



**McLean Citizens Association Resolution  
Fairfax County Advertised FY 2017 Budget Plan  
April 6, 2016**

**Executive Summary**

**Whereas**, the quality of life in our community depends to a great extent on the services that Fairfax County (County) provides – education for our children, public safety, parks, libraries, among others – and the costs of providing and improving those services continue to rise; and

**Whereas**, failing to maintain these services is detrimental to the quality of life for our families; and

**Whereas**, the County is challenged to meet the costs of funding these services because of residual effects of federal government sequestration, years of continuing high commercial property vacancy rates, and rapidly growing pension liabilities; and

**Whereas**, restrictions under state law on the County’s ability to tax focuses the burden to fund the services disproportionately on residential real estate taxes;

**Now, therefore, be it resolved** that McLean Citizens Association urges the Board of Supervisors and Fairfax County Public (FCPS) School Board, as cited below, to approve the education, public safety and other initiatives contained in the County’s Advertised Budget for FY 2017 (Budget) and to fund the expenditures through

- Cost savings in staffing, salaries and health insurance and other benefits,
- Restructuring and significant reduction in pension benefits for new employees,
- Expansion and diversification of the County’s tax base where state legislation is not required to do so,
- Expansion and diversification of the County’s tax base through close collaboration with state legislators where legislation is required, and
- Increase of the property tax rate by \$.03 per \$100 of assessed value.

**Whereas**, Fairfax County has proposed an Advertised Budget for FY 2017 which is balanced between General Fund revenue and disbursements at \$4.0 billion, an increase of \$198 million or 5.2% over the FY 2016 Adopted Budget; and

**Whereas**, the proposed expenditures for FY 2017 are

- \$2.1 billion, or 52% of the Budget, for FCPS operations, infrastructure, and debt service, an increase of \$71 million, and
- \$1.9 billion, or 48% of the Budget, for the County for public safety, construction, debt service, reserves and other, an increase of \$127 million; and

**Whereas**, 65% of the revenue for FY 2017 is from real estate taxes (residential and non-residential), 15% from personal property taxes, and 20% from sales taxes and other sources, with no use of one-time balances;

**Now, therefore, be it resolved** that McLean Citizens Association commends the Fairfax County Board of Supervisors for their efforts to identify and fund budget priorities, with increasing focus on education and public safety.

### **Education**

**Whereas**, the County Budget, based on the Board of Supervisors' Budget Guidelines, proposed a total transfer to FCPS of \$2.08 billion, namely

- Transfer for operating costs of \$1.88 billion, which is \$54.8 million or 3% higher than the County's operating cost transfer to FCPS in FY 2016,
- Additional construction support of \$13.1 million, which was not in the County's initial FY 2016 Budget, but was added during the FY 2015 Carryover Review, and
- Interest and principal transfer for school bonds of \$189.9 million, which is \$2.7 million more than in FY 2016; and

### **Teacher Compensation:**

**Whereas**, the FCPS FY 2017 Advertised Budget (FCPS Budget) proposes that the County increase its FY 2017 transfer to the FCPS operating fund by an additional \$68 million to further increase teacher salaries and reduce elementary class sizes; and

**Whereas**, the state subsequently enacted a FY 2017 budget that will provide FCPS with an additional \$21 million of state funding; and

**Whereas**, FCPS teacher salaries, as reported by an FCPS consultant and by the Washington Area Boards of Education, are below average teacher salaries in the Washington area, particularly during the middle years of teachers' careers, with teacher salaries 11% below the market average at the 15<sup>th</sup> year; and

**Whereas**, FCPS total compensation for teachers, including pension and other benefits, is also below the market average in the middle years of teachers' careers, with teacher total compensation 6% below the market average at the 15<sup>th</sup> year, but is slightly above market average for first-year and 30-year teachers; and

**Whereas**, this suggests that FCPS relies more heavily on compensating its teachers through retirement and health care benefits, while other systems rely more heavily on salaries; and

**Whereas**, FCPS reports higher attrition among inexperienced, experienced and specialized teachers, especially mid-career teachers, and started this school year with an unprecedented 200 vacancies; and

**Class Sizes:**

**Whereas**, schools in the greater McLean area have larger-than-average class sizes by FCPS standards; and

**Whereas**, MCA passed a resolution on March 4, 2015

- Commending Dr. Garza, FCPS Superintendent, for her efforts to reduce the use of administrative practices that contribute to inequities within FCPS relating to class sizes,
- Urging the School Board to adopt a FY 2016 Budget that reduced the resource allocation gap among schools with the most and the least FCPS-allocated resources per student, and
- Urging the Board of Supervisors to collaborate with FCPS in evaluating the impact of FCPS staffing formulas; and

**Whereas**, FCPS issued a regulation in July 2015, which included provisions that allocated extra teacher and aide positions from the FCPS staffing reserves to elementary schools that had large classes; and

**Whereas**, the FCPS FY 2016 Adopted Budget was based on projections that exceeded student enrollment by more than 2,000 students, which provided FCPS with additional teacher positions that were reallocated to schools in the greater McLean and similar areas in the fall of 2015; and

**Whereas**, the allocation of positions from the FCPS staffing reserve in the fall of 2015 resulted in a smaller range of average class sizes among FCPS elementary schools; and

**Whereas**, the FCPS Budget includes \$10 million to ensure that all elementary school class sizes are “below 30 where classroom space is available;” and

**Whereas**, four out of the nine elementary schools serving the greater McLean area will not benefit from this \$10 million because they have insufficient classroom space (Lemon Road ES, Chesterbrook ES, Kent Gardens ES, and Haycock ES); and

**Whereas**, FCPS has not provided information about average class sizes in each middle and high school for core academic subjects, so that the impact of the current FCPS “needs-based staffing” formulas on middle and high schools in the greater McLean area and elsewhere are more difficult to quantify;

**Now, therefore, be it resolved** that McLean Citizens Association commends Dr. Garza and School Board members for:

- Identifying and addressing the critical issue of teacher compensation,
- Hiring an independent consultant to evaluate FCPS employee compensation,
- De-linking teacher and non-teacher compensation in the FY 2017 Proposed and Advertised Budgets, and
- Continuing to address the issue of class size, particularly in the greater McLean area and other areas in the County with the largest class sizes; and

**Be it further resolved** that McLean Citizens Association urges the Board of Supervisors to provide guidance to the School Board when it votes for the FY 2017 transfer, indicating that it encourages the School Board to allocate \$40 million of the Board of Supervisor approved transfer to FCPS for higher teacher salaries and \$10 million to eliminate elementary school classes with 30 or more students; and

**Be it further resolved** that McLean Citizens Association urges the FCPS School Board and Superintendent Garza to promptly post information on the average and median class sizes for general education core academic classes at each middle and each high school for FY 2016, by subject, and to post the same information in November of each future fiscal year; and

**Be it further resolved** that the McLean Citizens Association urges the FCPS School Board to include in the FY 2017 FCPS Approved Budget the \$40 million increase in teacher salary scales and \$10 million increase for class size reduction, even if the County transfer is less than the amount requested in the FCPS Budget, through

- Allocation of any surplus funds that are identified in the FY 2016 Year-end Budget Review, and
- Newly identified cost savings in the FCPS Budget, potentially including items and initiatives listed below in this resolution; and

**Be it further resolved** that the McLean Citizens Association urges the FCPS School Board to identify funds for this purpose through

- Directing FCPS staff to publicly present options that reduce benefits and increase salaries for future and current FCPS employees, and
- Direct FCPS staff to publicly present options to balance the FY 2017 Approved Budget through one or more of the following:
  - i. Provide all FCPS employees with a 1.6% Market Scale Adjustment (MSA), consistent with the proposed raise for federal government employees, rather than a step increase worth an average of 2.5% for the over 90% of FCPS employees who are eligible to receive a step increase plus a 1% MSA,
  - ii. Reduce the number of paid vacation days for employees who have 11-month and 12-month contracts,
  - iii. Modify FY 2017 budget assumptions to more accurately reflect likely savings from employee attrition and other revenues and expenditures, and
  - iv. Reduce the number of FCPS central department positions; and

**Be it further resolved** that the McLean Citizens Association urges the FCPS School Board to adopt a modified version of the proposed class size initiative, where the \$10 million for class size reductions is used to:

- Assign extra teachers solely to schools that receive no additional teacher or aide positions or other resources under the FCPS needs-based formulae for elementary, middle and high schools,
- Reduce class sizes at middle and high schools, as well as elementary schools, and
- Install additional trailers at such schools, as needed.

## **Quality of Life**

### **Public Safety:**

**Whereas**, the Budget includes expenditures on Public Safety of \$473.1 million, including an increase of \$18.4 million or 4.0%; and

**Whereas**, the Budget's Public Safety priorities for FY17 include funding for the Police and Fire/Rescue Staffing plan, fire apparatus replacement, the first phase of staffing for the new South County Police Station, and the Ad-Hoc Police Commission recommendations to implement the Diversion First Program to decrease the use of arrest and detention of people experiencing mental health and/or substance abuse or other behavioral health crises;

**Now, therefore, be it resolved** that McLean Citizens Association endorses the Budget's Public Safety priorities and urges the Board of Supervisors to fund them.

### **Libraries:**

**Whereas**, excellent libraries contribute to the quality of life enjoyed by County residents; and

**Whereas**, the Budget proposes a \$2.4 million, or 7.9%, reduction in funding of the Fairfax County Public Library (FCPL) compared to the FY 2016 Revised Budget, the seventh cut in the past ten years; and

**Whereas**, the proportion of General Fund expenditures dedicated to the FCPL has fallen by almost half since FY 1999, to a level lower than in the City of Falls Church or the counties of Arlington, Prince William and Loudoun; and

**Whereas**, reductions in staffing, operating hours and new materials have led to fewer services and reduced public satisfaction with the library system over the past decade; and

**Whereas**, FCPL has undertaken a comprehensive public engagement effort, the findings of which will form the basis of a new library strategic plan to be developed later in 2016;

**Now, therefore, be it resolved** that McLean Citizens Association urges the Board of Supervisors to retain funding for FCPL at the FY 2016 Revised Budget level and defer any reductions in funding until a new library strategic plan is completed and its implications and recommendations are considered by the Board of Supervisors.

**Parks:**

**Whereas**, 78% of County residents used our parks last year while funding for parks make up less than 1% of County expenditures; and

**Whereas**, the Park Authority has seen increases in urbanization, citizen complaints, park acreage, development of parkland, and limited staff while maintenance costs continue to increase; and

**Whereas**, the Park Authority Infrastructure Maintenance from General Fund support of \$1.9 million represents an increase of \$0.23 million over FY 2016; and

**Whereas**, the Park Authority by necessity must focus maintenance funding on the built infrastructure for safety and long term use, while Natural Resource Management funding for our natural resource land lags behind typical annual unit costs per acre nationally;

**Now, therefore, be it resolved** that the McLean Citizens Association urges the Board of Supervisors to support the advertised increase for maintenance while asking the Board to consider additional resources when available for park natural areas.

**Revenue Increases**

**Whereas**, the County is challenged to meet the rapidly increasing costs for its most critical services – mainly education and public safety – but failing to do so would be detrimental to residents and also would weaken the County’s ability to attract businesses to Virginia because these are critical criteria for businesses in their decisions regarding site selection; and

**Whereas**, an important goal for increasing revenue for schools is a more favorable allocation of funds from the state to FCPS through a revision of the state's Local Composite Index (LCI) formula used to determine the amount of state funds; and

**Whereas**, other opportunities for Revenue improvement include:

- higher hotel occupancy taxes paid by hotel patrons,
- a higher cigarette tax consistent with the practice of surrounding localities,
- an admissions tax to places of amusement or entertainment,
- the possibility of a meals tax, and
- a reevaluation of permit and user fees, set consistently to fully recover costs;

**Now, therefore, be it resolved** that McLean Citizens Association urges the Board of Supervisors to broaden the County's revenue base by continuing to work collaboratively with state legislators – those who represent Northern Virginia as well as those in key legislative positions in both parties - to

- Pursue changes that would result in more favorable allocations of funds from the state to FCPS, including a revision of the formula for the LCI, and
- Obtaining legislative agreement for the County to increase its hotel occupancy taxes and cigarette taxes; and

**Be it further resolved** that McLean Citizens Association urges the Board of Supervisors to broaden the County's revenue base, by

- Implementing an admissions tax,
- Scheduling a referendum for a meals tax in 2016, and
- Setting permit and user fees at levels that fully recover County cost.

### **Cost Savings**

#### **Pension Plans:**

**Whereas**, the County manages and/or funds, directly or indirectly, five pension plans covering approximately 64,000 current and former employees of the County and FCPS; and

**Whereas**, these pension plans are underfunded in the aggregate by four billion two hundred million dollars, \$4.2 billion, including underfunding for the Virginia Retirement System, and the amount of underfunding is likely to continue increasing; and

**Whereas**, the County/FCPS contributed approximately \$542 million to these plans in FY 2015, and that amount will continue to grow and increasingly crowd out funding of core government services such as education, public safety, and infrastructure;

**Now, therefore, be it resolved** that McLean Citizens Association urges the Board of Supervisors to restructure its retirement income plans for all new employees such that the net cost of those benefits to the County would be no greater than the net cost under the Virginia Retirement System hybrid pension plan; and

**Be it further resolved** that McLean Citizens Association urges the Board of Supervisors to determine and implement the optimal means to achieve the above cost savings by creating new hybrid defined benefit/defined contribution plans or new defined contribution 401(k)-type plans for new employees.

#### **Bond Rating:**

**Whereas**, Moody's assigned a Triple A rating to the County's bonds last year but downgraded the "outlook" on its rating to "negative," Moody's recently restored the outlook to "stable," citing reserve growth and pension funding among the issues which caused the improvement;

**Now, therefore, be it resolved** that McLean Citizens Association commends the Fairfax County Board of Supervisors for their efforts to increase the County's reserves and pension funding to persuade Moody's to restore the County's bond rating to Triple-A with a stable outlook.

### **Taxes**

**Whereas**, the Budget assumes a real estate tax increase of \$93 million that would fund the County expenditures and also would create a \$23 million cash surplus to address otherwise unfunded County and FCPS requests; and

**Whereas**, part of that real estate tax increase is caused by the annual reassessment of property values, which vary from property to property, but which will increase property values and tax payments by a County-wide average of 1.64% in FY 2017, before any increase in the current real estate tax rate is taken into account; and

**Whereas**, the reassessment will increase real estate taxes by \$93, to \$5,751 per year for a residence which was assessed for FY 2016 at the County-wide average of \$519,134; and

**Whereas**, the proposed \$.04 increase in the tax rate would increase total real estate taxes by a further \$211 to \$5,962 per year, for a residence which was assessed at the County-wide average; and

**Whereas**, real estate taxes would go up by a total of \$304 or 5.4% for a residence with the average County assessment compared to an inflation rate in 2015 of 0.7% (Consumer Price Index) and compared to wage growth in Fairfax County in 2015 of 2% (Bureau of Labor Statistics); and

**Whereas**, those receiving Social Security will not receive any increase in funding, and federal employees will receive a raise of 1.6% in 2017;

**Now, therefore, be it resolved** that McLean Citizens Association supports the Board of Supervisors increasing the property tax rate by \$.03 per \$100 of assessed value, but not more than \$.03, to fund FY 2017 General Fund expenditures and to fund other requirements with cost savings, contingency funds, and other funds which become available.

*Approved by the MCA Board of Directors  
April 6, 2016*

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Copies to:

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