



Fiscal Affairs Advisory Commission
Ellen M. Bozman Government Center
2100 Clarendon Boulevard, Suite 501
Arlington, Virginia 22201

April 6, 2021

The Honorable Matt de Ferranti
Chair, Arlington County Board
Ellen M. Bozman Government Center
2100 Clarendon Boulevard, Suite 300
Arlington, Virginia 22201

RE: FAAC Recommendations for Proposed FY 2022 Budget

Dear Chair de Ferranti:

The Fiscal Affairs Advisory Commission (FAAC) submits the following recommendations to the County Board for the County Manager's proposed FY22 Budget. The FAAC has sought to examine the budget in relation to the many changes and complexities that were demanded by the COVID-19 pandemic along with major policy priorities, such as equity.

Given the ongoing challenges associated with COVID-19, we commend the efforts of the county staff to deliver key programs and services with challenging revenue reductions and an altered work environment. We believe that the FY22 budget, with the acceleration of vaccinations, will benefit from economic recovery, along with the funding expected from the recently passed American Rescue Plan Act of 2021 (ARPA-21). This letter outlines our priority considerations.

For the FY22 proposed budget, the FAAC recommends to the County Board that:

- I. Whereas **Equity** is a key initiative of the County Board and we believe one that is broadly supported in the Arlington community, and additionally, that budgets are planning documents that reflect the values and priorities of local government and the community, and the success of any key policy priority requires it be included across the planning process, FAAC believes that equity should be clearly reflected in the budget.
 - A. Where can the county demonstrate equity?
 1. Hiring and advancement of county staff - Including local hiring and in-house advancement.
 2. Contracting - Maintaining a fair process and collecting the data needed to better understand who is being awarded contracts.
 3. Delivery of county programs and services - Performance measures should articulate a baseline need, and demonstrate how program delivery was prioritized to be most effective.
 4. Taxation and fees - Who is burdened? Revenue streams should be fair.

- B. How should equity be reflected in the budget?
 - 1. Training funding for employees - including implicit bias training
 - 2. Funding for programs and services - adopting and funding recommendations of the Police Practices Group.
 - 3. Community outreach plans - should be developed to meet people where they are, whether that's online, in schools or churches or using different languages.

- C. How do we measure success?
 - 1. Data collection - In order to answer the four questions; Who benefits? Who is burdened? Who is missing? and How do we know?, departments will need to collect and analyze a wider set of data. In some cases, departments have the necessary data, but in many more cases, departments will need to determine what additional data is needed to measure results.
 - 2. Performance measures - Current measures need to be refined to utilize data and measure results against pre-stated goals or overall needs, rather than expressing only output measures (more in section III).

We hope these ideas represent a starting point for how future budgets are developed. By making certain that key policy initiatives, like equity, are planned for and funded, and that we are measuring for their success, we will be better positioned to reach the intended goal.

- II. Certain adaptations made under COVID-19 enabled the continuation of our government and resulted in new efficiencies that should be continued post-pandemic. These efficiencies include an expansion in the use of virtual meetings both for county staff and for community engagement, a buildout of our cloud based technology, remote capability for 911 call center operators and online training for employees.

- III. Departments should continue working to revise the performance measures included in the budget to reflect program effectiveness of the County's key goals and policy priorities. At present, many of the measures in the current proposed budget reflect only workload measures or output rather than program effectiveness or efficiency. When COVID-19 drastically changed certain inputs, such as a drop in transit ridership, or surging demand for health and safety interventions, output measures may have moved dramatically while programs and services tracked evenly with community demand. Simply stated, the one dimensional output measures do not accurately reflect the effectiveness or efficiency of our programs and services. Also, Departments should ensure that the targets included in the County's Master Planning documents are reflected in the performance analysis. We appreciate that the additional data collection places a burden on departments but believe that revised performance measures represent an effective tool for departments in measuring success and are good for the overall transparency of government.

- IV. FAAC department reviews resulted in a number of highlighted concerns and considerations.
 - A. Human Resources/Compensation (HRD/Comp)
 - 1. The Health plan experienced a slight decrease in utilization in 2020. This was consistent with nation-wide trends. The County was able to budget a 0% increase in health care costs for 2022 but history suggests that at some point the costs will increase again.

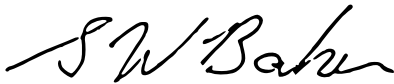
2. The County offered an early retirement incentive starting in FY2021. It is too early to analyze the results of the program. Nationwide these early retirement programs have been problematic because the employer cannot control who takes the offer, the positions may be critical and need to be re-filled quickly thus eliminating most if not all the anticipated savings. The Government Finance Officers' Association (GFOA) has issued a best practice cautioning against early retirement incentives.
- B. Dept. of Environmental Services (DES) - Continue to invest in our storm water maintenance, utilizing GIS mapping for environmental justice and study the impact of climate change on our stormwater system, other assets and facilities. Ensure that the County is actively considering equity issues as it makes investments in DES programs.
 - C. Dept. of Human Services (DHS) - Continue to prioritize equity in delivery of COVID-19 vaccine and other services, implement the recommendations from the Police Practices Group with respect to crisis intervention and coordinate with APS in evaluating in-school services.
 - D. Public Safety
 1. Ensure sufficient staffing at the Dept of Public Safety, Communications and Emergency Mgmt. (DPSCEM) so Police and Fire do not have to fill in for 911 services. Continue with remote working options.
 2. Ensure that the Police Dept. (ACPD) prioritizes equity in its operations, including but not limited to, data collection, transparency and training.
 3. Continue funding and implementation of the Fire Dept.'s Kelly Day schedule. Should funds become available, FAAC would support filling frozen positions however, the department should evaluate whether certain functions can be better performed by civilians as opposed to uniformed personnel.
 4. Ensure sufficient staffing at the Sheriff's Office so that courthouse safety and detention center operations are not negatively impacted. Consider unfreezing one vacant Records Assistant IV position if funds become available. Consider current and future needs for personnel to support video-related services for operational monitoring and digital evidence requests. Ensure that the Sheriff's Office prioritizes equity in its operations including, but not limited to, data collection, transparency, and training.
 - E. Arlington Economic Development (AED) - Support our local businesses and economy. Support Arts and Cultural Affairs that help make Arlington a destination.
 - F. Dept. of Technology Services (DTS) - Continue investment in cloud based systems for flexibility of remote working and security.
- V. Efficiencies with schools: Arlington County and Arlington Public Schools (APS) have increased collaboration in recent years, resulting in savings to the budget and improved service delivery. This collaboration has been especially important while dealing with the pandemic. As COVID-19 vaccines for most children are still in trials, APS will continue to face pandemic-related

challenges in the upcoming fiscal year. Arlington County should continue to work with APS to ensure that all of our children get a quality education and their needs are met. The County should continue and expand its collaboration related to transportation, IT and internet-related services, and public health and should be open to allowing schools to use space in County buildings or County properties, where necessary.

- VI. Arlington County will likely receive additional funding as a result of the ARPA-21. FAAC makes the following recommendations as funds become available.
- A. Support County staff by following CM guidance for salaries.
 - B. Eliminating cuts to nonprofits, like the Virginia Cooperative Extension, that had not previously been proposed, to give such organizations more time to find alternative funding.
 - C. Complete any deferred maintenance of County capital assets, focusing on those areas that are traditionally underserved.
 - D. Provide funding to support Arlington's commitment to Vision Zero .
 - E. Provide support for local businesses to survive the pandemic.
 - F. Eliminate cuts to AED's Director's Office and Real Estate Investment Group for marketing and promotions to help manage our commercial real estate inventory and mitigate the vacancy rate and market weakness.
 - G. Restore the data security position currently on hold and continue investment in cloud based systems so staff can work from anywhere.
 - H. Unfreeze the 2 vacant DPSCEM positions for emergency call takers.
- VII. FAAC recommends to the County Board to continue its strong record in adhering to the principles of fiscal responsibility, in particular:
- A. Maintain our current bond rating by making any adjustments necessary that are required by the rating agencies; and
 - B. Continue to make all actuarially calculated contributions to our pension and healthcare programs, despite any favorable recent performance.

FAAC looks forward to examining a proposed Capital Improvement Plan this summer and stands ready to assist the County Board with any other questions. FAAC may provide additional opinions on FY22 once there is more clarification on ARPA-21 and if or when there is federal infrastructure legislation that impacts Arlington. We thank the County Board for considering these recommendations in developing the FY22 budget.

Sincerely,



Steve Baker, Chair
Fiscal Affairs Advisory Commission

CC:

Members, Arlington County Board
Arlington County Manager
Director, Arlington County Department of Management and Finance
Members, Fiscal Affairs Advisory Commission