



**McLean Citizens Association Resolution
Fairfax County and Fairfax County Public Schools
Advertised FY 2019 Budget Plan**

April 9, 2018

Whereas, Fairfax County has proposed an Advertised Budget for Fiscal Year 2019 (Budget) which is balanced between General Fund revenues and disbursements of \$4.3 billion and represents an increase of \$192 million or 4.7% over the Fiscal Year 2018 Adopted Budget; and

Whereas, the proposed disbursements for Fiscal Year (FY) 2019 are

- \$2.3 billion, or 53% of the Budget, for Fairfax County Public Schools (FCPS) operations, infrastructure, and debt service, an increase of \$95 million or 4.4%, and
- \$2.0 billion, or 47% of the Budget, for Fairfax County (County), an increase of \$85 million or 4.4%; and

Disbursements

Whereas, MCA feels that implementing efficiencies is an ongoing responsibility that should be reflected each Budget year; and

Whereas, the County's FY 2019 Advertised Budget contains only \$3.4 million of cost savings and reductions, which equate to less than one-tenth of one percent (less than 1/10 of 1%) of the \$4.3 billion Budget, and is due primarily to projected savings from temporarily leaving positions unfilled and hiring less experienced employees, with no savings from modifying programs or services; and

Whereas, the 4.7% increase in the Advertised FY 2019 Budget is more than twice as large as the 2.2% increase in last year's Advertised FY 2018 Budget; and

Whereas, the 4.7% increase in the Advertised FY 2019 Budget is also more than twice as high as the increase in consumer prices in 2017 of 2.1%; and

Whereas, according to a January 12, 2016 memorandum from the former County Executive about the Lines of Business process, Supervisors would

- receive Phase 1 Lines of Business presentations and reports for almost 400 programs or services during 2016,

- use these reports to identify which programs should receive further review for improved efficiency and effectiveness, and
- receive Phase 2 Lines of Business recommendations on how to improve the efficiency and effectiveness of those programs by July 2017; and

Whereas, only a few Phase 2 project reports were completed and presented to Supervisors as of March 2018, and many Phase 2 projects seem likely to result in recommendations for higher expenditures, rather than cost savings; and

Whereas, the Budget includes average salary increases for General County employees of 4.25% (from Market Rate Adjustments and performance or longevity awards) and 4.5% for Uniformed Public Safety employees (from Market Rate Adjustments and merit and longevity awards); and

Whereas, the FCPS FY 2019 Advertised Budget includes three types of salary increases for different categories of FCPS employees, the amounts of which are not yet known for certain categories of non-teachers:

- an average 2.5% step increase for over 90% of FCPS employees,
- a 1% Market Scale Adjustment (MSA) for non-teachers, and no MSA for teachers, and
- raises due to new salary scales for selected employee groups, including
 - over 15,000 teachers,
 - 670 school-based administrators, and
 - 1,850 central department managers and professionals, and 4,000 overtime-eligible employees; and

Whereas, the School Board is scheduled to receive information on April 19, 2018 about how \$17.9 million for non-teacher MSAs and salary scale raises will be allocated among FCPS employees, two months after voting to fund these raises in the FY 2019 Advertised Budget and one month before voting for the FY 2019 Approved Budget; and

Whereas, the Facilities Planning and Advisory Committee’s Semi-Annual Report to the School Board of February 12, 2018 explained that FCPS had allocated too little money in prior years to properly maintain, renovate, and build schools, which has triggered expensive emergency repairs; and

Revenue from Real Estate Taxes

Whereas, the FY 2019 Advertised Budget for the County includes an increase in real estate tax revenue of \$193 million or 4.3% more than FY 2018 revenue, due largely to:

- higher assessed values of real property (\$130.7 million), and
- a proposed increase in the tax rate of 2.5 cents per \$100 of assessed value (\$61.6 million); and

Whereas, average residential assessments increased in 2018 by 2.17% such that the average house is now assessed at \$547,219; and

Whereas, on March 6, 2018, the County Supervisors voted for a maximum increase in the property tax rate of 2.5 cents per \$100 of assessed value, from the current \$1.13 to a maximum of \$1.155 per \$100 of assessed value, an increased of approximately 2.2%; and

Whereas, the combination of the increase in assessments plus the maximum increase in property tax rates is an increase in the average homeowner's real estate tax bill of \$268 or about 4.5%; and

Whereas, the average paycheck of people employed in the County declined by 0.6% between September 2016 and September 2017, according to the Bureau of Labor Statistics; and

Whereas, a significant portion of our community is retired and living on a fixed income; and

Pensions

Whereas, the County has pension plans for general employees as well as police officers, fire fighters and other uniformed employees (collectively, "first responders"); and

Whereas, aggregate unfunded liabilities for the pension plans in which County and FCPS employees participate totaled approximately \$6.1 billion as of June 30, 2016, compared to total County third party debt of approximately \$3.4 billion; and

Whereas, as of December 26, 2017, Moody's Investors Service cited "inability to increase pension funding" as one of three factors that could lead to a downgrade of the County's Aaa bond rating, and noted that the County's "relatively underfunded pensions" are "counterbalanced by a favorable debt burden and overfunded OPEC ARC," and

Whereas, during FY 2018, the County Supervisors' Retirement Work Group discussed proposals to reduce pension benefits for new hires, the April 3, 2018 version of which would

- eliminate the pre-Social Security supplement for general employees and for fire fighters and other uniformed employees,
- increase employee contribution rates by an average of approximately 1%,
- raise the minimum retirement age to 60 for general employees and establish a minimum retirement age of 50 for police and other uniformed employees,
- adopt the Rule of 90 to determine general employees' retirement eligibility,
- modify pension Cost of Living Adjustment provisions, and
- compute pension benefits based on average salaries over five years; and

Whereas, the April 3rd Retirement Work Group proposal for new hires would use the realized savings to increase the pace at which the County moves toward full funding of its pension liabilities, so the three pension plans for County employees would be fully funded between 2030 and 2032.

Resolutions

Now therefore be it resolved, that the McLean Citizens Association urges the County Board of Supervisors to implement meaningful cost savings in FY 2019 and thereby increase the property tax rate by less than the advertised 2.5 cents per \$100 of assessed value in FY 2019; and

Be it further resolved, that the McLean Citizens Association urges the Board of Supervisors, in cooperation with the School Board, to:

- increase salaries for all employees by approximately the rate of inflation, and
- to the extent feasible without increasing the the property tax rate by as much as 2.5 cents per \$100 of assessed value, provide additional raises for teachers and first responders; and

Be it further resolved, that the McLean Citizens Association urges the Board of Supervisors to vote for the changes in County employees' pension plans described in the Retirement Work Group package of April 3, 2018; and

Be it further resolved, that the McLean Citizens Association commends the County Executive for proposing to increase the annual school bond amount from \$155 million to \$180 million.

Approved by the McLean Citizens Association

April 9, 2018

McLean Citizens Association, P.O. Box 273, McLean, Virginia 22101

cc: John Foust, Dranesville District Supervisor
Jane Edmondson, Dranesville District Supervisor Chief of Staff
Fairfax County Board of Supervisors
Bryan Hill, Fairfax County Executive
Joseph Mondoro, Fairfax County Chief Financial Officer