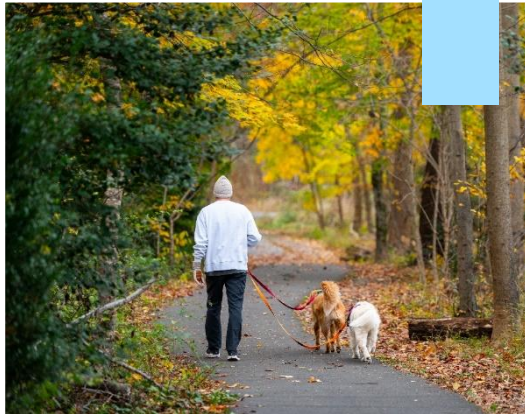




# FY 2023 County and Schools Advertised Budgets

## Joint Meeting of the Board of Supervisors and School Board

March 1, 2022



# FY 2023 ADVERTISED BUDGET CONTEXT

- With recruitment and retention challenges at the forefront, this budget prioritizes compensation for County and Schools employees
- Integrates investments with those being made using the almost \$700 million received in stimulus funding
- Growth in Real Estate and Personal Property assessments are significant, and mitigating the impact on residents will be the focus of future discussions
- Adjustments are in alignment with the Priority Areas as outlined in the Countywide Strategic Plan

# FY 2023 ADVERTISED BUDGET HIGHLIGHTS

- Built on existing Real Estate Tax rate of \$1.14 per \$100 of assessed value
  - Based on equalization, results in an increase in the average tax bill of approximately \$666
- Includes balance of \$80 million for the Board's consideration, including for a potential reduction in the Real Estate Tax rate
- Fully funds School Operating request as included in the School Board's Advertised Budget
- Includes funding for full County compensation program
  - 4.01% Market Rate Adjustment
  - Performance, Merit and Longevity Increases, including a new 25-Year Longevity for Uniformed Public Safety
  - Adjustments associated with Market Studies
- Funds investments in Board priorities such as Affordable Housing, Diversion First, Opioid Use Prevention Efforts, Public Safety staffing, and the new Language Access Program
  - Includes baseline funds for previously-approved initiatives, such as the Co-Responder Program and School Health Nurse positions initially funded with stimulus funds
  - Includes increase of 109 positions, primarily for new facilities, the continuation of previous initiatives, and workload requirements
- Begins to implement recommendations from the Joint County/Schools Capital Improvement Program Committee
  - Allocates a total of \$5 million – shared equally between County/Schools – for Capital Paydown

# FY 2023 REVENUE OVERVIEW

## County Revenue

Revenue Category	Change from FY 2022 (\$ in millions)
Real Estate Property Taxes <sup>1</sup>	\$248.28
Personal Property Taxes <sup>2</sup>	\$80.07
Local Sales Tax	\$14.22
Permits, Fees and Regulatory Licenses <sup>3</sup>	(\$41.67)
BPOL Taxes	\$10.81
Investment Interest	\$4.52
Other Revenue	\$13.23
<b>Total FY 2023 Projected Revenue Increase</b>	<b>\$329.46</b>

<sup>1</sup> Reflects revenues assume current Real Estate Tax rate of \$1.14 per \$100 of assessed value

<sup>2</sup> Does not reflect additional revenue of \$83 million projected after development of Advertised Budget based upon updated vehicle assessments

<sup>3</sup> Reduction primarily due to the shifting of the Land Development Services agency to a new special revenue fund

## Schools Revenue

Revenue Category	Change from FY 2022 (\$ in millions)
County Transfer Request	\$112.6
Sales Tax and State Aid	\$87.9
Federal	(\$272.0)
Beginning Balance and Other Revenue	(\$7.1)
<b>Total FY 2023 Projected Revenue Increase</b>	<b>(\$78.5)</b>

# REAL ESTATE TAX BASE

- The projected value of 1 Penny on the Real Estate tax rate equals \$29.37 million in revenue in FY 2023
- The Commercial/ Industrial percentage of the total real estate assessment base decreased from 18.17% in FY 2022 to 17.00% in FY 2023

	2011	2012	2013	2014	2015	2016	2017
Equalization	(8.98%)	2.67%	2.53%	2.63%	4.84%	2.40%	1.94%
- Residential	(5.56)	2.34	0.71	3.50	6.54	3.39	1.64
- Nonresidential	(18.29)	3.73	8.21	0.14	(0.10)	(0.60)	2.87
Growth	(0.22)	0.60	0.74	0.77	0.93	1.06	1.04
<b>TOTAL</b>	<b>(9.20%)</b>	<b>3.27%</b>	<b>3.27%</b>	<b>3.40%</b>	<b>5.77%</b>	<b>3.46%</b>	<b>2.98%</b>

	2018	2019	2020	2021	2022	2023	2024 Prelim
Equalization	0.97%	2.58%	2.45%	2.71%	2.02%	7.72%	2.50%
- Residential	0.68	2.17	2.36	2.65	4.25	9.57	3.00
- Nonresidential	1.85	3.79	2.71	2.87	(4.05)	2.27	1.00
Growth	0.92	1.01	1.15	1.05	0.86	0.85	0.60
<b>TOTAL</b>	<b>1.89%</b>	<b>3.59%</b>	<b>3.60%</b>	<b>3.76%</b>	<b>2.88%</b>	<b>8.57%</b>	<b>3.10%</b>

# PERSONAL PROPERTY TAX

- The ongoing disruption in supply chains and the manufacturing of technological components has caused used and new car prices to continue to soar
- Vehicle values as of January 1, 2022 are even higher than the level already assumed in the FY 2023 Advertised Budget Plan
- Revenue projections based on November 2021 values assumed an increase in the average vehicle levy of 15.5% while updated information from JD Power for January 1, 2022 suggests an increase of over 33%
- With no changes to the Personal Property Tax rate or the methodology used to value vehicles for assessment purposes, the average vehicle levy for the taxpayer will increase by about \$181 while revenues will increase by \$83 million beyond what is included in the Advertised Budget
- Staff will discuss options with the Board of Supervisors at an upcoming Budget Committee meeting



**Adjustments  
included in the  
FY 2023  
County and  
Schools  
Advertised  
Budgets**

Amounts shown are in  
millions, net change over  
FY 2022 Adopted Budget  
Plans

	County	Schools	Total
<b>Available Revenue Increase</b>			
Revenue Increase at Current Real Estate Tax rate	\$271.43	\$117.90	\$389.33
Enhanced Tax Relief for Seniors and Disabled	(\$12.25)	--	(\$12.25)
Revenues directed to Affordable Housing	(\$5.00)	--	(\$5.00)
Land Development Services Revenues transferred to New Fund	(\$42.62)	--	(\$42.62)
Net Impact of Transfers In	\$0.71	--	\$0.71
Additional Schools Revenue	--	\$80.75	\$80.75
One-Time Schools Federal Revenue (ESSER)	--	(\$272.00)	(\$272.00)
<b>Total Available</b>	<b>\$212.27</b>	<b>(\$73.35)</b>	<b>\$138.92</b>
<b>FY 2023 Requirements</b>			
Compensation (Pay and Benefits)	\$102.48	\$150.80	\$253.28
Debt Service	\$2.36	\$2.75	\$5.11
Joint County/Schools CIP Committee Recommendations	\$2.50	\$2.50	\$5.00
Lifelong Education and Learning	\$0.14	\$43.20	\$43.34
Health	\$15.05	--	\$15.05
Mobility and Transportation	\$12.25	--	\$12.25
Effective and Efficient Government	\$12.12	--	\$12.12
Empowerment and Support for Residents Facing Vulnerability	\$10.66	--	\$10.66
Safety and Security	\$6.57	--	\$6.57
Cultural and Recreational Opportunities	\$4.75	--	\$4.75
Economic Opportunity	\$2.34	--	\$2.34
Housing and Neighborhood Livability	\$1.52	--	\$1.52
Environment	\$0.96	--	\$0.96
Land Development Services Expenditures transferred to New Fund	(\$42.62)	--	(\$42.62)
Agency Reductions and Savings	(\$3.24)	--	(\$3.24)
One-Time ESSER Funding	--	(\$272.60)	(\$272.60)
<b>Subtotal</b>	<b>\$127.84</b>	<b>(\$73.35)</b>	<b>\$54.49</b>
Reserve Adjustments	\$5.17	--	\$5.17
<b>Total Uses</b>	<b>\$133.01</b>	<b>(\$73.35)</b>	<b>\$59.66</b>
<b>Available Balance</b>	<b>\$79.26</b>	<b>\$0.00</b>	<b>\$79.26</b>

# JOINT COUNTY/SCHOOLS CIP COMMITTEE

- The final report from the Joint County/Schools Capital Improvement Program (CIP) Committee was released in October 2021 and endorsed by the Board of Supervisors on December 7, 2021 and by the School Board on February 10, 2022
- Recommendations from Committee included:
  - Increase in the annual bond sale limit from \$300 to \$400 million
    - ✦ Would occur gradually beginning with a \$50 million increase (split evenly between County/Schools) in January 2023
    - ✦ Second \$50 million increase (split evenly) would occur in January 2025
  - Dedication of the equivalent of one penny on the Real Estate Tax rate to be utilized for debt service payments on the increased sales and to increase Capital Paydown investments
  - Increase in the percentage allocated to the Capital Sinking Fund at year-end, with Schools included in the allocation



# CAPITAL RECOMMENDATIONS

- In accordance with the recommendations from the Joint CIP Committee, bond sales planned for January 2023 are increased by \$25 million each for the County and Schools.

	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
County	\$120m	\$145m	\$145m	\$170m
Schools	180m	205m	205m	230m
<b>Total</b>	<b>\$300m</b>	<b>\$350m</b>	<b>\$350m</b>	<b>\$400m</b>

- Based on resource constraints, the equivalent of a full penny is not included in the FY 2023 proposal
  - A \$5 million investment – split evenly between the County and Schools – is included
- As no additional debt service requirements are required in FY 2023 for the increased January 2023 bond sales, this investment would be utilized for Capital Paydown
- Recommend gradually increasing investment over time

# FY 2023 BUDGET TIMELINE

	COUNTY DATES	SCHOOLS DATES	STATE DATES
Joint County/Schools Budget Committee Meeting	March 1, 2022	March 1, 2022	
Board of Supervisors advertises FY 2023 tax rates	March 8, 2022		
Last Day for Governor’s action on legislation by midnight			April 11, 2022
Board of Supervisors holds public hearings on FY 2023 Budget	April 12-14, 2022		
Board of Supervisors marks up FY 2023 Budget	April 26, 2022		
School Board FY 2023 Approved Budget presented for new business		April 28, 2022	
School Board holds public hearings on budget		May 5, 2022	
Board of Supervisors adopts FY 2023 Adopted Budget	May 10, 2022		
School Board conducts budget work session		May 10, 2022	
School Board adopts FY 2023 Approved Budget		May 26, 2022	
FY 2023 Budget Year begins	July 1, 2022	July 1, 2022	July 1, 2022

# LOOKING FORWARD

- County and School staff will continue to monitor revenues and General Assembly actions
- County and School staff will continue to maximize stimulus resources as appropriate
- Looking ahead to FY 2024....
  - Trajectory of pandemic and continuing economic impacts are unknown
  - Recruitment and retention will likely remain a challenge for some time
  - Collective bargaining agreements will be incorporated