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Testimony of Supervisor Jeffrey C. McKay
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Before the House Committee on Oversight and Government Reform's
Subcommittee on Intergovernmental Affairs
“Unfunded Mandates: Examining Federally Imposed Burdens on State
and Local Governments”
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Good morning, Chairman Palmer, Ranking Member Demings and Members of the Subcommittee. Thank you for the opportunity to testify today to discuss the challenges facing local governments as a result of unfunded mandates.

My name is Jeff McKay, and I serve as both the Budget Committee Chairman and the Legislative Committee Chairman on the Fairfax County Board of Supervisors. I would like to begin by telling you about Fairfax County. Many of you are probably familiar with us because of the time you spend in the National Capital Region, and some of you may even live in Fairfax County. You may shop at Tyson's Corner Mall or Springfield Town Center, attend concerts at Wolf Trap, dine at Reston Town Center, visit historical sites like Mount Vernon or see the Space Shuttle Discovery at the Smithsonian's National Air and Space Museum's Udvar-Hazy Center. Though we were once a farming community, today Fairfax County is the largest jurisdiction in the Washington, D.C. area and in the Commonwealth of Virginia, with a highly diverse population of 1.1 million. Fairfax County Public Schools (FCPS) is consistently rated among the best school systems in the nation, and we are home to several Fortune 500 companies, as well as businesses of all sizes.

We also have a strong partnership with the federal government – in a recent U.S. Department of Defense (DOD) report, the Commonwealth of Virginia ranked first in defense spending, with a total of \$54.7 billion in FY 2014 (including \$38 billion in contract spending and \$16.6 billion in defense payrolls). Within the Commonwealth, Fairfax County is the top defense spending location, with \$19.1 billion in defense expenditures. Nearly 30,000 defense personnel are located in Fairfax County, in addition to many other federal employees. We value the close relationship we have with the federal government, and are even seeking to expand it with the potential relocation of the FBI Headquarters to Springfield – a top priority for me personally, as that site is located in the Lee District which I represent. We are very much your partners, and we are exceedingly proud of that relationship.

However, our needs are great as well. Fairfax County is often described as a wealthy community, and it is true that we are very fortunate. But we also have many individuals and families who are struggling. We have approximately 70,000 people living in poverty, and our average monthly caseload for Food Stamps is over 24,000 (a 109 percent increase since FY 2008). This school year, nearly 51,000 students in our public schools qualify for free and reduced lunch, and we have 45 schools where 50 percent or more of the student body qualifies for free and reduced lunch. Only five school divisions in Virginia have more total students than our free and reduced lunch population. These are truly sobering numbers, and ones we grapple with as we try to meet the funding needs of our community.

As has often been said, local government is the level of government that is closest to the people. We directly impact the daily lives of our residents. They share their thoughts with us in the grocery store, at neighborhood parks or libraries, when we are taking our children to school, and increasingly, through social media. We address issues big and small – from funding our public schools and keeping our communities safe and healthy to ensuring that streetlights are operating properly or that residents have the appropriate permit for the deck they are building in the backyard – because even the seemingly small issues are important. A lack of functioning streetlights can be dangerous for drivers and pedestrians and can make a neighborhood look unkempt, driving down property values and increasing crime, and that deck could be built incorrectly, potentially causing severe injuries in the case of a collapse. The decisions we make and the services we provide are critically important to our residents.

Unfortunately, we are often also the level of government with the fewest revenue options, making it even more difficult to address an increasing list of federal and state mandates. In Fairfax County, we estimate that the County's total expenditures on federal and state mandates were approximately \$1.4 billion in FY 2016, with a net fiscal impact to the County of \$834 million (reflecting the portion of the mandates unfunded by the federal and state governments). Of course, we often support the policy goals the mandates seek to achieve, from limitations on class sizes to following clean air standards and providing services to the most vulnerable residents in our communities. But mandates often prescribe not only what we must do but also how we must do it, though they rarely include sufficient funding to carry out those requirements.

In Virginia, localities are even more limited than in many other states, as Virginia is a strict adherent to something called the Dillon Rule, a doctrine of limited authority for local governments and derived from the writings of John Forrest Dillon (a 19th century judge and lawyer). As a result, Fairfax County (and all other Virginia local governments) only has those powers granted expressly by the General Assembly, which includes very limited revenue authority and leads to an over-reliance on property taxes to fund government services. This creates substantial difficulties, as our housing market has not fully recovered from the national recession that has been slow to recede. Virginia also provides much less funding to localities than many other states, ranking 38th nationally in state per pupil funding for K-12, relying on localities to fill the gaps – in Fairfax County the state provides only 23 percent of the funding for our public school system, while we

contribute approximately 72 percent through local dollars. Virginia also ranks near the bottom of states in funding for the social safety net, particularly in the area of Medicaid eligibility and services offered, and addressing those deficits further strains our local revenues. Local governments in Northern Virginia also contribute heavily to the Washington Metrorail system – while we strongly support efforts to improve safety and reliability at Metro, we simply do not have the resources at the local level to dramatically increase our investments while also maintaining the level of financial support Metro needs to strengthen and restore its overall system.

The challenges we face as a result of unfunded mandates would be exacerbated if the recent budget proposal put forth by the Trump Administration were enacted, further limiting our ability to meet the needs of our residents. To begin with, as I mentioned, Fairfax County is strongly connected to the federal government – what affects you ultimately affects us. Dramatic reductions in federal operations could lead to dramatic consequences. A recent study by the Stephen S. Fuller Institute at George Mason University has projected a decrease of 20,000 to 24,600 federal jobs in the Washington region, removing between \$2.3 billion and \$2.7 billion in federal salaries from the economy. The study also projects a decrease of \$800 million to \$1.2 billion in federal procurement spending, resulting in a loss of up to 12,000 private sector contracting jobs. Our local economy, which has been so slow to recover, could not absorb such losses and the effects would likely be catastrophic.

The Trump budget proposal also raises serious concerns about the critical programs and services we provide with essential federal funding. For example, the proposed elimination of both the Community Development Block Grant (CDBG) and the Home Investment Partnerships (HOME) programs would cost Fairfax County approximately \$6.4 million per year. That funding supports vital community services and rental subsidy programs that allow low-income and moderate-income individuals to live in Northern Virginia, where the cost of living is very high. Such cuts could also reduce the amount of affordable housing available for people striving to escape homelessness – in Fairfax County we believe that permanent housing, combined with supportive services, is the first step in helping people achieve self-sufficiency more quickly, and affordable housing is an intrinsic part of that strategy. The President has also proposed eliminating funding for restoration of the Chesapeake Bay – the largest estuary in the United States and the third largest in the world – jeopardizing the on-going efforts and investments made by all levels of government to clean up the Bay. This national treasure is home to 3,600 species of plants and animals, as well as 18 million people who live in the Chesapeake Bay watershed, and the Bay and its tidal tributaries have more miles of shoreline than the entire U.S. west coast (11,684 miles). Also eliminated would be funding for the Impact Aid program, which seeks to offset the costs to communities for federally connected children in our public school system – such an action is particularly upsetting as that program is already significantly underfunded and certainly does not adequately provide for the more than 18,000 federally connected children we serve in Fairfax County Public Schools. To illustrate the problem, in FY 2017 Fairfax County Public Schools expects to receive approximately \$3.2 million in Impact Aid, which

covers only 11 percent of the costs of educating such children (if this program were fully funded, we would receive an additional \$21.9 million in FY 2017).

Consideration of such massive cuts is alarming, as we can point to so many successes where federal contributions were integral. For example, in the area of transportation, which is proposed to be reduced by 13 percent, some excellent projects would not have been possible without our federal partners. One of the largest transit projects in the nation, construction of the 23-mile Metrorail Silver Line, will connect Dulles Airport to the regional Metro system. Phase 1 opened nearly three years ago and runs through Tysons into Reston, and Phase 2 is tentatively scheduled to open in 2020, which will complete the project by connecting Dulles Airport and Loudoun County to the system. This \$6 billion project received \$975 million in federal funds, including \$900 million in New Starts for Phase I – funding which may no longer exist under the Trump budget proposal – and a \$1.9 billion Transportation Infrastructure Finance and Innovation Act (TIFIA) loan for Phase 2. Federal funding also played a key role in funding improvements for the Fairfax County Parkway – a major County roadway that directly serves Fort Belvoir. This important road improvement project, undertaken in part to prepare for the transfer of 13,000 Department of Defense (DOD) employees to Fort Belvoir as part of 2005 recommendations by the Defense Base Closure and Realignment Commission (BRAC), received substantial federal funding for two phases, which were completed with \$60 million from the American Recovery and Reinvestment Act (ARRA). Another critical partnership project that is currently underway is the widening of U.S. Route 1, which is literally the gateway to Fort Belvoir, an installation twice the size of the Pentagon. These improvements are necessary to improve traffic flow and access to a new Army Hospital located on the base; \$180 million for this project was appropriated under the Defense Access Roads program administered by the DOD Office of Economic Assistance (OEA). Finally, the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) authorized federal support of \$1.5 billion for Metro over ten years to address the system’s urgent capital and safety needs, with an equal share provided by the region – continuation of that federal funding is critical to improving Metro, which is such a vital mode of transportation for many federal employees. I hope we can all agree that now is not the time to pull back on our funding commitment to Metro, but rather it is time to develop a serious plan, which must include adequate funding, to restore a transit system that is fundamentally important to this region.

As I prepared my testimony for today’s hearing, I thought a great deal about the concept of unfunded mandates. As I mentioned earlier, many of the mandates we struggle with come with insufficient funding to carry them out, but they are also often overly prescriptive in terms of what we are required to do to satisfy them. If such mandates were eliminated there may be many similar concepts that we in Fairfax County would choose to continue to pursue as the right thing to do, because providing our children with a high quality education, protecting our environment, keeping our community safe and providing essential services to our most vulnerable residents are all high priorities for us. However, the way in which we would carry out those activities might be completely different, and that could vary from community to community – my suburban, densely populated locality may find solutions that are different than those that

would work in a more rural, less populated area, which is as it should be. But solutions without funding are destined to fail, and it is essential that we receive appropriate contributions from our federal and state funding partners, while also being empowered with the tools we need to diversify our revenues and strike the appropriate balance for our communities. Conversely, some requirements must be maintained – it is correctly the federal government’s role to set priorities for overarching issues of national importance. The decision to protect and preserve our environment and conserve our natural resources, for instance, should not be optional, because success cannot be achieved if we do not each do our part. Such priorities require all of us to work together to create a better legacy for generations to come. The playing field should be level and fair, but it should also be collaborative and should allow for local innovation and creativity.

A 2016 report by the National Association of Counties (NACo) encapsulates the challenges faced by local governments throughout the nation, stating: “In some cases, the state seemingly demands the impossible: fulfillment of the mandates while prohibiting counties from even developing revenue streams to pay for these mandates on their own. Adding further complexity to these pressures are the oft-incongruent demands of the electorate; the clamor for more expansive services occurs simultaneously with an insistence for a lightened tax burden.” These are the trials I confront everyday as I try to serve my community, and your willingness to examine these issues and help us find solutions is much appreciated. Thank you again for the opportunity to testify here today.