04/8/2015

EAC FY2016 Public Budget Hearing

Good Afternoon, Chairman Bulova, Members of the Board of Supervisors.

My name is Randy R. Creller and I am the elected Chairman of the Employees Advisory Council. We represent the over 14,000 active employees in the General County, Police, Fire, and Sheriff's agencies. All of which expect a fully funded MRA to keep them up with inflation. In a 3.8 Billion dollar budget or as I like to call it three thousand eight hundred Million surely there is enough to fully fund the MRA. The way I figure it there are at least 3, 700 other places to look for cuts however we continually look at the last $100M year after year while the rest is never considered.

In the wake of the FY16 proposed budget, your employees feel much the same as they have for the past 7 years, nothing but broken promises have been tendered by the BOS. The employee message is: We negotiated in good faith, want what was promised in our new Pay Plan, a performance award and a FULL MRA. They expect to be compensated for inflation, and to progress through a pay range attaining the maximum salary after 25 years. I am sorry to report that only some of these expectations are met by the proposed FY16 budget. Your general county employee's compensation is well behind our neighboring jurisdictions. Employees are being squeezed at the same time from rising inflation, taxes, medical insurance premiums and other out of pocket expenses.

Slide 2 – Compensation for CPI

Let's look at inflation, the combined Consumer Price Index for September civilian workers since 2009 has been 10.0%, this barely is covered by the 11.81% in raises your employees received over that timeframe. Take away property tax increases and medical insurance premium increases and your employees are actually under water to inflation. This has been going on for 7 budget cycles now and has to stop if Fairfax County is going to maintain a viable and thriving workforce moving forward.

Slide 3 – Neighboring Jurisdictions

Let's take a look at what has been going on in neighboring jurisdictions. You will notice that Fairfax is now about tied with Loudoun County at 3rd from the bottom, only ahead of Prince Georges and Prince William Counties regarding employee compensation. I also understand there was a great deal of drama and emotion here last night when the Teachers Union presented, but I can tell you with a straight face that even they have fared better than your employees with 16.75% in wage increases since FY2009 over these same years. I am afraid that Fairfax County as an employer is simply losing ground when compared to our neighbors as evidenced by this chart.

Slide 4 – Fairfax County Pay History

Now let's take a look at the last 17 years of Pay Only compensation increases granted by Fairfax County. Your FY16 proposed budget for pay is actually less than your FY2000 budget from 17 years ago. This is beyond comprehension, 17 years really. Fairfax County simply must get off this roller coaster ride, regarding employee compensation, and fund its pay plans first in a proposed budget, not as a secondary consequence of a rising tax base. Pay plans are an implied contract and should be an obligation to fund, not simply treated as discretionary. This is despite the fact that you passed FY15 guidance last year to fully fund the new pay plan. The cost of a Full MRA was known back in September of 2014 when you adopted a pay plan. Does your budget guidance mean anything at all if you're not going to follow it?

Slide 5 – Adopted Pay Plan (A)

We had a deal in September of 2014

- Annual Performance Award + the MRA
- Front Loaded sliding Scale 3% down to 1.25%
- Longevity Awards of 4% in lieu of Performance Awards at 20 and 25 years

Slide 6 – Adopted Pay Plan (B)

- 25 years to the top of the Scale
- This all represented both short and long term savings to Fairfax County. And of course you are expected to fully fund the first year of any pay plan implementation. How could you not?

Slide 7 – New Hire

This new pay plan can work for your new hires, in fact based on the 320 new hires last year the average percentile on grade is 24%, putting them slightly ahead of track to retire in 25 years at the top of their salary. However it will only work if you fully fund your pay plans in your proposed budgets, any future freezes or partial MRA will alter this plan.

Slide 8 – Average Employee

This slide may be a little confusing but the actual Grade 23 Average Salary went down this year, as well as the percentile on grade and the years of service. I can only assume that a larger percentage of employees took retirement in this grade, thus dropping the higher salaries off and lowering the averages. One unintended consequence of our new pay plan is that these S-23 employees will likely have to work 7 years beyond their retirement eligibility to attain the maximum salary for their grade. This is largely because of the fact that 7 of those 9.6 years of service took place with little or no movement up the pay scale from FY10 – FY16.

Slide 9 – We had a deal

This proposed FY16 budget does not fully fund our adopted pay plan. We thought we had a deal. The employees did their part, now it's up to the BOS to do theirs. Why are you not following your FY15 guidance? Why are you not fully funding the very first year of your adopted and agreed upon pay plan? Let me remind you that as part of this FY16 budget your employees came up with almost $1M in savings. They deserve better treatment than this. They were stalled in 2013 with no raises during the workforce dialogue process, they made a deal in 2014 on a new pay plan. And now in 2015 the County Executive is only proposing half the MRA Compensation agreed upon? Come On. The employee take away from this is that the BOS bargains in bad faith, is this what you want? Another broken promise?

Slide 10 – BOS Raises

The already approved BOS raises are 2 or 3 times what you have granted to your employees over the FY10 – FY16 timeframe. Now I understand that $75K does not go far as a resident of Fairfax County, and it is time for an increase, but you should not be granting yourselves more than you were willing to grant your employees. Might it be more sustainable to simply build in yearly raises at the rate that you grant employees each year, and nothing more!

Slide 11 – EAC Recommendations (A)

- Fully fund the MRA at 1.68% at a cost of $9.6M

- Make the hard decisions and cuts necessary to do so
- Give FY17 Guidance to fully fund your pay plans in FY17 and adhere to this guidance

Slide 12 - EAC Recommendations (B)

- Carefully Review the Lines of Business or LOBS
- Make the tough decisions to shrink your government footprint
- Enforce your guidance on the County Executive FY17 proposed budget

Slide 13 –

Finally we urge you to do the right thing, uphold your implied contract, our new pay plan and fully fund the MRA in FY16.

Thank You and Good Night,

Sincerely,

Randy R. Creller

Chairman EAC

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