

Next FCTA Board Meeting

**Tuesday, July 7, 2015
7:30 p.m.**

Although only Board members may vote, all FCTA members are invited.

Location: Purves home

Send an email to purves@fcta.org if you want to attend.

Our Outrageous Board of Supervisors

The BOS raised real-estate taxes so they could give their major supporters (the county and school employees) raises far exceeding those given to most county residents. These raises come after the Board gave itself raises. The BOS does not care that the income of residents is down, as long as they and their supporters thrive. We need a different set of supervisors. Only Smyth, Herrity, and Cook voted against all of the raises. Frey and Hyland are leaving, but the other five Supervisors also need to be replaced in the November 2015 election.

By increasing salaries, the BOS increased expenditures more than inflation and more than population growth. They did not even balance the budget — expenditures exceed revenue. They needed last year's ending balance to cover the extra expenditures. Then the BOS warned us that next year's budget will be even more difficult — meaning that we can expect an even greater tax increase after the 2015 election. We need a different set of supervisors.

The tax increases, which amount to 10% over the past two years, were totally unnecessary. Major savings can be realized by:

- Raising the age of retirement to age 66 (it is now 57).
- Returning to the ERFC Legacy pension program
- Eliminating the DROP program
- Eliminating the bonds in favor of a pay-as-you-go system (saves \$21M per year)
- Reducing the contingency funds because bond rating is immaterial

Additional savings are shown on Page 5.

Fairfax County Taxpayer Alliance

P.O. Box 356, Fairfax, VA 22038

www.fcta.org

2013-2014 President: Arthur Purves

The Bulletin is the newsletter of the Fairfax County Taxpayer Alliance. It is published quarterly, with occasional special editions. The purpose is to provide information to member communities; federal, state, and local officials; and other interested persons. Articles reflect the view of their author and may be reprinted with the use of the following citation: "*The Bulletin* of the Fairfax County Taxpayer Alliance".

President's Message:

Can you trust the schools?

Democrats win elections by misleading the voters about the school budget. For example, the Fairfax County Public Schools (FCPS) FY2017 proposed budget stated that since 2008 FCPS had taken reductions of \$435 million including more than 2,175 positions. In fact according to FCPS budget documents, the operating budget did not decrease. It increased \$300 million, from \$2.2 billion to \$2.5 billion. Neither did positions decrease, but increased by 1,186, from 22,261 to 23,447. There was one new staff member for every 17 new students.

In an April 29, 2015, statement FCPS Superintendent Karen Garza wrote, "Due to years of chronic underfunding coupled with a decade of significant enrollment growth and increasing student needs, we will not be able to sustain the current quality nor the full range of academic programming we currently offer our students."

In fact, between 2000 and 2015, while enrollment increased 21 percent, from 155 to 187 thousand, the school operating fund increased over 90 percent, from \$1.3 billion to \$2.5 billion. Spending only needed to increase 73 percent to keep up with enrollment and inflation.

In a joint statement on May 26, Sharon Bulova and Karen Garza listed the significant FCPS cost drivers as "enrollment growth, required increases to the state retirement system, and inequitable state funding formulas for education." They omitted the biggest cost driver: raises. The proposed FY2017 FCPS budget had \$119 million in spending increases. Of that \$70 million was for raises, including \$60 million for 3.5 percent raises in FY2017. (FY2017 raises will actually be 3.1% percent because FCPS received \$7 million less than it requested.)

As a member of last year's Fairfax County Meals Tax Task Force, I learned that the county and schools do not want voters to know this truth about taxes: That 70 percent of spending increases over the last 15 years has been for raises and benefits, not new programs, increased population, increased enrollment, or more non-English speaking students.

Fairfax County votes 60 percent Democrat. It would vote 60 percent Republican if voters knew about the misleading information emanating from the Democrat-controlled Board of Supervisors and School Board.

Taxpayers need to share the foregoing message. You are being misled so that you will accept higher taxes and higher fees. Renters might complain about higher rent, but higher taxes make landlords charge higher rents. Homeowners might complain about higher escrow payments, but higher taxes cause higher escrow payments. The higher cost of living in Fairfax County is driving people out of the county. It may do the same to you.

Arthur Purves

Issues for the November 2015 Election

The following issues are of great importance in the November 2015 election for the Board of Supervisors (BOS) and School Board. The future of Fairfax County depends on who is elected. The issues are:

Reduced quality of life: Every new development increases the population of the county and further clogs the commuter routes. Public transportation, though promoted by the county government to reduce the congestion, has had little impact. New developments must be made to pay an impact fee, in the form of a proffer, that covers the cost of the added infrastructure needed to accommodate the added population.

As an alternative, Supervisor Hudgins has suggested that we get out of cars and walk, bike, or take public transit to work (Reston Magazine, Spring 2011: "Metrorail in Reston: Our Next Step to Car Free":

<https://reston.org/LinkClick.aspx?fileticket=x4Bx31qRBpA%3d&tabid=633&portalid=3&mid=1803>)

Certainly the funding priorities reflect her suggestion, with automobiles dead last. Such a system saves energy but reduces the personal freedom afforded by automobiles. Telecommuting is a better option for reducing energy consumption. It needs to be encouraged.

Autocratic Re-zoning: As the people of Reston have learned, they have little control over development in their own neighborhoods. The County has total authority over zoning. Citizens have none. The Reston Phase 1 Task Force effort, which included 200 meetings of the "citizen" Task Force, seemed to be just a way of placating the citizens. In the end, citizens voted against the plan, but it was adopted anyway -- thanks for the developers and their surrogates. The new Fairfax Forward process has a nice name but even less citizen input. Neighbors affected by development should have a major part in the decision process so the character of the neighborhood they paid to enter is not destroyed. Developers must buy enough land to provide buffer zones.

Deficient education: The FCPS fails to prepare students for college, with 47% of FCPS graduates needing remedial education on entering college. All would be ready if they were taught a classical education — as many homeschooled children have demonstrated. The effects of Head Start and other early-childhood programs are dissipated by the end of the first few elementary-school grades, where students are homogenized.

Inferior life of Blacks and Hispanics: Among the Blacks and Hispanics, we continue to see low school achievement, high high-school drop-out rates, high incarceration rates, and chronic welfare dependency. These two groups need hope for a better future for their children. Children must be taught in school about the importance of following Bill Cosby's admonitions: finish high school, get a job, and stay married to the mother of your children. They must be taught the skills of a happy family life, including loving, self-sacrificing, and living for others.

Persistent Welfare: The value of welfare payments for a family of four is approximately \$55,000. Jobs paying this much are scarce for most people on welfare; therefore, they are financially better off with welfare than with working — and welfare permits mothers to be at home with their children and fathers

to avoid irksome responsibilities. With the public's basic appetites satisfied, tyrants can retain control — as in *Brave New World* — and poverty persists. In 2009, the Federal government removed the requirement that, to receive welfare, people must work at least part time or go to school. The resulting effortless welfare deprives people of the ennobling nature of work.

Excessive county spending: Per capita County spending has grown 68% since Fiscal Year 2000. The median household income has grown only 41%. Approximately 73% of the expenditures is for the salaries and benefits of school and county employees. These employees are becoming the elite of our society. They form a voting bloc that elects the very politicians — the BOS — who give them salaries and benefits far superior to those of the taxpayer. In effect, the BOS buys their votes. This system must change. Government salaries and benefits must be brought closer to private-sector salaries and benefits. They and should be keyed to them.

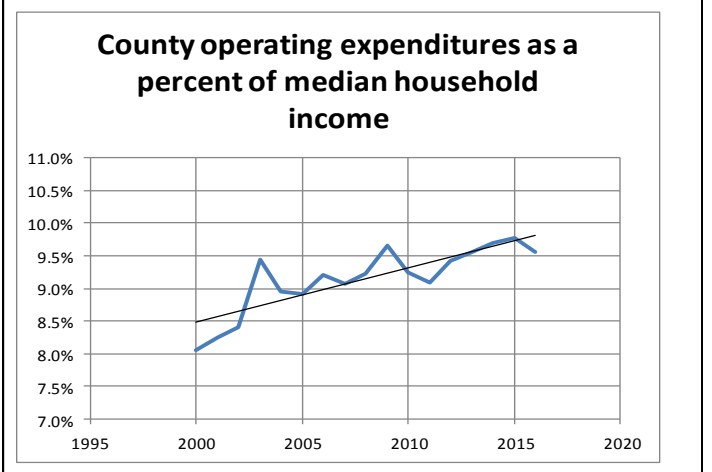
Excessive taxation: At its April 28 meeting, the BOS adopted a real-estate tax rate of \$1.09 per \$100 of assessed value (\$1.1135 when stormwater and pest fees are included). If the new assessed value of a home previously assessed at \$500,000 increases the average rate of 3.39%, the tax on the home will increase \$190. Almost all of the increase will be spent on raises of approximately 3% for school and county employees and increases in employee-benefit expenditures. Supervisors John Cook (Braddock), Pat Herry (Springfield), and Linda Smyth (Providence) voted against the tax increase.

Real-estate tax increases have a long-term effect. They have caused lower-income families to move out of the County. They have been replaced by welfare families. Taxes must increase even more to help these welfare families. The county will eventually have only wealthy and welfare citizens — until the wealthy move out to avoid the taxes.

Those are the major issues. Except for Cook, Herry, and Smyth, we need to replace the current Supervisors.

The Growth of Fairfax County Government

The following graph illustrates that the growth in the county expenditures has been greater than the growth in the median household income. It shows that, in FY2000, county spending was 8.0% of the median household income. In FY2015, it was an all-time high of 9.8%. (It is projected to be 9.6% in FY2016.)



Government Unions Are Bad Policy

Heritage economist James Sherk recently outlined the pitfalls of government unions. Unlike private-sector unions they:

1. Undermine representative government: “Collective bargaining in government takes away the final say on public policy from voters’ elected representatives. It forces them to negotiate a contract with union leaders, excluding all other citizens and potential workers from the bargaining table.”
2. Come with no checks and balances: Private sector unions have competition with non-unionized businesses, but government employee unions do not. Only the government monopoly provides police protection and free education for children. Mandatory taxes fund these government operations.
3. Inflate pay for their workers: Collective bargaining by unions and employee associations has considerably inflated the compensation of local government employees. It has produced benefit packages that few private-sector workers ever see.

For more on Sherk’s testimony, see:
www.heritage.org/research/testimony/2015/how-collective-bargaining-affects-government-compensation-and-total-spending

Workforce Housing near the Government Center

In a private-public partnership, your taxes are helping build 270 workforce-housing apartments next to the government center on Government Center Parkway. A family of four would qualify if earning less than \$65,520 per year. Qualifications for other family sizes are listed in the county’s article:

[The Residences at the Government Center.](#)

The article specifically identifies the apartments as suitable for government workers, who will find the location particularly convenient. The number of applicants for affordable housing far exceeds the number of units available. Selection from those who apply is based on interviews of the applicants by county employees. Will county employees favor their fellow workers?

Benefits for county and school employees amount to 53% of their income, whether they qualify for these apartments or not. (In the private sector, the benefits amount to 30%.) This type of benefit is not included in the 53%.

Other Revenue Sources

BPOL taxes are based on the revenue realized by the commercial organization because the assessed value is assumed to be proportional to the revenue. In many cases, the assessed value is not related to the real-estate value. A more equitable system would tax the businesses at the rate of neighboring residential units, in proportion to the land area and according to the zoning. Such a scheme would encourage businesses to locate in depressed areas.

A commuter tax might also be instituted. Businesses could be taxed on the basis of the number of their out-of-county employees. The commuter tax should be proportional to the cost to the government of servicing these employees; however, the tax amount may be too small to be significant.

Raising fees for government-provided services is simply another way of raising taxes on county residents. The good part of the fees is that the user is the payer.

Would the County Ever Economize?

There is little to constrain the County from spending more and raising taxes to cover the expenses. The supervisors are so far removed from their constituents that the only turnover occurs when someone retires. The various agencies want more money, especially for salaries and benefits. The union negotiates with the supervisors, who realize that they need the union backing to get re-elected. There is nobody on the taxpayer side of the negotiating table. Ensuring that the taxpayer is justly burdened is not an easy task.

Each agency has no incentive to economize. Each one does all it can to spend its entire budget. The agencies rightly fear that their budget will be cut in the next year if they don’t spend it all. There is no incentive to economize. In the private sector, competition forces economization. In the public sector, there is no competition.

A consultant could be hired to look for ways of economizing; however, consultants want to please their clients. In this case, the clients would be the same supervisors that give the employees raises. A consultant who would advise against raises would not be re-hired. What is needed is a devil’s advocate. Perhaps a consultant could be a devil’s advocate if he were ineligible for re-hiring for at least 20 years. So the consultant would do a good job, he could be given the incentive of a bonus based on the amount the budget is reduced — although reducing the budget is not always the right path.

Rather than a consultant, the county might better engage a citizens advisory committee. The committee should consist of people with incomes ranging from the welfare-qualification limit and the median income — the people most affected by tax increases. Advisors or non-voting members could be added from citizens outside this income range.

Can a Coalition Balance the Electorate?

The County is nearly a one-party entity — the Democrat party. The 2015 election will determine who occupies the offices of School Board, Board of Supervisors, Commonwealth Attorney, Commissioner of the Revenue, Clerk of the Court, County Treasurer, House of Delegates (all 100 seats), and State Senate (all 40 seats). Only 30% of registered voters vote in these off-year elections. Another 50,000 voters in each Supervisory district did not vote in the 2011 Supervisor’s election.

Might these 50,000 make a difference? Fewer than 6,000 votes would have changed the election for a seat on the Board of Supervisors and 4,000 for a seat on the School Board, but by 2014, the County had drifted more toward a one-party system.

Consider the effort required to get closer to a 50:50 split: knocking on hundreds of doors, sending handwritten notes to friends, hosting a neighborhood cookout, inviting the candidate to speak to neighbors, and raising advertising funds. Tea-Partiers, Libertarians, and conservatives need to form a coalition with a major party, if conservatives are to be elected.

Voter Fraud

Delegate Bob Marshall sent an email on May 22 reporting that there are at least 75,000 to 110,000 deceased voters, non-citizens on voter rolls, and Virginia voters on the election rolls of other states — approximately 14% of registered voters — far more than enough to change election results.

Our Anti-Science School Board

Science obtains its raw data from the five senses — what we see and hear and feel identifies reality. Not so for our School Board. The members decided that what we people conjure in our mind is the real data. Our senses mislead us.

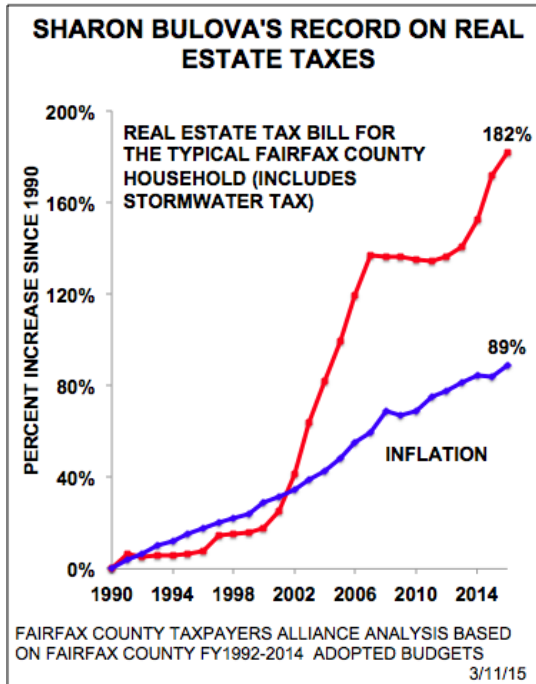
Public-education administrators are constantly generating new programs – programs that seem to be good ideas. They rarely have evaluation criteria. A negative evaluation evokes the response that the program has been changed. If a program is good in the minds of school board members, it is good – regardless of the facts. Mind trumps matter. There are currently 73 programs in the FCPS. The programs never go away and their cost to the taxpayers never goes away.

We saw this mind-over-matter attitude in a recent 10-1-1 ruling by the Fairfax County School Board. The Board voted to add “gender identity” to the classes of people against which discrimination is condemned. “Gender identity” is a matter of the mind; genital gender is a matter of the physical world. When the two conflicted, the School Board decided to put mind over matter. Science be damned. They could not even wait for the county staff to report on the fiscal and operational impact of adding “gender identity.” Who cares about the cost — or the impact? It’s all in the mind.

The 2016 Real Estate Tax Increase

The FY2016 budget has a 3.6% real estate tax increase to raise \$80M to pay for 3.6% raises for general county employees and 3%+ raises for public safety and school employees. The raises cost about \$90M, the difference being made up by extra funding from the state for the schools. In March the Sun-Gazette reported that average weekly wages in Fairfax County increased 1.2%.

The supervisors continue to raise taxes faster than household incomes, and public employees get bigger raises than private-sector taxpayers.



The Death of Democracy

In 1887 Alexander Tyler, a Scottish history professor at the University of Edinburgh, had this to say about the fall of the Athenian Republic some 2,000 years prior: "A democracy is always temporary in nature; it simply cannot exist as a permanent form of government. A democracy will continue to exist up until the time that voters discover that they can vote themselves generous gifts from the public treasury. From that moment on, the majority always votes for the candidates who promise the most benefits from the public treasury, with the result that every democracy will finally collapse over loose fiscal policy, (which is) always followed by a dictatorship.

"The average age of the world's greatest civilizations from the Beginning of history, has been about 200 years. During those 200 years, these nations always progressed through the following sequence:

- From bondage to spiritual faith;
- From spiritual faith to great courage;
- From courage to liberty;
- From liberty to abundance;
- From abundance to complacency;
- From complacency to apathy;
- From apathy to dependence;
- From dependence back into bondage."

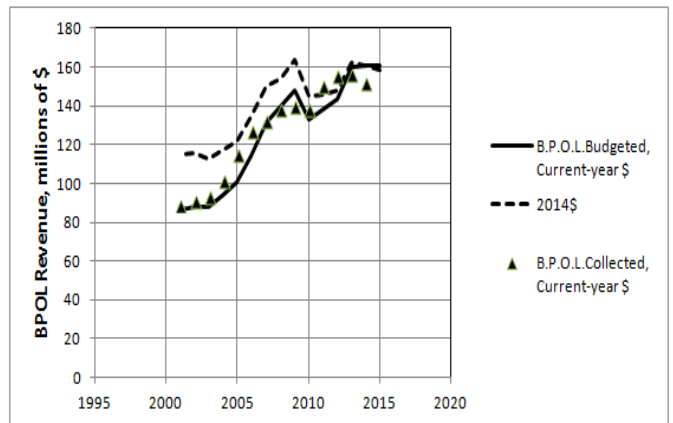
Fleeing Taxes

A CNS news report (<http://cnsnews.com/news/article/rudy-takala/report-people-fleeing-high-tax-states-low-tax-alternatives>) relates that millions of people left highly-taxed states for low-tax states between 2003 and 2013. States with low taxes are the most economically vibrant states in the country.

Virginia ranks 40th of the 48 states in taxes, having nearly the highest tax rate (<http://watchdog.org/210231/va-loves-taxes/>).

Tax Revenue from Businesses

Revenue from the Business, Professional, Occupational Licenses in Fairfax County indicates how the local economy is doing — about the same as in 2009. It has recovered but not grown — certainly not at the previous historic rate. Therefore, the increase in County expenditures must be borne by the residential taxpayer. The promise that commercial development reduces residential taxes has not proven to be the case.



Savings achieved by adopting private sector policies for retirement and health-care plans

	Annual savings
Fairfax County Public Schools	
<i>Immediate reductions</i>	
Reduce raises to equal increase in household income	\$10,556,859
Reduce materials cost to increase in students and inflation	\$14,122,138
Limit increase in employment positions to increase in enrollment	\$11,593,055
TOTAL	\$36,272,053
<i>Long-term reductions</i>	
Require \$2000 deductible in health insurance	\$44,000,000
Return to the ERFC legacy version ⁴	\$206,442,870
TOTAL	\$250,442,870
County Government	
<i>Immediate reductions</i>	
Reduce raises to equal increase in household income	\$6,167,213
Allow pension COLA to equal actual cost-of-living change	\$4,229,559
Reduce the litigation reserve to three times the 2005 value	\$15,000,000
Reduce school transfer (more than \$18M cut in County budget)	\$17,641,942
TOTAL	\$43,038,714
<i>Long-term reductions</i>	
Require \$2000 deductible in health insurance	\$22,156,200
Terminate the DROP program	\$31,227,747
Raise the age at which retirement benefits start to age 66	\$150,413,135
TOTAL	\$203,797,082
Contingency Funds in County Budget	
The adopted budget is frequently 1% below the advertised	\$38,134,785
Starting balance (not needed if above cuts are implemented)	\$83,301,192
Managed reserve (typically 3% of the budget)	\$111,490,919
TOTAL	\$232,926,896

Importance: IRS data shows that, when taxes rise wealthy and middle-income people move out of the County and low-income people move in. The net loss in gross income to the County between 2000 and 2013 was 15% of the \$40B total gross income to all County residents and, probably, 15% of the real-estate tax. So adding to the householder's burden will eventually result in a county that has wealthy people and poor people, with fewer middle-income people.

Source: The savings were derived from the FY2015 and FY2016 Fairfax County budgets. The computations can be found at the website of the Fairfax County Federation of Citizens Associations:
<http://www.fairfaxfederation.org/committees/Budget/CommentsOntheFY2016FairfaxCountyandSchoolBudgetsbyFAC20150301.xlsx>

⁴ ERFC Legacy version was designed to provide a pension from the age of retirement, approximately age 55, to the age at which Social Security starts. ERFC2001, which began in FY2001, provides the same pension amount from the age of retirement until death – on average age 83. The ERFC Legacy paid approximately \$25,000 for 10 years; ERFC2001, for 38 years, thereby increasing its cost.

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Some of What FCTA Has Been Doing on Members' Behalf

Chuck McAndrew testified at the tax-rate hearing on April 7 and again at the budget hearing that night. His presentation letter ([see http://www.fcta.org/FxCo/Taxes/](http://www.fcta.org/FxCo/Taxes/)) was published in the CONNECTION newspaper. On April 18, Chuck and Rob Whitfield spoke at a town hall meeting with Delegate Munyon and Senator Peterson.

Arthur Purves testified at the budget hearing on April 7. See <http://www.fcta.org/FxCo/Taxes/>.

FCTA members and supporters rallied outside the Government Center on April 7, calling for holding taxes fixed — decreasing the rate.

(Re)Join the FCTA and invite a friend to join too!

The Fairfax County Taxpayers Alliance analyzes Fairfax County, Virginia, and Federal budgets. We publish the FCTA Bulletin, which explains budgets, exposes excesses, and offers solutions. We also maintain a website (www.fcta.org), testify at county and school budget hearings, and attend budget town halls. We've been quoted in the *Washington Post*, *Fairfax Times* and the *Sun Gazette*. The Superintendent of Schools, the Chairman of the Board of Supervisors, and state legislators know who we are! **Use this form or join online at www.fcta.org. We need your help to reach more taxpayers. For additional memberships, simply enclose a check with the new member's name, address, and email.**

Current members: Please renew if the date on your mailing label is before January 1, 2015. Thank you!

Enclosed is my annual FCTA membership dues of \$25 (mail to the return address, above).

I'm enclosing an extra contribution of \$ _____

I would like to volunteer. Please contact me.

Name(s) _____

Address _____

City/State/Zip _____

Telephone _____

Email _____

To receive FCTA tax alerts, please provide your email address.

2015-06-10