



**MCA FY 2014 Budget Resolution
April 3, 2013**

Whereas, the current economy is one of the worst in memory and is hurting Fairfax County residents; and

Whereas, federal spending has constituted a significant portion of the County's economy, with federal procurement representing approximately \$25 Billion annually, and the income of County residents who work as civilians for the federal government representing roughly 10% of the total income earned by County residents; and

Whereas, federal sequestration will reduce the annual income of many County residents who are federal employees, perhaps by up to 20%; and

Whereas, federal sequestration also will have spillover impacts on the incomes and employment of the contractor workforce that directly supports federal agencies and on the local providers of goods and services, such as restaurants, dry cleaners, and retail merchandisers; and

Whereas, local taxes and utility costs, such as water and sewer, are increasing dramatically, and the new State transportation bill will result in a 1% increase in the sales tax paid in Northern Virginia; and

Whereas, there has been a termination of the 2% reduction in employee social security payroll taxes; and

Whereas, Fairfax County's FY 2014 Advertised Budget proposes a 2 cent per \$100 increase (to 1.095) in the real estate tax rate, on top of an average 3.5% increase in the real estate equalization base; and

Whereas, the County estimates 25% of its workforce will be eligible to retire in the next few years; and

Whereas, the County's FY 2014 Advertised Budget proposes to transfer 52.6% (almost \$1.9 billion, including \$172.4 million of debt service on school bonds) of its General Fund to Fairfax County Public Schools (FCPS), in addition to the \$67.9 million the County will directly spend on services provided to FCPS students; and

Whereas, the FY 2012 FCPS Consolidated Annual Financial Report (CAFR) shows that the FCPS General Fund end-of-year balance exceeded \$260 million, of which \$22 million was in the unassigned category and over \$80 million was in the assigned-but- not-committed category

under GASB (Governmental Accounting Standards Board) Statement No. 54 rules, as amended; and

Whereas, the County holds reserves of at least 5% of its operating budget, which are intended to cover unexpected financial exigencies for both the County and FCPS; and

Whereas, County budget documents present information concerning how the County spends its money, and the FCPS separately presents its budget information; and

Whereas, the County published a detailed list of FY 2014 reductions that were considered but not incorporated into the County Executive's FY 2014 Advertised Budget recommendations; and

Whereas, the County manages its budget by requiring executives to find savings that correspond to the amount they would save if the County had an 8% employee attrition rate, while a historical review of FCPS budget documents indicates that FCPS underestimates the savings from employee attrition and vacancies in its proposed, advertised and approved budgets, which results in "savings" at the end of every fiscal year, but also causes the School Board to request more funds from the Board of Supervisors than it historically has spent; and

Whereas, the McLean Citizens Association passed a resolution in 2012 calling upon FCPS to hire an independent auditor who would serve at the pleasure of the School Board and report to a restructured School Board Audit Committee, which would include as voting members individuals with financial expertise, exclude FCPS personnel as members, and otherwise resemble the Audit Committee of the Board of Supervisors; and

Whereas, developer proffer funds, in projects which will not be completed, remain unused; and

Whereas, the Board of Supervisors and the School Board are in the best position to determine where specific funding cuts can be made that do the least harm to Fairfax County residents; and

Whereas, balance is necessary to ensure that non-school services to residents funded by the County budget are not disproportionately impacted;

Now, therefore, be it resolved, that the County keep the real estate tax rate at the current 1.075 level and that the County and the FCPS equally cut expenses to realize an overall \$41 million savings, without increasing class sizes; and

Be it further resolved, that the County and FCPS should develop an annual list of potential budget cuts, in the aggregate amount of at least 5% of each department's budget, that are not included in the County Executive's and the Superintendent's respective proposed budgets and publish this list on the same day that they release their proposed budgets; and

Be it further resolved, that FCPS adopt a process similar to that employed by the Board of Supervisors with attrition assumptions; and

Be it further resolved, that the Board of Supervisors and the School Board begin holding regularly scheduled meetings prior to the publication of the FCPS Proposed Budget and the

County Executive's Advertised Budget, with the goal of producing unified approaches to the budget process; and

Be it further resolved, that the County and FCPS strongly weigh community input in determining budget cuts, rather than considering and publicizing potential budget cuts that are most likely to be felt by community members; and

Be it further resolved, that the County view future employee retirements as an opportunity to cut positions, lower job classification levels, reform pension and benefit plans, and increase the use of technology to reduce employees' workload; and

Be it further resolved, that future County budget presentations include more information about FCPS expenditures, using definitions from the FCPS CAFR, which is prepared in accordance with GASB, and the Annual Report of Expenditures that is filed with the Virginia Department of Education; and

Be it further resolved, that FCPS should use funds not designated as committed, restricted or nonspendable under GASB Statement No. 54 rules, as amended, to help pay FY 2014 expenses; and

Be it further resolved, that the Board of Supervisors ask its Auditor to the Board to review the use of funds transferred to FCPS starting in FY 2014; and

Be it further resolved, that the School Board restructure its Audit Committee to align with the structure of the Supervisors' Audit Committee; and

Be it further resolved, that the Board of Supervisors appropriate funds in FY 2014 to allow the School Board to begin in FY 2014 to employ an independent auditor for the School Board. (i.e., one who serves at the pleasure of the School Board and who cannot be hired or fired by the FCPS Superintendent or his subordinates) and that in subsequent years, the cost of the auditor be included in the School Board budget request; and

Be it further resolved, that the County obtain appropriate authority to use proffer funds that remain in accounts for projects that will never be completed.

*Approved by the MCA Board of Directors
April 3, 2013*

McLean Citizens Association, PO Box 273, McLean, Virginia 22101

To: Fairfax County Board of Supervisors
Fairfax County School Board
Cc: Edward Long, County Executive
Jane Edmondson, Office of Supervisor John Foust
Jack Dale, Superintendent of Fairfax County Public Schools