Arlington County Civic Federation FY11 Budget Resolution

Whereas, the Revenues & Expenditures Committee has reviewed the County Manager's proposed budget for FY11, and has issued a report to the Federation commenting thereon, which report proposes certain changes to the proposed budget; and

Whereas, the Schools Committee has reviewed the School Superintendant's proposed budget for FY11, and has issued a report to the Federation commenting thereon, which report proposes certain changes to the proposed budget;

Therefore, be it resolved that the Federation accepts and adopts the reports of both Committees, and directs the Federation President to transmit the reports to the Chairmen of the County Board and the School Board.

Arlington County Civic Federation
Revenues & Expenditures Committee
Report on the County Manager's Proposed FY11 Budget
Presented 4/6/10

I. Executive Summary

- A balanced base budget recommendation with a 6.0 cent real estate tax rate increase (to 93.5 cents, including 1.3 cents for the stormwater district add-on rate) – 0.7 cents lower than the County Manager's proposal.

- Average residential real estate tax bill would increase by $154 (3.4%)

- Separate votes proposed to restore funding for Fire Department ($743K for heavy rescue unit) and Police Department ($970K for District Team a/k/a Community Policing); if both are adopted, real estate rate increases an additional 0.3 cents to 93.8 cents, increasing the average residential tax bill an additional $16 to a total increase of $170

- $2.8M of additional base revenue identified

- $941K of Manager's proposed reductions restored (excluding Fire & Police items above)

- $1.9M of Tier Two reductions from Manager's supplemental list accepted

- $1.6M of additional reductions proposed

- $9.5M of total safety net spending supported

II. Introduction

As Yogi Berra put it so well, "It's déjà vu all over again."

In closing our report a year ago on the FY10 County budget, we wrote the following:

A flat residential market combined with decreases in commercial assessment would cause revenue shortfalls that could be much greater than Arlington is currently experiencing. So we caution the Federation that the next several upcoming years may require budget reductions similar to this year – or deeper.

As the FY11 proposed budget shows, our cautionary tone from a year ago was clearly warranted.

For the first time since CY1995, the CY 2010 assessments show a year-over-year decrease – a net of 7.2% lower than a year ago. As we had predicted a year ago, the drop in commercial assessments was particularly noteworthy, decreasing by 12.7 percent. The fall in residential assessments was a less dramatic 2.5%. The average single-family residence (including condominiums) now stands at $503,200 – 3.25% less than a year ago, and 7.7% less than at the peak of the residential real estate market in 2006.

These assessment decreases were foreseen when the FY11 budget discussions began last fall. In fact, the assessment picture at that time was expected to be even bleaker. Back in October 2009, revenue projections were such that a combined County/Schools budget "gap" of between $80M and $100M was forecasted. The "gap" at the time was defined as the difference between projected revenues at the CY09 tax rates and projected expenditures based on the FY10 budget, adjusted for certain changes known to occur in FY11 (e.g., additional debt service on voter-approved bonds) but excluding any employee compensation changes for step increases or market-pay (COLA) adjustments.

The originally projected gap of $80M-$100M prompted the County Board to give FY11 budget guidance to the Manager that was far more specific than in recent years. The Manager was directed to produce a proposed FY11 budget that:

- Would spend no more than the FY10 adopted budget.
- Maintains the County's commitment in the areas of health, safety, affordable housing and school funding.
- Provides a "safety net" for those in need.
- Covers the budget "gap" with equal parts of revenue increases (i.e., real estate tax rate increases) and expenditure reductions.

In late February, the Manager put forward her proposed FY11 budget that, unlike the originally proposed budget of a year ago, completely met the County Board's guidelines. Aided by the CY10 assessments not falling as much as originally projected, the combined budget "gap" shrank to $65M, a figure that was equally divided between the County and the Schools. The proposed budget met the County Board's guidelines in that it is $5.0M (0.5%) lower (including the School transfer) than FY10, has equal parts of approximately $16M each in revenue increases and spending reductions, follows the Revenue Sharing Agreement with the Schools (including a substantial increase for higher enrollment), maintains spending for affordable housing, and increases "safety-net" spending. The proposed FY11 revenue increases are largely generated by a 6.7 cent increase in the real estate tax rate, which, after taking into account the assessment decreases, would still increase the average residential bill by $189.

As is the case each year, the Manager's proposed budget is the R&E Committee's starting point. The complexity of the proposed budget made our task of providing a meaningful review even more difficult than last year. The proposed budget has an unprecedented number of "moving parts." The base budget reductions of $16.2M consist of 158 separate items.

Additionally, the proposed budget book includes a Tier Two list of additional potential revenue increases (13 separate items) and expenditure reductions (33 separate items). As you will see in what follows, we rejected some of these changes, modified others, and proposed some of our own modifications, toward the end of presenting to the Federation what R&E has traditionally done – make a budget balancing recommendation on the real estate tax rate.

The proposed budget was released on February 20th, which gave R&E all of six weeks to conduct its review and produce this report. Our review included 18 hours of full committee meetings, monitoring the County Board work sessions and the meetings of the Fiscal Affairs Advisory Commission, preparing an extensive list of supplemental questions to County staff, and a meeting with Deputy County Manager Mark Schwartz, Management & Finance Director Michelle Cowan and Budget Director Richard Stephenson. We also met with five other ACCF committee chairmen to hear their committee's views on budget areas under their purview. Given both the complexity of this year's budget proposal and the time constraints for our review, we think we've been as thorough as possible in our work. We hope you'll find this report both informative and thought-provoking, and hope you will vote to adopt its recommendations.

III. The Manager's Proposed Budget Changes

To give the broadest overview of the Manager's proposed spending "reductions", we are including as attachments to this report summaries of the base budget reductions and Tier Two revenue increases and spending reductions that R&E prepared on its own. We caution you that these single-line descriptions are by design very concise and may not fully convey the nature or impact of each item. We refer you to the complete budget book online at this web address for a more complete description of the true nature of each item:
http://www.arlingtonva.us/departments/ManagementAndFinance/budget/file74972.pdf

The Manager's base budget proposal reductions of $16.2M eliminate 88 FTEs that were funded in the FY10 budget. Approximately 68 of these positions were already vacant. When combined with the FY10 eliminated positions of 102 positions, the total number of County funded positions in the General Fund would have decreased by 190 FTEs (5.6%) over the two year period.

The Tier Two list contains $3.9M of additional possible reductions, involving 26 additional FTEs.

IV. Changes to the Base Budget Reductions

R&E proposes that the following 9 recommendations by the Manager be rejected or modified. The net additional cost of our proposed changes is $941K.

1. Office of Emergency Management Item #1 ($163K change). The Manager proposes eliminating the Deputy Director Position, which would have the impact of reducing day-to-day supervision of staff & projects by 50%. When coupled with the proposals to eliminate the OEM liaison positions within the Fire and Police Department budgets – reductions with which we concur – we feel eliminating this position would jeopardize the upper management structure of OEM and potentially affect operations.
2. Environmental Services Item #8 ($175K change). This item represents a 10% reduction in the budget for facility repairs, and would result in certain repairs being deferred based on priority and relative cost. In a time of flat or shrinking budgets, we feel that proper repair and maintenance of existing facilities should be a priority item that should not be reduced.
3. Human Services Item #12 ($78K change). This item would eliminate 1 of 3 rodent control positions. This one-third reduction would eliminate the capacity for neighborhood survey work, shifting the primary focus to responding to complaints. We feel that simply being re-active on rodent control in an increasingly urbanized environment is insufficient.
4. Human Services Item #36 ($68K change). This would be a reduction of 0.8 FTEs (a 14% reduction) for public health nurses who provide in-home nursing case management for older adults and adults with disabilities. Currently, approximately 185 clients are served annually. The reduction would lower that figure and increase the waiting list for these services. Even in a tight budget year like this, this is not an area we feel should be cut.
5. Libraries Item #5 ($78K change) would entail a reduction at Central Library of one hour each day of the week plus four hours on Sunday, along with closing most branch libraries for one full day per week. We recommend restoring the four Sunday hours at Central, as it is the only County library open (other than Shirlington and Columbia Pike) on Sundays.
6. Management & Finance Item #1 ($177K change). This item would eliminate two audit positions, one in purchasing and one in internal audit. We feel that this budget environment warrants tighter audit controls, and recommend retaining these two positions.
7. PRCR Item #14 ($104K change). This item would further reduce the operating hours at the two nature centers and eliminate one of the four park naturalists. Substantial reductions in nature center fundings occurred in FY10. These new reductions would close Gulf Branch an additional two days per week, and Long Branch one additional day; it would also potentially decrease staffing at each facility down to one at certain times. We feel that these further decreases would jeopardize the continued existence of the nature centers and their programming, and recommend the cuts be restored.
8. PRCR Item #16 ($44K change). This item would relocate recreation programs at Lee Center to other facilities, primarily Langston-Brown, and would convert Lee to an “enterprise” operation focusing on the arts. We question the ability of the arts enterprise to break-even, and also question whether Langston-Brown can

handle the additional programs due to parking and other considerations (see the following item). Accordingly reject this change.

9. PRCR Item #24 ($55 K change). This item would reduce the number of senior centers from 6 to 4, relocating Lee to Langston-Brown and closing Aurora Hills. Each facility serves up to 100 seniors daily. We feel these changes are ill-conceived, given the importance of these centers to their clientele, and reject these reductions.

While we accepted the Manager's proposed reductions in tree planting ($135K, reducing the number of trees planted from 1,080 to 540) and tree pruning ($25K, a 50% reduction), we recommend that funding be substituted for these two items from the Fresh Aire initiative that is funded by the residential utility tax. This initiative had an $854K carryover of unspent funds for FY09. Our recommended funding shift would result in no decrease in tree planting or pruning for FY11.

V. Tier Two Changes Supported

As we noted in our report last year on the FY10 budget, during last year's budget process the inclusion of a so-called "tier two" list – potential items of revenue increases and expenditure reductions not made a part of the balance base budget proposal but yet made available for possible inclusion into the adopted budget – was supposed to happen, but in the end never did. We criticized this omission in our report last year, and strongly commend the Manager for inclusion of such a list in this year's book. We feel that such a list is necessary to serve as either possible substitutes to proposed base budget reductions that are rejected, and/or possible additional reductions that may merit inclusion at final adoption.

Our recommendations include $1M of additional revenues and $1.9M of General Fund expenditure reductions from the Tier Two list. Single-line descriptions of the Tier Two items are in Attachment #2.

On the revenue side, the major item is an increase in parking ticket fines. The Manager proposed $1.5M, which would come from an increase from $40 to $50 for most types of parking violations – levels comparable to Fairfax County and slightly higher than Alexandria. Our recommendation is for an average increase to $45, bringing an additional $750K in revenue. The balance of the remaining $250K is made up of increases in various County fees for development activities, recreation and police coverage at special events.

We rejected two other major Tier Two revenue proposals – $1M from increasing the car decal fee from $25 to $33, and $480K to increase the trash rate to include the full cost of leaf collection. Increases to the residential and commercial utility tax rates were originally included on the Tier Two list but have already been rejected by the County Board.

On the expenditure side, we accepted $1.9M of General Fund reductions from Tier Two.

$1.3M of this total is not an actual cut, but in reality a bookkeeping change. When the County Board imposed a one-cent tax on real estate into a dedicated fund for stormwater management in CY08, the resulting revenue was not intended to cover all stormwater costs, leaving some costs to be paid from the General Fund. This resulted in stormwater costs being in two separate places - a condition that always confused us. Removing the remaining General Fund costs to the dedicated fund requires an additional tax increase of 0.3 cents. We support both the reallocation of the General Fund costs and the increased stormwater tax to cover the change.

If stormwater is removed from the equation, we support $600K of Tier Two reductions – 24% of the total offered – covering 12 separate items as shown on Attachment 2.

VI. Safety Net Spending

Consistent with the County Board's budget guidance, the Manager's proposed FY11 budget contains spending increases of $859K for so-called "safety net" items, providing additional assistance to those deemed in need during the recession. This amount brings the two year increase for these items to $1.964M (a 26% increase), and increases total spending for these programs to a total of $9.5M.

Most of the increases here are housing related:

- $600K for the Housing Grants (rental subsidies to low-income families, disabled and elderly), bringing the two-year increase to $900K (20%).
- $150K for permanent supportive housing (housing & support services for people with serious mental illness, intellectual and physical disabilities who can live independently with supports), bringing the two-year increase to $380K (65%).
- $81K for emergency cash assistance through AMEN (for past due rent, utilities & other emergencies), bringing the two-year increase to $170K (58%).

R&E supports all of the elements of the proposed increases in safety net funding.

VII. The Separate Votes on Fire & Police

Due to the relative size of the Manager's proposed reductions of a heavy rescue unit in the Fire Department ($743K; 12 FTEs) and a 50% reduction in district policing ($970K; 11 FTEs), and the attention that these two items have attracted within the community, R&E is proposing separate votes by the Federation on these two proposed reductions, and is providing more detailed explanations on them.

1. The Heavy Rescue Unit in the Fire Department ($743K; 12 FTEs). The County currently has two heavy rescue units, stationed at Station #4 (Clarendon) and #9 (Walter Reed). The Manager's proposal is to terminate staffing for the unit at Station #4 and relocate the remaining unit to Station #1 (Glebe Road). Both heavy rescue units are staffed 24/7, and since Fire Department shifts are 24 hours long, the Fire Chief regards two shift staffing as impractical to implement. One heavy rescue unit is deployed to every fire call; 3,500 calls were made by the heavy rescue units in FY09 (123 were from neighboring jurisdictions). While a heavy rescue unit is dispatched to every fire call, they are not the first unit to arrive, so first unit response time is not expected to increase. The unit proposed for reduction has three-person staffing. The actual truck will simply be "parked", and could be immediately re-activated if needed by shifting staff from another unit (all fire personnel are cross-trained). The personnel on the unit proposed for reduction was also used to staff the Department's 8^{th} EMS unit (which has no dedicated staffing) when needed if all other EMS units are out on calls. We have reciprocal "mutual aid" agreements with neighboring jurisdictions for service calls at times of heavy use – Fairfax County has eight heavy rescue units, and Alexandria has one.
2. District Teams in the Police Department (a 50% reduction; $970K; 11 FTEs). This Team is often referred to as "Community Policing." Currently, the District Teams are responsible for police services provided to the community to include response to both emergency and non-emergency calls for service, preliminary criminal investigations, special event planning, establishing a cooperative relationship with the community, and identifying broad based strategies to address crime trends and public perceptions of crime and safety. District personnel also attempt to solve problems that affect citizens' quality of life with assistance from other County agencies as needed. If the District Teams are reduced by half and consolidated into one County-wide Team, then the remaining members will be more focused on reacting to specific incidents rather than engaging in more proactive activities such as attending civic association meetings, establishing and maintaining relationships with local businesses and community organizations and participating in community events. In contrast to most officers who are scheduled for pre-determined shifts, the schedules of District Officers are determined by the three Captains overseeing each District. These schedules are based on the activities occurring within each District. District Officers could work morning and afternoon hours one day and afternoon through evening hours the next day. If the District Teams are reduced by half, the remaining team will be responsible for addressing quality of life issues across the entire County. Therefore, the schedule of the remaining officers will be based on addressing the most urgent quality of life issues. Approximately 20-25% of a District Team Officer's time is devoted to the more traditional law enforcement activities such as making arrests and issuing traffic and parking tickets. The majority of their time is spent addressing quality of life issues such as noise complaints, preparing for and participating in community meetings and

events, and monitoring areas where incidents have been reported or might occur. To demonstrate the traditional law enforcement workload, District Team Officers made 1,215 arrests and issued 3,741 traffic and parking tickets in CY 2008. That equates to approximately 51 arrests and 156 traffic and parking tickets written per District Team Officer (there were 24 District Team Officers in CY 2008). Although the average response times for a service call should not change, there are instances when a district team officer might be very close to a location from which an emergency call is received and might be there almost instantaneously. The likelihood of that happening is at least halved by cutting the number of team members in half.

VIII. Other R&E Changes

Over and above our proposed changes to the proposed base budget and our inclusion of the Tier Two items described above, R&E is proposing five additional adjustments to the FY11 budget.

1. <u>Additional revenue from the FY10 Stabilization Fund ($700K)</u>. As part of the adopted FY10 budget, the County Board established a $10M fund to cover such items as lower revenues, State budget cuts and additional safety net requirements. The mid-year review from the Manager, dated 3/17/10, details the allocations of $9.3M from this Fund ($5.7M to balance the FY10 budget, covering revenue shortfalls net of expenditure savings; $3M for employee buyouts; $600K for state revenue losses in public safety). These allocations leave a balance of $700K in the FY10 Fund, which we propose taking in as revenue in FY11.
2. <u>Transfer of an additional $1M from the Auto Fund</u>. The Auto Fund receives revenue from various County departments and the School Board, based on established rental charges for County vehicle and school bus fleets, and uses those funds to maintain the vehicles and replace them as required. This fund has considerable annual total revenues of approximately $16M, and has maintained substantial year-end balances (a projected $6.7M for FY11 before adjustment). The Manager's base budget proposal has $375K being transferred into the General Fund, as excess funding due to a lower number of vehicles being replaced because of age and mileage. This adjustment would lower the FY11 ending balance to $6.3M, which we still regard as excessive. We propose an additional $1M transfer to the General Fund, with a revision to the replacement schedules going forward to reflect extended useful lives for the fleet.
3. <u>Eliminate one additional edition of *The Citizen* ($22K)</u>. The Manager's base budget proposes reducing publication from 6 times annually to 5. We feel that returning to quarterly publication is sufficient, and propose elimination of one additional annual issue.
4. <u>Elimination of the Homeowner Grants Program ($607K, including 2 FTEs)</u>. This program was introduced as part of the FY06 budget, as a method of providing

targeted real estate tax relief to certain homeowners at a time of skyrocketing assessments. From CY01 through CY06, the average residential assessment rose by 142%, and despite decreases in the tax rate, the average tax bill rose by 93% during the same period. The average assessment has now fallen for the past 4 years, dropping a total of over 7%. Recognizing that the original reasoning behind this program has changed, the Manager proposed roughly a 50% reduction to it, by: (a) reducing the maximum grants from either $600 to $300 (for incomes up to $55K) or from $300 to $200 (for incomes between $55K and $77K); and (b) lowering the maximum asset limit (excluding the residence) from up to $340K to $240K. This would leave direct payments to homeowners of $457K –with an estimated cost of administration of 33% ($150K for 2 FTEs). In its report to the County Board dated 3/22/10, the Fiscal Affairs Advisory Commission recommended total elimination of this program. We agree.

5. <u>One additional furlough day ($1M)</u>. The largest single item of reduction in the Manager's base budget proposal is one unpaid furlough day for County employees. The Manager has already expressed her intent to schedule the furlough for late in the fiscal year, with the intention of requesting that the County Board restore the furlough day by covering the cost from close-out funds from FY10. In the past – even this past year – there have been ample leftover year-end funds that could easily cover this cost. We see furloughs as a useful, albeit unattractive, method of maintaining jobs in a climate of flat or declining revenues. We are proposing a second furlough day in the FY11 budget, and echo the Manager's intent to cancel the furloughs from available FY10 close-out money. Such funds have typically been available; for example, $11.5M of close-out money was available from FY09.

IX. FY11 Stabilization Fund and Dealing with the "Unknowns"

The Manager's proposed budget contains a $6.4M Stabilization Fund, designed to cover the "unknowns" that could arise in FY11. Such items could include revenues coming in under forecast, additional state reductions, and unforeseen expenditure requirements.

There have been several developments since the budget's introduction that provide us with some comfort level on the amount of this fund for FY11.

In a DMF staff report posted to the County website on 4/2/10, DMF staff has identified $1.3M of state reductions (over & above those already built into the County proposed budget) resulting from the recently adopted state FY11-FY12 biennium budget. The same report identifies an additional $2M of assorted possible state reductions, but describes them as "unlikely."

Another "unknown" is Arlington's operating subsidy to Metro. The Manager's proposed budget already includes a $1.5M increase (7.3%, from $20.5M to $22M) in our Metro subsidy.

From what we have deciphered primarily from the media, the current version of the FY11 Metro budget contains a $40M “hole” that could conceivably be filled by the local jurisdictions that Metro serves. This “hole” is part of a very complicated budget proposal that also proposes fare increases and service reductions. Depending on the final nature of those proposals, Arlington’s incremental subsidy could be as much as $4M.

One other potential budget variable is the County’s endeavor to assume the ownership of Columbia Pike from the state, in order to facilitate the ultimate re-design of the road to accommodate the Pike Trolley. Staff estimates the annual incremental cost to the County for maintenance of Columbia Pike at $392K.

Given these potential facts, we are comfortable with the proposal for the $6.4M unallocated Stabilization Fund contained in the Manager’s proposed budget.

X. The Water/Sewer Utility Fund and Trash Rate

The water-sewer rate increase appears to be in line with the increase of expenses associated with this fund as contained in the financials provided. Additional information should be supplied on the source of unaccounted for water and steps being taken to reduce this amount. It is questioned if unmetered county water uses, such as watering trucks and street sweepers, are being accounted for to preclude only the water fund users from paying for these water uses with after-tax dollars. Also, with the advent of “green” buildings that collect rain water for sanitary uses, it is suggested that such usage be metered in some fashion so green building users don’t receive their sewage service at the expense of the remaining water users, thereby keeping the integrity of the enterprise fund.

It is recommended that, in the interest of full transparency, the billing for solid waste disposal that appears on the water-sewer bill, be broken down into its constituent parts (trash collection, recycling, leaf vacuuming street sweeping, etc) to give visibility into the services citizens are paying for, since these charges are not a part of the water-sewer enterprise fund.

XI. Our recommended tax rate and some parting thoughts

On Attachment 3 you will find the recap of all of the proposals contained in this report.

Our base budget recommendations are balanced with a real estate tax increase (including the stormwater component) of 6.0 cents – 0.7 cents below the Manager’s recommendation. At this 6.0 cent rate, the average residential tax bill would still increase by $154 (3.4%).

Our calculations maintained the School Transfer payments as proposed by the Manager. No reduction was made, as the Revenue Sharing Agreement might provide.

If the Federation's separate votes on the Fire and Police items result in restoring the related proposed cuts, our recommended rate increase would be 6.3 cents, making the average bill increase $170.

What lies ahead for County finances?

53% of General Fund Revenues come from real estate, and the proposed budget projects the CY11 assessments as flat. While there is early evidence that both residential and commercial values are stabilizing, there is still risk of near-term value adjustments, potentially driven by a variety of factors (residential mortgage rates; commercial financing availability and capitalization rate changes; economic and job growth coming out of the recession).

Another 10% of revenues come from the personal property tax, with an additional 15% coming from "economic activity" (taxes on sales, meals, hotel occupancy and business gross receipts). Revenue growth (or decline) here is almost entirely dependent on economic recovery.

We need to recall that a more typical, "business as usual" County budget requires annual revenue growth of approximately 6% to cover usual inflationary pressures and provide full step and COLA adjustments to County employees. The projected enrollment growth in the Schools would provide further County budget pressure.

Further, as the Manager cautioned in her budget message this year, the County Board has already committed to certain budget increases in the near term:

- The opening of the Mary Marshall Assisted Living Residence, with an estimated annual operating cost of $2.5M.
- Other new facilities opening in FY12, Long Bridge Park Phase I (North Tract) and Fire Station #3 (Cherrydale), will add $200K-$400K in operating costs.
- The new Arlington Mill Community Center will add $4.8M-$5.3M in combined operating and debt service costs in its first full year after opening.

These three items alone would add another 1.5 cents to the real estate tax rate – or 3 cents, if the School transfer also is increased under revenue sharing.

Given all of the above, do we foresee the FY12 budget cycle looking very similar to FY10 and FY11, with both spending reductions and tax rate increases being proposed? Yes, we do.

Submitted on April 4, 2010 by the Revenues & Expenditures Committee

Robert Atkins
Gerry Auten
Burt Bostwick
Frank Emerson
Wayne Kubicki, Chairman
Roger Morton
Peter Olivere
Tim Wise

Arlington FY11 Manager's Proposed Budget						Attachment 1
Proposed Reductions to General Fund						
Dept	**#**	**Description**	**Net Tax Support**	**FTE**	**R&E Accepts**	**R&E Rejects**
Circuit Court	1	Lower Chief Deputy clerk position	34,183	-	34,183	
Circuit Court	2	Reduce operating supply fund 18%	5,793	-	5,793	
Circuit Court	3	Reduce travel 54%; postage 67%	7,000	-	7,000	
Circuit Court	4	Reduce jury funds 55%	24,000	-	24,000	
		Circuit Court Subtotal	**70,976**	**-**	**70,976**	**-**
COR	1	Eliminate assessor in personal property	71,174	1.00	71,174	
COR	2	Reduce misc expenditures	10,000		10,000	
		COR Subtotal	**81,174**	**1.00**	**81,174**	**-**
Comm Atty	1	Eliminate Ass't CA & temp services ass't	83,625	1.00	83,625	
Comm Atty	2	Reduce non-personnel expenditures	16,336	-	16,336	
Comm Atty	3	Reduce consultants 55% (computer network)	19,081		19,081	
		Comm Atty Subtotal	**119,042**	**1.00**	**119,042**	**-**
CPHD	1	Eliminate 1 of 6 site plan planners	106,347	1.00	106,347	
CPHD	2	Transfer 2 of 10 Code Inspectors to CPHD Dev Fund	134,398	2.00	134,398	
CPHD	3	Eliminate 1 of 3 NC project planners	43,390	1.00	43,390	
CPHD	4	Eliminate planner position (Neighborhood College & CB Walk Mtgs)	139,293	1.00	139,293	
CPHD	5	Reduce BRAVO funding to 2008 level	35,000	-	35,000	
		CPHD Subtotal	**458,428**	**5.00**	**458,428**	**-**
Cty Bd Office	1	Non-personnel expenses	4,500	-	4,500	
		Cty Bd Office Subtotal	**4,500**	**-**	**4,500**	**-**
Cty Mgr Office	1	Consultants funding	20,000	-	20,000	
Cty Mgr Office	2	Reduce printing (1 less *The Citizen;* other brochures)	27,180	-	27,180	
Cty Mgr Office	3	AVN van	9,936	-	9,936	

Arlington FY11 Manager's Proposed Budget						Attachment 1
Proposed Reductions to General Fund						
			Net Tax		**R&E**	**R&E**
Dept	**#**	**Description**	**Support**	**FTE**	**Accepts**	**Rejects**
Cty Mgr Office	4	Human Rights Supervisor	88,438	1.00	88,438	
		Cty Mgr Office Subtotal	**145,554**	**1.00**	**145,554**	**-**
Econ Dev	1	10% reduction in science programming	2,500	-	2,500	
Econ Dev	2	10% reduction Spanish counseling & workshops	6,500	-	6,500	
Econ Dev	3	Eliminate Greater Washington Initiative	25,000	-	25,000	
Econ Dev	4	Rosslyn Renaissance Funding	-	-	-	
Econ Dev	5	10% reduction non-profit tech assistance program	5,000	-	5,000	
Econ Dev	6	Eliminate Metro advertising for Think Arlington	45,000	-	45,000	
		Econ Dev Subtotal	**84,000**	**-**	**84,000**	**-**
Electoral Bd	1	Reduce poll staffing 11/10 & 6/11	33,600	-	33,600	
Electoral Bd	2	Eliminate cell phones for chief election officers	800	-	800	
		Electoral Bd Subtotal	**34,400**	**-**	**34,400**	**-**
OEM	1	Eliminate Deputy Director	163,133	1.00		163,133
		OEM Subtotal	**163,133**	**1.00**	**-**	**163,133**
DES	1	Transit efficiencies	115,000	-	115,000	
DES	2	ART service adjustments	54,000	-	54,000	
DES	3	Eliminate 1 0f 4 planners for half year	59,701	1.00	59,701	
DES	4	Eliminate 1 0f 5 Construction Mgmt Specialists	85,342	1.00	85,342	
DES	5	Energy use in traffic signals & street lights	374,610	-	374,610	
DES	6	3 overstrength engineers for NC projects	92,249	-	92,249	
DES	7	Charge APS for GIS services	32,000	-	32,000	
DES	8	Reduce facility repair budget by 10%	174,800	-		174,800
DES	9	Reduce cleaning services in county facilities	210,751	-	210,751	
DES	10	Efficiency gains in electricity budget	80,000	-	80,000	

Arlington FY11 Manager's Proposed Budget						Attachment 1
Proposed Reductions to General Fund						
Dept	**#**	**Description**	**Net Tax Support**	**FTE**	**R&E Accepts**	**R&E Rejects**
DES	11	Eliminate solid waste consultant funds	45,000	-	45,000	
DES	12	Eliminate snow hauling from commercial areas	200,000	-	200,000	
		DES Subtotal	**1,523,453**	**2.00**	**1,348,653**	**174,800**
Fire	1	Position conversion to Ops Medical Director	67,444		67,444	
Fire	2	Eliminate Battalion Chief assigned to OEM	182,848	1.00	182,848	
Fire	3	Eliminate 1 of 2 heavy rescue units	722,633	12.00	722,633	
Fire	4	Protective clothing reduction due to reduced staffing	20,640		20,640	
		Fire Subtotal	**993,565**	**13.00**	**993,565**	**-**
Gen Dist Ct	1	Reduce legal expenses for victims/witnesses	12,102	-	12,102	
		Gen Dist Ct Subtotal	**12,102**	**-**	**12,102**	**-**
Human Resources	1	Eliminate 1 of 9.25 in Staffing Division	108,671	1.00	108,671	
Human Resources	2	Eliminate 1 of 4.5 in Call Center	66,869	1.00	66,869	
Human Resources	3	Eliminate 1 of 10.75 staffing specialists	104,863	1.00	104,863	
Human Resources	4	Eliminate 0.5 (half) of PRISM tech support in compensation div.	60,737	0.50	60,737	
		Human Resources Subtotal	**341,140**	**3.50**	**341,140**	**-**
DHS	1	Admin Ass't in Director's office	71,927	1.00	71,927	
DHS	2	Accounting Tech in financial mgmt	63,869	1.00	63,869	
DHS	3	Tech trainer	72,491	1.00	72,491	
DHS	4	3% reduction in some non-profits	314,426	-	314,426	
DHS	5	Employment services specialist	34,007	0.50	34,007	
DHS	6	<NEW WIC GRANT FUNDING COVERS THIS; CUT NOW OUT>	62,403	1.00	62,403	
DHS	7	Eliminate child immunization review & reduce clinic support	60,731	1.00	60,731	
DHS	8	Eliminate 1 of 10 admin techs supporting clinics	58,385	1.00	58,385	
DHS	9	Eliminate 1 of 7.5 nurses, case mgmt for at-risk children	85,966	1.00	85,966	

Arlington FY11 Manager's Proposed Budget

Attachment 1

Proposed Reductions to General Fund

Dept	#	Description	Net Tax Support	FTE	R&E Accepts	R&E Rejects
DHS	10	Eliminate 1 of 2 admin ass't in school health bureau	46,166	1.00	46,166	
DHS	11	Eliminate parent support group, kids with disabilities	17,000	-	17,000	
DHS	12	Eliminate 1 of 3 rodent control staff	78,195	1.00		78,195
DHS	13	Eliminate 1 of 6.5, lab services (drawing blood)	30,488	0.50	30,488	
DHS	14	State cuts for CSB	402,128	-	402,128	
DHS	15	Eliminate 20 hours/wk admin support in Behavioral Healthcare	18,000	-	18,000	
DHS	16	Eliminate training tool	10,000	-	10,000	
DHS	17	Eliminate half-position homeless case mgmt supervisor	47,393	0.50	47,393	
DHS	18	18% reduction contract psychiatric	126,940	-	126,940	
DHS	19	Eliminate 1 of 21.5 mental health case mgrs	81,588	1.00	81,588	
DHS	20	Eliminate internship, employment for mentally ill	27,000	-	27,000	
DHS	21	Eliminate grants, youth emergency fund	17,500	-	17,500	
DHS	22	Substitute new state funds for local funding, 4 crisis beds	273,000	-	273,000	
DHS	23	Reduce contractual services for young mentally ill	78,076	-	78,076	
DHS	24	Contractor incentive bonus, supportive living services	30,000	-	30,000	
DHS	25	Eliminate 1 of 11.5 substance abuse therapists	72,491	1.00	72,491	
DHS	26	Contract psychological testing	28,000	-	28,000	
DHS	27	11% reduction substance abuse residential services	210,000	-	210,000	
DHS	28	Eliminate teen website coordinator	45,472	0.50	45,472	
DHS	29	50% contract reduction, child development sessions	57,250	-	57,250	
DHS	30	Eliminate 0.8 of 2.6, student behavioral services	54,412	0.80	54,412	
DHS	31	Eliminate Batterers Intervention Program	96,085	1.00	96,085	
DHS	32	Reduce in-home companion services	68,834	-	68,834	
DHS	33	Eliminate admin assistance to commissions	65,318	1.00	65,318	
DHS	34	Eliminate ass't director (1 of 11 total), Reed Adult Day Car	88,461	1.00	88,461	
DHS	35	Reduce adult foster care from 6 beds to 4	20,000	-	20,000	
DHS	36	Eliminate .8 of 5.8 public health nurses, in-home case mgmt	67,506	0.80		67,506
		DHS Subtotal	**2,981,508**	**17.60**	**2,835,807**	**145,701**

Arlington FY11 Manager's Proposed Budget						Attachment 1
Proposed Reductions to General Fund						
Dept	**#**	**Description**	**Net Tax Support**	**FTE**	**R&E Accepts**	**R&E Rejects**
JDR	1	Eliminate half-time probation counselor	36,258	0.50	36,258	
JDR	2	Eliminate Sheltercare housing funding	73,000	-	73,000	
		JDR Subtotal	**109,258**	**0.50**	**109,258**	**-**
Libraries	1	Eliminate two part-time admin assistants	68,264	1.20	68,264	
Libraries	2	Reduce temp staff	108,408	-	108,408	
Libraries	3	Eliminate Info Systems Analyst	127,974	1.00	127,974	
Libraries	4	10% reduction in materials	128,000	-	128,000	
Libraries	5	Service hour reductions	411,801	-	333,669	78,132
Libraries	6	2 of 24 assistants and 1 of 11 librarians	200,969	3.00	200,969	
Libraries	7	Eliminate 1 of 7 library supervisors	88,368	1.00	88,368	
		Libraries Subtotal	**1,133,784**	**6.20**	**1,055,652**	**78,132**
Magistrates	1	Reduce county salary supplement	25,479	-	25,479	
		Magistrates Subtotal	**25,479**	**-**	**25,479**	**-**
DMF	1	Eliminate purchasing auditor & 1 of 2 accounting auditors	176,702	2.00		176,702
		DMF Subtotal	**176,702**	**2.00**	**-**	**176,702**
PRCR	1	One maint supervisor and 1 of 7 trades workers	185,107	2.00	185,107	
PRCR	2	Eliminate 1 of 5 trades workers in park maint	46,166	1.00	46,166	
PRCR	3	Reduce I-66 trail mowing from 11x to 7x	5,000	-	5,000	
PRCR	4	Eliminate 2 mos of lighting on tennis/basketball courts	15,000	-	15,000	
PRCR	5	Reduce spray parks hours by half	20,000	-	20,000	
PRCR	6	Eliminate 1 of 7 trades workers in landscaping	39,156	1.00	39,156	
PRCR	7	Reduce tree planting from 1,080 to 540	135,000	-	135,000	
PRCR	8	Terminate invasive plant contract; reassign existing staff to it	65,799	-	65,799	

Arlington FY11 Manager's Proposed Budget						Attachment 1
Proposed Reductions to General Fund						
Dept	**#**	**Description**	**Net Tax Support**	**FTE**	**R&E Accepts**	**R&E Rejects**
PRCR	9	Reduce contract tree pruning by half	25,000	-	25,000	
PRCR	10	Eliminate herbicide spraying on less traveled streets	13,000	-	13,000	
PRCR	11	Eliminate 4 of 7 trades workers in Smartscape	219,022	4.00	219,022	
PRCR	12	Turn off fountains in Gateway Park	10,000	-	10,000	
PRCR	13	End trout stocking in Four Mile Run	5,954	-	5,954	
PRCR	14	Reduce nature center hours; eliminate 1 of 4 naturalists	104,211	1.00		104,211
PRCR	15	Eliminate Arl Mill Comm Center manager position	60,512	1.00	60,512	
PRCR	16	Relocate recreation programs @ Lee Comm Center	43,596	-		43,596
PRCR	17	Eliminate staffing at Powhatan Skate Park	21,816	-	21,816	
PRCR	18	Reduce sports/rec program equip funding by 37%	146,500	-	146,500	
PRCR	19	Eliminate after school program at Gunston MS	46,723	-	46,723	
PRCR	20	Contract out holiday camps	2,259	-	2,259	
PRCR	21	Eliminate 1 of 4 teen programmer positions	81,409	1.00	81,409	
PRCR	22	Reduce Junior Jam summer programs from 9 to 7	18,700	-	18,700	
PRCR	23	Eliminate two temp positions for teen programs	23,880	-	23,880	
PRCR	24	Reduce senior centers from 6 to 4	55,075	-		55,075
PRCR	25	Reduce staffing for walking programs	9,763	-	9,763	
PRCR	26	Reduce funding by 41% for senior center transportation	16,000	-	16,000	
PRCR	27	Eliminate stipends for youth sports groups	45,000	-	45,000	
PRCR	28	Eliminate Prevention Specialist Coordinator	63,725	1.00	63,725	
PRCR	29	21% reduction in overtime budget in Cultural Development	5,000	-	5,000	
PRCR	30	63% reduction in Cultural Affairs equipment funding	5,000	-	5,000	
PRCR	31	Reduce funding for supplies for public art & artist fees	35,000	-	35,000	
PRCR	32	36% reduction in arts grants	100,000	-	100,000	
PRCR	33	Eliminate funding for Lubber Run summer programs	10,000	-	10,000	
PRCR	34	Reduce outside services & supplies in Park Planning & Development	11,335	-	11,335	
PRCR	35	Eliminate admin support for staff at Courthouse Plaza	71,495	1.00	71,495	
PRCR	36	Reduce NVCT support by 67%	100,000	-	100,000	

Arlington FY11 Manager's Proposed Budget						Attachment 1
Proposed Reductions to General Fund						
Dept	**#**	**Description**	**Net Tax Support**	**FTE**	**R&E Accepts**	**R&E Rejects**
PRCR	37	Reduce VCE support by 10%	10,390	-	10,390	
		PRCR Subtotal	**1,871,593**	**13.00**	**1,668,711**	**202,882**
Police	1	Eliminate Dept liaison to OEM	153,762	1.00	153,762	
Police	2	Eliminate 1 of 3 in human resources/background checks	116,830	1.00	116,830	
Police	3	Eliminate civilian PIO	82,369	1.00	82,369	
Police	4	Eliminate 3 vehicles,supplies & equip due to lower staffing	31,476	-	31,476	
Police	5	Eliminate 1 of 3 records assistants	44,078	1.00	44,078	
Police	6	Reduce District Team by half	938,278	11.00	938,278	
		Police Subtotal	**1,366,793**	**15.00**	**1,366,793**	**-**
Sheriff	1	Lower level in tech support position	31,196	-	31,196	
Sheriff	2	Eliminate 3 deputies at Detention Center & Courts	351,069	3.00	351,069	
Sheriff	3	Eliminate Records Assistant	47,126	1.00	47,126	
Sheriff	4	Reduce inmate case management	140,063	2.00	140,063	
		Sheriff Subtotal	**569,454**	**6.00**	**569,454**	**-**
DTS	1	Eliminate some software consulting & support	48,000	-	48,000	
DTS	2	Furlough contract staff for one week	55,000	-	55,000	
DTS	3	Eliminate Info Sys Analyst	127,808	1.00	127,808	
DTS	4	Renegotiate Oracle contract	60,000	-	60,000	
DTS	5	Convert two contractors to staff	50,000	(2.00)	50,000	
DTS	6	21% reduction in equip in telecomm and network	95,567	-	95,567	
		DTS Subtotal	**436,375**	**(1.00)**	**436,375**	**-**
Treasurer	1	Eliminate Treasury Specialist position	78,814	1.00	78,814	
Treasurer	2	Reduce non-personnel expenditures	6,292	-	6,292	
		Treasurer Subtotal	**85,106**	**1.00**	**85,106**	**-**

Arlington FY11 Manager's Proposed Budget						Attachment 1
Proposed Reductions to General Fund						
Dept	**#**	**Description**	**Net Tax Support**	**FTE**	**R&E Accepts**	**R&E Rejects**
Non-Dept & Comp	1	Extend local operation of Metrobus 24P & 22B	475,000	-	475,000	
Non-Dept & Comp	2	Reduce needed funding for County Fair	50,000	-	50,000	
Non-Dept & Comp	3	Delay auto purchasing	375,000	-	375,000	
Non-Dept & Comp	4	3% reductions to Groups 3 & 4 of regionals	91,250	-	91,250	
Non-Dept & Comp	5	Reduce Homeowner Grant Program	428,160	-	428,160	
Non-Dept & Comp	6	AHIF reduction	500,000	-	500,000	
Non-Dept & Comp	7	Reduce master lease funding	495,567	-	495,567	
Non-Dept & Comp	8	One furlough day for all employees	1,012,911	-	1,012,911	
		Non-Dept & Comp Subtotal	**3,427,888**	**-**	**3,427,888**	**-**
		TOTAL GENERAL FUND BUDGET REDUCTIONS	**16,215,407**	**87.80**	**15,274,057**	**941,350**

Arlington FY11 Manager's Proposed Budget					Attachment 2
Tier Two Proposed Reductions to General Fund					
			Net Tax		**R&E**
Dept	**#**	**Description**	**Support**	**FTE**	**Accepts**
REVENUE OPTIONS					
	1	Parking tickets (mostly $40 to $50)	1,500,000		750,000
	2	Decal fee ($25 to $33)	1,000,000		
	3	NOT ADVERTISED - NOW NOT ON TABLE	-		
	4	NOT ADVERTISED - NOW NOT ON TABLE	-		
	5	Trash rate up $15/yr (4.5%) to cover full cost of leaf collection	479,679		
DES	6	New ROW permit fee	25,000		25,000
DES	7	Dev services fees for various reviews on erosion & sediment ctrl	35,000		35,000
Police	8	Increase special events fee from $50 to $60/hour	60,000		60,000
PRCR	9	Increase travel program fees	5,000		5,000
PRCR	10	Increase sports league fees	130,000		130,000
PRCR	11	Increase facility rental fees	10,000		
PRCR	12	Increase summer camp fees	50,371		
PRCR	13	New after school program fee $35/child/week	83,606		
		TOTAL TIER TWO REVENUE INCREASES	**3,378,656**		**1,005,000**
EXPENDITURE REDUCTION OPTIONS					
Econ Dev	1	Restructure partnerships	210,000	-	105,000
Econ Dev	2	Restructure nonprofit tech assistance program	45,000	-	45,000
Econ Dev	3	Reduce GWHCC contract by 4 hours/week	-	-	
		Econ Dev Subtotal	**255,000**	**-**	
CPHD	1	Eliminate planner position in revitalization	131,500	1.00	131,500
		CPHD Subtotal	**131,500**	**1.00**	
DES	1	Add'l cleaning service reductions over base budget (DES #9, pg 21)	210,751	-	

Arlington FY11 Manager's Proposed Budget					Attachment 2
Tier Two Proposed Reductions to General Fund					
			Net Tax		**R&E**
Dept	**#**	**Description**	**Support**	**FTE**	**Accepts**
DES	2	Eliminate engineering tech position (half-year)	43,925	1.00	43,925
DES	3	Transfer stormwater expenses from General Fund to Stormwater	1,261,800	10.00	1,261,800
		DES Subtotal	**1,516,476**	**11.00**	
DHS	1	Reduce in-home aide services	124,480	-	
DHS	2	Eliminate local daycare regulation	364,275	3.00	
DHS	3	Eliminate balance of student behavioral program (see DES #30, pg 26)	233,709	1.80	
DHS	4	One-third reduction in Volunteer Arlington program	66,717	1.00	66,717
DHS	5	Add'l 2% reduction in certain non-profit support (see DES #4, pg 23)	208,148	-	
DHS	6	Reduce 1 of 2 positions in health education	84,645	1.00	
DHS	7	Eliminate on-site health screenings/immunizations at APS	121,615	1.63	
		DHS Subtotal	**1,203,589**	**8.43**	
JDR	1	Eliminate school probation counselors	45,264	-	
		JDR Subtotal	**45,264**	**-**	
Libraries	1	Eliminate Sunday hours at Columbia Pike	15,276	-	
		Libraries Subtotal	**15,276**	**-**	
PRCR	1	Reduce full-time multicultural outreach position by half	47,514	0.50	47,514
PRCR	2	Eliminate balance of NVCT support (see PRCR #36, pg 34)	50,000	-	50,000
PRCR	3	Eliminate staff support for County Fair & special events	100,356	1.00	50,178
PRCR	4	Reduce misc. costs for Sister City Program	10,000	-	10,000
PRCR	5	Further reduce hours at nature centers (see PRCR #14, pg 31)	56,803	1.00	
PRCR	6	Eliminate 1 of 3 Urban Foresters	69,922	1.00	69,922
PRCR	7	Eliminate county-funded portable toilets at sports fields	50,000	-	
PRCR	8	Reduce trash pick-ups at small/medium parks	10,000	-	
PRCR	9	Eliminate 1 of 2 painter positions	81,398	1.00	
PRCR	10	Eliminate Park Mgmt Team Leader position	71,657	1.00	
PRCR	11	Reduce OT budgets by 23%	18,000	-	18,000

Arlington FY11 Manager's Proposed Budget					Attachment 2
Tier Two Proposed Reductions to General Fund					
			Net Tax		**R&E**
Dept	**#**	**Description**	**Support**	**FTE**	**Accepts**
PRCR	12	Reduce seasonal temp park maintenance staffing	40,222	-	
PRCR	13	Eliminate subidy to Street Theater Program	11,500	-	11,500
PRCR	14	Close Madison Comm Center	33,792	-	
PRCR	15	Elminate Madison pre-school & playgroup program	5,408	-	
PRCR	16	Eliminate teen afterschool programs at Drew & Carver	22,600	-	
PRCR	17	Eliminate specialized TR holiday camps	5,449	-	
PRCR	18	Reduce summer evening playground programs	19,885	-	
		PRCR Subtotal	**704,506**	**5.50**	
Non-Dept-Regionals	1	Reduce certain DHS non-profits by add'l 2% (see Non-Dept #4, pg 37)	46,220	-	
Non-Dept-Regionals	2	Reduce certain non-DHS non-profits by add'l 2% (see Non-Dept #4, pg 37)	13,957	-	
		Non-Dept-Regionals Subtotal	**60,177**	**-**	
		TOTAL TIER TWO GENERAL FUND BUDGET REDUCTIONS	**3,931,788**	**25.93**	**1,911,056**

Arlington Proposed FY11 Budget **Attachment 3**
ACCF R&E Changes to Manager's Proposal
3/26/2010

Revenues	Manager Proposed		941,829,213
	Tier Two Increases		1,005,000
	Balance, FY10 stabilization fund		700,000
	Increase in transfer from auto fund		1,000,000
	Revised Revenues		944,534,213
Expenditures	Manager Proposed		941,829,213
	Base budget reductions rejected		941,350
	Tier Two reductions accepted		(1,911,056)
	Add'l edition of *The Citizen*		(22,000)
	Elimination of homeowner grants		(607,649)
	One additional furlough day		(1,012,911)
	Revised Expenditures		939,216,947
	Excess of revenues over expenditure		**5,317,266**
	Value of one cent on rate		5,358,634
	Change in rate		(1.0)
	Manager's proposed rate increase		6.7
	R&E Proposed Rate		5.7
	Stormwater change		0.3
	R&E Proposed Rate Increase		**6.0**
Separate consideration of Police & Fire issues			
	Police issue		969,754
	Fire issue		743,273
		Combined	1,713,027
	Change in rate if both cuts restored		0.3
	R&E Proposed Rate if cuts restored		**6.3**

REPORT OF THE CIVIC FEDERATION'S SCHOOLS COMMITTEE ON THE ARLINGTON PUBLIC SCHOOLS PROPOSED FY2011 BUDGET

I. INTRODUCTION

This is the first Arlington Public Schools (APS) budget prepared by Superintendent Dr. Patrick Murphy. The budget was constructed with an awareness of significant budget shortfalls due to the economic downturn and an increasing enrollment in APS schools. In September of 2009 the projected budget shortfall was $47.4 million dollars but by the time the proposed budget the projected shortfall had been reduced to $12.7 million.

The County Board's guidance to the County Manager directed her to provide a balanced budget that equally divides the revenue/expenditure gap between proposed revenue increases and proposed expense/service reductions. The guidance also stated the County would abide by the Revenue Sharing Agreement with APS. To cover the shortfall by half, real estate taxes will increase $0.059, half of which will be shared with the Schools. Additionally, per the Revenue Sharing Agreement,[1] to address the increase in the cost of enrollment, the real estate tax increases another $0.008, which is not shared with the County.

The Superintendent in consultation with the School Board adopted principles for developing the budget which were shared with the community. The process of prioritizing programs was open to the community. In the fall APS staff met with a wide range of groups and also held a series of community forums to discuss the FY 2011 budget and to solicit ideas and suggestions. The community was then asked to rank various proposals that had been presented. From this discussion the Dr. Murphy states that he developed his budget recognizing that the top priority

[1] The revenue sharing agreement with the County was adopted by both the School Board and the County Board in FY 2002. Starting with the FY 2006 budget, APS and the County agreed to revise the revenue sharing agreement by varying the APS percentage share of local tax revenues according to actual increases or decreases in school population. This methodology requires annual updates to adjust for changes in expenditure accounts sensitive to enrollment fluctuations. During the development of the FY 2011 budget, the revenue sharing agreement was revised to state clearly how funding for the enrollment growth will be supported by the County. For the FY 2011 budget, the revenue sharing formula was updated in fall 2009 to reflect an increase in actual enrollment from FY 2009 to FY 2010 of 699 students. This enrollment growth increases APS' share of locally-generated tax revenue from 49.1% for the FY 2010 budget to 50.0% for the FY 2011 budget. The updated agreement also includes those allocations of tax revenue that are excluded from the revenue sharing calculation. These include:

- Increase in the recordation tax dedicated to affordable housing,
- Increase in the commercial utility tax which is dedicated for County capital spending,
- A portion of the real estate tax which funds affordable housing programs,
- A portion of incremental personal property taxes dedicated to public safety pay,
- A communications tax previously included in local fees generated by the County,
- A residential utility tax which is dedicated to the Environmental Sustainability Fund,
- A portion of the real estate tax which funds stormwater operating and capital costs,
- A portion of the commercial real estate tax which is credited to the Transportation Investment Fund, and
- A portion of the real estate tax which funds the County's OPEB (Other Post-Employment Benefits) liability and retirement benefits.
- The $0.027 real estate tax increase enacted in FY 2010.
- The estimated revenue generated by raising penalty interest rates on delinquent taxes.

Taking into consideration the exclusions here, and also the additional revenue the schools will receive in FY 2011 for enrollment, which is tax revenue not shared with the County, the actual share of local tax revenues to the Schools is approximately 47.0%.

was "preserving classroom instruction and sustaining the educational integrity." The committee concurs in this objective. We also concur that the economic climate provided an opportunity to obtain cost saving through "efficiencies and realignment to ensure stability," but recognize that additional realignments can be achieved in the future.

Superintendent Murphy presented his proposed budget for FY 2011 on February 23, 2010. The proposed budget totaled $442.1 million reflecting an increase of $3.5 million or 0.8% compared with the FY 2010 Adopted budget. This increase is driven in large part by additional student enrollment[2] and is still less than the 2009 appropriated budget of $444.4 million. The estimated per-student cost is down from $18,589 to $17,942 which is lower than the FY 2007 rate of $17,958 and several positions have been shifted from the Central office to the schools which they serve.

The committee has evaluated the budget in light of the priorities articulated and generally supports the Superintendent's recommendations. However, the committee does not believe that the impact of the new middle and high school athletic fee of $50.00 per sport (estimated to generate $106,200) has been fully evaluated. Further the committee urges the schools system to continue its evaluation to locate additional areas where efficiencies can be achieved without adversely affect classroom instruction. In addition to the two tier budget cuts proposed in this budget, Dr. Murphy has indicated that the staff has been advised to evaluate "Policy Actions for Review in FY 2011 and for Consideration in FY 2012 Budget" which include:

- Thomas Jefferson High School for Science and Technology (TJHSST);
- Employee benefits; and
- Foreign Language in the Elementary Schools (FLES).

The School Board was scheduled to present its proposed budget on April 8, 2010. Comments will be taken at the Board meeting on April 22, 1010 and the final budget is scheduled for adoption on April 29, 2010.

II. SUMMARY OF SUPERINTENTDENT'S PROPOSED BUDGET

FY 2010 Adopted Budget – Revenue (All Funds)	$438.6 ($ in millions)
Increase in County Revenue[3]	$172,050
Additional County Revenue for Increased Enrollment	$6,174,075
Increase in Local Revenue	$977,229
State Stabilization Fund	($2,390,393)
Title I Stimulus Funding (FY 2010/11 only)	IN BASE
IDEA Stimulus Funding (FY 2010/11 only)	IN BASE
Increase in State Funds	($2,094,868)
Decrease in Federal Revenues	($18,460)
Decrease in Re-Estimated Revenue	$0
Increase in Carry Forward	$700,000
FY 2011 Superintendent's Proposed Budget – Revenue	**$442,106,991 (All Funds)**

[2] Increased enrollment projections for pre-K through grade 12 for FY 2011 and the out years were included in the Superintendent's budget but the most recent projects predict a further increase of 149 students. Based on the revised projections, an additional $1.4 million will be needed to update staff allocations in the FY 2010/11 budget.

[3] A detailed listing of locality revenue is attached in Table 1.

Not added to the Superintendent’s FY2011 proposed budget (totaling $13.3 million) are the following expenditures included in the 2009 budget forecast which were not part of the 2010 Adopted budget:.

- Step increases for all eligible employees $(6,800,000)
- Additional funding for the Career Advancement Program for new entrants $(250,000)
- Restoration of tax-sheltered annuity (TSA) match from 0.4% to 2.3% $(3,343,759)
- Year 3 of a three-year computer replacement cycle $(1,249,975)
- Restoration of funding for textbook adoptions $(1,241,472)
- Expansion of the FLES program to one additional school $(410,800)

The following one-time costs, totaling $3.4 million are removed from the baseline budget.

- Budget reserve $(3,400,000)
- Start up costs for FLES $(36,000)

and the following baseline reductions totaling $1.9 million, are taken from the baseline budget:

- Grants & Restricted programs
  – decrease in expenditures to match revenue $(1,133,638)
- Capital Leases $(299,515)
- NCLB District Improvement Plan – funded by grant $(189,700)
- Fuel and Utility Costs $(185,354)
- Overtime $(43,253)
- Exemplary projects $(24,954)
- Hourly funds $(13,131)

Additions to Maintain Current Services **7.8 million**

Additions are made to the budget to continue current services mostly based upon contractual obligations and prior commitments. These additions total $7.8 million and include:

- Debt service $2,046,033
- Change in salary base from adopted budget to current-and-on-board $1,153,704
- Staff contingency $1,000,000
- Technology funding – operating funds to offset loss of State funds $908,000
- OPEB – additional funding to pay down liability $700,000
- Separation pay $596,276
- Yorktown technology – new building spaces $367,763
- Swimming pools – offset by revenue $316,979
- Vehicle maintenance and replacement $315,674
- Contract services $170,084
- Triennial Census $125,000
- Relocatable (temporary) buildings $ 50,000
- Building leases $ 32,395
- Biennial expense – marching band uniforms $ 30,906

New expenses due to increase in the pre-K-12 enrollment $5,825,000

Fringe benefit changes $7,460,000

FY 2010 Adopted Budget – Expenditures (All Funds)		**$438.6** (in millions)
Less:		
	- One time costs in FY 2010	$(3.4)
	- Baseline savings	$(1.9)
Plus:		
	- Additions to maintain current services	$7.8
	- Enrollment costs	$5.8
	- Fringe benefits	$7.5
FY 2011 Superintendent's Proposed Budget Expenditures		**$454.4**
Less: Tier I reductions		$12.8 million
Proposed and not taken were Tier II reductions:		$10.2 million
Total Proposed Budget:		**$442.1**

III. SUMMARY OF PROPOSED CUTS AND NEW FEES
(A detailed review is attached as table 2)

The first tier of proposed cuts, designed to address the shortfall in the FY 2011 budget include reductions totaling $12.8 million including elimination of 94.55 positions that include:

- Decreasing central support positions by 27.85
- Reducing non FTS accounts in central support departments by $4.8 million (6.4%)
- Reducing central instructional support for schools by 8.9 positions and %845,00 in non FTS accounts
- Program and contract changes at Career Center and High School Continuation programs
- Changing planning factors for non-classroom staffing in schools
- Increasing teacher planning factor and class size by one at grades K-3 and 6-12
  [No increase is recommended for grades 4-5]
- Elimination of the Planetarium
- Elimination of Project GO.

The proposed budget does not include:

- Employee step increase ($6.8 million)
- Compensation Adjustment (1% = $2.9 million)
- New Initiatives
- Program Expansions

The proposed budget includes new and increased fees including:

- Introduction of a new Extended Day registration fee
- An athletic participation fee for secondary student
- Increases in fees for:
  - Pool usage;
  - Building rental;
  - Drivers Education;
  - Summer School;
  - Montessori;
  - and a five-cent increase in cafeteria meal prices.

In the School Operating Fund, salaries and benefits comprise 88% of the budget and fund a total of 3,428.51 positions. Of this total, 2,930.36 positions are school-based. Salaries and benefits for these school-based positions comprise approximately 75% of the School Operating Fund budget. Salaries and benefits for the non-school-based positions comprise approximately 13% of the budget.

Having considered the proposed reductions and expenditures the committee drafted recommendations as contained in part IV of this report.

IV. RECOMMENDATIONS

The Civic Federation Schools Committee offers the following recommendations:

Restore Funding to Provide Benefits to Teachers Currently in the CAP program: In the initial review of the Superintendent's proposed budget it was unclear whether proposed cuts to the Career Advancement Program (CAP) included termination of step increases for employees who had already completed part of the program. In budget discussions Dr. Murphy indicated that step increases have been removed. The committee recommends reinstating this step for employees who were in the program in FY 2010 if they complete the requirements. This program enhances the quality of our teachers, and successful completion should be awarded as promised when the employees began the program.

Closure of the Planetarium: The most difficult issue that the committee faced involved the Superintendent's recommendation to close the David M. Brown Planetarium. In the end the committee concurs with this recommendation. We reached this conclusion understanding that: 1) the facility would not be torn down; 2) that the space would be used for needed classroom space at Washington-Lee (W-L) thus avoiding the placement of a "relocatable" (trailer) at W-L; 3) the closure provides significant savings to the budget; 4) the educational aspects of the planetarium can be supported by technology available in the classroom; 5) the school system is considering naming the science wing at the renovated Yorktown High School in Mr. Brown's honor; and 6) future reclamation of the Planetarium would be possible if outside funding could be secured. Therefore, the committee concluded that: when compared to the overall classroom needs in the county, and in light of the funding for staff and renovations needed at the Planetarium, the closure at this time is reasonable.

New and Increased Fees: Through fee increases APS projects an additional $ 499, 400. The committee felt the graduated fees for most programs were reasonable. However, the largest fee will be a new $50.00 per sport fee for middle and high school athletics. The committee is concerned about the impact on participation that may occur from imposition of this fee. The imposition of this fee has the potential to decrease student participation in sports and increase participation in undesirable activities. While low-income families are protected, through reduced fees, the impact on other students has not been considered. In an environment of chronic obesity and concern for safe after school activities, the committee recommends that this fee be delayed until an evaluation of its impact can be made.

Foreign Language Instruction in Elementary Schools (FLES): The Committee concurs in the decision not to expand the FLES program in FY 2011 and welcomes the proposal to fully evaluate the FLES program during FY 2011. The committee notes that this recommendation was made by the Civic Federation Schools committee in 2009, and 2007. On both occasions the committee recommended that APS determine the extent to which FLES, as it had been implemented, achieves an acceptable measure of proficiency among students and ensures that proficiency benchmarks are established prior to expansion. The committee hopes that the proposed APS evaluation of the FLES program will meet our prior recommendations and include data on the attrition rate among FLES graduates who have chosen not to continue Spanish instruction in 6th grade.

State VRS Savings: The committee recommends that APS protect the long term obligations to its retired employees and not obligate the short term savings offered by the State reductions in VRS payments. The school system is wise to recognize that the State VRS changes are an example of robbing Peter to pay Paul. APS has publically stated that these funds will have to be repaid in future years with interest, and also acknowledged that the VRS rate is scheduled to increase in FY 2012, resulting in an added cost of 2.8 million to APS liability next year. As a result the committee urges APS to safeguard funds and not obligate them to long term spending, with the exception that $500,000 should be used to keep the Capital Fund Whole and $106,200 to defer the proposed athletic fee as noted below.

V. Conclusion

The difficult fiscal climate provided an opportunity for APS to evaluate its priorities. We applaud the willingness to be guided by the educational mission and classroom needs. As the economic climate will continue to be challenging, it is important for APS to wisely allocate funding to programs with proven success. In addition, future budgets should continue to find efficiencies through deduplication of services provided by the County.

Table 1

Local Revenue Summary

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Adopted	FY 2011 Proposed	Difference FY 10 Adpt to FY 11 Prop
School Operating Fund								
Summer School	$613,075	$577,913	$495,289	$499,553	$513,695	$510,000	**$598,631**	$88,631
Misc Local Receipts	$4,305	$521	$19,879	$10,304	$14,620	$5,000	**$15,000**	$10,000
Building Rentals	$108,821	$91,140	$135,122	$145,941	$81,987	$150,000	**$290,000**	$140,000
Music Instrument Rentals	$66,675	$50,321	$63,374	$60,834	$66,615	$64,000	**$67,000**	$3,000
High School Gate Receipts	$84,532	$119,316	$107,440	$111,954	$137,590	$115,000	**$138,000**	$23,000
Driver Education Fees	$8,200	$11,704	$8,650	$10,751	$16,010	$10,000	**$20,000**	$10,000
Regular and Adult Ed Tuition	$38,450	$32,521	$42,568	$62,181	$57,496	$55,000	**$58,000**	$3,000
Tuition Other Jurisdictions	$24,934	$0	$227,092	$140,146	$116,996	$125,000	**$125,000**	$0
Sale of Junk and Equip	$52,444	$47,871	$105,257	$49,963	$125,761	$100,000	**$60,000**	($40,000)
Enrichment Program	$105,035	$106,574	$118,381	$98,395	$142,131	$106,000	**$201,400**	$95,400
Transcript Receipts	$1,904	$1,869	$1,358	$1,572	$2,076	$2,000	**$2,692**	$692
Montessori 3/4 Tuition	$653,488	$629,411	$783,732	$827,181	$768,009	$845,000	**$860,000**	$15,000
Athletic Participation Fee	$0	$0	$0	$0	$0	$0	**$106,250**	$106,250
Bond Premium	$2,927,166	$582,663	$266,540	$2,407,849	$0	$0	**$0**	$0
Proceeds from Lease	$548,357	$5,470,548	$0	$274,513	$3,717,246	$0	**$0**	$0
Interest Income	$0	$0	$0	$191,755	$184,430	$75,000	**$40,000**	($35,000)
Less: OPEB Interest	$0	$0	$0	($103,624)	($131,221)	$0	**$0**	$0
Sub-Total	$5,237,386	$7,722,372	$2,374,682	$4,789,268	$5,813,441	$2,162,000	**$2,581,973**	$419,973
Community Activities Fund								
Extended Day - fees	$4,254,202	$4,426,347	$4,739,433	$5,125,319	$5,986,456	$6,378,435	**$6,479,510**	$101,075
Swimming Pools - fees	$0	$0	$0	$0	$0	$0	**$416,979**	$416,979
Planetarium - fees	$7,991	$8,705	$8,121	$5,045	$8,491	$8,200	**$0**	($8,200)
Gunston - building rentals	$5,510	$1,789	$0	$488	$74	$1,000	**$1,000**	$0
TJ - building rentals	$17,328	$37,997	$12,379	$17,189	$12,406	$17,500	**$17,500**	$0
Sub-Total	$4,285,031	$4,474,838	$4,759,933	$5,148,041	$6,007,427	$6,405,135	**$6,914,989**	$509,854
Cafeteria Fund								
Sale of Lunches	$0	$1,644,763	$1,800,372	$1,975,464	$2,479,063	$2,170,500	**$2,838,200**	$667,700
Sale of Breakfasts	$0	$25,890	$24,389	$33,882	$26,717	$118,000	**$0**	($118,000)
A La Carte	$0	$765,432	$640,292	$419,918	$230,313	$500,000	**$0**	($500,000)
Rebates	$0	$2,540	$0	$14,957	$25,696	$10,000	**$10,000**	$0
Vending	$0	$209	$16,930	$18,475	$5,857	$12,500	**$9,000**	($3,500)
External Catering	$0	$1,029	$997	$0	$22,245	$1,000	**$30,000**	$29,000
Internal Catering	$0	$38,321	$20,849	$29,433	$18,895	$27,800	**$0**	($27,800)
Sale of Surplus Equipment	$0	$0	$15,007	$0	$0	$0	**$0**	$0
Sub-Total	$0	$2,478,184	$2,518,836	$2,492,149	$2,808,786	$2,839,800	**$2,887,200**	$47,400
Grants & Restricted Programs								
Various	$0	$4,076,602	3,206,139	$3,290,475	$3,243,052	$2,437,140	**$2,437,140**	$0
Sub-Total	$0	$4,076,602	$3,206,139	$3,290,475	$3,243,052	$2,437,140	**$2,437,140**	$0
Grand Total	**$9,522,417**	**$18,751,996**	**$12,859,590**	**$15,719,934**	**$17,872,706**	**$13,844,075**	**$14,821,302**	**$977,227**

Table 2

Detailed Tier 1 Description - Proposed Increases in Revenue and Decreases in Expenditures to Meet Budget Shortfall

TIER 1 - Revenue Increases/Expenditure Reductions

• Athletic participation fee - $50 per high school sport/$25 per middle school sport; 10% if free/reduced price meal eligible; 15% of revenue **(new fee)**	$106,200.00
• Extended Day – add registration fee **(new fee)**	$101,100.00
• Swimming Pools – increase fees	$35,000.00
• Career Center enrichment program – increase fees	$95,400.00
• Summer School – increase in registration and tuition fees	$88,600.00
• Cafeteria – increase meal prices by $.05	$47,400.00
• Montessori tuition – 5% increase in fees	$15,000.00
• Driver Education fees – increase to $400/$200/$100 (full/reduced/free)	$10,000.00
• Building Rental fees – increase 10%	$8,200.00
• Transcript fees – increase from $3 to $4	$700.00
• Planetarium – facility closed $(8,200)	($8,200.00)
TOTAL INCREASE IN REVENUE DUE TO FEE CHANGES	$499,400.00

Schools and Other School Programs	Funds	Positions
• Increase classroom teacher planning factor and recommended maximum class size by 1 in grades K-3	$1,300,000.00	19.8
• Increase classroom teacher planning factor by 1 in grades 6-12	$1,600,000.00	21
• High School Continuation program teacher contract adjustments	$152,500.00	2
• Career Center program changes	$330,000.00	4.5
• Middle School Assistant Principal – change planning factor	$115,400.00	1
• High School Librarians – change planning factor	$228,800.00	3
• Middle School and High School Library Assistants – change planning factor	$172,800.00	3.5
• Project Go – Reading teachers and classroom supplies	$239,000.00	3
Sub-Total	$4,138,500.00	57.8

Department Reductions Impacting Schools	**Funds**	**Positions**
• Transportation – After-School, Athletics, Field Trips	$410,400.00	
o Late buses reduced to 3 days/week at all levels		
o Late-late buses (6:45 p.m.) at high schools reduced to 3 days per week		
o Transportation for athletic practices cut 100%		
o Transportation for high school athletic games cut 33%		
o Field trip allocations to all schools reduced		
o Charter buses for crew teams not supported		
• School-based substitutes	$370,000.00	
• Close Planetarium	$218,300.00	2.5
• Special Education Coordinators and Counselor	$175,400.00	2.3
• Instrumental Music Teachers	$152,500.00	2
• Foreign Language Teachers	$137,300.00	1.8
• ESOL/HILT Teacher – change planning factor	$22,900.00	0.3
• Instructional materials, equipment and hourly support	$49,500.00	

Sub-Total	$1,536,300.00	8.9
TOTAL REDUCTIONS IN EXPENDITURES IMPACTING SCHOOLS	$5,674,800.00	66.7

Departments	Funds	Positions
• Positions		
o Clerical	$382,600.00	7.75
o Technology	$321,500.00	4
o Teachers	$427,100.00	5.6
o Custodians	$235,400.00	4
o Drivers/Attendants	$162,600.00	3.5
o Maintenance	$117,700.00	2
o Assistants	$33,900.00	1
• Hourly/Stipends		
o Overtime	$362,900.00	
o Summer School – reduce elementary sites	$322,000.00	
o Clerical/professional support	$329,000.00	
o Career Advancement Program (CAP)	$309,200.00	
o Academic Teacher stipends – reduce	$250,000.00	
o Extra days for professional staff	$189,000.00	
o Bus driver retention bonuses	$168,400.00	
o Benefits Reserve	$120,000.00	
• Staff Development	$271,700.00	
• Contractual Services		
o General contracts	$543,400.00	
o Liability insurance	$350,000.00	
o Maintenance	$65,700.00	
o Equipment maintenance	$318,500.00	
o Printing	$32,500.00	
• Materials and Supplies		
o Instructional	$49,100.00	
o Maintenance	$121,600.00	
o General	$81,500.00	
• Equipment		
o Computer	$360,000.00	
o Custodial	$30,000.00	
o General	$54,900.00	
• Other Costs		
o Transportation Demand Management Program – reduce	$100,000.00	
o Live Where You Work Program – suspend	$80,800.00	
o Reduce vehicle fleet	$40,000.00	
o Technology initiatives	$346,800.00	
Sub-Total	$6,577,800.00	27.85
TOTAL REDUCTIONS TO EXPENDITURES	$12,252,600.00	94.55
Total Tier I	$12,752,000.00	

Table 3

TIER 2 – EXPENDITURE REDUCTIONS (not listed in priority order)

Expenditure Reductions	Savings
Centralized instruction and support	$2,750,000
Increase planning factor an additional 1 at secondary	$1,500,000
Minor Construction/Major Maintenance (MC/MM) fund – reduce	$1,435,000
Increase planning factor and recommended class size by an additional 1 grades K-3	$1,100,000
Instructional Technology Coordinators (ITCs) – reduce	$670,000
Math Coaches – eliminate	$600,000
Clerical planning factor for School support – decrease allocations	$490,000
Increase walk zones by a quarter mile	$450,000
Resource Teachers for the Gifted (RTGs) – reduce to 0.5 at each elementary school	$450,000
APS subsidy for Advanced Placement and International Baccalaureate exam fees – eliminate	$317,000
Planning factor accounts for supplies and hourly funds in schools – reduce 5%	$250,000
Resource Teachers for the Gifted (RTGs) – reduce to 0.5 at each middle school	$190,000
Total Tier 2	**$10,202,000**