

Response to Questions on the FY 2006 Advertised Budget Plan

Request By: Chairman Connolly

Question: How much more tax relief could Fairfax County provide to its residents if it received the same percentage of state aid for schools as does Prince William County?

Response: Fairfax County's FY 2006 Advertised Budget includes a General Fund transfer to Fairfax County Public Schools (FCPS) of \$1,561.6 million of which \$1,431.3 million is for the operating budget and \$130.3 million is for debt service. The \$1,431.3 million represents 74.3 percent of the FCPS's \$1,927.1 million operating budget as presented in the Fairfax County Public Schools' FY 2006 Advertised Budget. Projected state revenue to be received is \$228.8 million, which accounts for 11.9 percent of the School's operating budget.

Based on Prince William County Schools' FY 2006 budget, a General Fund Transfer of \$309.9 million from Prince William County accounts for 47.5 percent of the School's \$652.7 million operating budget. State revenue of \$306.9 million or 47.0 percent is expected. The difference in the percent of state revenue received by the respective school districts is primarily determined by the Local Composite Index (LCI). The LCI determines the ratio of the State's standard of quality that the locality will pay. The components of the LCI are each locality's Value of Real Property, Adjusted Gross Income and Sales Tax revenue, which are weighted 50 percent, 40 percent and 10 percent, respectively. The County's LCI is 0.7489, which means that the County is expected to pay approximately \$0.75 out of every one dollar of the state's calculated public education costs. Prince William's LCI is 0.4086.

If FCPS received 47.0 percent of its operating budget from the state, the state would fund approximately \$905.7 million, a difference of \$676.9 from the level currently anticipated of \$228.8 million. This could reduce the County's transfer to \$754.4 million, resulting in a savings of \$676.9 million from the proposed FY 2006 transfer. If the savings from the difference of state funding were applied to tax relief, the County could potentially reduce the residential real estate tax rate by 37.8 cents per \$100 dollars of assessed value based on the value of a penny in FY 2006 of \$17.9 million.