McLean Citizens Association

MCA

The Voice of McLean for Over 100 Years

August 17, 2017

Fairfax County Board of Supervisors
Government Center
Fairfax, Virginia 22035

Re: Fairfax County Pension Plan Costs

Dear Board of Supervisors,

On behalf of the McLean Citizens Association (MCA), I am writing to express our continued concerns about the costs of the County's three pension plans for County employees and the potential consequences if the plans are not reformed – potential consequences to the County's financial condition and its ability to fund County employee raises, competitive teacher salaries, and high priority, quality of life services for members of our community.

MCA has issued resolutions over the past several years, most recently on January 4, 2017 and April 5, 2017, addressing the risks of not taking action with respect to the pension plans. Since then, we have seen further evidence that they not financially sustainable.

Fairfax County provides significantly more generous pension benefits than other local governments and school systems in the Washington area - two-thirds more generous than its peer group – which place an increasing financial burden on the County. The County will make annual cash payments to its pension plans of $203 million in FY 2018, an increase of $42 million since FY 2015.

In addition, the County's unfunded debt to the pension plans is $2.3 billion as of June 30, 2016 (most recent available information) and increased $378 million in the year since June 30, 2015. This is also in addition to the $3.3 billion of debt which the County owes to bondholders and other lenders (as reported by Moody's). The Employees' Plan is 70.2% funded as of June 30, 2016 (under Government Accounting Standards).

The County's annual cash payments to the pension plans and its unfunded debt will continue increasing and, by definition, continue to increasingly crowd out salary increases, competitive teacher salaries, and critical educational, public safety, park, recreation, library and human service priorities.

The financial challenges caused by the County's overly generous pension plans are the same as companies, states and local governments have faced across the country, and the results are well known: the loss of high credit ratings, a financial crisis, and a lowering of the quality of life.

Making minor tweaks to the pension plans in the short term is relatively easy. But deferring hard decisions does the County itself, our teachers, other employees, and our neighbors and their children a disservice. By 2030 or 2040, they would all suffer the consequences.

At your meeting on June 13, the Board of Supervisors Personnel Committee agreed to meet again on October 3, 2017 to consider changes to the County's three pension plans. MCA urges the Board of Supervisors to make meaningful changes to the pension plans to reduce the growth in the County's future benefit payments. We recommend that this include ending the Pre-Social Security Supplement for new hires and recently hired employees who do not have vested retirement benefits. And we recommend that the Board of Supervisors implement these changes as part of the FY 2019 Budget.

Sincerely,

Original signed by

Dale Stein
President, McLean Citizens Association

Copies to:
Fairfax County Board of Supervisors
John Foust, Dranesville District Supervisor
Edward Long, Fairfax County Executive
Jane Edmondson, Chief of Staff to John Foust
Jane Strauss, Dranesville District Board Member
Fairfax County School Board
Scott Braband, Superintendent