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- [**Facts of the School Budget**](#) - The \$98 million School Board request to fund our schools can be easily met without a tax rate increase and why teachers can and should get a raise.
- [**County Budget All About Increases**](#) - While the school system cut some administrative positions and programs - the proposed county budget is all about increases and devoid of any reductions or savings.
- [**Growing our Commercial Tax Base \(not the tax rate\)**](#) - See discussion below on why a 3% increase translates to a 6.5% tax increase on our homeowners when the commercial tax base falls.
- [**Board Agrees to Suspend Rent Controlled Housing Program**](#) - At the last Board meeting the Board agreed to indefinitely suspend the 3-2-1 rent control program I have been arguing against.
- [**Budget Town Hall**](#) - I am pleased to announce that both County Executive Ed Long and County CFO Susan Datta will be at my Budget Town Hall, co-hosted by the Springfield District Council on March 10th at 7:00 PM at the West Springfield Government Center - details below.

My Initial Thoughts on the Budget/Tax Rate

In a 8 - 2 vote at today's Board of Supervisors meeting, the Board approved advertising the tax rate for FY 2015 at \$1.105, if approved this would represent a 15.5% tax increase over the last three years, that I believe should be "dead on arrival". If imposed, this would be the single largest increase (8.5%), in the real estate tax bill of the average homeowner since pre-recession 2007.

I continually hear from our homeowners that they are being taxed out of their homes. This year, I also heard it from my aunt, a lifelong resident of the area, who will be leaving Fairfax County largely due to the tax burden. We are forcing people out of their homes in order to subsidize bringing people in. This year's increase again falls hardest on those who can least afford it; the owners of town homes, condos and apartments.

This proposed increase comes at a time when our homeowners are still struggling under difficult economic times. When our homeowners have a reduction in earnings due to the economy or furloughs, they do not have the luxury of increasing "revenue", they must adjust their spending and we as a Board should do the same.

Yet, more so than in any period since I have been on the Board, the last three years seem to be the years of misplaced spending priorities. Some notable examples of misplaced priorities that I opposed include:

- Approval of a \$30 million storm water bond over county staff's objections after we told the School Board we could not afford an increase in school renovation and construction bonding authority.
- Approval of a \$30 million bank bailout to pay off an unsecured loan belonging to the Lorton Arts Foundation instead of working a long term solution and monetizing the surrounding land. There will be another \$3 to \$5 million in capital required to complete the Events Center, so this issue is far from over.
- Plans to spend an additional \$12 million on an adaptive reuse project in Lorton.
- We continue to pour money and developer contributions into rent control housing (\$500 million projected for Tysons alone) rather than our priorities of schools, transportation, parks and libraries.
- Our commercial tax base is at an historical low yet there was a proposal in the works to add a \$3, \$2 or \$1 per square foot requirement to commercial development to go to even more rent control housing. Fortunately, due in a large part to my objections this has been indefinitely deferred (see below).
- We continue to pursue transportation projects like the Columbia Pike Trolley that do not provide cost effective transportation congestion relief.

At the same time the proposed County budget is completely devoid of any spending reductions or efficiencies in this difficult times. Since last year's budget adoption, we have had countless committee meetings, only one of which was a meeting of the Budget committee. Working to reduce the burden on our taxpayers needs to be one of our priorities.

For years I have been presenting ideas for savings. At last year's budget adoption meeting, I had a list of these ideas and Supervisor Smyth remarked that we need to start looking at the budget earlier and my proposed list was a good place to start. Supervisor Cook has also repeatedly stated that we need to start looking at the budget sooner, we cannot wait.

I firmly believe that out of these challenges come opportunities. As the Board has heard me say many times before, taxes doubled when times were good between 2000 and 2008. In the interim years, instead of giving real relief, we have trimmed around the

edges and failed to implement common sense cost-cutting measures. Now, we must make the tough decisions we have been putting off.

As I more fully describe below there is more than enough funding to meet the needs of our schools, begin to return our teachers to the highest paid in the region and to meet the commitments we made to our employees.

Facts of the School Budget

There have been a lot of accusations leveled at the Board of Supervisors over the alleged "failure" to make schools a priority. The simple fact is that FCPS always has been, and always will be, our #1 priority. It accounts for over 53% of our budget. Schools are the top reason that businesses and people relocate to Fairfax County and I am committed to keeping them strong.

The Simple Math on FCPS' \$98 Million Request: The School Board claims to need another \$98 million to keep our schools strong. The simple truth is that they already have it.

- **\$34 Million**-current funding increase planned from the Board of Supervisors.
- **\$30 Million**-additional revenue from the state that was not included in the current FCPS budget - estimated to be between \$27M and \$37M.
- **\$25 Million**-a 1.25% increase in the lapse rate. The lapse rate, sometimes called the attrition rate, is the assumed savings from employee turnover. Fairfax County uses a lapse rate of 8.8 while FCPS uses 2.1. For the last five years, FCPS has consistently over budgeted their salary costs by over \$30 million per year due to an overly generous lapse rate assumption. Increasing the lapse rate assumption to 3.35, still significantly lower than the County's, would produce a savings of \$25 million without a single impact to class sizes, and would still maintain a cushion of \$10 to \$25 million in over-budgeted salaries (see the detailed history at [bottom of email](#)).
- **\$13 Million**-eliminate the proposed pay raises for administrators who all received a pay raise last year. Teachers will still get a pay raise. I concur with Superintendent Garza that in order to have the best school system in the region we must keep our teachers the highest paid in the region. As I did last year I am committed to raises for our teachers.

The four items above represent a total of \$102 million in funds available for FCPS - in excess of their \$98M request.

Some of the other areas where we can improve our schools both fiscally and functionally include:

- **Let Our Teachers Teach:** The growth of administrative and non-school based positions have resulted in new additional "programs" and administrative programs for teachers. Now we have a large number of teachers doing nothing but administration. If you take the total number of students in the school system and divide it by the number of full time equivalent teachers you should get average class size. If you do the calculation for our schools, you get a class size of

12. This is less than half of our average class size. What are all these teachers doing? Administration. We need to let them teach.

- **Independent Audit Function for the School Board:** Despite a school PR campaign to the contrary, the schools still have not correctly implemented an independent audit function. Hopefully, help from their outside consultant will correct this in the near term. I believe many School Board members want this with just a few obstacles. It is hard for the Board of Supervisors to continue to transfer additional resources to a School Board that cannot get this function in place correctly.

The new superintendent started the budget process on the right foot; meeting with Supervisors and explaining why it is a very difficult budget, and some of the difficult cuts she made. Our schools have great challenges ahead, not the least of which is a County-wide kindergarten class where 37% of the students are receiving free and reduced meals and a very high English-as-a-second-language population. I still have high hopes that the Board's relationship with the new superintendent will improve as she grows into the role.

County Budget All About Increases

With no increase in the tax rate, as the County Executive recommends, we are capable of fully funding FCPS's needs and keeping the promise we made to our employees and teachers.

What is most disappointing is the lack of discussions over the last year on the budget. Since the adoption of last year's budget, there have been countless committee meetings, but only one of which was the Budget Committee. The rest were committee meetings largely focused on new spending.

I also find it shocking that the proposed budget is completely devoid of any spending reductions or efficiencies in these difficult times. Instead it includes new staff positions and spending.

As Herrity Report readers know I have been proposing some simple reductions for the last several years:

- **Privatization:** There are many areas of the County that could be privatized which would result in significant cost savings. Some examples include trash collection and disposal, RECenter operations, and the solid waste center operations.
- **Streamlining Agencies:** There are agencies in the county that could cut down on duplicative work with other county agencies or the state. For instance, each County department has a position in charge of public relations, but we also have a central Office of Public Affairs; and we also have a Consumer Affairs department, which is a function of the state.
- **Reducing Excessive County Publications:** Each year we spend hundreds of thousands of dollars on printing and mailing publications through the County. A few, targeted reductions in these could generate significant savings. Several times

per year, ACE catalogs and ParkTakes magazines are mailed to every County resident and cost nearly \$1 million. Registration for these courses has largely shifted to online platforms and continuing to print and mail catalogs to those who have not requested one is a waste.

- **Focusing Developer Contributions on our Priorities:** We need focus the contributions we receive from our developers on our priorities instead of everything from bird friendly glass on buildings to even more rent control housing. We can't do everything for everyone - we must focus on priorities.
- **Excess Rents should go to Debt Reduction:** Rather than pay off our debts from county owned rent control housing, \$4M is being leveraged to incur more obligations. These funds should be used to reduce our housing subsidies.

Growing our Commercial Tax Base (not the tax rate)

A broad and diverse commercial tax base is critical to the health of our economy. For every \$1 paid by a commercial entity, only \$0.60 in services are used by that entity. This means that residential taxes are being subsidized by commercial entities; allowing residential taxes to remain low. Decades ago, the Board of Supervisors set a goal to have commercial taxes comprise 25% of total real estate taxes collected. While we have reached that goal in the past, in the current budget it dropped to 19%.

While spending in the County Executive's proposed budget increases spending by 3%, the burden on our homeowners jumped 6.5% largely due to weaknesses in our commercial tax base. While some of this is due to economic conditions beyond our control, we must:

- Redouble our efforts to attract new businesses to the County.
- Keep our schools the best in the nation to attract businesses.
- Eliminate the barriers to commercial development that increase the time to process applications.
- Focus developer contributions on priorities like schools and transportation, not rent controlled housing and bird friendly glass.
- Keep the burden of overlay tax districts off our commercial and residential districts.
- Eliminate narrow unnecessary development conditions that are passed on to businesses and residents.

Board Agrees to Suspend Rent Controlled Housing Program

At the last Board meeting the Board agreed to indefinitely suspend the 3-2-1 rent control program I have been arguing against. This program would have further deterred growth in our commercial tax base by burdening commercial properties with a \$3, \$2, or \$1 per square foot requirement to fund additional rent control housing. I was happy to second Supervisor McKay's motion to indefinitely suspend this program which the Board approved unanimously.

The motion also asked to have the \$3 per square foot program that was part of the Comprehensive Plans reviewed for the impact on Tysons, Reston and the other areas where we have placed this burden on commercial tax base development. Supervisor McKay was concerned about the impact of these fees on much needed commercial development around the Springfield Mall. It was one of the reasons I did not support the Comprehensive Plans in this area.

For more information please see -

http://www.fairfaxcounty.gov/springfield/pdf_files/herrity_report/february_2014.pdf

Budget Town Hall

Both County Executive Ed Long and County CFO Susan Datta will be at my Budget Town Hall, co-hosted by the Springfield District Council on March 10th at 7pm at the West Springfield Government Center. There will be a short presentation on the budget followed by some comments by Supervisor Herrity and then a questions and answers session. The West Springfield Government Center is located at 6140 Rolling Road, Springfield, 22152.

Analysis of FCPS Lapse Savings vs. Estimates FY2009-FY2013

Below is an analysis of the estimated versus actual savings as a result of FCPS employee lapse. As you can see, the estimated savings is consistently much lower than the actual savings as a result of lapse.

	FCPS Estimated Personnel Costs	FCPS Estimate d Lapse Savings	Laps e Rat e	FCPS Adopted Personnel Costs	FCPS Actual Personnel Costs	Addition al Lapse Savings*	Total Actual Lapse Savings
FY2015 **	\$2,272,159, 783	\$42,500, 000	2.1	\$2,229,659, 783	TBD	TBD	TBD
FY2014	\$2,208,176, 096	\$41,300, 000	2.1	\$2,166,876, 096	TBD	TBD	TBD
FY2013	\$2,173,985, 223	\$38,100, 000	2.1	\$2,135,885, 223	\$2,092,229, 102	\$43,656, 121	\$81,756, 121
FY2012	\$2,001,115, 493	\$28,400, 000	1.9	\$1,972,715, 493	\$1,948,295, 842	\$24,419, 651	\$52,819, 651
FY2011	\$1,916,500, 409	\$25,400, 000	1.6	\$1,891,100, 409	\$1,839,069, 011	\$52,031, 398	\$77,431, 398
FY2010	\$1,939,504, 203	\$30,400, 000	1.6	\$1,909,104, 203	\$1,844,201, 196	\$64,903, 007	\$95,303, 007
FY2009	\$1,968,922, 020	\$40,300, 000	2.1	\$1,928,622, 020	\$1,904,692, 314	\$23,929, 706	\$64,229, 706

* Savings from employee lapse in addition to the estimated savings.

**Advertised

Source: Fairfax County Public Schools Budgets: FY15-09