



THE THOMAS JEFFERSON
INSTITUTE FOR PUBLIC POLICY

Michael W. Thompson

Seventh Annual

Fairfax County Budget Analysis
Spending Slows as Elections Approach

By:

Michael W. Thompson

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Thomas Jefferson Institute for Public Policy

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“...a wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government, and this is necessary to close the circle of our felicities.”

—Thomas Jefferson, 1801

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This is the seventh consecutive year that the Thomas Jefferson Institute for Public Policy has produced an annual analysis of the government's General Fund Budget and public school's overall budget in Fairfax County. These numbers do not include those "off budget" government operations of independent agencies such as the Water Authority.

This year's Fairfax County Budget Analysis cover the full four year term of the current Board of Supervisors and School Board, both of which are up for election this fall.

Fairfax County budget documents are used as the basis for this study and are reproduced in the Appendices.

The purpose of these annual studies is to determine if an outside analysis should be undertaken in order to find whether the taxpayers' money is being well spent, well-prioritized and if efficiencies can be found. This outside budget review should be undertaken on a regular basis even if spending was not growing as rapidly as this analysis shows. But when spending grows rapidly, the need for an in-depth, outside budget review is even more important. This Thomas Jefferson Institute analysis is only the first step in a better-management process but the results are quite interesting.

This analysis compares actual spending over the past four years with what would have been spent had increases been limited to the growth of the Consumer Price Index (CPI) and population. Calculations also show this comparison for the past three years and the past two years. This CPI-population formula is used since keeping government spending at this level would keep the burden of government the same on the taxpayers in inflation-adjusted dollars. And it would keep the price of providing public education the same on a per student basis in inflation-adjusted dollars as well.

Any significant spending beyond this formula should be a warning sign for our Board of Supervisors, School Board, business leaders, and our civic activists that there needs to be a serious and thorough independent and outside analysis of spending. And such an analysis should become part of the normal course of doing business by our county government and the School Board. This should be a programmatic audit and include a prioritization of spending needs.

Although the property tax rate in Fairfax County has been significantly reduced over the past four years, these total taxes paid by the homeowners and county spending

has risen dramatically. This spending increase was made possible through the dramatic spike in property values over the past several years allowing the Board of Supervisors to reduce the tax rate while still significantly increasing the property taxes.

This year's Budget Analysis shows these interesting facts:

- 1) Over the past four years, the combined "overspending" (beyond the CPI and population formula) of the county and school budgets is \$1,082,891,506 – that's over \$1 billion in four years.
- 2) Over the past three years, this "overspending" totals \$686,449,286.
- 3) Over the past two years, this "overspending" is a negative \$187,791,714. This shows that over the past two years the Board of Supervisors and the School Board have been constrained in spending by the slowing of property values. Indeed, property tax bills in Fairfax County this year were basically unchanged over the entire county, although they have doubled in the past seven years.

And as this study has shown over the past several years, the bulk of "overspending" takes place by the School Board and not by the Board of Supervisors. This continues to be the case in this year's "Fairfax County Budget Analysis."

The county's budget documents show some interesting facts that have not been highlighted by the Supervisors, the School Board members or the media for that matter.

First, on the School budget: in each of the base years of this study – 2004, 2005 and 2006 – the School Board lists in its Proposed Budget the "estimated" spending for the past year and then the actual spending is shown for two years back. This makes sense since actual spending numbers aren't going to be available when budgets are drawn up for the next year since spending for the current fiscal year is still occurring. However, what is interesting from a management point of view is that in each of these years, the "estimated" spending shown in the proposed budget documents ends up being substantially more than what is shown the following year under "actual" numbers. In fact these "estimated" spending numbers have averaged \$103,597,000 more than the actual spending for that year as reported in the subsequent year budget documents.

Why can't the school system better project its yearly spending especially when this seems to be an annual over-projection? Is there a reason for this continued inability to project more realistic numbers?

And each of these annual budget documents also show the actual spending by the schools in Fiscal Year 2004, '05 and '06 average \$32,958,000 less than the approved budgets for that particular year. So the school system doesn't seem to be spending all that is appropriated by the Board of Supervisors.