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- Board Votes to Raise Taxes Again: Board of Supervisors votes for a $1.09 tax rate, which translates to an over 16% increase in taxes over 3 years and a number of other tax and fee increases. I voted against this budget. Read why below.
- Getting Ahead of Next Year's $100M Shortfall: We are already facing a $100M projected shortfall next year. It is imperative that we start working on this budget now to remedy this issue. However the Board, along party lines, did not agree with adding additional Budget Committee meetings to the Board calendar.
- Potential Reductions: Herrity Report readers will know that I have offered reductions to get our spending under control in the past. See below to find out where we could be spending less.

Board Votes to Raise Taxes

Today, the Fairfax County Board of Supervisors voted 7 to 3 for a property tax rate of $1.09 in addition to a 12.5% increase in storm water taxes and a variety of other fees. As a result taxpayers will see a $185 increase to the average real estate tax bill, and yet again those that can least afford it will see a much greater increase.

I am disappointed that not only did the Board raise our citizens' taxes, but the Board majority failed to even make the easy decision to vote to discuss reducing spending to address the $100M shortfall we are facing in FY 2017. Under this Board's watch our homeowners have seen their tax bills go up by 16% in three years, our commercial vacancy rate has spiked to over 16%, and we could not agree to even meet to consider options to address next years projected $100M shortfall, but the Board thought they deserved a pay raise for themselves. I voted against this budget.

As economic growth has stalled in the region and we are losing good paying jobs for lower paying ones, our taxpayers are having to make difficult choices - cutting spending to meet increased costs in the face of steady or shrinking incomes - our government should be doing the same. It is truly a shame that yet again we are balancing our budget primarily on the backs of our residents, but this problem didn't emerge overnight. The Board has failed to make the tough decisions needed, and instead has misplaced priorities. Some of the problems that have got us where we are today include:

- **High Commercial Vacancy Rate**: This year, more than any of the past budget years the importance of a broad and diverse commercial tax base was painfully evident. For every $1 paid by a commercial entity, only $0.60 in services are used by that entity allowing the county to provide high quality services at a low tax rate for homeowners. 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%.

  I have been stressing the importance of a healthy commercial tax base since I got on the Board. It was a lesson I learned young as I watched a successful Fairfax grow while the tax burden stayed low. While some of the current decline in the commercial tax base is due to economic conditions beyond our control, we also have not helped it with additional taxes on businesses, a time consuming regulatory and permitting process, and expensive comprehensive plan requirements. If we are to begin to grow the commercial tax base 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.
    - Keep the burden of overlay tax districts off our commercial and residential districts.
    - Leverage research in our universities and hospitals.
    - Increase access to capital to grow businesses; I asked that the County look at putting some of our money into local banks instead of Bank of America that could be loaned locally to qualified lenders to finance job growth and expansion.

- **Growing Needs in Schools:** Schools make up more than 53% of our budget, and each year their funding request gets larger because of growing needs. Our current Kindergarten classes are now over 35% English as a Second Language (ESOL) students and over 35% qualify for the free or reduced lunch programs. That's a staggering number and some of it is due to the Board of Supervisors land use decisions. This situation is also exacerbated when the federal government places over 1,300 unaccompanied minors in our schools which cost our schools an additional approximately $18M for basic instructional services. I requested that the Board seek reimbursement from the federal government for these costs last year. The School Board has requested the assistance but the County has yet to act other than to approve my motion.

- **Not Treating the Budget as a Priority**: During the last budget I requested that the Board's Budget Committee meet more regularly to work on the budget year round. The motion was defeated on a 5 - 5 vote but promises to meet more on the budget were made. I repeated that request this year after those promises were ignored. The preliminary budget for next fiscal year's shows a $100M shortfall and I do not understand the Board majority's reluctance to schedule Budget meetings earlier in the year to find ways other than tax increases to address it. Based on the current timetable, the Chairman's proposed Lines of Business (LOBs) review will not be completed in time to discuss with the Board until next year's budget is prepared. If the Board does not take the time to discuss potential cost reductions then we will be in the same place next year looking at tax increases on top of the expected meals tax proposal.

The Board did vote to fund the raises they voted for themselves but failed to fund the raises they promised to employees; not a healthy situation in the public or private sector. I'm sure our citizens in the face of rising taxes would love to have the luxury of being able to do the same for themselves.

I would also like to note that maybe the best budget news this year is that the schools did adjust their lapse rate to closer reflect their true employee attrition. As I had pointed out in the past, their projections had been off by several tens of millions of dollars. I believe this progress is largely due to the Joint Budget Development Committee which I served on last year with Supervisors Smyth and Hudgins and School Board members Patty Reed, Dan Stork, and Ryan McElveen. I believe this was a worthwhile exercise and I asked that the committee be continued as we address the challenges with the FY 2017 budget as the school budget next year will also have significant challenges. This is the closest we have come to funding the entire School Board request in years.

This year's budget is sadly "more of the same" with very few lasting cuts to get our budget under control, and very little foresight for the future success of the county. Our citizens will continue to bear the brunt of our budget expansion until we attract more and better jobs to Fairfax County, get our spending on the Board and in schools under control, and start taking a year-round look at our budget instead of just two months a year.

Getting Ahead of Next Year's $100M Shortfall

At today's meeting, I made two requests to begin addressing the $100M shortfall in the FY 2017 budget. The items were:

- **Additional Budget Committee Meetings:** A motion to hold Budget Committee meetings prior to the FY 2015 Carryover meeting to discuss ways to address the looming $100M FY 2017 budget shortfall.
- **Employee Pension System Analysis:** A motion to have the County Executive report back to the Board with an analysis of the various pension system costs to

the employee and employer as well options to address funding and rating agency challenges.

Both requests failed on 7-3 votes.

Potential Reductions

I voted against this budget after again recommending ways spending could be reduced at the Board's budget markup session. As Herrity Report readers know I have been proposing some simple reductions for the last several years. Many of these ideas would have been worthy of Budget Committee meetings last year as well as the coming year as we need to address the $100M shortfall projected for FY 2017. Below are some of them:

- **Eliminate Duplicative Agencies:** Fairfax County is the ONLY jurisdiction in the state to have a separate consumer affairs department. While they do a good job, consumer affairs is a state responsibility and this is good enough for EVERY other jurisdiction in the state.

- **Consider Streamlining and Centralizing Functions:** There are agencies in the county that could centralize certain functions and better utilize personnel. For instance, 13 County departments have 23 positions in charge of public relations, but we also have a central Office of Public Affairs with 18 employees; 12 departments or agencies have 29 personnel in separate Human Resource functions in addition to the 76 positions authorized in the centralized HR Department.

- **Excess Rents should go to Debt Reduction:** Rather than pay off our debts from county owned rent control housing, $6.5M is being leveraged to incur more obligations. These funds should be used to reduce our housing subsidies from the General Fund. Since FY2010 the County has spent over $335M on housing programs in addition to the hundreds of millions developers have been required to pay through proffers.

- **Address Our Growing Pension Cost:** With people living longer, the attention paid to retirement programs by the rating agencies, our desire to fund our retirement programs through contribution formulas without supplementation from the general fund, and the shift in importance of pensions in the workplace, the Board needs to address pensions as businesses, localities and the Federal government have. Options could include raising the retirement age for new employees, increasing the rule of 85 for new employees, reviewing the sustainability of the social security offset (County employees receive a payment equivalent to Social Security from the time they retire until the time they reach retirement age), the ratio between employer and employee premiums and shifting to a 401(k) type plan for new General County employees.

- **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.
- **Reducing our Facilities Cost.** Earlier this year, the Board approved my motion to consider increasing the use of a private sector concept called hoteling as a way to reduce our facility cost.
- **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 (especially the county agency trash routes), RECenter operations, and the solid waste center operations.
- **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.

Until we get spending under control, start to refocus on our priorities, and reinvigorate our commercial tax base, we will continue to have very difficult budget seasons.