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Fairfax County Budget Policy Committee Joint School Board, Tuesday, November 28, 2023

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[00:00:03] We could get everybody an opportunity to come in and to grab a seat, find your seat. I think we have enough chairs around the table for everyone. It's always tight when we do our joint meetings, but we want to make sure everybody has an opportunity to have a seat at the table.

[00:00:19] And let me begin by thanking our partners in the school board for joining us today. And before I turn it over to the chair of the school board to say a few things, to kick things off, I do want to reiterate, I'm going to sound like a broken record here for all of you who have been here before, I do want to reiterate that what we're getting today is a 2025 fiscal forecast.

[00:00:46] It is not a budget proposal. It is not a budget. It is a fiscal forecast. And members of the school board will remember years ago we instituted this part of our budget process. added to our typical budget process just to make sure that our school folks understand where the county is looking ahead at what the financial future of the county may look like but again it's early it's a forecast those of you know we don't adopt our budget till April/May timeframe and we'll have a lot of time between now and then and a new school board and county board who will be

[00:01:24] grappling with this but it is important for us to share with you what we know when we know it and for all of us to just keep in mind in perspective that it is a forecast and so what we're gonna do as soon as we hear a few opening comments from our school board partners is we're going to allow our staff to do

their joint presentation get through the presentations and then we'll go around in an orderly fashion let everybody ask any questions that they have and if we have time after that we'll circle back for another round of follow-ups and so I I think it's important for us to try to be mindful of the time.

[00:02:01] We're starting a few minutes late, be succinct with our questions, and if you've already heard a question, no need to repeat it. With that being said, I am going to turn to Elaine Toland, the chair of the school board, for a few opening remarks. Welcome. Thank you. Thank you.

[00:02:18] Yes, and actually, just as a reminder, when it's your turn to speak, it'll turn to green, and as soon as you're done speaking, turn off or there will be an echo effect in the room. Thank you. Good afternoon. Thank you for hosting us today to begin our FY25 budget discussions.

[00:02:38] Thank you to our CFO, Lee Burden, and her staff for all of the hard work in preparing for today and also our county staff. And I do want to thank our budget committee, headed by Dr. Anderson and Ms. Corbett Sanders. In October, our budget committee conducted a work session of the school board to determine school board priorities for the FY25 budget.

[00:03:00] Based on the work session results, the budget committee will propose a school board budget resolution identifying FY25 budget priorities, and that will happen later this year. In general, our priorities have stayed constant throughout the last years, a long-term approach in hiring and retention of our workforce, student academic success and closing achievement and opportunity gaps, and funding to continue addressing learning loss and attendance issues, student health and wellness, and safe and well-maintained facilities. We've got some great joint programs that I'd like to see continued, such as our speed cameras in front of our schools

[00:03:39] and our crossing guards. Alignment between the budget and the new strategic plan will be key as we move forward for FY25. We look forward to collaborating with you in all of the months ahead until the final adoption of our budgets. I would like to turn this over for even more details to Dr. Anderson, our budget chair. Thank you so much, Ms. Tolan. I'm not sure if I have a lot of details to add. I think you covered quite a bit, but I do have a couple of things that I want to place in this room for consideration as we have these two joint bodies together. This is a great opportunity

[00:04:16] for us to obviously hear about the budget landscape to come, but I do want to elevate what I think has been on all of our minds, which is the J-LARC study and the fact that our schools, none of our public schools are being funded in the manner that they need to be. And we will hear some more about that from Ms. Burden. Okay, thank you. I did find her. So I won't go into those details, but I am hopeful that we can have some joint advocacy so that we can compel Richmond to do better because we do know about the rising costs of education, which I'm sure will be part of the

[00:04:51] discussion as well. And that has to be met with some additional support. And while we do carry the burden of most of our funding coming from local dollars, that is just not a reasonable and that should not be our sole opportunity to fund the needs that we have as a school system.

[00:05:11] I do want to put on the table, since we have everybody in the room, a conversation that this body has had in 2016 regarding the meals tax. We do know as of that time, almost every jurisdiction had either 2.5% all the way up to 10% in D.C., which is a meals tax. We can't continue to fund our schools on the back of our homeowners.

[00:05:33] So I would definitely appreciate an earnest return to that conversation because we could be really strategic with those additional kinds of funding, with construction, with preschool. I do know that in 2016, when the original conversation was had, the estimate in terms of the revenue to the county was $100 million, with 70% of that coming to the schools and 30% for county services.

[00:05:58] I think we need to really think about how are we going to diversify the revenue streams of Fairfax County, and hopefully we can begin that conversation in this joint body here today. So thank you again for this opportunity for this discussion. Thank you. And before I turn over to staff for their presentation, I do just want to highlight one thing because, and I was trying to get away from policy stuff to kick things off, But I will say, since the JLARC study was mentioned, there's a lot of people maybe watching this at home that have no idea what we're talking about.

[00:06:30] And so just so people understand, this Board of Supervisors has been lobbying for, as long as I can remember, not only for a better return in state funding, almost to empty rooms, and I can remember doing it a lot of times myself, to empty rooms, and lobbying for JLARC to do a real analysis of public education, which took years to do.

[00:06:52] And we are at a moment, because JLARC is the equivalent for our congressional people, the Congressional Research, CRS. And it's an entity that does an analysis of state programs, funding, and studies, and it is nonpartisan.

[00:07:08] It has put out a report that says Virginia is approximately $1,900 behind per student in education funding, and all of our surrounding states, but most particularly Virginia, is behind West Virginia and Kentucky in funding for public education, which in essence means what the state has said is that if you want a high-quality public education system, you have to pay for it.

[00:07:34] The problem is if you don't have an economy to pay for it, how do you pay for it? And so what Virginia has done by underfunding education is set up different school districts across the county with very different opportunities available to the public. And forever here in Fairfax County, this Board of Supervisors has said we will not settle for a second-rate public education system.

[00:07:55] We know it is a driver of our economy. And because we have a strong economy here, we are able to support public education. The two cannot be divorced from each other. And so we really hope that a lot of effort is made in Richmond, that we press hard with our delegation when we meet with them.

[00:08:14] I know you'll be meeting with them soon. We're meeting with them, I believe, two weeks from now, that we push hard on this issue because this is a moment in time. This study can either collect dust and be ignored, or this study can be acted on and Virginia can get ahead of West Virginia and Kentucky, which frankly should embarrass everyone who lives in Virginia when they hear these statistics.

[00:08:36] And so that being said, I do want to thank our county executive and OPA because they have begun a very sophisticated perpetual marketing campaign through our Fairfax Forward portals through social media, educating the general public on this.

[00:08:53] And I would encourage everyone to engage in that, to follow that, to link to it, to use the very sophisticated marketing tools that the county has out there to help the general public understand what it is that we're talking about here. Because unfortunately, what has happened over years is Richmond's been able to get away from addressing this issue because the common person doesn't understand it.

[00:09:16] And we need to change that into the common person understanding exactly what we're talking about if we're to move the needle. And so I would encourage everyone to pay attention to that marketing campaign, to interact with it, to share it, to share the graphs, to share the statistics so that the general public understands what we're up against.

[00:09:36] And I do want to thank our county staff for taking that on because it's a little outside of our normal county box, but it's important enough to us and to all of our county residents to be talking about that. And so I could talk about it all day. I promise I won't because we got a lot to go. But I do think this JLARC moment is one we can't afford to miss out on.

[00:09:56] And so with that being said, I am going to turn over to our county executive, Mr. Hill, first. And he will introduce our folks from the county who will walk us through the presentation. Mr. Hill. Good afternoon, and thank you for allowing me this opportunity.

[00:10:13] Christina Jackson is the CFO. She will be going over the complete overview. But first and foremost, I want to thank Phil Hagan and his team. As you know, in May, the Board of Supervisors asked us to look at operational efficiencies. You won't see a lot of it in here yet because we haven't submitted the budget.

[00:10:33] But I do want to thank each and every one of our team that has participated in our exercise as well as the library board who have made some interesting choices going forward. Again, I want to say thank you to Phil Hagan, his team.

[00:10:52] After I speak, I'm going to give it to Michelle Reed, Dr. Reed, and then Christina Jackson is going to lead off with our presentation. But thank you again. Thank you, Phil. Thank you, Chief Executive Hill. And I just want to start by thanking our Board of Supervisor colleagues, Chairman McKay and Brian, for being so supportive.

[00:11:16] As I start my second year, I think that it's such a blessing for all of the young people in our community to have a collaborative relationship. and we know that learning happens best in community in this community is really strong and I cherish that partnership it's not every community that cares as much about their schools as this one so I want to say thank you to begin with and also thank you to our team led by Miss Lee Burden and I'm just looking forward to sharing this and engaging with you this afternoon I know that we also want to make sure where that division that leads into the 22nd

[00:11:54] century there is so much excitement right now and education has never been more important so appreciate your feedback this afternoon and look forward to the conversation thank you good afternoon my name is Christina Jackson Lee and I will be tag teaming this presentation as we've now done for a few years maybe we'll eventually take this on the road I don't think it's gonna be really revenue generating though so maybe I don't maybe we should rethink that. We also are joined here by Alice Wigington, the school's budget director as well. So certainly Alice and Phil are here to answer all the questions after Lee and I are done. So let's

[00:12:34] see. Oh, it's already on preface. So really to reiterate what the chairman had mentioned earlier, this forecast really is just, you know, a really early estimate of the budget. It's not including what's going to be included in the superintendent's proposed budget or the county executive's advertised budget. It is a snapshot based on what we know right now. All of the projections that are included in this forecast are

based on current tax rate. We have not assumed any changes in rates or fees. You'll see that the real estate market and our projections there are really what's driving our revenue growth or lack thereof for the FY25

[00:13:10] budget. Certainly when 70% of the general fund budget is related to real estate, as the real estate market goes, so does our budget. You'll also see that the focus in these slides is really on some of the larger components of our respective budgets, compensation and benefits, debt service.

[00:13:29] We've also called out Metro, since we know that's a pretty big bogey on the county side for FY25. So you're not going to see a lot of smaller adjustments included in these forecast presentations because we really are trying to focus on the bigger components and the bigger picture. As a result, you're going to see a lot of priorities on both sides that aren't included in this forecast, again, because we're trying to hit those larger components.

[00:13:53] Certainly, we're still working. There's a lot of work to do up until the county executive releases his budget on February 20th, and preceding that, the superintendent releases her budget on January 25th. On slide three, and I also know that I know just in the interest of time, all this information has been posted online, so we're going to try to go through these slides quickly in order to be able to provide time for questions and comments.

[00:14:16] Certainly, I think all the information on slide three, none of it is a surprise. If you've been watching the news, I think that we've all seen how resilient the U.S. economy has been in light of relatively high inflation and also the actions that the Fed has taken in order to increase interest rates to curb that inflation, particularly the labor market, has been quite strong.

[00:14:35] Certainly, as the Fed has increased interest rates, that has impacted mortgage rates, which is impacting both our residential and our commercial real estate markets. and you're going to see that in terms of how it's impacted some of our assessment projections for FY 2025. Certainly, we're keeping an eye on the federal budget. Certainly, as interest rates are impacting our debt service payments, it's also impacting the federal budget, and we anticipate that that may impact federal procurement spending as well, and certainly federal procurement is vitally important to our local economy. All that being said, we are projecting positive economic growth for this region in this forecast, but you'll see that that does not necessarily

[00:15:14] translate to significant revenue growth. On the next slide, we include our normal chart, which is our annual change in general fund revenue, and you can see the last two years, our projections, both the current fiscal year and FY 2025. Based on the information we have right now, we anticipate that we'll see growth in general fund revenue of about $152 million, dollars or about 1.9 percent again that's primarily being driven by real estate as we'll talk about here on the next slide you can see our current real estate projections again it's early we'll get final numbers in january but you can see on that first line for residential the past couple

[00:15:53] of years the residential market has been quite strong as we've seen folks move to you know larger homes as they maybe they were anticipate teleworking from home on a more permanent basis primarily due to those high mortgage rates. It really has impacted the ability for residents to move into homes. Perhaps they're in a low-rate mortgage right now. They don't want to take that risk. So it's resulted in slowing the market. So right now, we're anticipating that residential values are only going to increase a little over 2% for FY25. Then on the non-residential side, we saw that decrease following the pandemic and then a couple of years of relatively modest

[00:16:31] increases. But now you can see that our Department of Tax Administration is now projecting that non-residential assessment values are going to be declining in FY 2025. Again, we know that inflation has had an impact on our businesses. We know that interest rates in terms of commercial mortgage holders or any potential for refinancing that's impacted a lot of our businesses. We've seen more commercial foreclosures than what we've seen in the past, also high vacancy rates. All of that is contributing to some of the decreases in non-residential values. So overall, we're

[00:17:07] anticipating that our real estate base will increase about 1.68 percent in FY 2025, and again, that's about 70 percent of our general fund revenue. Providing a little bit more detail on the residential side and the non-residential side, you can see, again, some of the fluctuations in residential since 2016, although it's all been positive. 2.07 percent is the projection for FY 2025. And I will say that what we're seeing for FY25 is kind of a return to what we saw a few years ago, where normally we would see our lower cost housing increase the most. We would

[00:17:43] see the bigger increases in condos and townhomes. Then the past couple of years, what we're really seeing were single-family homes were really what was increasing the most, again, as folks were kind of moving to bigger spaces to accommodate teleworking. For FY2025, we're seeing more of a return to normalcy, where single-family homes and townhomes are projected to be up about 2%, and condos are projected to be up a little bit more, around 4%.

[00:18:07] Again, relatively early, there's not really a big spread there, but we are seeing some of those more moderately-priced homes seeing the biggest increases in assessments. We've included some additional information on the housing market on slide 7. Again, sales prices of homes are up, which is good news, despite the high mortgage rates.

[00:18:28] And primarily, this is due to low supply. You're not seeing as many homes on the market right now, which is allowing some of those prices to stay elevated. Again, we're not seeing the increases that we were seeing the past couple of years, however. Year over year, a 30-rate fixed mortgage, the payment with the principal and interest is up over 25 percent from a year ago.

[00:18:50] So certainly that's impacting the buying power of our residents. Then quickly going to the non-residential side, this chart again just shows the fluctuations in commercial properties. You can see that drop after the pandemic. And then again, we're projecting a decrease of 1.6% in 25.

[00:19:09] And then you can see the breakdown of those commercial components on slide number nine. Most of the properties in the commercial side are estimated to be down a little bit or maybe up a little bit, with a couple of exceptions. You can see office elevator properties are actually expected to decline in value potentially up to 9%, while this is about 28% of our base.

[00:19:33] That's a large factor into why the overall non-residential market is expected to decline. Certainly, we've seen vacancy rates be increased, and businesses are seeing expenses increase as a result of inflation, and again, the interest rates have impacted their ability to refinance in some cases, and they may be making decisions to not renew leases as well, which is also impacting our vacancy rates.

[00:20:00] You can see that last bullet, the hotels are projected to increase 10% to 15%. Certainly, hotels took a big hit after the pandemic, and despite the projected increases for hotels in FY2025, the value still would not be back up to pre-pandemic level, so they're still trying to recover. Quickly, I wanted to touch on a couple of other revenue categories. Overall, we're not expecting significant increases in any of these

other categories for FY2025, but I wanted to talk a little bit more about two specifically. One, the board's aware that we spent a little bit more time than we normally would perhaps talking about personal property taxes

[00:20:37] over the past couple of years, as we saw unprecedented increases in vehicle values. We are, based on the information right now, it does look like car values are going to be down in January, year over year. We did, the board had approved that 90% assessment ratio last year, and so certainly staff as part of the advertised budget will be coming forward with a recommendation regarding whether or not we would like to, or we recommend keeping that assessment ratio, or whether or not we can phase that out based on the fact that values are anticipated to start coming down.

[00:21:08] Then on the non-tax revenue side, investment interest. This is a category that really has fluctuated a lot over the past number of years, certainly with the Feds taking action to increase interest rates. It's really benefited us in this category. What we're anticipating now is that the Feds are going to keep interest rates steady for a while, but then we're actually anticipating seeing some rate reductions potentially in 2025.

[00:21:31] And so what we've included in this forecast is an actual drop in the projected yield for the FY 2025 budget. However, because we are seeing increased revenues in the current fiscal year, although it's a drop, it's going to be on a higher base. We're actually seeing a dollar increase over the FY24 adopted, although we anticipate the yield is going to drop slightly. And I will just do a shout out for our investment staff in the Department of Finance, because they have done a fantastic job of staying on top of the market and really trying to take advantage of some of higher yields, and seeing if we could take advantage of some of those longer-term investments

[00:22:10] to try to help us out in the FY25 budget as well. And now I'm going to turn it over to Leigh. Good afternoon. This is the School of Revenue Projections, and I want to echo what Chairman McKay said. It's early days.

[00:22:26] These are just estimates. We don't have a lot of data at this point. As far as the beginning balance goes, we typically budget less than 1% of our budget as the beginning balance. And that's true for fiscal 25, at least at this point in time. And it's budgeted at the same level as fiscal 24, so you don't see an increase there.

[00:22:46] With the county transfer, at the fiscal forecast, we typically do not project what the county transfer might be. With the state revenue, we have made projections based on our assumptions, but there's still a lot of information out there. It's the first year of the biennium.

[00:23:03] There's re-benchmarking. The LCI came out yesterday. Fairfax's LCI did increase slightly, about a half a percent, but it just came out yesterday afternoon, so we don't have any impact of that yet. And of course, there's JLARC and the Virginia Board of Ed, you know, has made recommendations about the SOQ, and all of that will be revealed when the governor introduces his budget on December 20th. So right now, this is just our best estimate based on not a lot of data. Federal revenue, only IDEA and Perkins and a couple

[00:23:37] other small categories, impact aid, our federal revenues that support the operating fund, and we're assuming those will be level in fiscal 25, and then Fairfax City, as our expenditures go up, of course,

the bill to Fairfax City goes up, and so we're expecting an additional $1.6 million from them for a total revenue change of $66.1 million.

[00:24:01] The next slide simply summarizes the projected revenue increases for both the county and schools. Again, with the county anticipating additional revenue of a little over $152 million and schools revenues, as we just explained, a little over $66 million. And then we've included our summary chart. It's in here twice. We usually try to set the stage with the summary chart before we go into some of the details and then we also provide it later. So you can see the revenue that we just mentioned, the $66.1 million on the school side. We've listed the county revenue at the bottom.

[00:24:33] and we have not allocated it between the two sides. And then our expenditure requirements, you see we've tried to categorize them again in those larger categories, employee pay and benefits, debt service and capital. We have a line on the county side for Metro. We'll each go into what's in that other adjustments line item, and then we've also included a placeholder for reductions on the county side.

[00:24:54] So when we look at all of this information together, the net projected budgetary shortfall is just under $285 million. Again, when the budget is finally adopted, it will be balanced. This is just a forecast. This is certainly not a budget by any means.

[00:25:11] The next few slides I'm going to go over pertain to the county's collective bargaining agreements. We have been bargaining with the International Association of Firefighters for our uniformed fire rescue employees, as well as our public safety communicators in the Department of Public Safety Communications.

[00:25:28] And we've been bargaining with the Southern States Police Benevolent Association for our uniformed police officers. We have reached tentative agreements with both unions. There were two items that were non-fiscal items that went to arbitration with SSPBA. We've received the arbitrator's opinion on those.

[00:25:46] Both of the tentative agreements have been ratified by both of the unions, and these agreements will both come before the board in a week. But certainly because there is a fiscal impact of these agreements, we've included some of the details in the presentation today. So I'm going to start with the board.

[00:26:04] information regarding the police bargaining unit and SSPBA. On the pay side, we've included a 3% scale adjustment. This is really more market-driven when we've taken a look at the agreements that other jurisdictions have in place along with some of the pay increases that other jurisdictions have included. This is very similar to the market adjustments that we would typically include for our compensation packages. The agreement also includes a 2% cost of living adjustment.

[00:26:31] There is a note that if we fund an MRA higher than 2%, that would be funded. We had proposed shifting to a COLA for these agreements rather than simply agreeing to fund the MRA since we didn't know what the MRA calculation was going to be when we first started these negotiations, and we certainly don't know what the MRA is going to be in year two and year three of the agreements.

[00:26:52] So instead, there's a baseline cost of living adjustment included for police. We've also included merit and longevity increases as well as a new 10-year longevity step. When we took a look at where other jurisdictions fell and kind of mapped up our compensation, we could see that we were falling behind in the middle of the pay scale, and so we've included a 10-year longevity step.

[00:27:12] There are some other provisions in the agreement, such as a full-day holiday for Christmas Eve. Through conversations with our public safety agencies, they noted that they have difficulty in scheduling because there's a half-day holiday on Christmas Eve, so we've expanded that to a full day. There's some incentive pay for those that are getting bachelor's or master's degrees for the police department, and there's some additional stipends in there as well.

[00:27:38] So the total cost is up to $37.5 million. That would be if we fully funded the 4.1% calculated MRA. That also includes the full-year impact of compensation adjustments that were included in this year's budget because our public safety employees received their merits and longevities on their anniversary dates.

[00:27:56] There's always a partial year and then the full-year impact the second year. For fire and emergency services, as well as public safety communications, their agreement is different. We really were working with the unions to try to meet their priorities.

[00:28:13] And so for fire and DPSC, you see redesigned pay plans. So instead of our normal pay plan with longevity steps and step holds, we've eliminated the longevity steps and the holds. And so instead of there being a 5% increase in out years every five years, there's a 1% increase every year.

[00:28:32] So you don't have that gap where you're not receiving anything other than that market rate adjustment. We also have adjusted the minimum pay of both of those pay scales. And so, in essence, the minimum pay is established. We've established then the new structure.

[00:28:49] Employees were then slotted in that structure, which might result in a small increase. They were slotted into the next highest slot. Then there was a 3% scale adjustment on top of that. So it's a little more complicated talking about the FHIR and DPSC pay scales because it is a new structure.

[00:29:06] But, again, we wanted to be responsive to the priorities of the unions. You can see some of the other provisions included there as well, the full-day holiday for Christmas Eve. We've also included education incentive pay for this bargaining unit as well. and then there's some funding in there for specialty training for some of the specialty units.

[00:29:26] The total cost of this contract would be $23.7 million. Then the last detailed slide I have before going into some of the charts is on Metro, which I know is an issue that we're all familiar with. Certainly, Metro has projected a sizable deficit of up to $750 million.

[00:29:46] There have been some scenarios that have been outlined in terms of, in essence, shifting preventative maintenance funding from their capital side over to the operating side to provide some short-term relief, potentially. There are scenarios, depending on how much of that preventative maintenance funding they would shift over.

[00:30:07] What the county is anticipating right now is that could impact us on the operating subsidy side between $39 and $77 million. again, it's very early. That's not including any fare adjustments. That's not including any service reductions. That's just based on shifting some of the preventative maintenance funding.

[00:30:27] We do utilize state aid and gas tax receipts to fund our metro operating subsidy. Right now, those cover about 70% with the rest being the general fund. We would maximize those state aid balances, and so we would anticipate that the impact to the county's general fund could range anywhere from 16

million to 55 million. So it's still a pretty big range, still a pretty big number. And certainly we'll know more once the general manager releases his budget next month.

[00:30:55] We also know there's a lot of members of the board supervisors. I know the county executive is involved in a number of working groups trying to resolve not only this short-term issue, but also trying to come up with a longer-term solution to Metro funding so that we don't find ourselves in this position every few years. On slide 18, we have more details on the county salary and benefits. Certainly, we've already gone over the first couple of line items regarding the bargaining units. There is an impact of those agreements on non-represented employees based on the fact that some of the ranks, particularly on the police side, aren't technically part of the bargaining unit, but some of the components of the agreement would apply to those employees. So there

[00:31:35] is a fiscal impact there. Funding the market rate adjustment, we just calculated at 4.1 percent per our established formula would be about $48.4 million for our non-represented employees. Performance and longevity increases for our general county employees would be about $17.9.

[00:31:51] And then merit and longevity increases for our non-represented Uniform Public Safety, which is primarily Office of the Sheriff, although I think there's some other smaller subsections of employees in there, would be about $2.1. We've included an $11.8 million placeholder for market studies.

[00:32:07] These are our typical benchmark studies of our job classes that fall out of market to make sure that we can stay competitive, particularly as we're still experiencing recruitment and retention issues with some of our positions. And then you can also see that there is a sizable adjustment for retirement of $34.4 million. We are seeing increases in the employer contribution rates for all three of our retirement systems. It's primarily driven by investment returns. Those ranged from a positive 8.07% to a negative 3.87%. It's also, these employer contribution rates, particularly for police, are impacted by vacancy levels. A big portion of the

[00:32:46] employer contribution rate is the amortization of the unfunded liability. When that gets applied on a smaller base, because we have so many vacancies, that also bumps up the employer contribution rate. So again, the retirement adjustment, including this forecast, is sizable at almost $35 million for a total for the county salary and benefits of $180.5 million. The next slide covers some of those non-pay and benefits items. Again, we've talked about Metro. What we've plugged in this number in these numbers is the lower end of the range, the $16 million. We've also got $17.4

[00:33:23] million in here for debt service and capital. The largest portion of this is the debt service on our geo bonds, on the debt related to the Tyson's Community Center and anticipated debt for the original Mount Vernon High School. There's also over $3 million included. The board may recall a couple of years ago when we recommended changes to our bond program. One of the recommendations was to move funding for the Northern Virginia Regional Park Authority out of our geo bond program and shift it to pay down. So that's included in these numbers. That gives us a little bit more flexibility in our bond program in terms of capacity. We've included $25 million for

[00:34:01] contract rate adjustments. This includes not only our human services agencies, where we know a lot of our nonprofit partners are seeing cost increases or seeing increased demand. It also includes the contract for connector as well, which is in the middle of being negotiated right now, which is why that's a larger amount than what you might normally see in our contracted adjustments line. But there are a number of adjustments that are kind of baked into that placeholder.

[00:34:27] And then there's a smaller adjustment of $4.4 million. This includes some of the recurring adjustments we had at carryover, as well as some adjustments based on board budget guidance, particularly related to parks, forestry, and bamboo, and some housing positions, as well as every other year, we increase our funding for the consolidated community funding pool by 5%, and so we've assumed that increase in those numbers as well. And then my last slide before I turn it over to Lee for a couple of slides is related to county reductions, as the county executive mentioned earlier. We did start our FY25 budget process early because we recognized that

[00:35:05] This was going to be a challenging year, and so we did provide our agencies with a 7% reduction target. The goal here was not to cut major programs, was not to have a significant impact on operations, was really trying to address potentially vacant positions that have been vacant for an extended period of time, to try to look at efficiencies that may have been realized after the pandemic as we've really tried to change our operations.

[00:35:30] Right now, I think that agencies have done a really good job in terms of the reductions that they've put forward. We're still discussing those. Right now, we have a conservative estimate of $20 million in savings that we think can be realized. We're hoping that that's going to be more. We're also at the same time looking at our user fees and rates for potential adjustments as there are some fees that we have not adjusted in quite some time.

[00:35:53] And now I'll turn it over to Lee for a few slides. Yeah, school salaries and benefits. For now, as a placeholder, we're assuming a compensation increase of 6%. We've not distinguished between step increases and the market scale adjustment, but just use 6% at this early stage.

[00:36:12] Collective bargaining is on the horizon. We recently just hired the labor relations administrator, so salaries will certainly be a topic there. As far as benefits go, the VRS rates are expected to go down. FCERS are expected to go up.

[00:36:28] ERFC are flat, and then we do have increased healthcare costs at the schools, and that all nets to $19.1 million. And then, of course, we have base savings, which are the recurring savings due to expected position turnover, so that the total compensation is $166.1 million.

[00:36:46] We also have a number of required adjustments, enrollment and student needs. This, too, $17.1 million, is a placeholder because the enrollment projections are not yet finalized. I can tell you that our overall population is relatively flat, maybe a little bit up, but it's the special populations, the ELL students, special ed students, and students that are eligible for free and reduced meals, where we continue to see the increases.

[00:37:18] We also have contractual increases for things like utilities, IT projects, facilities, inflation. We've also included in the required adjustments the 2% compensation adjustment that's effective January 1. You all are probably aware that there was a late initiative from the General Assembly to add an additional 2% to school employees effective January 1.

[00:37:45] We were able to do that, and so that is now a required adjustment in the next year because we've essentially already done it, but we need to get it built into the base for the next year. We do have other recurring adjustments of items that were funded with year-end that have recurring costs, and those include fine arts stipends, certified athletic trainers, some funds for achievement gap strategies, and an enhancement to administrators and Schedule C employees for retention and recruitment.

[00:38:19] And then we have some transfers to other funds. The majority of the $2.1 million is for turf replacement, and the total of those required adjustments is $97.1 million. Then we have a few multi-year investments. Our JET initiative, we're on the final year of that, and that is funding to address the support carbon neutrality, get to green, electric buses, those kinds of things.

[00:38:44] Also, the HR technology infrastructure project, the current system that we are using is about 20 years old and has limited functionality. And then the contract for this project will be presented to the school board on December 14th. Certified athletic trainers, we're in year two of five of that. We plan to add an additional athletic trainer at each high school. We did five in the current year. We'll plan to do five next year, and then we'll have three more years of adding five more until all of the high schools have two. Family liaisons historically have been

[00:39:23] hourly positions, and we want to make those 1.0 FTEs. We did all of the Title I schools family liaisons in the current year, and we'll do another group of family liaisons in fiscal 25 as well, but we use the hourly funding to fund the FTEs, so that's why there's no cost here.

[00:39:45] And then inclusive preschool expansion, again, that's a placeholder of about $2 million, and these multi-year investments total $5.5 million. Well, Chairman McKay stole all my thunder on the JLARC charts, so I won't go over those again, but I will give you a soundbite that he didn't give you, and that is if you multiply 180,000 students times $1,900, it's $342 million.

[00:40:10] So that $1,900, although it sounds a little, it's big. And then, of course, you know, the border states of Kentucky, Maryland, and West Virginia. Again, that's a tragedy that they look so much better than we do. And, you know, I'm preaching to the choir now.

[00:40:30] The vast majority of school funding comes from local governments, not from the state. And we need to change that. Okay. So slide 26, again, is just that summary chart.

[00:40:46] I did want, I missed one thing because sometimes it gets lost. But the $10.9 million on the school side for debt service, that's just related to our normal debt service payments for the school's GEO bonds. You know, we did increase those. Last year, I think that that number was flat because we had paid off some debt related to one of the high schools.

[00:41:05] But we are seeing an increase there just based on, again, on our normal GEO programs. I didn't want to forget to mention that. So, again, our combined net projected budgetary shortfall is about $285 million. As I mentioned at the beginning, there are a lot of priorities that are not included.

[00:41:22] I think this slide is very similar to what we've included in previous years. As the board's aware, a lot of our baseline funding for IT projects and a lot of our capital renewal we fund at quarterlies. We would like to be able to get baseline funding in for these initiatives. We have not included that in this forecast, however.

[00:41:40] We've also not included any increased investments in a number of priorities, such as affordable housing, our environmental initiatives or basic needs assistance, and then we've also clearly not included any other program expansions. Again, trying to focus on some of the bigger components that really drive the forecast. Yeah. Some of the items that we haven't included are the impact of the federal government lowering the CEP percentage from 40% to 25%, and that has an impact of about $12 million, $7 million on the operating fund, and $5 million in the food services fund.

[00:42:16] Implementation of secondary security audit recommendations. We are in a pilot right now, but of course to bring that to scale will be expensive. Market comparative placeholder, you know, that's just for a cyclical review of our classification, our employee classifications.

[00:42:33] Some ESSER funded initiatives. You may recall that we increased special education teachers contracts by a half hour with ESSER funding that is not included in this very early preliminary forecast, but has a cost of about $24 million overall. Expansion of middle school athletics, expansion of lighthouse schools, and special ed enhancement plan in the fine arts statement are all things that are still under development, but that we know are on the horizon.

[00:43:05] So looking ahead, really, we're just going to keep an eye on revenue, Keep an eye on our real estate numbers in the hopes that perhaps those get better. Certainly, we'll know more about the metro budget when the manager releases his budget next month.

[00:43:21] And we're going to continue to evaluate some of the reduction proposals that we've received from agencies, again, to try to achieve additional savings where possible. But as the chairman mentioned earlier, it's just early. And so, again, these are just preliminary numbers based on the information that we have right now.

[00:43:38] Our last slide is the budget timeline. as lee mentioned the governor will introduce his budget on december the 20th the superintendent releases her budget on january 25th before the county executive's budget is released on february 20th and then we'll be back together on february 27th for another joint county schools budget committee meeting with a number of new faces and so certainly for those of you who's meeting this is the last one i think we've appreciated being able to present to you for so many years now um and certainly we'll miss you and we wish you good luck thank you very much uh and really

[00:44:18] appreciate the joint presentation as we've been uh lucky enough to receive over the past several years really puts things i think in the proper perspective for all of us in terms of county operations school operations and how they co-mingle and many of the challenges we're facing we realize that the same challenges that you're facing i do want to before we start questions i do just want to clarify one thing on page 20 and because because there's been chatter about this and this was the the county agencies who submitted reduction options totaling seven percent of their budgets and I just want to be very clear

[00:44:55] about this because none of these have been implemented like we talked about before this is a fiscal snapshot in time this is not a budget none of these have been implemented and in fact no one on the Board of Supervisors has even seen them because this has been an internal exercise that is taking place and and I think the school boards are aware every year when we adopt our budget we also adopt budget guidance which is written guidance to the county executive and amongst our guidance from last year knowing that we were going to be facing challenges ahead was to look for savings in the county budget including

[00:45:30] operational efficiencies that have been developed from what we've learned through getting through the pandemic. And so the board has not seen these reductions. The agencies have submitted them internally for the county executive to consider as part of his budget presentation to the board of supervisors. And so I just want to be clear about that. They haven't been implemented.

[00:45:49] They haven't been seen by the board. If they were to be implemented, though, I just, in order of magnitude, the conservative estimate in this year is $20 million in savings, which wouldn't even be 10% of the projected shortfall at this time. So it's certainly not going to solve the underlying challenge that all of us collectively are going to face when we go about adopting our budgets next year. So just wanted to put that in perspective and provide some clarity for everyone about that exercise. And so I have a lot more to say. I'm not going to because I want to make sure everybody has a chance to ask questions of staff. If you don't have time to ask a question or you

[00:46:27] have multiple ones. Pick your most important one as we go around, and hopefully we'll have time to make a second turn. If not, I would just say that our budget Q&A portals that exist, that both school board and county board members can submit questions that overlap our different operations, is still a platform available to anyone who has a budget question to put it out there, get a written response from staff that then is available, is transparent, is available to the public to read and, of course, both of our boards to be able to read that question in its totality

[00:47:03] and then the answer that staff has provided us. So I want to encourage folks to continue to use that avenue, especially for highly technical questions. With that being said, I'm going to turn to the chair of the school board first, Ms. Toland, to see if she has any questions. I appreciate the presentation, and I will defer my questions to June.

[00:47:28] Why don't I, Ms. Anderson, if you have any questions as budget chair, and then I think what we'll do is we'll just go around in this order, just to be fair, and if folks have to run out of the room for some reason, you know where you are in the pecking order, and again, hoping we can make two rounds. If we can limit the first one to maybe one or two questions, and then maybe we'll have time for a second round.

[00:47:47] I think because I do get the opportunity to engage with our team quite a bit, I will defer and let the others go first, if that's okay. I'd like to be last in case we run out of time. Excellent. Thank you very much. Supervisor Herdy. I'm now going to figure out how I'm going to do this.

[00:48:04] I think I'm going to, since this, first of all, thank you for the presentation. Not surprising. I mean, we knew this was coming, unfortunate as it may be. But since this is a unique opportunity, we got both boards together, I'm going to go, instead of with my two questions, I'm going to go with a request and an opportunity.

[00:48:24] And I've met with some members from the Athletic Council on the middle school sports. They've been trying to meet with the administration to talk middle school sports. The Athletic Council is the Board of Supervisors' sports entity, and I would strongly suggest that we try to get that to happen.

[00:48:44] I know Loudoun County has got a great partnership between their organized sports youth leagues and the middle school sports program. The fact this isn't moving forward might be a good opportunity to get that discussion going. I think they've got some good observations for you on some of the challenges you're going to run into that Loudoun County ran into.

[00:49:05] So if we could make that happen, that would be a great thing. The second is an opportunity that I think we have to expose our school-age children to STEM, and that's the Northern Virginia Science Center.

[00:49:22] We've got a unique opportunity here. The school, the state's funded that at 67 million. Loudoun County's put a bunch of money. It's going to be in Loudoun County, but it's going to be a regional program.

And I know they're going around trying to brief members. They needed some additional funding.

[00:49:38] I think that needs to be a regional solution. I think we need to be a part of that. So I would ask that you meet with them and that we consider that as we're looking at one-time funds, what we can do to help make that happen. So I know the chairman's got his workforce initiative. We all know early exposure to STEM, you know, is a good thing and can get people more engaged in school and help with some of those absenteeism and those kind of problems.

[00:50:05] So just a request. I guess that's an opportunity and a request for the school board members and board of supervisors members to meet with them and be open-minded. And with that, I'm going to turn it over to Supervisor Smith. I'm going to be really simple.

[00:50:22] What are Lighthouse schools? Lighthouse schools. So thank you, Supervisor Smith. We have started an inaugural partnership with a national organization called ISTE, which is the International Society for Technology and Education, as we work to move into that 22nd century.

[00:50:44] So we actually picked six. We're picking six schools. We've had a number larger than six apply, but that's all we can afford to start. Where we're working on innovation around technology use, both the topics of quantum and AI come to mind, but it's our pilot partnership with that national organization, and we call it Lighthouse Schools.

[00:51:06] Elementary, middle, or high school? We're starting with high school first. Supervisor Alcorn. Thank you. On slide 26, this is where the $20 million, I guess, placeholder for reductions is in there.

[00:51:23] I know the county executive asks for all departments and agencies to put in a 7% raise. That's a lot less than 7%, I believe. Is that correct? Yes. So it excludes the transfers to schools, and it excludes agencies like employee benefits where you don't really have flexibility.

[00:51:46] Right. Yeah. So it's refined. It's a refined 7%. And it's probably, at the end, what, closer to 1% or 2%? Have you heard 3%? I'm just curious. Yeah, I think $110 million was the 7% total. Okay. So, yeah, I can extrapolate from there.

[00:52:03] Okay. Yeah. Okay. All right. And it's going to vary by agency, certainly. And that's based on a preliminary review, staff review, of what you got back from the agency? Yes, yes. We've been meeting with the deputy county executives. We have not yet met with the county executive yet. Okay. All right. Preliminary review. Great. Thank you.

[00:52:19] Supervisor Sork? Well, thank you, and thank you for the presentation. And I'll keep my question simple. What's in here for the schools fully funds and supports the Joint Environmental Task Force commitments that we all made and that, in turn, we're looking to try to complete in a timely way?

[00:52:43] Yes, this is year three of three years. We split the JET recommendations into three years, and we funded them every year. And fiscal 25 is the last year when that plan is completely funded. And that includes, because I realize part of the challenge was, and I won't spend time on this, but just part of the challenge was getting the solar arrays in the schools and some of the delays and some of the maybe lack of support, from my perspective at least, in driving that forward.

[00:53:12] So that funding, that support, those capital dollars as well as those operational dollars to do that are there. Yeah, this is our, this is the school's plan, jet plan. So I'm not aware of any capital costs at all as part of this.

[00:53:31] So it's probably not the larger joint environmental. It's just the school's piece. If you could just take a look at that, and I'm happy to talk with you offline to see if I'm understanding what it is, what's funded and what's not.

[00:53:47] Thank you. Thank you. Supervisor Walker. Thank you, Mr. Chairman. And we're going to discuss this in more detail on December 5th, but I want to just congratulate the county executive and the team on the completion of the collective bargaining agreements.

[00:54:02] I mean, I think having watched the process in some of our neighboring jurisdictions, it's been really problematic and messy. And I'm sure, I know we had some tough conversations within the negotiating sessions, but I think the professionalism of our team that was involved in it and our employee groups has shown through in the agreements, and I look forward to learning more about them on December 5th.

[00:54:29] I'll just be very quick in two budget Q&As. One, same one I did last year, if we can get the investment returns by retirement plan with a column comparing them to the S&P 500 for the same time period, And then second, on the user fee issue, and I appreciate the inclusion of that here, I've raised that a couple of times, I'd like to have a budget Q&A where we have that list of all of those user fees that are being evaluated in the last time they were adjusted.

[00:55:07] And just a thought moving forward, and we can talk about this more in our budget committee meetings, but I feel like we need to be on a regular cadence of reviewing those when it's, if it is ad hoc, it could create the impression that, you know, when we need revenue, we look at the user fees and jack them up, which is not what we do.

[00:55:30] But if we do it, and I don't know the right number, every three years, every five years, and adjust them appropriately, it gives everyone, including our budget process, some certainty in terms of what they're going to be. So I look forward to talking about that more, but just those two budget Q&As.

[00:55:48] Thank you, Mr. Chairman. Thank you. Vice Chair Grosz? Two quick questions, both based on personnel. Under the collective bargaining agreements with the two unions that will come before us next week, A full-day holiday for Christmas Eve.

[00:56:04] I'll miss making those motions. We decided to grant something full instead of half. Would that be, then, if somebody is going to work on Christmas Eve, would they be receiving holiday pay, overtime pay, or what would that be?

[00:56:21] That can always be a budget Q&A. Tom Arnold might be able to answer it right now. I could take it. Yeah, Tom Arnold, Deputy County Executive. So for a half day for people that are on shift work, they receive 5.6 hours versus a full holiday is 11.2 hours.

[00:56:38] So moving it to a full holiday for those that are on 24-hour shift work, they would go from receiving 5.6 to a full 11.2 hours. So it's the increase of the additional four and a half, five hours for the delta between a half day and a full day for shift work employees.

[00:56:54] But that would be at a regular pay scale? It's just straight pay. Okay. All right. And then the other question is on page 22, the 2% compensation adjustment effective, January 1st, $57.6 million.

[00:57:12] There's always a different cost to us. Is there going to be an additional cost to draw down on those state funds? That can be a bunch of Q&A also, I guess, unless somebody knows. It's bedeviled us for

many years.

[00:57:30] The state says, oh, we're going to raise teacher salaries, but the county cost is enormous. And I think that the number there is the county cost, but there is some revenue that's captured in the revenue component, but this is the expenditure side.

[00:57:47] Yeah, this is the expenditure side. We only get about 20% from the state for every 1% of salary cost, and this just represents the local cost. Thank you. Okay. Supervisor Lusk. Thank you, Mr. Chairman.

[00:58:07] I guess what I'm feeling is that looking at the projections for the revenue, making my stomach a little unsettled as it relates to the need for us to really look for ways to diversify our tax base and look for other opportunities to garner revenue because this isn't going to work.

[00:58:32] we can see where things are headed and just looking at the placeholders too on the line that we have on page 13 and then the metro one is we don't know what that's going to be yet that could be a pretty significant one as well you just can understand that we definitely got to be thinking about how we do things a little a little differently so I just want to raise it up again and just make the point that we've got to figure out how we approach, you know, increasing our revenues.

[00:59:05] And I know we've got a couple of options that the state's given us authority to look at. We probably need to start looking at them because I don't even know how long it would take to implement some of these, just thinking out loud on the mills tax. There's probably prep work that you'd have to do. This can't be done in a short period of time.

[00:59:21] So the question is going to be, should we be, you know, looking at this sooner than later? I'll say, you know, a couple of things I raised last time, I still feel that they are pertinent. And I know that we had the opportunity to talk about the growth in the percentage of students who are on free and reduced lunch.

[00:59:44] And I thought that we were going to look at some way to maybe look at either eliminating the costs for those who are on the reduced side of it.

[01:00:00] I know eliminating the lunch expenditure for all students was some pretty astronomical number, $41 million off the top of my head from last year. So I would say I would imagine that we still have some work to do. But obviously, is there a way for us to maybe ladder that up, looking first at those kids who are on reduced lunch and trying to figure out how we can kind of bring down the cost to their parents?

[01:00:29] And I think I talked about last year, too, just thinking out loud. I'm sorry, I know it's not directly on the budget, but it's connected to the budget. These are the items that are related to learning loss, and I know we're working very hard on that. And I imagine that there's still great needs and just trying to understand to what extent, you know, we're making progress there and then also to what extent we still need help, right?

[01:00:52] What are the challenges? What are the areas of opportunity? And then lastly, I'll say just, you know, as a positive, I spent some time over at John R. Lewis and got to meet some of the kids who were part of their new public service academy and just to see their engagement and to really hear the things that they're working on and then to see the interactions with the teachers and the students and really

helping to cultivate this interest in public service, which I'm going to be honest in saying, I don't think it exists in the way that it should.

[01:01:32] You know, government is important and vital to the work and to the support of the community. And there's so many people who look at government as being a bad thing. And I think we've got to change that. And the beauty is what they're doing at Lewis, I think, is going to be extraordinarily helpful in maybe convincing some of those students to think about a career in public service.

[01:01:57] So I just want to say something positive. thank you very much uh dr reed sure yeah thank you i just wanted to i just got the report today um supervisor lusk to we're updating a chart that we used a number of years ago on our free and reduced lunch students and we've now moved if we our free reduced lunch total is above 69 000 now which places us as the fourth largest school division in the commonwealth if it was just our free and reduced lunch. We've passed Virginia Beach. We've gained over 14,800 free and reduced

[01:02:32] lunch students in the last two years. So it's a significant shift. And so to your point around looking for solutions for food insecurity and other topics, it's really important. So thank you for raising that. And before I turn to Supervisor Faust, I wasn't going to raise it here, but since it has been raised, a budget Q&A I think that would be helpful to us is there is talk of, you know, we know during COVID period that there was a whole school year where lunches were provided to all the kids without paying for them.

[01:03:07] There's chatter about that again. Based on your numbers, the increase in spending that we know is part of the chart on page 22, can we get the cost of providing free lunches to the students in FCPS? and backed out of that all the administrative and processing costs associated with the programs that are in place to manage that, just so that we have order of magnitude, you know, what would it cost with all the costs associated that you can attribute to collection backed out of that and net that figure out for us as a budget Q&A I think would be helpful.

[01:03:45] We can do that. Okay. Thank you. Supervisor Faust. Thank you, Mr. Chairman. On page 10, BPOL and sales tax, I mean, you're limiting the increase to 1% and 1.5%. And, I mean, inflation alone will drive that much higher than 1% or 1.5%.

[01:04:08] That's without any real growth in the economy. So I just think that could be a big difference in your numbers. If you want comments, you can, but, I mean, it's pretty obvious. Page 18, the retirement, I mean, that number is, of all the numbers I've seen here today, that one's the one that just knocks my socks off.

[01:04:37] 34.4 million. I love the fact that we're going to get the standard pours. Also, give us the percentages that they actually earned and ask them to explain the difference. Why in the heck are we underperforming the way these numbers suggest?

[01:05:00] And then finally, on page 20, we've never seen anything, as the chairman pointed out, how these reductions are supposed to work and all this stuff. We're going to get it in a very short period of time.

[01:05:15] But my understanding is that the departments were told not to consider authorized positions. Were they allowed to consider eliminating authorized positions?

[01:05:32] Yes. I think there was some misunderstanding. Some folks thought that essentially personnel was off the table. Really, I think that where the miscommunication took place is I had conversations with

some folks, and I said, our goal is not to have a reduction in force. We don't want to drift people.

[01:05:48] I mean, you know that's two different things. Personnel is one thing. That's off the table. Positions is quite different. we're funding so many empty positions in this budget that have been empty for quite some time some of them and i i think we have to you need to set a standard and say if it's been three years then bring it to the board and ask us do we want to eliminate that position yeah we'll see some of those on the list well actually i guess you won't see those on the list i will see what's on the list

[01:06:25] i'm worried i'm worried about my taxes you know and the pension plan no i will uh i will stay uh aware and you'll you'll hear from me but anyway that's so critical it seems to me okay thank you thank you supervisor palchick uh thank you mr chairman um no threats I want to just thank both of you, the best CFO and assistant superintendent we've had in my eight years.

[01:07:02] I had to say that. But more seriously, really appreciate the continued collaboration. So I'm going to have just a couple of questions for both of you, understanding we really are in early stages. So number one, let me, I guess, start with the schools because I have that in front of me first.

[01:07:18] And I'm sort of comparing this year's with last year's presentation. They're fairly similar, but a couple things have changed. So for the schools, this year on page 21, my first question is really looking at the employee, the compensation expenditure changes.

[01:07:38] I think last year there was a lot more detail about the STEPS and the MSA, and this year I'm really just seeing the 6% increase for all employees. So if you have more information on that. Yeah, this year we didn't distinguish between STEPS and MSA. We just included 6%.

[01:07:54] Collective bargaining is on the horizon. We just recently hired the Labor Relations Administrator, and that will certainly impact this. It's just a placeholder, so we just used one percentage instead of trying to distinguish between the market scale adjustment and step increases.

[01:08:11] Okay. To clarify, I didn't expect the timeline. You won't have collective bargaining for this budget, correct? Probably not, but still, we just don't really know where we are right now. far as compensation that is our top priority is compensation so we just used a flat number instead of distinguishing between the two okay so when we move further down you'll have more details on to whether that steps or with the superintendent's proposed on January 25th perfect okay thank you and then my other question and I guess is more for the maybe superintendent and mr. Smith

[01:08:47] you know we've had some excellent work on skipped on the early childhood work many other categories but that's one I'm in championing and I love to see once again that you have the placeholder for the the preschool slots I'm just curious at this point what kind of coordination is happening and this can be a follow-on question between the schools and the county we know there's so many initiatives and different ways of trying to address that collaboratively, both looking at space and programming.

[01:09:19] So if we could get more information out of what coordination is currently happening there. Perfect. Thank you. And I just really want to thank you for being you and your team such champions on that. I think it's critical, and we know that that has the highest impact on our students.

[01:09:36] Thank you, Supervisor Palchak. And we know that we close gaps the younger children are and the earlier we work. The other thing that we've made a commitment, our board is very committed to, is

any new preschool class that we're adding is also going to be an inclusive model. So we're working to reframe how we look at preschool in the county as well.

[01:09:55] If you could define that for us as well, that's what we're referring to for inclusive, that would be great. Sure. We have a number of students who may have IEPs or are identified by Child Find as needing extra supports. And if we can integrate our Head Start or API, I think is what it's called, in Virginia with our students who may require extra supports with tuition-paying students so that we have what we call blended or inclusive preschools, we know we can make really strong academic and social progress for our youngest learners.

[01:10:27] Well, thank you. Happy to hear that. There's a lot. When we talk about inclusion, so many different groups, and there's the funding piece and then the program idea piece. So happy to hear more on that. And then for the county staff, I was looking at, you do a really good job looking at slide four every year, telling us what the annual change in general fund revenue would equate to.

[01:10:49] I think you have this year approximately $152 million increase over the adopted budget. And I was kind of looking at projections versus actual from last year. Where I don't know if you have these numbers is, I guess, when you go to the equalization if there's a way to know what a change in the equalization projections means in real funding.

[01:11:13] I know it's probably a rough estimate, but knowing that, you know, like our actual firm projection is about a 2% difference from year to year, and I guess maybe what each percentage point means. Yeah, we can do a Q&A on that and break out the residential and non-residential piece. I was trying to do the math in my head, but I think you can probably do it more accurately.

[01:11:31] Much prefer budget Q&A. Thank you. Okay. We got about five minutes left, and I want to be respectful to our school board members here. I know I asked if we could do one or two questions. I'm going to try to ask that again. It's unlikely we're going to get a second round, but I do want to make sure you all have time to ask your questions.

[01:11:50] And so, Ms. Sizemore-Heiser, we'll start with you. Thank you. And I just wanted to start by first thanking the Roadshow, as you called it. It was very informative and helpful every year, and I want to thank my colleagues on the Board of Supervisors just for your strong support of our schools.

[01:12:05] right? I know you recognize how much our strong schools support a strong economy and a strong Fairfax, but it is, you know, we're very grateful that we can provide an excellent education for our students. So thank you for that. And I just had a quick question. I was looking at the global impacts on the local economy. And one thing you mentioned is consumer spending is on a downward trend, which I found interesting because everything I'm sort of reading talks about it differently.

[01:12:28] So I was curious sort of to learn a little bit more about where that thought process is. And I think that we're going to know a lot more after the holiday season, certainly. But all indications are that, you know, savings were up during the pandemic.

[01:12:45] There were some of the federal stimulus that put more money in folks' pockets. And so there was the impact there where you saw increased spending. But I think that inflation is now kind of catching up to folks. And so the anticipation is that consumer spending is going to slow down.

[01:13:02] I think there's still going to be some growth. You're just not going to see as much growth as what we've seen in the past. I bring that up because, you know, and I know you guys have seen this in terms of the increased pressure constantly on real estate and property taxes, right? And the need, I think, as far as Lush, you mentioned about maybe diversifying tax revenue.

[01:13:19] It would be great, I'm looking at my soon-to-be delegate here, right, if, you know, the state could fulfill its requirements. I know, you know, under the, especially given the JLARC study, but seeing how that's not going to happen probably anytime soon, I think probably a great conversation to figure out how to diversify.

[01:13:38] Because I know we all want to keep the county services strong and the school services strong. And I wanted to lift up, I think you brought up Supervisor Lusk, but one of the reasons you're seeing, I think, some of these increases on the school side is because of our population changes, right? I think Dr. Reed mentioned it's 69,000 students qualified for free and reduced price meals.

[01:13:56] That's a 13.3% increase since fiscal year 2019, right? And our students who, and these are numbers might be a year or two old, but who need English language supports is 36,790, which is a 3.5% increase since 2019.

[01:14:13] Students with disabilities is 28,000. It's 4.2% increase since 2019. So all that together, again, I think this is a year or two old, requires over 672 positions for staffing for those increased needs. So it's, you know, it is a real change in some of our populations and a real commitment we have to make sure we can provide that excellent education.

[01:14:36] But that's part of what we're seeing. So one thing I wanted to lift up that's in the school's list of things that are not being funded is the special education enhancement plan. And I know, you know, you talked about preschool is one of your passions. This is one of mine. The special ed enhancement plan came out of a two-year AIR study around special education services.

[01:14:53] And it was the staff's response in terms of how they're going to address, I think, the recommendations from AIR, which is an outside group's review of special education. And in some ways, our special education programs and services are probably 20 to 30 years and really fully, holistically looking at it.

[01:15:09] And that's on our not-funded list is the staff plan coming out of the AIR recommendation. And these are some of the groups that have the most needs and the greatest gaps and the worst outcomes. I'll give you a couple stats. The unemployment rate for people with autism hovers around 70% to 80%.

[01:15:28] And the college completion rate for students with autism is 37%. So I just lift up a few stats and figures to say, you know, when we look at, there's a lot of conversation about departments cutting 7%. When we look at some of the unfunded, the recommendations of a two-year study on how to improve services for some of our most needy is on the unfunded list.

[01:15:48] So it's a challenging budget year for all of us. And I'm hoping we can find a way to really keep services in schools strong and keep our strong partnership on that. You know, I'm really grateful for that. But I wanted to lift up a couple things. Ms. Derenak-Kofax.

[01:16:06] Thank you, Chairman McKay. I do want to thank Ms. Jackson and Ms. Burden and your teams for your great work today. Working together is really helpful to all of us to see this, you two working

together to bring us the big picture. So, you know, I am going to be echoing some of my colleagues and some of the Board of Supervisors members who talked about the things.

[01:16:30] I think, big picture, we need to look at not the student numbers any longer, but as so many people are saying, the changing needs and the changing demographics of our community. I don't have the numbers like you do, but suffice it to say, I think when we first started talking about this, we were seventh or eighth.

[01:16:48] If we took that school, you know, division, if we were to just include who our free and reduced school students were, and now we're up to fourth in the states. So I think as someone who's moving off the school board, but I've been here 12 years, we have had good budget years.

[01:17:08] We have had challenging budget years. And I think as we move forward, we can no longer just look at student numbers because Some of them, they have decreased through the years, but the needs are mighty of the students who are here. And each of those needs presents unique challenges to us and requires more dollars for each student in order to get them through our system in a way so they are ready to graduate and ready to move out of our system to be productive members in school, college, or career, whatever they choose after they leave FCPS.

[01:17:42] So we have to work to close achievement gaps, opportunity gaps, and, you know, the JLARC study talked about where we are as a state, and that is no news to us. I guess that's what is most difficult and frustrating for me.

[01:18:01] Some of these things I've seen my entire tenure on the board, the challenges, and Dahlia is looking at me and going, yes, when I was on the board with you, some of these things remain the same. I think, you know, as you look, Supervisor Lesk, you talked about increasing ways.

[01:18:18] It just can't be on the tax revenue. If we do the meals tax again, we have to be all in. Each and every one of you who are still sitting in these elected offices have to be all in. I don't know if that happened last time in a collective way that was necessary to get the message out and to make voters understand that that's necessary.

[01:18:38] And finally, I will again raise the banner to pre-K. That was one of the first things that I came here on the board with other colleagues. We still talked about, we talked about at that time, if you get a strong start, and that's what our current strategic plan talks about, a strong start.

[01:18:58] The community wanted that. We put that out front there. And that has to be a collective from each and every one of us. You know, the state is not going to do it. So one of the things I think we, and this is a big thing, and this is not going to be the budget year to do it, but at some point we have to look at Fairfax County providing that kind of pre-K for our kids.

[01:19:22] And if we do it incrementally year by year, I think it's really important. One thing that isn't really related to this, but we do have that Pinewood Lakes site that the school board agreed to could be possibly our first standalone pre-K site because we have that that site there and to build upon and if that is something the schools must work together with the county in a strong way to get that done that's extremely important for us and and it's it is located in Supervisor

[01:19:55] McKay and Supervisor Lesk our district where we all need to ensure that that That population is most needy for pre-K services, just to put it as succinctly as I can.

[01:20:12] And I think that's something that we need to ensure long-term for success of our students here. Thank you very much. I share your frustration, those of us who have been doing this for a long time. But I refuse to accept the state won't do it comment only because we've been saying this is a problem for a long time.

[01:20:36] Jay Lark is now saying, not us, not Fairfax County, this issue is statewide now. And if we walk away from it and don't take advantage of this moment, then one thing we'll be sure, and that is that the state will never do it if they don't do it with a study like this sitting right in front of them.

[01:20:54] That is a statewide problem where we are behind states that are far behind us in economic development and every other measure. And so if we decide collectively that the General Assembly will get a pass on this because they're not going to do it again, we will have wasted a generational opportunity.

[01:21:12] And so what we really need to be focused on right now is they're getting ready to meet. Everyone is talking about the JLARC study in every corner of the state. It was profoundly discussed at VACO just a few weeks ago. There's not a school system in Virginia that thinks they are getting adequate funding from the state.

[01:21:30] And now the state's own numbers are saying, you're right, you're not getting adequate funding. And so I just want to reiterate to us at this moment, we can talk all we want about what we're doing locally here. I try to tell people all the time that real estate taxes are high because we're funding a public school system.

[01:21:50] And I can tell you that a lot of them are at a breaking point with those increases over the past couple of years. So right now, we need to be focused on getting their money that they're already paying in income taxes back up here to Fairfax County with the backdrop of the state's own people saying Virginia is failing its public education in every corner of the Commonwealth. And so I refuse to accept that this is not the opportunity year for us to push on this. We have been waiting for this study for 10 years to be done by professionals, because what people keep telling us is, well, that's just a Fairfax County problem, or those are your numbers, those aren't state numbers.

[01:22:29] This is a Commonwealth-wide problem now. It is an economic embarrassment in the United States where Virginia is on public school education funding. And if we're not saying the same thing to our General Assembly members and giving them a chance to fix what has been a generational wrong, then we are going to miss this once-in-a-lifetime opportunity to move the needle here.

[01:22:51] So we can talk about all the things we can do locally, and we always do that. That's why we fund most of the school budget here. But if we're not talking about their chronic failure, ad nauseum, relentlessly, between now and this next session and even into the session after that, we have failed all of our constituents collectively.

[01:23:09] And this is why there is a marketing campaign being done by the county to educate our residents. Because you know what moves legislators in Richmond? When their constituents start telling them to fund public education. Not when we tell them, but when their constituents tell them you need to fund public education.

[01:23:27] and that's what this campaign is about and we have to jump on board and do this not to say we can't do other things locally but this situation that we find ourselves in virginia right now we have a once in a lifetime opportunity to take advantage of and i think we should have all hands on deck doing that every

minute of every day i know that's what i'm doing i know that's what our county staff is doing i know that's what some of our statewide organizations like vaco are doing the vaco board just adopted a strategy to do this at our last meeting because everyone in virginia recognizes this is our moment so i can't emphasize that enough to this group and to the

[01:24:05] public as as we move forward miss mclaughlin um so i'm gonna just um maybe offer some macro thoughts and um end on a high note because it's so easy for me to always look for things where we get better at. But this is also my last ability to speak as an elected official after 12 years of some people knowing me to be more of a fiscal hawk. And as a social worker, that's kind of funny

[01:24:38] to hear. But it is because I do believe that we as a county continue to struggle with what Chairman McKay was just saying. We are trying as a locality to fill in the holes that we're not getting from the Commonwealth in terms of funding. But when my husband and I chose to raise our family here almost a quarter century ago, and he has lived here for two quarters of a century, more than 50 years, we want to still call this home. We really do. But the budget here,

[01:25:14] on the one hand, I want to thank our county executive because I've watched him over the years, and we've had these conversations, to what Supervisor Lusk said, the push-pull is what's your revenue base and then what can you fund? And so while we want a premier workforce, while we want to attract and retain the best and brightest, on what dollars? So when our taxpayers are paying annually to fund our local government. But their own jobs, whether in the federal sector,

[01:25:51] whether in the private sector or non-profit sector, if they're not getting raises at a certain level, it is really hard to turn and say to them, hey, see that property tax bill you're paying? That's because we want to pay the best and brightest. And meanwhile, they're saying, I'm paying more and it's not even coming into my check in order to pay the bills, for you to pay the bills. So I guess my macro comment is I've always said how we help our employees know we have their backs and we are doing the best we can is to help them to understand

[01:26:24] that we make these decisions on data and benchmarks. So what we look at for around this jurisdiction for the raises that are going to be done and how do we set them. It's not that we just kind of decide, we think you're worth an extra 6% this next year. It's, you know, what are we benchmarking?

[01:26:47] And I'm not saying that doesn't get done, but I will say on the FCPS side, when I've pressed for that at times, I don't feel like I've heard it. I will say today, since I'm leaving, I encourage everybody in the room who's staying at the table, we do need to understand how is the step and the being determined. I mean, there's got to be a formula and mathematics attached to that.

[01:27:12] The other thing is paid holidays. I mean, it's something that the FCPS leadership team know I've been following for years. And my last calculation was what county government employees get paid for paid holidays outside of the federal ones doesn't look like what I saw on the county government side.

[01:27:32] And I've been wanting parity because we've had more holidays in the past, paid holidays off for FCPS employees than the county government. And I'm not trying to be Mrs. Scrooge here, but I am saying we all know that in the end, if you serve FCPS or if you serve the county government, you are serving the residents of Fairfax County.

[01:27:54] So when we do the JET, when we do Skipped, when we do all these amazing things in partnership, I would say compensation, benefits, paid days off, those all matter. When you start to roll in

the cost of a single paid holiday that is not a federal holiday that our taxpayers don't get, it comes at tens of millions of dollars a day.

[01:28:19] And we should know that and be mindful to that. And I really do want to say that it is so important, even though the school board members, by determination, apparently don't qualify for the state pension. So those of us who are leaving after 12 years have zero, just in case you aren't aware of that.

[01:28:39] I do support what Supervisor Walkinshaw said and others. There is no excuse if we are not making sure that our pension systems are earning the very highest returns. And I think that's an area that we need to continue.

[01:28:54] So I promised to leave on a high note. So here's my high note. It has been a gift from day one for me to have served in so many ways that we partnered with the board of supervisors. Starting with the Synthetic Turf Task Force, where we brought turf fields to six of our neediest communities.

[01:29:15] When we started the SCIPT and we focused on not just pre-K, but the mental health and well-being, We looked at disproportionality in our general justice system, in our school discipline system. We've now looked at workforce development. That is when this room collectively of people, I think, makes the most incredible strides for our county and what we need.

[01:29:41] And, you know, and so the only thing is I want to say to every supervisor in the room, as one resident, thank you for funding school nurses. Thank you for funding our SROs. And thank you for running an amazing SAC program.

[01:29:57] I hope we can look for ways to expand that because I know our families need it. I will become a private citizen January 1, but I'm just with a little levity letting you know that you will see me at your citizen podium, both for the supervisors and the school board, and it will be out of Irish love.

[01:30:22] So thank you again for the opportunity to partner with you guys along the way. Thank you, Ms. McLaughlin. Appreciate that. Ms. O'Mesh. Yeah, I don't think Megan's going anywhere. Anyways, no, I am grateful.

[01:30:38] It's a blessing to be able to be in a place where we're having these collaborative conversations and planning ahead. I guess I just wanted to clarify on the early education piece, because it was one of the first things I noticed in the continued priorities is missing.

[01:30:54] because I know we talked about it last year as we both had it as a priority. I'm assuming, I just wanted a clarification that it sounds like it might be because you're seeing this as the opportunity year to say that's the state's responsibility, or was there another consideration that, I guess, removed it or didn't land it on the priority list for this year?

[01:31:17] Are you asking on the schools or county side? County side. I think no one's saying that it's not a priority. We're just saying for purposes of this forecast, We focused on comp benefits, debt service, metro, and some of those larger components.

[01:31:37] Yeah. Okay. There are a lot of things that I know are priorities of this board that weren't included in the forecast. I think that's what's important. Those were some listed things that were not included because the staff can't make a policy decision like that. We make that decision when we adopt our budget. I will say, and I think it might be helpful to do this anyway, just as a refresher to recirculate and

update the budget Q&A that talked about the commitments that the county is making to pre-K because I don't want anyone watching this to think things aren't happening.

[01:32:07] I mean, we're building facilities all over the county that incorporate pre-K classrooms into them as a standard. And so if we can get an update on the existing programs, the expansion, number of additional kids will be serving in the current budget. And obviously what we decide to do in the future budget will be something a policy decision will have to be made at budget time that staff couldn't make for the forecast.

[01:32:29] But we are in the current budget expanding pre-k opportunities in the county. I think we can we can send that around Yeah, no, I'm aware that that work is in progress I just wanted to ask what the intentionality around the slide so good to hear that that wasn't an intentional omission You know we'll actually our board will be discussing Where we are on early education in the upcoming work session and there is some data if I might just flag Having had the benefit of seeing it in advance because I'm one of the meeting managers for that there's kind of the state piece where in general we're behind.

[01:33:06] Uniquely in Fairfax, there are still major gaps and disparities that I actually was surprised to see in ways that I think require our local investment regardless of the state investment. So just keeping that in mind in terms of how we choose to plan ahead with those opportunity gaps and whatnot, they're reflective in early education in ways we might not predict as well.

[01:33:31] I wanted to also ask just in terms of, given the conservative year we're in, and no doubt future years that will probably be similar, what the calculus, I guess, for prioritization is, I know these are conversations we're having internally in the school system, but what ends up landing us here, and I don't know if there are criteria or a value set that drive it, it could also just be board discussion, and I get that too, but I'm curious about what the process is for that, if there is one.

[01:34:11] Do you want to direct your question to an entity here? I just want to make sure we get your question answered properly. Is that a question of the superintendent or of county staff? No, no. I mean, I've had these conversations on our side, but I guess I'm curious if a needs assessment prioritization process exists and what that is if it does for coming up with, I mean, essentially slides 18, 19, and whatever else, you know, was identified to be top needs for this year.

[01:34:40] I mean, I'll start and just say, because this is a fiscal forecast, most of the things that are included in this presentation, and I'll ask county staff to reiterate this, these are requirements of things we have to fund.

[01:35:03] These are not prioritization. These are things we're on the hook to pay for regardless, whether it's a collective bargaining agreement, whether it's how our market rate adjustment would be calculated. These things, retirement rate adjustments, the metro operating subsidies not determined by us. Debt service, we're on the hook for. So all of these things that are in here, including at the end of page 19, the last bullet is other requirements, meaning all those things above are things we're required to pay to maintain our own fiscal responsibility in a county or contractual

[01:35:37] arrangements. And so because this is a forecast and not a budget document, those, my understanding is all things listed in our here, things we have to pay whether we want to or not for the most part. Thank you, Chairman McKay, and those are the knowns. What we didn't put in there are some of the

things that you may want going into next year, but we knew that you needed to see the knowns, and Metro is a big known.

[01:36:01] I mean, it's a huge known, and we've been talking about Metro. I've been talking about Metro for about eight months now, but it seems like it's just going on and on and on, and we have collective bargaining. So these are the knowns. There is a subset to the knowns, which we haven't put out there yet, We will do that through the budget process, but we're not there yet.

[01:36:19] But we wanted you to see the knowns. The knowns, yeah. I guess the reason I'm, part of why I'm asking this is, I'm not, I guess I'm not surprised. That's the answer. And it's similarly the answer on the school side. And to me, you know, it's important to have this recognition that the experience of this county is just so different depending on, you know, who you are, where you live.

[01:36:42] And we all know that. And I'm constantly in this place where I'm asking on the macro level, like what is our process in advance of, you know, perhaps alongside fiscal forecast conversations of determining what those needs are across the board in the schools?

[01:37:01] It's perhaps more magnified, but even on the county level, in a way that assigns urgency to it, according to metrics or whatever it might be that we determine, rather than what our intuition affords us and what we hear from the public to be what's most important moving forward.

[01:37:22] And I've just consistently had this concern, certainly in the school system, you know, the county in the same way. And I would think partnership around devising processes or having some kind of intentional, you know, thought process around that would be useful because the voices we're not hearing from certainly, you know, are reflective of needs, too.

[01:37:46] And those are not necessarily the ones that we might assign urgency to but end up being festering challenges. I don't know if you had thoughts in response to that. Well, I have a couple days of thoughts in response to that.

[01:38:02] I'll just simply say that what you've described is really our budget process. And that's when the board decides its priorities. You know, your budget is a statement of your priorities. And the schools do the same thing. The superintendent puts forward a budget. You all vote on a budget. And that budget are your priorities, recognizing that our budgets are constrained.

[01:38:21] So I think what you just described is most similar to what, in fact, our budget process is. We hear from a lot of people, and, you know, we have, as do you. I mean, we have public hearings, we have outreach, we have meetings within our districts, budget meetings to discuss this.

[01:38:39] In fact, I would beg to say we hear from more people now than we ever have before in the advent of social media and remote testimony and all the ways that we have provided people to provide testimony and submit their thoughts to the county. But our budget process is year-round, and we're sitting here at one tiny intersection of a forecast that is an educated guess of where we're heading revenue-wise.

[01:39:04] We have conversation. We've been in this room all day today talking about board priorities, everything from public safety to you name it here today. And so I think, you know, what you're asking for is probably a better conversation for our boards to have at our joint retreat that's coming up about, you know, the best outlets to do that.

[01:39:25] But the reality of the situation is we never stop having those conversations about what our priorities are. This document is not the board's priorities. This document and the county executive and the chief financial officer's projections of revenue and where we're heading in the future backed out of that, the requirements of things we have to fund, and an acknowledgement that, you know, we have a shortfall projected that's significant.

[01:39:50] And in light of that, we have a lot of priorities of our board and of your board that are not included in this projection because this is not a budget. And those are the things that are on page 27. And I would say, you know, our budget's this thick, as you know. Of course, of course. And so there is program after program after initiative after initiative in there that have been built by public input and by our board looking at those priorities against what available revenues are in a given year, and that's our budget process in a very simplistic nutshell.

[01:40:22] But this is a conversation, as you know, Abrar, that could last for days. I would just say that it's probably a better conversation for the retreat atmosphere in terms of maybe how those come together better, and that is a worthy conversation, And I would just say to Ms. McLaughlin, who mentioned this earlier, there have been examples on specific issues where we have done that.

[01:40:45] I would say the SCIP has done that. Where we would be today in terms of pre-K is very different than where we would be had we not set up the SCIP process. Where we would be in tackling climate change jointly would not be where it is if the jet had not set up. Where we would be on turf fields is not where it would be.

[01:41:01] And so I think, you know, there are some one-off examples of that. But in terms of the global work that our two boards are doing, it's really a budget process is probably the best way to make that happen. Yeah, I mean, there's no doubt. And I think I'm suggesting without demeriting the work that's been done and that exists, that for consideration of our joint boards to think about a needs assessment process that takes place in advance of what ends up being our later budget conversation.

[01:41:30] Largely because, I mean, we dared to dream at the retreat we had last time. And we talked about, it was spoken into the universe that, you know, what if we set this goal of ending poverty in our county in the next five years, 10 years, whatever that might be, right? And other examples of, right, one question on our side was, what would it take to get our schools to be set up in a way where anyone that walked into the building could engage with our school system with whatever language they come forward with in the same way that someone speaking English would be today?

[01:42:01] And that, just a bare assessment, gave us a $98 million shortfall of what that need is, right? And so then it's a question of why is that not assigned urgency in the way that other things are, year after year after year, when perhaps it's a... We're not assigning urgency here, just to be clear.

[01:42:17] Let's stay on task here. This is a fiscal forecast. We're not assigning urgency to anything in here. We're saying that we have collective bargaining agreements that have a price tag on it. We're going to have to pay it. These are commitments that are legal, are obligated, are contractual, non-negotiable, debt service.

[01:42:34] Some of those things may vary in what the final number is, but this presentation today was not meant at all to be anything like what you're describing. No, no, I know, and we're not debating what's

important. And we are way over time. So I do want to be respectful because we haven't gotten through everybody else yet.

[01:42:50] And again, we're not going to have a second round. So if people have questions, please submit them. let's try to keep the questions on the subject that we're here for today for purposes of advertisement, if nothing else. But this is a fiscal forecast update. No, and I recognize that, Chairman McKay. I think everyone had their chance to advocate for the programs they think are important. My point here is to say there is a process segment that I think we can take advantage of the time we have in advance of our future conversation to engage in that. There may be willingness, there may be not, maybe not. Well, it's always willingness, because I think that happens. A lot of that already happens. And I don't want to downsell the work that everybody

[01:43:29] around here is doing on that front. The conversations never stop. And I don't want anyone watching this to think that that is the case. There's always more we can do. I'm suggesting an idea, but I understand you're trying to wrap up our meeting. I'm trying to keep us on subject. Ms. Marin. Okay. I'm known for getting a lot in in a few minutes. So 5 to 5, 5 p.m. I hope you'll hang with me for a minute or two as I share some thoughts. So first, I really want to thank us thanking the Board of Supervisors for hosting us. I really feel energized when we all get together.

[01:44:00] Mr. McKay, thank you for talking about the chronic underfunding of our state. I love that phrase. I'm going to keep using it, and I want us to do more to keep that narrative going. Ms. Gross, thank you for pointing out that the match for the teacher salaries is not a match, and we need to call out this language that falsely portrays that the state is funding us at a level that it is, because it is not. But I do, however, agree with Dr. Anderson, Mr. Lusk, and others about the need to diversify our funding. So I would love to work on that in earnest. I think an exercise of actually budgeting out, what would it take to fund Fairfax County services at the level that our residents

[01:44:37] seek? I think that would be a really interesting exercise. Also, relatedly, the bond. We've heard amazing things from Dr. Reed, her previous school division, how they use their bond to do renovation in a way that is more accelerated than what we're doing. I will tell you that we're looking at our policies to make sure they align with the best way to do renovations, but I think we have room in that bond cap and that cycle to do something with the local revenue that we have access to.

[01:45:02] I also want to mention Dr. Reed has been really great about staying with budget-neutral solutions. So school food, I don't know if you know, but we host incredible tasting with 200 students, the school calendar and leave to try and help staff that way, Improving experiences for our military family so students can get registered before they get here.

[01:45:20] So there's lots of stuff that's happening that is budget neutral. And she knows that money is just not going to fall from the sky. So I just wanted to say that. But that chronic underfunding, yes, Mr. McKay, we have to be, the constituents have to be the ones. But I want to say this. We really need your help because you are at different tables than we are.

[01:45:38] Mr. Stork, you're with VACO. What an opportunity to talk about addressing J-LOC. And RAPBAC, good grief. Can we get the state to fund, wrap back, and not only to check background checks for our educators, but how about all other positions of interest in child care, in health facilities? Why is it on education to provide background checks for this many staff that will cost us millions annually?

[01:45:57] That's not okay. And finally, the federal table, when you're at the federal conversations. Title I, lunch program, the rising medical costs. These are things that we have been chronically underfunded. There are unfunded mandates. We have it in our financial slides. So please do carry that data forward with you as you continue to be the champions for us.

[01:46:15] Thank you. Thank you, Ms. Marin. And I think you've teed up the person who's going to go to Richmond and solve all of these problems for us. This is the perfect timing for Ms. Cohen. I feel so bad. My chief of staff has gotten like 52 texts that's like, Bill idea, blah, blah, blah.

[01:46:33] Thank you again. I agree. I think we have a lot of energy when we get together. And to your point about the work that we've been able to do as JET, as the don't sleep on the joint CIP committee, we did some good work there. I do think more opportunities that we have to form these joint committees, as some of them kind of go in and out, I think would be great.

[01:46:56] And so it's easy to let those lie and harder to pull them together. And I think one certainly is school lunch. I have appreciated so much of each of your times. I know either in the past or forthcoming to meet and talk with some of the groups who are working to try to eliminate school lunch debt and try to work toward universal free lunch.

[01:47:17] It's certainly something I'm carrying with me to the state level. So I hope there's more help coming, though apparently it will only be 20 cents on the dollar. But I did want to just highlight, we walked into a conversation that you're having with the sheriff's office about staffing about space about transferring prisoners about mental health concerns and i just for anyone who is listening i feel so compelled to say every dollar that you spend with us in the school system is less money that you're going to have to spend there and i just want us to always keep in mind that what comes in here is not just a dollar for dollar investment much of what we do

[01:47:57] keeps other people, keeps you from having to spend money on other not so fun endeavors. But to that end, I just wanted to say I came from an early ed conference at the state capitol where the Chamber of Commerce has taken on a huge role in finally, shockingly, talking about pre-K and early childhood care because it makes us have a bigger and better workforce in a time where we're really struggling.

[01:48:25] So there is so much private money out there, and I know that we have worked on how we form these public-private partnerships for pre-K, but I just would, as I leave this table, encourage how do we make that happen. The other is, you know, our commercial property.

[01:48:44] We've talked about elevator now properties for the last three years. I would still love the idea of being able to explore using some of those for some of workforce development problems, you know, programs that we have. So incentivizing landlords who want to do long-term leases for schools, they don't have to look like the traditional model, but instead of having those sit and cost money, how can we work together to figure that out when we are out of space? And the last thing I'll say is just what Supervisor Les said about increasing different revenue streams i know i i you know beat this horse every year but hotel occupancy tax

[01:49:24] we're up 10 to 15 percent i know that's not back to pre-covid levels but man it is a lot and if we could have all the people who come here and benefit from the amazing things that our counties do help fund um you know affordable housing for our first responders and our teachers Maybe we'd be able to attract and keep people here.

[01:49:45] So I will continue to say I hope that we will work to increase the occupancy tax. And I promise I will go to Richmond and probably get all of this cockeyed optimism pounded out of me. But you all have my cell number and keep calling and bothering me so I don't forget this.

[01:50:05] Thank you very much. Ms. Anderson. She's going to fix it all. I want to get back to the task that Chairman McKay talked about a little bit in terms of the forecast, you know, let's kind of see what's on the landscape. And I do want to raise this part of it. It's because it's been part of the conversation that's happened here.

[01:50:22] But the reality of it is we are trying as a school division very hard to put in preschool classrooms. And I think this has been amplified a little bit with my new role on skipped committee. But the reality of it is I have a school that the entire fifth grade classroom is in trailers so that we can put preschool classes that we must put, not the inclusive classes because they're pretty much all special needs students. Another school where the SAC program has been halved because they needed the space. And so all of a sudden, a robust 75-student program went to about

[01:50:58] 35-student program. I know these are not the compromises that we want to make. We want to be able to do it all. And we should do a better job of it all. And that is going to require, I think, what I've heard around this table, which is additional partnerships. Ms. Denrock-Kolfax talked about a standalone preschool site.

[01:51:16] We need that to be what happens. We cannot keep doing what we're doing right now. We cannot trailer our way out of this issue because the schools are growing. The preschool students that we must instruct, that's growing, and that's not even leaving room to make it an inclusive program.

[01:51:36] I don't even see the path yet for the inclusive programs because the need is greater than we can actually meet at this point. I believe that two things can be true at the same time. Yes, we do need to compel rich men to do their part. Absolutely. But I want to raise what I brought up at the beginning of this conversation. Surrounding jurisdictions from Arlington, Falls Church, Fairfax, they all already have a meals tax. They will also benefit from all of the work in Richmond. And we are so far behind with the preschool initiative, with renovation

[01:52:12] and construction, that we need all of those supports in order for us to have the world-class system that we want to say that we do have that benefits every single student. So I just want us to consider that we can think a little bit bigger and pull from all of the potential resources in order to really support what we consider to be the jewel of Fairfax County, which is its schools.

[01:52:36] Ms. Toland, did you have anything you wanted to add? I just have a couple of quick things. I want to thank my colleagues for all of their passionate pleas for things the schools need. But I just want to follow up on a couple of comments that were made by some of our board supervisors. First of all, Mr. Stork, thank you for bringing up the JET and the funding around the JET.

[01:52:55] I do want to clarify that the funding that is in this budget that you're seeing here is only operating funds. And so it's covering things like staff, materials, grant matching for purchasing electric school buses. It's a relatively small amount.

[01:53:12] The capital funds required for having our schools solar ready or net zero are not included. The good news is our new chief of facilities and maintenance is doing quite a bit of analysis on this. And I'm actually meeting with her tomorrow to give her a little bit more background on our joint JET efforts in

preparation for we do have a meeting scheduled on December 11th jointly with the county to go over some of this.

[01:53:39] So we'll have more information in a few weeks on that. And as a longtime STEM educator, I do want to back up your comments on the security on the Northern Virginia Science Center. I hope we can all take a look at that and see if it makes sense to support them within the region.

[01:53:57] But mostly, thank you. Thank you for the incredible partnership over the years. Working with all of you has been a highlight, and I really have appreciated it. And I'm sure that this collaboration will continue.

[01:54:12] I think that we've talked a little bit when we first arrived. The conversations that are happening between the county and the school system are so important and will become even more important as we move into what looks like maybe one of our more difficult budget years, you know, that we've had in recent times.

[01:54:31] So, you know, let's continue the good work. Thank you, everyone. Thank you. Thank you very much, Ms. Tolan. And one of those joint task force initiatives is coming your way because our board did just approve my board matter on Tuesday, as was acknowledged, I think, by several folks to I have a workforce group comprised of two members of our county board, two members of the school board, academia, and the private sector to look at the workforce initiative challenges that we have out there.

[01:55:02] And, you know, this meeting has been a lot about forecasts, but, you know, let's not lose sight of affordability as we exit. As we sit here today, there are 120,000 vacant jobs in northern Virginia. And if you talk to any business owner, they'll tell you the number one reason those jobs are sitting there vacant is because people they need to fill those jobs with can't afford to live here.

[01:55:26] And so let's be cognizant of that and how we look at overall, you know, our budgets and affordability, because that is a challenge. On one hand, we're blessed with having a very strong economy where businesses want to be in large part because of investments in schools and infrastructure.

[01:55:43] On the other hand, people who need to come here to fill these jobs or who are leaving the school system are going elsewhere because they can't afford to live here. And so this is why the JLARC study becomes so important. And I don't want to beat this dead horse too much, but it's very important.

[01:56:00] Because the high incomes are here, our money is going to Richmond, and our own people can barely afford to live here because of all the local requirements that we put onto their real estate tax bills. And I think we just need to be cognizant of that and smart fiscally about that in our conversations.

[01:56:19] Our starting point is not zero. So let's acknowledge where we are. So one of the things I'm going to ask for going into the retreat is I'm going to ask again, when we look at the region, let's put the average house price, the tax amount paid in those regions, and let's also put next to that the LCI and how much the state is funding in public education so that we can look at this.

[01:56:41] And we've talked a lot about here needs, but we are an outlier. Most places in Virginia, the state is paying a majority of the school budget, and most places in Virginia, affordable housing is not near the problem that it is here in Fairfax County. So let's be cognizant of that when we have conversations about fiscal responsibility and budgets and have that conversation continue to be fluid as we move forward.

[01:57:05] And I think that the JLARC study is probably the hallmark of the challenges, all the challenges that have been talked about here today involving public education, start with that study. The solutions to them for generations have been in the lap of local governments who are not afraid to invest in infrastructure.

[01:57:26] And we have done that for a long time. We will continue to do that. But with that vacancy number there, we are at a point in time right now where we have to be really careful. Employers can't fill their jobs, they're going to leave. And so affordability to me as this chairman is really important. And part of that affordability is what our people in Northern Virginia pay to be able to live here in real estate taxes and other things. And that's the balance that we all have to be cognizant of when we're talking about needs and future and how we

[01:57:58] meet those needs as a community together. Um, and so again, fiscal forecast today, um, we will, um, moving forward on page 29 is your budget timeline. Um, and just so that everyone is aware of the next budget committee meeting, which is again, a joint meeting of FCPS is scheduled for February 27th, 2024, uh, 3 PM here, uh, conference room 11 in the government center. Um, all of our budget, all of our committee meetings, just for clarification, I'm not sure how this got miscommunicated, all of our committee meetings run for an hour and a half.

[01:58:36] So it will be 3 to 4.30, conference room 11, February 27th, 24. We'll make sure that anyone who is not on our board still, make sure you can come too. Or you can be at the podium at budget time. But as we close, I do want to express appreciation to all of those school board members who are not going to be on the next school board, have enjoyed working with you, many of you for many years. I know it's frustrating at times, but when you look back at the work we've been able to accomplish, it should be rewarding to all of us. Where we are today compared to where we were 4, 8,

[01:59:16] 12 years ago is pretty remarkable, and it's been a joint effort, and I will end on a positive note and say, as I've said before, because this work continues, that I don't know a time where our staffs, under the direction of our two boards, have worked more collaboratively than they are now. And I just want to make sure, despite everything that was said, that people understand that and that our boards appreciate that continued collaboration that we saw in the presentation today, but that we see every day in the complicated, complex work of running a community of over one million people and the largest school district in Virginia.

[01:59:53] So with that, I'm going to close. I look forward to seeing everybody on the 27th. There will be a joint school board-county board retreat for the new boards. Those dates have already been circulated to schools as well, so that will be before our meeting on February 27th.

[02:00:12] So if we don't see you before then formally, we will see you at that retreat. January 17th. January 17th. I know that date has been circulated, but thank you for clarifying again. That will be on January 17th. And with that, our joint budget meeting is adjourned.



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