



BUDGET OVERVIEW

Joint Retreat of the
Board of Supervisors
and School Board

January 17, 2024


Fairfax County
PUBLIC SCHOOLS
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FY 2025 Consolidated Budget Dates

	COUNTY DATES	SCHOOLS DATES	STATE DATES
Governor introduces state budget			December 20, 2024
Superintendent releases FY 2025 Proposed Budget		February 8, 2024	
School Board holds public hearings on budget		February 13, 2024 (February 20 if needed)	
State money committees to complete action on budget bill			February 18, 2024
County Executive presents FY 2025 Advertised Budget	February 20, 2024		
School Board adopts FY 2025 Advertised Budget		February 22, 2024	
Joint County/Schools Budget Committee Meeting	February 27, 2024	February 27, 2024	
Last day to act on state budget bills and appoint budget conferees			February 28, 2024
Board of Supervisors advertises FY 2025 tax rates	March 5, 2024		
General Assembly Session adjourns sine die			March 9, 2024
Last Day for Governor's action on legislation by midnight			April 8, 2024
Board of Supervisors holds public hearings on FY 2025 Budget	April 16-18, 2024		
Board of Supervisors marks up FY 2025 Budget	April 30, 2024		
Board of Supervisors adopts FY 2025 Adopted Budget	May 7, 2024		
School Board holds public hearings on budget		May 14, 2024	
School Board adopts FY 2025 Approved Budget		May 23, 2024	
FY 2025 Budget Year begins	July 1, 2024	July 1, 2024	July 1, 2024

County Policies & Process

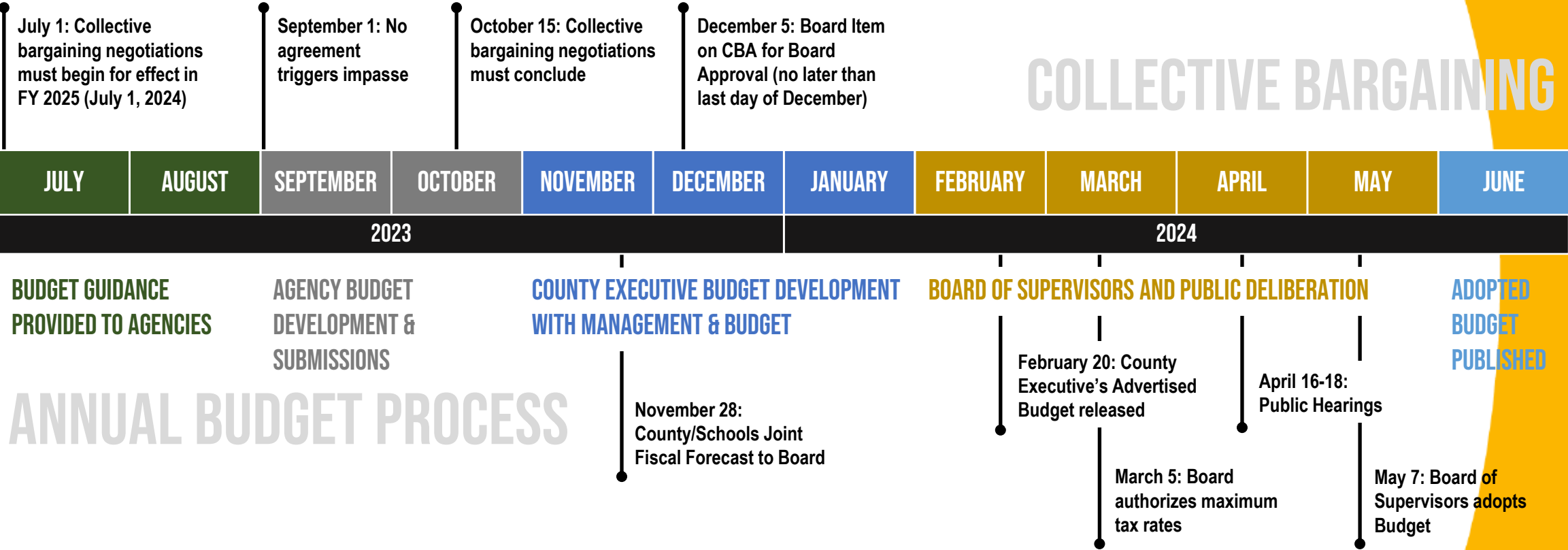
Ten Principles of Sound Financial Management

- Statement of Board's commitment to the County's financial policies
 - Adopted in 1975, last amended in 2022
- Essential for maintaining the Triple A credit rating
- Recent amendments include:
 - Increasing the County's reserve target from 5% to 10% of County disbursements
 - Increasing the County's annual bond sale limit from \$300 to \$400 million per year
 - Schools from \$180 to \$230 million; County from \$120 to \$170 million (average)
- Establishes limits to borrowing and debt ratios
 - Annual debt service expenditures not to exceed 10% of total disbursements
 - Net outstanding debt not to exceed 3% of total assessed value
- Directs that non-recurring funds at quarterly reviews be directed to capital expenditures to the extent possible

County Bond Ratings

- Ratings History
 - AAA from Moody's Investor Services since 1975
 - AAA from Standard & Poor's (S&P) since 1978
 - AAA from Fitch since 1997
- Fairfax is one of only 47 counties in the country with a Triple-A bond rating from all three rating agencies
 - Allows the County to finance capital needs with lower interest rates, helping the County save millions of dollars

County Collective Bargaining and Budget Timelines



FCPS Process

Budget Development Process

- The budget development process is a collaborative process involving many stakeholders.
- The budget planning process includes seeking guidance from the School Board members on priorities.
- The Superintendent prepares a needs-based budget, incorporating School Board guidance and alignment with Strategic Plan Goals.
 - *Virginia Code, Section 22.1-92 mandates that it is the duty of the Superintendent to prepare a budget with an estimate of the amount of money deemed to be needed to support the school division. This is commonly referred to as a “needs-based budget.”*

State Budget Update

State Budget Update

- The Governor's Introduced Budget was released on December 20, 2023
 - Routine biennial rebenchmarking
 - Updates Standards of Quality (SOQ) and other direct aid programs
 - Updates employer contribution rates for the Virginia Retirement System (VRS)
 - Updates Sales Tax Projections
 - Recalculation of the Local Composite Index (LCI). FCPS' LCI increased from 0.6532 to 0.6579
 - Proposed Policy Changes
 - Eliminates the Grocery Sales Tax Hold Harmless and expands Sales Tax Base
 - Compensation
 - 1% bonus in FY 2025
 - 2% compensation increase in FY 2026
 - Expands reading specialist staffing standard
 - Eliminates the Virginia Preschool Initiative (VPI) local composite index cap
 - Does not include funding to address JLARC recommendations

State Budget Update

- Other Proposed K-12 Initiatives
 - College Partnership Laboratory Schools Fund
 - Funds support operational per pupil grant funds for programs that have signed a contract with Board of Education
 - Diploma Plus Grants
 - Provides grants to high school students to support attainment of high-demand industry recognized credentials
 - One-time payment to VRS for Teacher Retirement
 - Shifts Literary Fund support for teacher retirement contributions

Debt & CIP Overview

Joint County/Schools CIP Committee

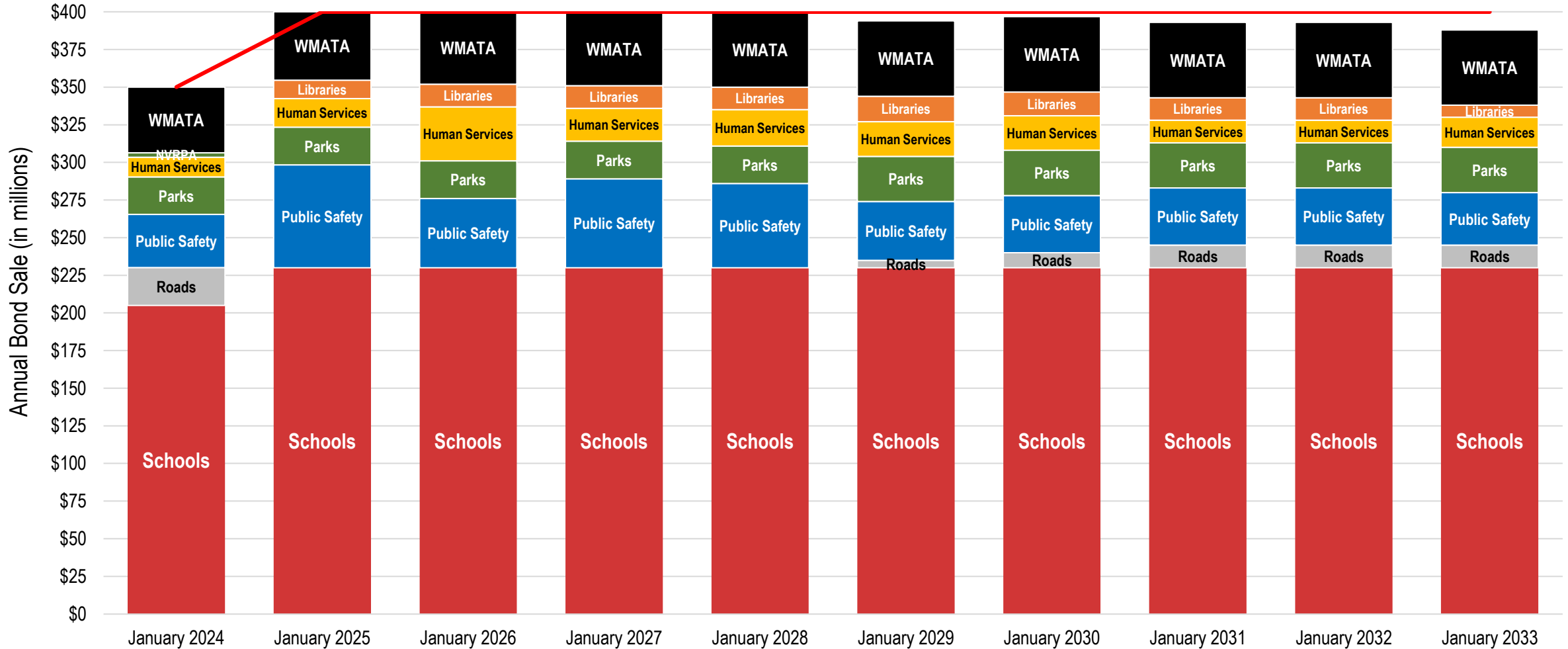
- The final report of the Joint County/Schools CIP Committee was approved by the Board of Supervisors on December 7, 2021
- Recommendations from the Committee included:
 - Gradual increase in annual General Obligation bond sale limits from \$300 to \$400 million
 - \$50 million increase (split evenly between County/Schools) was sold as recommended in January 2023
 - Second \$50 million increase is planned for January 2025
 - Dedication of the equivalent value of one penny on the Real Estate Tax rate to be utilized for debt service payments and to increase Capital Paydown investments – not yet fully implemented
 - Increase the Capital Sinking Fund from 20 to 30 percent of year-end balances, with Schools included in the allocation – first implemented as part of *FY 2022 Carryover Review*

Bond Referenda Chart

Year	Category	Description	Total
Fall 2024	County	Public Safety WMATA	\$168 mil \$180 mil \$348 mil
Fall 2025	Schools	Capital Enhancement, Renovation, Infrastructure Management	\$460 mil
Fall 2026	County	Human Services Libraries Park Authority	\$125 mil \$44 mil \$180 mil \$349 mil
Fall 2027	Schools	Capital Enhancement, Renovation, Infrastructure Management	\$460 mil

Source: FY 2024 – FY 2029 Adopted Capital Improvement Program

Projected Bond Sales with Future Referenda



Discussion