

FY 2025 County and Schools Advertised Budgets



Joint Meeting of the Board of Supervisors and School Board • February 27, 2024

FY 2025 County Advertised Budget Highlights

- Modest revenue growth, with real estate tax base increasing 2.73 percent
- Partially funds the School Board's Advertised Budget
 - JLARC study highlighted the need for additional state funding for Virginia schools
- Includes funding for the County's compensation program
 - Fully funds collective bargaining agreements with IAFF and SSPBA
 - Performance, Merit and Longevity Increases and 2.00% Market Rate Adjustment for non-represented employees
- Adjustments included for required debt service payments
- Metro and Connector funding based on preliminary estimates
- Funding these items requires a 4-cent increase in the Real Estate Tax rate to \$1.135 per \$100 of assessed value
- All other County priorities are offset by agency reductions and revenue enhancements
 - Reductions and revenue enhancements total \$36 million and 84 positions
 - User fees and indirect cost chargebacks adjustments increase by a net of \$3 million
 - Targeted investments for inflationary increases and Board priorities including parks and early childhood totaling \$39 million, net of revenue, and 42 merit positions

FY 2025 Revenue Overview

COUNTY REVENUE

| Revenue Category | Change from FY 2024 ¹ (\$ in millions) |
|-------------------------------------------------|---------------------------------------------------------|
| Real Estate – Current ² | \$228.32 |
| Personal Property – Current | \$68.91 |
| Local Sales Tax | (\$1.42) |
| BPOL – Current | \$10.21 |
| Investment Interest | \$28.29 |
| Other Revenue | \$28.91 |
| Total FY 2024 Projected Revenue Increase | \$363.22 |

¹ Revenue change is shown compared to the FY 2024 Adopted Budget Plan.

² Based on proposed Real Estate Tax rate of \$1.135 per \$100 of assessed value.

SCHOOLS REVENUE

| Revenue Category | Change from FY 2024 (\$ in millions) |
|-------------------------------------------------|--------------------------------------------|
| County Transfer Request ³ | \$254.03 |
| Sales Tax and State Aid | \$42.20 |
| Federal | \$2.30 |
| Beginning Balance and Other Revenue | \$3.29 |
| Total FY 2024 Projected Revenue Increase | \$301.82 |

³ Reflects the operating transfer increase requested by the Schools in its FY 2025 Advertised Budget. The County's FY 2025 Advertised Budget Plan proposes an operating transfer increase of \$165.0 million.

Real Estate Tax Base

The projected value of 1 Penny on the Real Estate tax rate equals \$32.32 million in revenue in FY 2025

A Real Estate tax rate of \$1.135 results in an increase in the average tax bill of just over \$524

The Commercial/ Industrial percentage of the total real estate assessment base decreased from 16.16% in FY 2024 to 15.58% in FY 2025

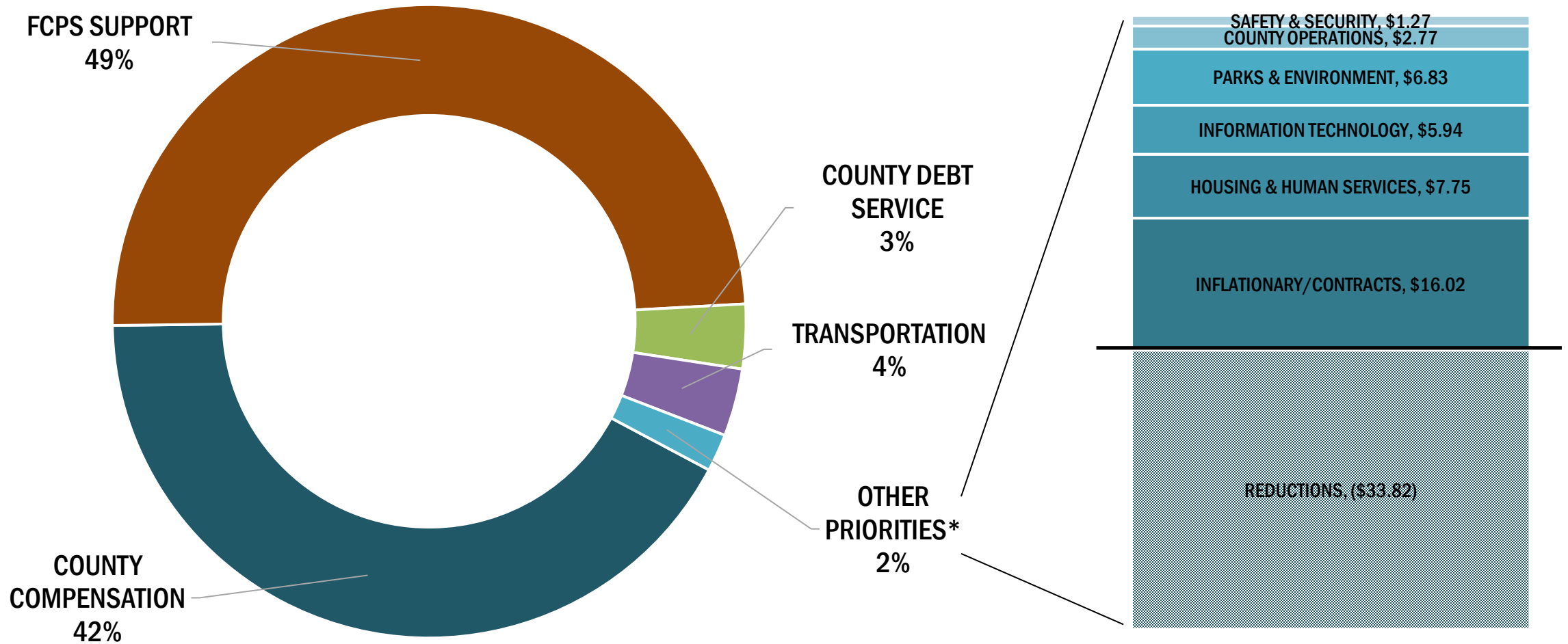
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equalization | 2.45% | 2.71% | 2.02% | 7.72% | 5.68% | 1.91% |
| - Residential | 2.36 | 2.65 | 4.25 | 9.57 | 6.97 | 2.86 |
| - Nonresidential | 2.71 | 2.87 | (4.05) | 2.27 | 1.65 | (1.24) |
| Growth | 1.15 | 1.05 | 0.86 | 0.85 | 0.91 | 0.82 |
| TOTAL | 3.60% | 3.76% | 2.88% | 8.57% | 6.59% | 2.73% |

Adjustments Included in the FY 2025 County and Schools Advertised Budgets

Amounts shown are in millions, net change over FY 2024 Adopted Budget Plans

| Projected Revenue Increase | | | |
|---------------------------------------------------------------|-----------------|------------------|----------------|
| | County | Schools | Unallocated |
| Projected Revenue Increases | | | |
| - Revenue Increase at Current Real Estate Tax Rate (\$225.57) | \$171.53 | \$173.90 | \$10.71 |
| - 4 Cent Real Estate Tax Rate Increase (\$129.28) | | | |
| - Cigarette Tax Increase (\$1.29) | | | |
| County Fee Adjustments | \$2.74 | -- | -- |
| Revenues associated with Expenditure Adjustments | \$3.86 | -- | -- |
| Net Impact of Transfers In | \$0.48 | -- | -- |
| Additional Schools Revenue | -- | \$47.79 | -- |
| Total Available | \$178.61 | \$221.69 | \$10.71 |
| FY 2025 Requirements | | | |
| | County | Schools | Unallocated |
| Compensation (Pay and Benefits) | \$148.10 | \$219.37 | -- |
| Debt Service | \$11.60 | \$8.90 | -- |
| Transportation | \$12.15 | -- | -- |
| Enrollment Growth | -- | \$46.60 | |
| Other Priorities | \$6.76 | \$35.85 | -- |
| Subtotal | \$178.61 | \$310.72 | \$0.00 |
| Reserve Adjustments | -- | -- | \$6.88 |
| Total Uses | \$178.61 | \$310.72 | \$6.88 |
| Available Balance | \$0.00 | (\$89.03) | \$3.83 |

Allocation of New Spending in FY 2025 Proposal



* The disbursement impact of Other Priorities is completely offset by targeted fee increases and revenues associated with specific expenditure adjustments.

Pay Adjustment Comparisons

| | COUNTY | | | | | SCHOOLS | | | | |
|----------------------------|------------------------|---------------------------------|---------------------------|---------------------------|------------------------|---------------------|-------------------------|--------------------------------------------|--------------------------|----------------------------------|
| | General County (FCERS) | Fire & Rescue Uniformed (FCURS) | Police Uniformed (FCPORS) | Sheriff Uniformed (FCURS) | DPSC Uniformed (FCURS) | Teachers (VRS/ERFC) | Non-Teachers (VRS/ERFC) | Classroom Instructional Support (VRS/ERFC) | Trades/Custodial (FCERS) | Transportation Personnel (FCERS) |
| Proposed FY 2025 | 3.83% | 7.85% | 10.69% | 7.85% | 8.73% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| FY 2024¹ | 7.50% | 7.83% | 12.83% | 7.83% | 7.83% | 7.22% | 7.22% | 7.22% | 7.22% | 7.22% |
| FY 2023 | 6.16% | 9.31% | 9.31% | 9.31% | 18.11% | 6.68% | 6.68% | 6.68% | 6.68% | 8.68% |
| FY 2022 | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 2.00% | 2.00% | 4.24% | 2.00% | 5.70% |
| FY 2021 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 2.32% | 0.00% | 0.00% |
| FY 2020 | 4.10% | 4.35% | 5.85% | 4.35% | 4.35% | 6.36% | 3.76% | 6.24% | 3.76% | 3.76% |
| TOTAL | 22.59% | 30.34% | 39.68% | 30.34% | 40.02% | 28.26% | 25.66% | 32.70% | 25.66% | 31.36% |
| Average | 3.77% | 5.06% | 6.61% | 5.06% | 6.67% | 4.71% | 4.28% | 5.45% | 4.28% | 5.23% |

¹ FCPS included a compensation increase of 2% effective January 1, 2024, based on the 2023 Special Session I General Assembly amendments adopted on September 6, 2023.

Budget Timeline

| | COUNTY DATES | SCHOOLS DATES | STATE DATES |
|--------------------------------------------------------------------|-------------------|-------------------|-------------------|
| 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 |

Looking Forward

- Board of Supervisors will advertise the maximum real estate tax rate on March 5
 - Recommend that the Board include flexibility in the advertised tax rate
 - ✦ Impacts of state budget action on Schools and Metro funding requirements
 - ✦ Metro budget expected to be adopted in late April
 - ✦ Results of Connector collective bargaining negotiations
- Budget Committee meeting on March 12
- Staff will continue to monitor revenues and General Assembly actions and will return to the Board with additional recommendations as part of the Add-On package in April