

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 28, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: BUDGET AND FISCAL AFFAIRS ADVISORY COMMITTEE (BFAAC)

SUBJECT: BFAAC RESPONSE TO TEN YEAR BUDGET HISTORY FY 2009 – FY 2018

In BFAACs report on the proposed FY 2017 budget,¹ BFAAC recommended that Council assess the cumulative impact of service reductions since the recession started in 2008, and utilize the information to base decisions on priorities for service restorations or expansions in specific areas of need. BFAAC believed that this information can also provide useful data for the strategic planning process. In response, Council encouraged the City Manager to study and report the impact of service reductions. What follows are BFAACs comments on the report.

BFAAC appreciates the work of the City Manager and budget staff in engaging in the research needed to generate the report, a complex undertaking in any event and made more difficult because of reorganizations of departments that required considerable work to make like comparisons.

The report reveals that over this period of austerity, while revenues were flat and economic growth anemic, revenues and expenditures increased by an average of 1.9% and costs of services per resident increased by 0.95%. To achieve these results and accommodate salary increases for City staff, the City reduced its workforce by a net of 85 positions representing a reduction of 3.2% while population growth increased by 17.6%.

It is a credit to the City Manager and Council that city administration expenses were cut steeply in areas such as city management, code enforcement, and clerk of the City without any apparent impact on City's governance. BFAAC also notes that at a time of flat revenue growth, the City managed to keep up with increasing financial obligations for Metro, Dash and unmet capital needs. BFAAC notes, in particular, that both cash capital and debt service spending grew significantly during the period, enabling the City to make initial investments in the new Metro

¹ Budget Memorandum 16, April 18, 2016

station, rebuild TC Williams High School and two other schools, and build the new police headquarters.

During this period, certain departments experienced negligible cuts or modest increases. Public Safety, including police, fire, and emergency communication, received modest increases. Council's recent investment in the Church of the Resurrection affordable housing initiative compensated for past reductions, resulting in a 4.8% net gain in spending on housing.

These investments, however, necessitated cuts in other departments. There appear to have been noteworthy disparities in spending reductions among the departments and who may have been most affected by them. BFAAC recognizes that funding and position reductions do not necessarily represent a decline in services as federal or state grants may have compensated for the difference or departments may be experiencing an increase in efficiencies.

The City Manager's report identifies some, but not all service reductions, and does not address the impact of the service reductions on residents. Furthermore, though the report includes some performance data, it is difficult to discern the extent to which actual results were impacted by funding or FTE decreases. BFAAC recommends that Council further investigate what services were reduced, which residents were impacted by them, and what performance impact, if any, resulted from them.

BFAAC identifies the following areas that warrant further exploration to determine whether spending, staffing and service cuts have adversely affected people in need:

- **Community and Human Services:** decreased funding of 5.5% and a net loss of 22 FTE positions. The City Manager's report identifies position reductions for therapists, employment training specialists, vocational services specialists, social workers, and youth services coordinators. Service cuts include emergency day care, childcare grants, childcare assistance, subsidized preschool, early childhood training, treatment services, the companion aid program, a mentor home, and JobLink.
- **Health:** decreased funding of 12.4% and a net loss of 1 FTE. The City Manager's report identified service cuts in environmental health and prenatal care. Some of the spending reductions were absorbed by other entities.
- **Library:** decreased funding of 17.3% and a net loss of 13.4 FTE positions. Service cuts include reduced library operating hours and hours for the Talking Books program. BFAAC notes the hours of operations have recently been partially restored.
- **Parks, Recreation and Cultural Activities:** decreased funding of 7.9% and a net loss of 46 FTE positions. Despite contracting out services and increases in user fees, cutbacks included maintenance, mowing, horticulture, opening hours of recreation centers and additional areas.

BFAAC also notes that while Alexandria City Public Schools (ACPS) received steady general fund increases amounting to 12.4% over the period, student enrollment increased by 38%.

Recommendations:

- Council request the City Manager to investigate the extent to which reduced funding and FTE's decreased services available to citizens, with a focus on the impact of reductions on residents most in need, and continue to monitor the impact of budget reductions in services to meet the needs of Alexandria residents.
- Council request the City Manager to ensure the existence and use of consistent performance measures to better assess the impact of service reductions or increases on important needs the city is trying to address.