McLean Citizens Association

The Voice of McLean for Over 100 Years

# McLean Citizens Association Resolution
# Fairfax County Advertised FY 2022 Budget Plan
# April 7, 2022

**Whereas**, during 2020, the COVID-19 pandemic adversely affected the Fairfax County (County) economy, as the County's unemployment rate rose from 1.9% in December 2019 to 10.2% in April 2020, declined to 4.4 % in December 2020, and increased to 5.1% in January 2021;[1] and

**Whereas**, on February 23, 2021, the County Executive recommended a conservative Fiscal Year 2022 budget (FY 2022 Advertised Budget) because of uncertainty about the timing and scale of the County's economic recovery;[2] and

**Whereas**, the FY 2022 Advertised Budget was balanced between General Fund revenues and disbursements of $4.5 billion, which represented an increase of $43 million or 0.9% over the County's FY 2021 Adopted Budget; and

**Whereas,** the FY 2022 Advertised Budget recommended general fund expenditures of:

- $2.4 billion (53%), for Fairfax County Public Schools (FCPS) operations, infrastructure, and debt service, an increase of $14 million over FY 2021, and
- $2.1 billion (47%), for all County services, infrastructure, and debt service, an increase of $29 million (including a $20 million Economic Recovery Reserve);[3] and

**Whereas,** real estate taxes provide about two thirds of the County's General Fund,[4] driven by annual assessments of the properties in the County and the tax rate applied to those assessments; and

**Whereas**, residential assessments increased by an average of 4.25% to $607,752 for FY 2022 tax purposes; and

**Whereas**, the FY 2022 Advertised Budget recommended reducing the real estate tax rate to $1.14 per $100 of assessed value from the current $1.15 so the average real estate tax bill would rise by $224 instead of $284; and

**Whereas,** the Board of Supervisors voted on March 9, 2021 to "advertise" a maximum real estate tax rate of $1.15 per $100 of assessed value for FY 2022; and

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[1] https://fred.stlouisfed.org/series/VAFAIR5URN

[2] https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/fy2022/advertised/fy-2022-advertised-presentation.pdf

[3] https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/fy2022/advertised/volume1/where-it-goes.pdf

[4]https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/fy2022/advertised/overview/advertised-budget-summary.pdf

**Whereas**, the County Executive stated that "we do not have the available resources to fund compensation adjustments for our employees," and the FY 2022 Advertised Budget proposed no salary increases to County employees for FY 2022 and assumed a $2 million reduction in spending for County employee pay and benefits;[5] and

**Whereas,** on February 9, 2021, the Board of Supervisors voted to spend $9 million of federal CARES Act funds to pay one-time $2,000 bonuses to County employees whose jobs put them at "very high" or "high" exposure levels to COVID-19;[6] and

**Whereas**, in the FY 2021 Third Quarter Review, the County Executive identified $13.8 million available to fund one-time bonuses for County employees, and noted that paying $1,000 bonuses to merit and $500 bonuses to non-merit employees would cost $12.7 million; and

**Whereas**, the FY 2021 Third Quarter Review package dated March 23, 2021 included $23 million in one-time savings in FY 2021 personnel costs, by filling vacant positions only if they are critical to continue operating core County functions during the COVID-19 pandemic;[7] and

**Whereas**, the American Rescue Plan was enacted on March 11, 2021, and its terms and conditions were not available at the time of preparation of the FY2022 Advertised Budget, and funding from the Plan was not included in the FY2022 Advertised Budget; and

**Whereas**, under Section 9901 of the American Rescue Plan, the County will receive an additional $223 million that can be used for a wide range of purposes, including premium pay to essential workers or grants to their employers, replacement of lost revenue, investments in water, sewer or broadband infrastructure, and economic assistance to households, small businesses, nonprofit organizations and impacted industries;[8] and

**Whereas,** although states are prohibited under section 9901 of the American Rescue Plan from using their funds to reduce state taxes, counties are not subject to the same statutory restriction;[9] and
**Whereas,** residents of our community may find significant real estate tax increases, caused by increases in assessments, particularly onerous at this time because of both pandemic and resulting financial challenges; and

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[5] https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/budget%20committee%20meeting/2021/mar-2/2021_mar_2_joint_bos_sb_fy2022.pdf

[6] https://www.fairfaxcounty.gov/boardofsupervisors/sites/boardofsupervisors/files/assets/meeting-materials/2021/board/feb09-board-summary.pdf

[7] https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/fy2021/third-quarter/fy-2021-tq-package.pdf

[8] https://www.congress.gov/bill/117th-congress/house-bill/1319/text#toc-HC9CE46A721204EB081A88ACD8FB287D5

[9] Section 9901(a) of the American Rescue Plan amended Title VI of the Social Security Act to add a new section 602 for the Coronavirus State Fiscal Recovery Fund, and a separate new section 603 for the Coronavirus Local Fiscal Recovery Fund. Under section 602(c) regarding permissible and impermissible uses of State Fiscal Recovery Fund, a "state or territory" cannot use funds provided under section 602 or transferred pursuant to section 603(c)(4) to reduce state or territory taxes. Under section 603(c) governing uses of funds by local governments such as counties, there is no comparable provision prohibiting a decrease in county or local government taxes. Section 603(c)(4) only applies to transferred by a local government to the state.

**Whereas,** the FY 2022 Advertised Budget fully funds a 1-cent reduction in the real estate tax rate, and would require additional funding of $27 million to reduce the tax rate by a second cent; and

**Whereas**, the FY 2022 Advertised Budget fully funds the $20 million Economic Recovery Reserve that can be used by the County or FCPS, has sufficient funds available for a net increase of 109 positions, and the County and FCPS will receive over $400 million from the American Rescue Plan; and

**Whereas**, the FY 2022 Fairfax County Advertised Budget was balanced by reductions and savings of $16 million in five departments; but the County has not engaged in a broad based reevaluation of its activities, organizational structure and staffing in several years; such a best practices review could result in improvements to services and efficiencies in their delivery; and

## Fairfax County Public Schools

**Whereas**, the FCPS FY 2022 Advertised Budget asks the County to increase its FY 2021 transfer to FCPS by roughly $105 million for FY 2022, which is $90 million more than the $14 million recommended transfer increase to FCPS in the County's FY 2022 Advertised Budget;[10] and

**Whereas,** the FCPS FY 2022 Advertised Budget increases spending by $88 million for "identified investments," including $74 million for a 3% raise for all FCPS employees, plus additional salary increases for elementary school principals and classroom aides; and

**Whereas,** the FCPS FY 2022 Advertised Budget increases spending on employee benefits, such as:
- $13 million increase for healthcare benefit costs,
- $4 million to cover an employer contribution rate increase for the Educational Employees' Supplementary Retirement System of Fairfax County (ERFC), and
- $1 million to cover an employer contribution rate increase for the Fairfax County Employees Retirement System (FCERS); and

**Whereas**, Actuarial Valuations project further increases in employer contribution rates for pensions, the costs of which can be reduced if FCPS pays bonuses instead of increasing FCPS employee salaries for FY 2022; and

**Whereas,** FCPS has received and will continue to receive substantial funds from the federal government that were triggered or prompted by the pandemic, including:
- $22 million from the Elementary and Secondary School Emergency Relief (ESSER) I Fund, and
- $84 million from the ESSER II Fund, which can be used for instructional programs to address learning loss, school facility repairs and improvements to reduce the risk of COVID transmissions, and other COVID-related expenses,[11] and
- $180 million under the American Rescue Plan, 80% of which can be used for a wide range of purposes, including any activity authorized by the Elementary and Secondary Education Act of

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[10] https://www.fcps.edu/sites/default/files/media/pdf/FY2022-Advertised-Budget.pdf
[11] https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/cares/cares-act-stimulus-funding-update-2021-03-12.pdf

1965 or the Individuals with Disabilities Education Act, training, professional development on sanitation and minimizing the spread of infectious diseases, and implementation of preparedness and response efforts and activities during long-term closures; and

**Whereas**, in its FY 2021 Third Quarter Budget Review, FCPS recommended that $8.7 million in unspent appropriated funds be added to the FCPS FY 2022 Beginning Balance, resulting in a budgeted beginning balance of $25.6 million;[12] and

**Whereas**, in FY 2021, the total employer cost, including salary and benefits, for a teacher with a $65,000 salary was $89,260 in Montgomery County Public Schools, $98,101 in Arlington County Public Schools, $99,184 in Prince William County Public Schools, $101,115 in FCPS, and $102,127 in Loudoun County Public Schools;[13] and

**Whereas,** a 1% bonus to all FCPS employees would cost $20 million, a $500 bonus per employee would cost $14 million, a 1% Market Scale Adjustment would cost $25 million, and a step (seniority-based) increase would cost $53 million;[14] and

**Whereas,** the FCPS FY 2022 Advertised Budget assumed a $20 million decrease in federal funds, but FCPS will receive $180 million of additional federal funds under the American Rescue Plan; and

**Whereas**, in response to COVID-19 restrictions, every FCPS school developed and delivered its own Virtual Education; and

**Whereas**, a central virtual education capability likely would be more cost effective than continuing to require every school to deliver virtual education to its students.

**Now, therefore be it resolved that** the McLean Citizens Association commends the Board of Supervisors for skillfully leading Fairfax County through the pandemic and economic challenges, achieving cost savings necessary to fund extraordinary needs while protecting County employee jobs and pay levels, maximizing external funding and resources, focusing on the needs of the community, and helping to meet those needs.

**Be it further resolved that** the McLean Citizens Association urges the Board of Supervisors to set the real estate tax rate in FY 2022 at $1.13 per $100 of assessed value.

**Be it further resolved that** the McLean Citizens Association strongly recommends that the Board of Supervisors hire an independent consulting firm to undertake a zero-based analysis of best practices for the County's activities, organizational structure and staffing, where:

- the consulting agreement specifies that the County has no expected or preferred recommendations or conclusions,

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[12] https://go.boarddocs.com/vsba/fairfax/Board.nsf/files/BZ7MT45A6D9C/$file/FY%202021%20Third%20Quarter%20Budget%20Review%20v5.pdf

[13] https://www.fcps.edu/sites/default/files/media/pdf/FY21-WABE-Guide.pdf

[14] https://go.boarddocs.com/vsba/fairfax/Board.nsf/files/BZ7GH243D27E/$file/FY%202022%20Budget%20Question%20Responses.pdf

- County and FCPS elected officials, employees and other stakeholders will be interviewed, but are precluded from influencing the recommendations, and
- the consulting firm has no prior relationship with Fairfax County, and specializes in organizational best practices of large local governments.

**Be it further resolved that** the McLean Citizens Association urges the Board of Supervisors to subtract $180 million from FCPS' requested transfer in its FY 2022 Advertised Budget, given that FCPS is receiving $180 million of additional federal funding under the American Rescue Plan.

**Be it further resolved that** the School Board provide school-based employees whose jobs put them at "very high" or "high" exposure levels to COVID-19 during FY 2021 with hazard pay bonuses up to $2,000, based on their level of exposure to COVID-19.

**Be it further resolved that** the McLean Citizens Association urges the School Board to eliminate the proposed 3% across-the-board compensation increases from its FY 2022 budget, and instead offer one-time bonuses to school-based FCPS employees whose salaries are no more than $125,000 and to non-school based employees employed by the Department of Information Technology, using funds identified during the FCPS FY 2021 year-end budget review.

Approved by the MCA Board of Directors
April 7, 2021

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