

2019-04-16: Potential Cost Savings for the Fairfax Co 2020 Budgets, by Fred Costello

Upon reviewing the Fairfax County and School Budgets, we found many areas where costs can be reduced without great harm to the programs or employees but can greatly reduce real-estate taxes -- to almost half. (Preliminary; a full report will be published later.)

Potential Cost Savings for the 2020 Budgets

Fairfax County Public Schools

	Annual savings	Savings per household
<i>Immediate reductions</i>		
Reduce raises to equal increase in household income or CPI-U	\$8,559,056	\$23.13
Reduce materials cost to increase in students and inflation	\$55,854	\$0.15
Delay salary increases by 4 months	\$19,509,069	\$52.73
TOTAL	\$28,123,979	\$76.01
<i>Long-term reductions</i>		
Require \$2000 deductible in health insurance	\$48,314,200	\$130.58
Raise the retirement age to 66	\$324,000,000	\$875.68
Return ERFC to legacy version (Note 1)	\$206,442,870	\$557.95
TOTAL	\$578,757,070	\$1,564.21

County Government

<i>Immediate reductions</i>		
Reduce raises to equal increase in household income	\$9,820,038	\$26.54
Allow pension COLA to equal actual cost-of-living change (Note 2)	\$2,336,988	\$6.32
Reduce the litigation reserve to three times the 2005 value (Note 3)	\$15,000,000	\$40.54
Reduce school transfer to realize cost reductions	\$27,248,979	\$73.65
TOTAL	\$54,406,006	\$147.04
<i>Long-term reductions</i>		
Require \$2000 deductible in health insurance	\$23,081,400	\$62.38
Terminate the DROP program (Note 4)	\$37,402,527	\$101.09
Raise the age at which retirement benefits start to age 66	\$129,711,521	\$350.57
TOTAL	\$190,195,449	\$514.04

Contingency Funds in County Budget

The adopted budget is frequently 1% below the advertised	\$44,378,629	\$119.94
Starting balance (not needed in reduced budget) (Note 5)	\$166,824,206	\$450.88
Managed reserve (typically 3% of the budget)	\$128,427,469	\$347.10
TOTAL	\$339,630,304	\$917.92

Grand Total

\$1,191,112,808

\$3,219.22

based on taxpaying households = 370,000

Notes:

1. ERFC is a pension supplement that pays approximately 25% of the person's peak salary. Today, the payment is until death. The legacy version pays only until Social Security starts.
2. Currently the COLA cannot be less than 4%
3. Current litigation reserve is over \$50M, but spread among agencies so it is not easily identified
4. DROP allows employees to double-dip for three years.
5. The starting balance is what was not spent the previous year, the average being \$167M.