilly, Oakton, West Springfield, and South County High Schools, Dulles Regional, Greater Springfield, and South Fairfax Chambers, South County Federation, and Supervisors Kathy Smith, Linda Smyth, and Dan Storck for all their work in making these possible.

Just Ask's Walk/Run for Freedom to Prevent Human Trafficking - June 3 - 9 am

Walk to support the efforts of Just Ask to increase awareness and prevent teen sex trafficking in Northern Virginia! Trafficking information and materials will be available. The first 200 registrants will receive a free Just Ask t-shirt at the walk. Indicate your size when you register. Check-in begins at 8:00am. 2 mile fun run starts at 9:00am, 1 mile walk starts at 9:15am. Invite your friends! They will have music and door prizes. The Fairfax County Sheriff's Office will provide a car for the kids to check out, and a youth fingerprinting station. For more information, [please click here](#).

50+ Initiatives

The Fairfax 50+ Employment Expo is scheduled for May 11, 10 a.m. to 2 p.m. at the Fair Oaks Marriott Hotel, 11787 Lee Jackson Memorial Highway, Fairfax. The event is free and no registration is necessary. [Click here](#) for more information. Jewish Council for the Aging, Fairfax County and AARP are sponsoring the event.

Fairfax County's free Family Caregiver Telephone Support Group meets by phone on Tuesday, May 9, 7-8 p.m. Register beforehand by [clicking here](#) and select "Telephone Caregiver Support Group". Call 703-324-5484, TTY 711.

Fairfax County is offering the following [Free Seminars for Family Caregivers of Older Adults](#):

- Fall Prevention - Making Home Safer for You and Your Loved One, Monday, May 1, 7-8:30 p.m.
- Emergency Preparedness for Caregivers - WEBINAR, Wednesday, May 3, Noon-1 p.m.
- The Basics of Memory Loss, Dementia, and Alzheimer's Disease- WEBINAR, Wednesday, May 10, Noon-1 p.m.
- Care Plan for Life, Wednesday, May 10, 7-8:30 p.m.
- Caregiving 101 - Prepare to Care, Monday, May 15, 7-8:30 p.m.
- Legal Considerations for Caregiving, Wednesday, May 17, 1-3 p.m.