



THE THOMAS JEFFERSON  
INSTITUTE FOR PUBLIC POLICY

---

*Th Jefferson*

---

*Tenth Annual*

***Fairfax County Budget Analysis***

*Recession Limits Government Spending  
Excessive Spending since FY 2000 Caused Today's Deficit*

*Volume One*

By:

Michael W. Thompson

December 2010

## Thomas Jefferson Institute for Public Policy

The Thomas Jefferson Institute for Public Policy is a non-partisan research and education organization devoted to improving the lives of the people in Virginia. The Institute was organized in 1996, and was the only state and local government focused public policy foundation in Virginia based on a philosophy of limited government, free enterprise and individual responsibility. It is a “solutions tank” seeking better ways to accomplish the policies and programs currently being undertaken by state and local government – always based on the Institute’s underlying philosophy. The first study was published in February 1997.

The work of the Thomas Jefferson Institute for Public Policy is geared toward educating our political, business and community leadership about the issues facing our society here in Virginia. The Institute offers creative solutions to these problems in a non-partisan manner.

The Thomas Jefferson Institute is a fully approved foundation by the Internal Revenue Service. It is designated a 501 ( c ) 3 organization and contributions are tax-deductible under the law. Individuals, corporations, associations and foundations are invited to contribute to the Thomas Jefferson Institute and participate in our programs.

For more information on the programs and publications of the Thomas Jefferson Institute, please contact:

Thomas Jefferson Institute for Public Policy

9035 Golden Sunset Lane

Springfield, Virginia 22153

703/440-9447

email: [info@thomasjeffersoninst.org](mailto:info@thomasjeffersoninst.org)

website: [www.thomasjeffersoninst.org](http://www.thomasjeffersoninst.org)

This paper, “*Tenth Annual Fairfax County Budget Analysis – Volume One*” is published by the Thomas Jefferson Institute for Public Policy. This paper does not necessarily reflect the views of the Thomas Jefferson Institute or its Board of Directors. Nothing in this study should be construed as an attempt to hinder or aid any legislation.

## **Tenth Annual**

# **Fairfax County Budget Analysis** **Recession Limits Government Spending** **Excessive Spending since FY 2000 Caused Today's Deficit**

By: Michael W. Thompson

This is the tenth consecutive year that the Thomas Jefferson Institute for Public Policy has produced an annual analysis of Fairfax County government's General Fund Budget and Public School's overall budget. These numbers do not include debt service (bond payments) or those "off budget" government operations of independent agencies such as the Fairfax County Water Authority. This is an overall analysis of what many would refer to as the "operating budgets" of the county government and school system.

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

This year's analysis shows that the deep recession continues to reduce county spending to well under the rate of inflation and population growth. However, this report also shows ( pages 3, 4, 4-A, and 4-B ) that today's spending difficulties are the result of spending beyond this formula since Fiscal Year 2000. Had spending been limited to this inflation and population formula -- a formula approved by the heralded Cole Commission in 1993 as the benchmark to review county spending -- then today our county government and school system would not be mired in the need for continued and deep budget cuts.

The population numbers used in this analysis from FY 2000 are from the US Census Bureau (pages 4-C and 4-D). Fairfax County's population numbers have been significantly higher than those from the Census Bureau. We consider the Census Bureau's numbers to be more accurate than those from the county. The county's population numbers have consistently been significantly higher than those from the Census Bureau.

The numbers in this annual four-year budget analysis do not include debt service for the county or for the school system since these are obligations based on bond issues passed by the voters and paying these bonds is locked in by law. The numbers used in this analysis are what many would refer to as the "operations budget" and this spending can be changed should our elected officials decide to do so.

This brief analysis of the Fairfax County budget is not a substitute for a careful management review for each and every program in government or in the school system. This budget analysis is not a detailed critique of the many programs funded by our county or by our schools. It is an initial management tool as recommended by a well-respected group of business and academic leaders in 1993 but clearly not paid attention to by the Board of Supervisors.

Fully 18 years ago, the highly acclaimed Cole Commission did an analysis of the Fairfax County budget and looked at its spending and taxing methodologies. This citizen commission – including leading business leaders and academics – determined that a good initial analysis of spending was to compare actual spending to what would have been spent had government and the school system allowed spending to increase only at the rate of inflation (Consumer Price Index – CPI) and population growth. This annual budget analysis by the Thomas Jefferson Institute follows this landmark study’s recommendation on how to compare spending with what “could have been done” under the CPI - population formula.

The purpose of these annual budget analyses is to determine whether county government and the county school system are spending above the base formula of CPI (inflation) and population growth. If government limits its spending to this level, the financial burden of government remains constant on the taxpayers. If spending exceeds this formula, then the burden of government is increasing and if it is less than this formula then spending is not increasing the burden of government on the people. This analysis does not get into a review of specific programs in any detailed way. Government should, through its leaders, always strive to “run its shop” in the most efficient and effective manner. And government should always prioritize its spending so that elected leaders, with involvement from the taxpayers, can determine if spending taxpayer money is in areas that are truly the proper role of government and in ways that meet the priorities of its citizens. And how government spends its money should be as transparent as possible.

Our county is blessed with one of the highest per capita incomes in the country. We have smart business leaders, academics and government workers – retired and working – who can offer a fresh and sensible analysis of government spending. The county should rely on these people to help analyze its spending. Eighteen years ago, many Supervisors had a Citizens Budget Oversight Committee that looked at the budget and offered ideas on how taxpayers’ monies could be better spent. In the mid-1990’s this effective “outside expertise” disappeared. Today, Springfield Supervisor, Patrick Herrity, and Braddock Supervisor, John Cook, are each working with a group of people in their districts to review county spending. All Supervisors should bring similar groups together to help understand how the taxpayers’ money is spent and offer creative alternatives to current government programs and policies.

This annual analysis compares actual spending over the past four years with what would have been spent had increases been aligned 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, as mentioned earlier, 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. In the past two or three years, during the current recession with falling property values, the rate of growth in government spending has decreased sharply. Indeed, as the numbers in this study show, the recession and lower property values have forced the county government and school system to end its incredible spending trajectory that was seen just a few years ago. But the stage is set for such a spending splurge to reappear if action is not taken to block that now.

With the large number of government spending experts and practical business leaders living in our midst, our county should have an on-going group of independent and outside analysts review county government and county school spending. And such an independent analysis should become part of the normal course of doing business by our county government and the School Board. There also needs to be a serious programmatic audit and it should include a prioritization of spending needs. Whether in “good” economic times or “bad” economic times, a continued analysis of how county government spends our money is something that should be part of the “normal” budgeting process in our county.

Three years ago, the County Executive openly opposed not only the idea of an outside budget analysis, but criticized the respected Cole Commission’s analysis of spending (rate of inflation and population growth) as “simplistic” and “primitive.” This response to the Jefferson Institute’s 2007 budget analysis was poorly done using incorrect numbers and different starting years than did the Jefferson Institute analysis. When these obvious errors were brought to the county’s attention in a detailed letter from the Thomas Jefferson Institute, there was never a response. That silence further indicated that the county’s review of the Institute’s analysis was indeed incorrect and based on purposeful distortions. Otherwise, the county would have responded. It would be interesting to know how many hours were put into the country’s seriously flawed response, what the taxpayers paid for this analysis, and why such a faulty analysis would have been published in the first place.

***But what the 2007 response from the county clearly showed was this: the county bureaucracy does not want anyone other than itself having a say in the annual budget. That is an attitude that needs to change if a truly transparent government is to be created in Fairfax County. Similar oversight and transparency needs to take hold in the Fairfax County Public Schools as well.***

#### **Four Year Analysis and Ten Year Review**

This year’s Budget Analysis shows these interesting facts:

- 1) Over the past four years, because of depressed property values, the combined net “underspending” (below the CPI and population formula) of the county and school budgets was more than \$1 billion under this formula. And yet we live in a superb community, with low crime rates and a well respected school system.
- 2) Over the past three years spending was below the CPI-population formula by \$600 million.
- 3) Over the past two years, as government faced declining income from property taxes, spending was below the CPI-population formula by \$406 million.
- 4) And this study also shows that over the past four years, 54% of under-spending was by government/non-school, spending. That is, government made larger reductions in spending while the school system made less severe reductions. This

discrepancy between the government and schools has been significantly reduced since last year's budget analysis.

*It is instructive to go back and review the spending in Fairfax County since FY 2000. Using FY 2000 as the base year for government and school spending, we find that the county government would have had a surplus in every year except the current FY 2011 budget – with three years of lower property values. And that government deficit in this year's budget would have been small only \$8.3 million. And using the same recommended spending limitation, the school system would enjoy a surplus of \$114 million today.*

On the next two pages are the budget figures using FY 2000 as the base year. These numbers show what the spending was in each fiscal year and what that spending would have been for the government and the schools had it been limited to the rate of inflation of population growth. As mentioned earlier, in the school system the student enrollment is the number used for population growth.

*These numbers illustrate that had spending in Fairfax County by the government and the school system been limited to the CPI-population growth for the past ten years, the financial situation faced in our county today simply would not exist. Our elected leaders created this budget mess by spending so heavily during "good" economic times.*

Fairfax County needs to control its spending, especially when property values begin to increase, and it needs to establish a long-term outside review panel of experts – similar to the Cole Commission in the early 1990's but on a permanent basis – to assist in prioritizing and limiting spending. The county and the school system must limit its spending in future "good times" or it will merely find itself in the same position it is in today at the end of the next economic cycle.

### **County Spends Beyond its Adopted Budget – But it's Getting Better**

The Board of Supervisors has been spending above its approved budgets, even during times when everyone knew the housing market was heading for a crisis and that county property taxes would be less than hoped. During the three years where complete numbers are available -- FY 2007, '08 and '09 -- the average actual spending above the approved budgets was \$1,876,431. This is significantly less than what we found last year when this number was almost \$39 million. The recession has forced the Supervisors to better manage the taxpayer's dollar since there aren't as many of these dollars as in the past.

Here is what the Fairfax County government's budget documents show. These numbers are net of the school transfer and the debt service for the school and county bond issues. Thus, these numbers reflect the county's "operating budget."

2007: A) Adopted	\$ 1,435,500,378
------------------	------------------

Ten Year Analysis

Fairfax County Budget – Spending Above/Below the Rate of Inflation and Population Growth

(Does not include county and school debt service)

Gov't/Non-School Budget – 2000 Base Year Analysis

Fiscal Year	Actual Budget in millions*	Population in thousands	Cost/Capita	Inflation Adjusted cost/capital	Overspent Underspent per/capita
2000(base year)	\$ 920	970	\$ 952.28	N/A	N/A
2001 (actual)	\$ 975	975	\$ 1,000.00	(2.5%) \$ 976.09	\$ 17.79
2002 (actual)	\$ 1,011	985	\$ 1,026.40	(2.4%) \$ 999.52	\$ 13.51
2003 (actual)	\$ 1,066	990	\$ 1,076.77	(3.1%) \$ 1,030.51	\$ 18.70
2004 (actual)	\$ 1,140	922	\$ 1,149.19	(3.3%) \$ 1,064.52	\$ 50.94
2005 (actual)	\$ 1,262	997	\$ 1,265.80	(5.1%) \$ 1,118.81	\$ 93.31
2006 (actual)	\$ 1,454	1,002	\$ 1,451.10	(4.5%) \$ 1,169.16	\$ 281.94
2007 (actual)	\$ 1,438	999	\$ 1,439.44	(4.7%) \$ 1,224.11	\$ 215.33
2008 (actual)	\$ 1,473	1,006	\$ 1,464.21	(6.0%) \$ 1,297.56	\$ 166.65
2009 (actual)	\$ 1,458	1,019	\$ 1,430.81	(0.3%) \$ 1,301.45	\$ 129.36
2010 (revised)	\$ 1,483	1,038	\$ 1,428.71	(2.3%) \$ 1,331.38	\$ 97.33
2011 (adopted)	\$ 1,415	1,045	\$ 1,354.07	(2.3%) \$ 1,362.00	(\$ 7.93)

Had spending by county government been limited to the rate of inflation and population growth since FY 2000, the financial headache faced by Fairfax County today would not exist. A budget deficit of only \$ 7.93 per citizen would mean a total deficit of only \$ 8,286,850 in FY 2011.

Fairfax County K-12 Budget – Spending Beyond the Rate of Inflation and Population Growth

**K-12 School Budget –2000 as Base Year**

Fiscal Year	Actual Budget in millions*	Population in thousands	Cost/Capita	Inflation Adjusted cost/capital	Overspent (Underspent) per/capita
2000 (base yr)	\$ 1,272	155	\$ 8,206.45	(3.4%) N/A	N/A
2001 (actual)	\$ 1,376	158	\$ 8,708.86	(2.5%) \$ 8,411.61	\$ 297.25
2002 (actual)	\$ 1,444	161	\$ 8,968.94	(2.4%) \$ 8,613.49	\$ 335.45
2003 (actual)	\$ 1,508	163	\$ 9,251.53	(3.1%) \$ 8,880.51	\$ 371.02
2004 (actual)	\$ 1,630	164	\$ 9,939.02	(3.3%) \$ 9,173.57	\$ 765.45
2005 (actual)	\$ 1,767	164	\$10,774.39	(5.1%) \$ 9,641.42	\$ 1,132.97
2006 (actual)	\$ 1,910	164	\$11,646.34	(4.5%) \$10,075.28	\$ 1,571.06
2007 (actual)	\$ 2,039	164	\$12,432.93	(4.7%) \$10,548.82	\$ 1,884.11
2008 (actual)	\$ 2,144	166	\$12,915.66	(6.0%) \$11,181.75	\$ 1,773.91
2009 (actual)	\$ 2,177	170	\$12,805.88	(0.3%) \$11,215.30	\$ 1,590.58
2010 (estimated)	\$ 2,240	174	\$12,873.56	(2.3%) \$11,473.25	\$ 1,400.31
2011 (approved)	\$ 2,168	175	\$12,388.57	(2.3%) \$11,737.13	\$ 651.44

Had the School Board restricted spending since FY 2000 to the rate of inflation and student population, the current Fairfax County school budget would be \$651.44 per student over that reasonable formula used by the Cole Commission in the early 1990's as a spending benchmark. The School Board spent heavily during the "boom times" of dramatically increasing property values and put itself into a vulnerable position financially when the current recession commenced.



Table 1. Annual Estimates of the Resident Population for Counties of Virginia: April 1, 2000 to July 1, 2009

Geographic Area	Population Estimates									
	July 1, 2009	July 1, 2008	July 1, 2007	July 1, 2006	July 1, 2005	July 1, 2004	July 1, 2003	July 1, 2002		
Virginia	7,882,590	7,795,424	7,719,749	7,646,996	7,563,887	7,468,914	7,373,694	7,283,541		
Accomack County	38,462	38,395	38,455	38,580	38,716	38,669	38,566	38,593		
Albemarle County	94,908	94,287	92,751	92,007	90,376	88,736	87,341	86,366		
Alleghany County	16,242	16,319	16,440	16,479	16,506	16,586	16,634	16,914		
Amelia County	12,886	12,831	12,660	12,434	12,095	11,840	11,644	11,622		
Amherst County	32,482	32,449	32,134	31,991	31,871	31,721	31,755	31,756		
Appomattox County	14,552	14,529	14,193	14,005	13,810	13,783	13,661	13,668		
Arlington County	217,483	210,196	203,914	200,673	199,761	197,955	196,643	195,469		
Augusta County	72,020	71,799	71,579	70,603	68,955	68,113	67,155	66,476		
Bath County	4,482	4,572	4,659	4,684	4,784	4,863	4,934	4,996		
Bedford County	67,154	66,465	66,373	65,483	64,104	63,014	62,036	61,356		
Bland County	6,791	6,811	6,822	6,742	6,794	6,853	6,870	6,826		
Botetourt County	32,551	32,579	32,345	32,180	31,501	31,526	31,304	31,058		
Brunswick County	17,514	17,762	17,743	17,950	17,963	17,918	18,047	18,256		
Buchanan County	22,860	23,090	23,526	23,992	24,452	24,950	25,407	25,945		
Buckingham County	16,080	15,960	15,954	15,852	15,815	15,701	15,709	15,674		
Campbell County	52,976	52,874	52,529	52,411	51,920	51,419	51,392	51,397		
Caroline County	27,870	27,699	27,289	26,462	25,267	23,770	23,037	22,496		
Carroll County	29,034	29,164	29,165	29,221	29,103	29,236	29,149	29,221		
Charles City County	7,217	7,213	7,130	7,132	7,089	7,034	7,078	7,023		
Charlotte County	12,039	12,174	12,237	12,349	12,309	12,268	12,275	12,467		
Chesterfield County	306,670	303,852	299,365	293,904	286,254	280,020	274,131	269,390		
Clarke County	14,588	14,562	14,358	14,271	14,016	13,653	13,285	13,091		
Craig County	4,969	5,052	5,112	5,072	5,068	5,090	5,060	5,046		
Culpeper County	46,502	46,264	45,719	44,174	41,956	39,729	38,157	36,663		
Cumberland County	9,757	9,636	9,555	9,416	9,317	9,110	9,134	9,045		
Dickenson County	16,087	16,176	16,033	16,024	16,175	16,079	16,080	16,134		
Dinwiddie County	26,338	26,299	25,700	25,415	25,181	25,023	24,851	24,650		
Essex County	11,189	11,007	10,784	10,611	10,476	10,266	10,222	10,093		
Fairfax County	1,037,605	1,019,402	1,005,531	998,841	1,002,375	996,798	992,494	989,551		
Fauquier County	68,010	67,240	66,411	65,703	64,287	62,611	60,839	59,224		
Floyd County	15,013	14,937	14,696	14,640	14,493	14,304	14,219	14,163		
Fluvanna County	25,732	25,584	25,253	24,783	24,456	23,585	22,956	22,070		
Franklin County	51,924	51,732	51,347	50,365	49,745	49,214	48,667	48,268		

4-c

FROM US CENSUS BUREAU: WWW.CENSUS.BUREAU.GOV/POPEST/COUNTIES/CO-EST-2009-01.html

Table 1. Annual Estimates of the Resident Population for Counties of Virginia: April 1, 2000 to July 1, 2009

Geographic Area	July 1, 2001		July 1, 2000		April 1, 2000	
	July 1, 2001	July 1, 2000	Estimates Base	Census	Estimates Base	Census
Virginia	7,191,304	7,104,533	7,079,048	7,078,515	7,079,048	7,078,515
Accomack County	38,473	38,365	38,304	38,305	38,304	38,305
Albemarle County	85,666	84,622	84,196	79,236	84,196	79,236
Alleghany County	17,063	17,200	17,215	12,926	17,215	12,926
Amelia County	11,539	11,478	11,400	11,400	11,400	11,400
Amherst County	31,973	31,882	31,894	31,894	31,894	31,894
Appomattox County	13,779	13,691	13,705	13,705	13,705	13,705
Arlington County	193,318	189,527	189,385	189,453	189,385	189,453
Augusta County	66,062	65,772	65,614	65,615	65,614	65,615
Bath County	5,000	5,032	5,048	5,048	5,048	5,048
Bedford County	60,980	60,606	60,371	60,371	60,371	60,371
Bland County	6,884	6,850	6,871	6,871	6,871	6,871
Botetourt County	30,668	30,564	30,496	30,496	30,496	30,496
Brunswick County	18,342	18,416	18,419	18,419	18,419	18,419
Buchanan County	26,319	26,816	26,978	26,978	26,978	26,978
Buckingham County	15,724	15,613	15,623	15,623	15,623	15,623
Campbell County	51,246	51,144	51,078	51,078	51,078	51,078
Caroline County	22,137	22,137	22,123	22,121	22,123	22,121
Carroll County	29,364	29,284	29,245	29,245	29,245	29,245
Charles City County	6,946	6,926	6,926	6,926	6,926	6,926
Charlotte County	12,421	12,465	12,471	12,472	12,471	12,472
Chesterfield County	264,830	260,895	259,838	259,903	259,838	259,903
Clarke County	12,956	12,701	12,652	12,652	12,652	12,652
Craig County	5,058	5,089	5,088	5,091	5,088	5,091
Culpeper County	35,326	34,471	34,263	34,262	34,263	34,262
Cumberland County	8,986	8,998	9,017	9,017	9,017	9,017
Dickenson County	16,240	16,343	16,395	16,395	16,395	16,395
Dinwiddie County	24,435	24,628	24,533	24,533	24,533	24,533
Essex County	10,007	9,988	9,989	9,989	9,989	9,989
Fairfax County	984,581	974,761	969,683	969,749	969,683	969,749
Fauquier County	57,295	55,591	55,185	55,139	55,185	55,139
Floyd County	14,100	13,942	13,874	13,874	13,874	13,874
Fluvanna County	21,176	20,216	20,047	20,047	20,047	20,047
Franklin County	47,885	47,434	47,280	47,286	47,280	47,286

B) Revised	\$ 1,502,818,741
C) Actual	\$ 1,437,526,454
B - C =	\$ 65,292,287
C - A =	\$ 2,026,076 more spending than the adopted budget

2008: A) Adopted	\$ 1,469,572,854
B) Revised	\$ 1,535,531,110
C) Actual	\$ 1,473,112,561
B - C =	\$ 62,418,549
C - A =	\$ 3,539,707 more spending than in the adopted budget.

2009: A) Adopted	\$ 1,458,191,126
B) Revised	\$ 1,527,967,066
C) Actual	\$ 1,458,254,635
B-C =	\$ 69,712,431
C-A =	\$ 63,509 more spending than in the adopted budget

2010: A) Adopted	\$ 1,429,126,830
B) Revised	\$ 1,499,043,727
C) Actual	not yet reported
B-C =	cannot yet be calculated
C-A =	cannot be calculated, but documents show the revised spending is \$ 69,916,897 more than the adopted budget.

Three year total spending above adopted budgets: \$ 5,629,292.

Three year average above adopted budgets: \$ 1,876,431.

As county tax income has not increased as in the past, the Board of Supervisors is learning to live pretty much within its approved budget. There is absolutely no indication, however, that the Supervisors have learned from past spending spree mistakes and seems prepared to substantially increase spending unless action is taken to head-off that future spending.

### **Schools Continue to Spend Less than Adopted Budgets**

In the base years of this study – 2007, 2008 and 2009 – the School Board lists in its Proposed Budget the “estimated” spending for the past year and then the actual spending is shown for two previous fiscal years. This makes sense since actual spending numbers aren’t 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 the “actual” spending numbers. In fact, these “estimated” spending numbers have averaged \$83,774,000 more than the actual spending as reported in the subsequent year budget documents. This is only a three year average since the actual spending numbers for the FY 2010 budget are not yet available. Why is the “estimated” spending continually so different from the actual spending numbers reported in the following year? And why is that number getting larger as the budget remains “hit” by difficult economic times?

And the annual budget documents also show the actual spending by the schools in Fiscal Years 2007, 2008 and 2009 averaged \$43,689,932 less than the approved budgets for those years. The school system is not spending all that is appropriated to it by the Board of Supervisors. If this is the case, then the schools may not actually need all the funds that it requests from the Supervisors. Indeed when the estimated figures for a fiscal year are combined with the actual spending for that fiscal year, the school board is spending on average over the three year period \$127,463,932 less than what is indicated in its own budget figures presented to the School Board and the Board of Supervisors when asking for the next budget. This number is reached by adding the “estimated” spending number that is continually over the approved budget with the “actual” spending number that is continually under the approved budget. Again, this is a budget management issue that needs to be confronted.

Here are the numbers from the school’s budget documents. Each year’s analysis requires numbers from three years of budget documents.

2007:	A) Approved spending	\$ 2,085,242,967
	B) Estimated spending	\$ 2,114,230,232
	C) Actual spending	\$ 2,038,808,780
	B – C =	\$ 75,431,452 estimated spending in excess of actual spending
	A – C =	\$ 46,434,187 less than approved budget
2008:	A) Approved spending	\$ 2,184,797,764
	B) Estimated spending	\$ 2,229,586,448
	C) Actual spending	\$ 2,144,142,313
	B – C =	\$ 85,444,135 estimated spending in excess of actual spending
	A – C =	\$ 40,655,451 less than approved budget
2009	A) Approved spending	\$ 2,220,638,507
	B) Estimated spending	\$ 2,267,104,764
	C) Actual spending	\$ 2,176,658,350
	B – C =	\$ 90,446,414 estimated spending in excess of actual spending
	A – C =	\$ 43,980,157 less than approved budget
2010	A) Approved spending	\$2,202,695,127
	B) Estimated spending	\$ 2,240,467,099

C) Actual spending	not yet available
B – C =	can't be determined
A – B =	\$ 37,771,972 estimated spending more than approved budget

Three year average estimated spending over actual budget = \$83,774,000.  
 Three year average less spending than approved budget = \$43,689,932.

Over the most recent three year period with complete numbers available the school system spent \$131.1 million less than the adopted school budgets. This shows that the School Board is good at staying below its adopted budgets. These numbers also show that the “estimated” spending is continually in excess of actual spending at year end. The difference in the total of estimated spending above the approved budgets each year and the actual spending numbers which are below the approved budgets each year averages \$83.8 million over the three years for which these numbers are available. This money management issue should be analyzed in more detail to determine why this happens.

**Suggested Steps Toward Better Budget Management**

This analysis shows that better budget management needs to be instituted in Fairfax County by the government and the school system. Best business practices need to be implemented. Prioritization of spending needs to take place. And contracting out of government services and programs need to be researched and implemented where appropriate as other governments throughout the country have accomplished.

Here are several budget management ideas that should be considered by the Fairfax County Board of Supervisors and the School Board:

- 1) The General Assembly should pass legislation requiring staggered terms for the members of the Board of Supervisors and the School Board so that half of each governing board faces the voters every two years. This simple change would bring a continual review by the public of the county government and school systems and this would create better government overall.
- 2) The Board of Supervisors should agree not to allow future budgets to increase any faster than the rate of inflation and population growth. If the old spending habits as occurred since FY 2000 reappear, the government and school budget problems faced today will again be upon us several years from now.
- 3) The Board of Supervisors has approved property tax rate increases over the past few years in order to maintain the income level to the county during this period of time when property values plummeted. This higher rate will create a huge tax windfall to the county when property taxes begin to revive unless there is an automatic reduction in place. The same argument used to increase the tax rate – keep the county income basically level year to year – should be used to automatically reduce this tax rate when property values increase. This should be guaranteed to the voters through legislative action by the Board of Supervisors.

- 4) The Board of Supervisors should establish a county-wide “Citizens Budget/Spending Oversight Committee” similar to the highly respected Cole Commission that was appointed by former Chairman of the Board Supervisors Tom Davis in the early 1990’s. Business leaders, respected economists and federal government auditors should be members of this Oversight Committee and it should be an on-going commission that can assist our elected leaders in better managing the county budget including prioritizing programs that are funded.
- 5) Each Supervisor should have his/her own “Citizens Budget Oversight Committee” to assist in the budget review process. Access to this expertise will provide the Supervisors with the budget oversight that the citizens expect.
- 6) Fairfax County government and the School Board should put its checkbook on line so that the taxpayers can review how our money is being spent. States and localities around the country are doing this and Fairfax should follow their lead consistent with privacy laws. All RFP’s for professional contracts and all contracts with outside vendors should also be on line. This will allow interested citizens to see how tax money is spent and it will help build greater confidence between the taxpayer and local government.
- 7) Salaries of county and school employees should be made public along with the retirement payments made to those who collect those taxpayer funded benefits.
- 8) Fairfax County Board of Supervisors and the School Board should appoint independent Inspector Generals/Auditors whose responsibility is to not only find misspending and fraud but also to look at programs that could be more efficient and effective and how bond funds have been spent for specific projects. These independent Inspector Generals/Auditors could be very important to the future of taxpayer confidence in county government.
- 9) The State of Virginia saved fully 25% through a competitive bidding process for maintenance of its state vehicle fleet of some 4600 cars and vans. The County should learn from the Virginia government and contract out its maintenance for the county fleet. The School Board should do the same for its bus and vehicle fleet. Competitive sourcing should be a key policy initiative by the Board of Supervisors and the School Board.
- 10) All new and current regulations should be reviewed to find out if they are necessary in today’s world, if they are accomplishing the public good at a reasonable price, and if they need to be re-written or eliminated. This is a review that should take place on a regular basis.
- 11) Proposed new regulations need to have oversight by the Board of Supervisors before they are crafted and implemented. The recent example of a “tree ordinance” requiring the planting of trees by developers was more than 120 pages long. The Board of Supervisors has sent these back for re-drafting but how did so much time and effort go into a “tree ordinance?” The Board of Supervisors should require a full accounting of the costs involved in researching, drafting and finalizing these tree regulations to see if these costs are really justified.

- 12) All newly created positions in the past three years should be eliminated unless required by a federal or state government mandate.
- 13) A program review needs to be instituted to determine how effective county programs are in accomplishing their mission. Without such a set of matrixes, it is difficult to know how well each and every program is doing.
- 14) The School Board should create a serious two-year citizens panel to study the budget without restraints on the panel's work. When the School Board last had a citizen's panel look at its budget in 2003, the School Board Chair ordered the panel not to look at the cost of instructional programs. Yet, almost 85% of the school budget is instructional programs. For 85% of the budget to be off-the-table in a budget analysis makes the whole process questionable.
- 15) Study after study has shown that teaching students to read through a phonics-based program is significantly better than other reading programs. And many studies show that a phonics-based reading program can reduce the number of students in special education classes. Indeed, recent studies show that the reading scores of African American students in Richmond exceed those of African American students in Fairfax County in the early grades. Richmond has a phonics-based reading program. The School Board should make a phonics-based reading program the basic reading program in Fairfax County. This could reduce the cost of Special Education significantly and help students at the same time.
- 16) Public private partnerships in building all government construction projects – from county transportation and building projects to new school construction and improvements to current school projects – should be the first option in all cases if the price and product are better. Governments and school systems all over the state and throughout the country are finding significant savings using public private partnerships. Indeed, South County High School was built at a savings of many millions of dollars by using this management tool.
- 17) The Gibson Consulting Group study of the school system a few years ago needs to be taken off the shelf, dusted off and its recommendations reviewed and publicly determined to be followed or to tell the taxpayers why they are not. This type of programmatic study/review should be completed on a regular basis.
- 18) The state of Virginia has recently contracted out its information technology needs to the private sector and other states and localities have done the same with the expectations to save millions of dollars over a few years. The county and school system should learn from the problems with the state contract, issue a Request for Proposal for the county's IT services, and see what comes in. If money can be saved and services remain at least the same, then the county can make the decision whether this is a good idea.
- 19) The Board of Supervisors and School Board should eliminate all duplication of services between the County and School Board, consolidating those services to the government unit (school or government) that achieves the best result at the

best price for taxpayers. Among the services that might be consolidated are payroll processing, media and audio-visual, maintenance, warehousing, public works design and construction, and non-supervisory Human Services.

20) William Eggers at Deloitte is a well respected expert in bringing governments into the 21<sup>st</sup> century. Eggers and other key thinkers in this area of government reform should be asked to become part of a true “outside reform team” to look at county government and the school system to find ways to bring significant modernization to the way the entire government system is structured. Eggers’ books and articles are a wonderful resource. This county should take advantage of thinkers and experts that are sprinkled throughout Fairfax County. Not to do so is a failure of leadership.

### **Conclusion**

This annual financial review of the Fairfax County and Fairfax Public School budget is an effort to bring to light why reasonable and logical government reform should be brought to government policy. The results can be important to controlling government spending and avoiding the deficits we see today in Fairfax County.

If the County and the School Board don’t confront its long-term spending issues they are destined to once again spend heavily during “expanding economic times” and face substantial deficits during “recessionary times.” This can be avoided if true financial management takes priority and long-term planning concerns be addressed in a realistic manner



**Thomas Jefferson Institute for Public Policy**  
**Board of Directors**

**Michael Thompson:** Chairman and President: For over twenty years Mr. Thompson owned his own marketing company. He has been very active in national, state and local politics as well as a number of state and community organizations, commissions, and committees, Springfield, VA.

**Randal C. Teague:** Secretary/Treasurer: A Partner in the law firm of Vorys, Sater Seymour and Pease, Washington, DC.

**John Alderson:** President of the John Alderson Insurance Agency, Daleville, VA.

**Warren Barry:** Former State Senator and small business owner. Heathsville, VA.

**William W. Beach:** Director of the Center for Data Analysis and John M. Olin Senior Fellow in Economics at the Heritage Foundation in Washington, D.C.

**James W. Beamer:** Managing Director for Legislative Outreach, Dominion Resources Services, Inc., Richmond, VA.

**Stephen Cannon:** Chairman, Constantine Cannon, PC, former Sr. VP and General Counsel of Circuit City Stores, Washington DC

**James W. Dyke, Jr:** Partner, McGuireWoods and former Sec. of Education, McLean, VA.

**Robert L. Hartwell:** President, Hartwell Capitol Consulting, Sr Consultant to American Systems, International, Occoquan, VA.

**Alan I. Kirshner:** Chairman and CEO of Markel Corporation, Glen Allen, VA.

**Jay Poole:** Former V. P. for Agriculture Policy and Programs, Altria, Glen Allen, VA.

**Joseph Ragan:** Founder and President of Joe Ragan's Coffee, Springfield, VA.

**John Rust:** Partner, Rust and Rust law firm & former State Delegate, Fairfax, VA.

**John Ryan:** Retired Senior Counsel & Dir. of Gov't. Affairs for Bristol Myers Squibb, Washington DC.

**Robert W. Shinn:** President of Public Affairs, Capital Results, Richmond, VA.

**Todd A. Stottlemyer:** Exec VP, Inova Health System, Fairfax, VA.

**Dr. Robert F. Turner:** Law professor at the University of Virginia, Charlottesville, VA.

**Robert W. Woltz, Jr:** President and CEO of Verizon-Virginia, Richmond, VA.



*“... 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*

Thomas Jefferson Institute for Public Policy  
9035 Golden Sunset Lane  
Springfield, Virginia 22153  
703.440.9447  
info@thomasjeffersoninst.org  
www.thomasjeffersoninst.org