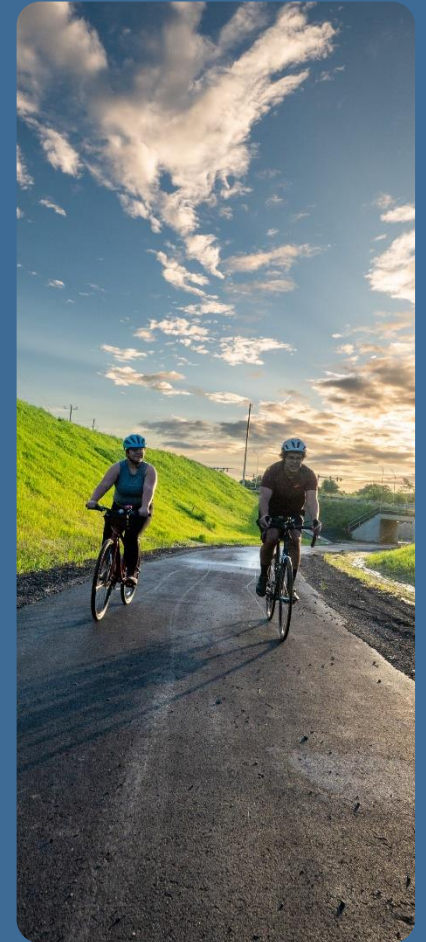




# FY 2025 ADVERTISED BUDGET

## AND THE FY 2025-2029 CAPITAL IMPROVEMENT PROGRAM

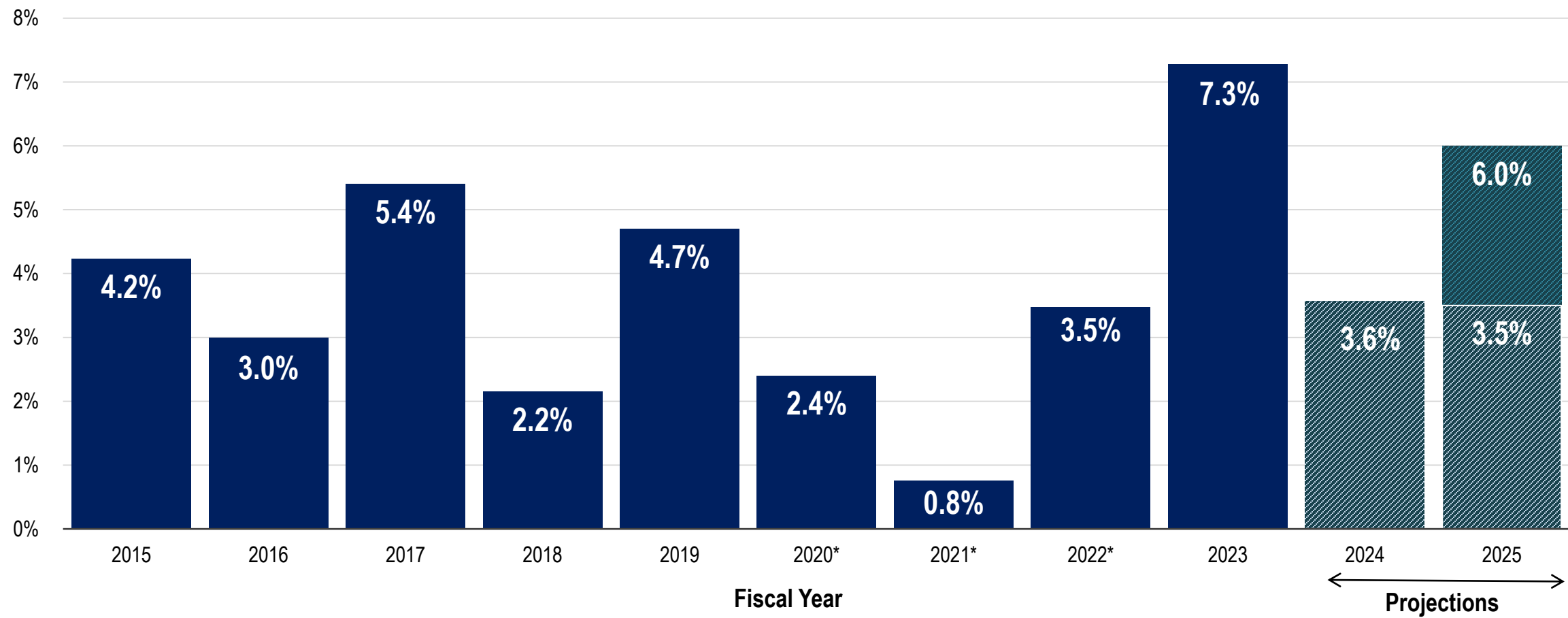


# FY 2025 Advertised Budget Highlights

- Modest revenue growth, with real estate tax base increasing 2.73 percent
- Partially funds the Superintendent's Proposed 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

# Annual Change in General Fund Revenue

FY 2015 – FY 2025



\* Excludes the impact of one-time federal stimulus revenue received in FY 2020, FY 2021, and FY 2022

# Annual Growth in Major Revenue Categories

(Dollars in millions)	FY 2020	FY 2021	FY 2022	FY 2023	Projections	
					FY 2024	FY 2025
Real Estate - Current	\$2,887.0	\$2,997.9	\$3,049.8	\$3,204.0	\$3,362.2	\$3,590.5
Percent Change	3.6%	3.8%	1.7%	5.1%	4.9%	6.8%
Personal Property – Current*	\$634.8	\$627.6	\$658.6	\$738.5	\$721.3	\$785.1
Percent Change	3.0%	(1.1%)	4.9%	12.1%	(2.3%)	8.8%
Sales Tax	\$191.1	\$200.8	\$231.1	\$240.1	\$244.0	\$246.4
Percent Change	2.2%	5.1%	15.1%	3.9%	1.6%	1.0%
BPOL - Current	\$173.8	\$171.3	\$184.3	\$195.0	\$198.0	\$201.9
Percent Change	4.0%	(1.5%)	7.6%	5.8%	1.5%	2.0%
Investment Interest	\$64.1	\$23.0	\$17.2	\$116.3	\$154.4	\$152.8
Percent Change	(7.2%)	(64.2%)	(25.1%)	576.7%	32.8%	(1.1%)
<b>Total General Fund</b>	<b>7.0%</b>	<b>(1.2%)</b>	<b>3.4%</b>	<b>4.8%</b>	<b>3.6%</b>	<b>6.0%</b>

\* Reflects personal property tax assessment ratio of 85% in FY 2023 and 90% in FY 2024

# 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
<b>TOTAL</b>	<b>3.60%</b>	<b>3.76%</b>	<b>2.88%</b>	<b>8.57%</b>	<b>6.59%</b>	<b>2.73%</b>

# FY 2025 Budget Summary

Net County resources are projected to increase by \$363.22 million

Allocation of resources include:

- \$178.61 million for County priorities
- \$173.90 million for Schools
- \$6.88 million for Reserves
- \$3.83 million balance for Board Consideration

Schools are 51.4% of General Fund Disbursements in FY 2025

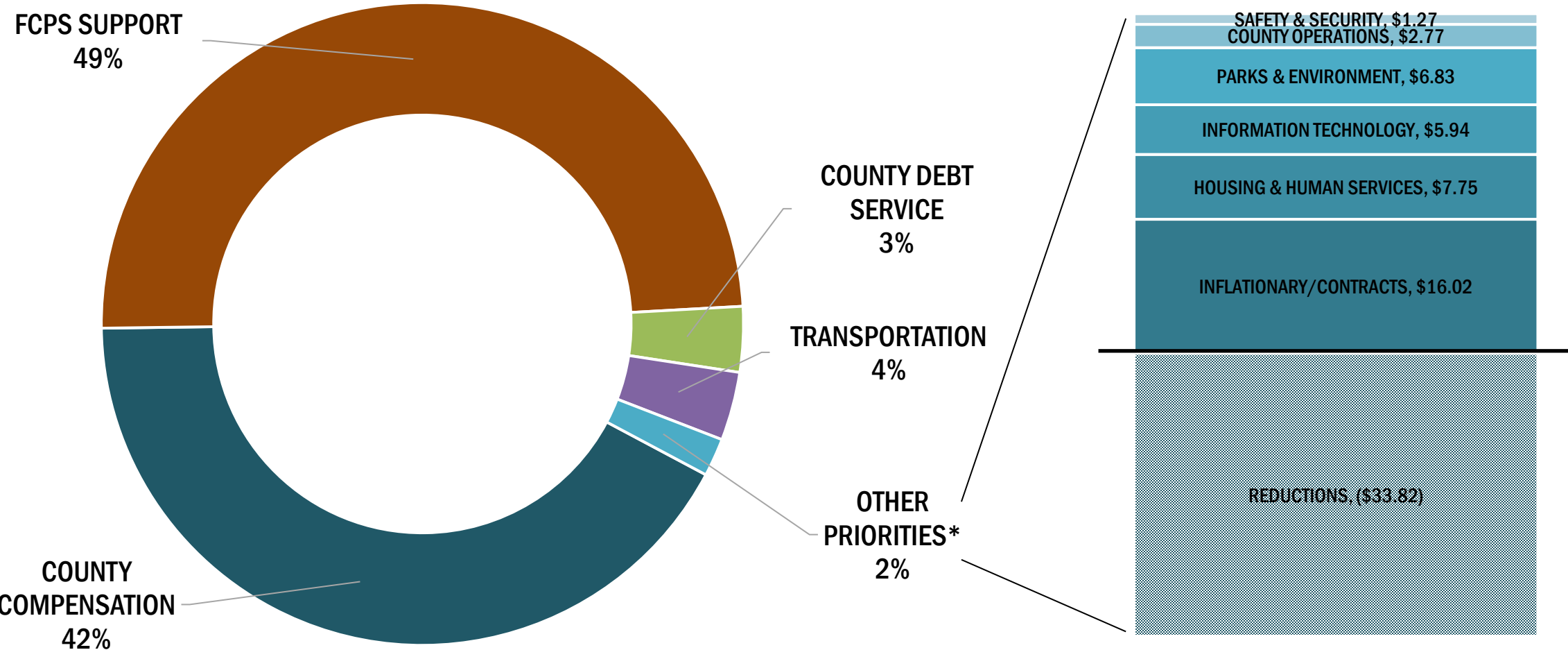
County's reserves remain budgeted at target of 10% of General Fund disbursements

## ADJUSTMENTS INCLUDED IN FY 2025 GENERAL FUND BUDGET

(Amounts shown are in millions, net change over FY 2024 Adopted Budget Plan)

Projected Revenue Increase				
	County	Schools	Unallocated	Total
Projected Revenue Increases				
- Revenue Increase at Current Real Estate Tax Rate (\$225.57)	\$171.53	\$173.90	\$10.71	\$356.14
- 4 Cent Real Estate Tax Rate Increase (\$129.28)				
- Cigarette Tax Increase (\$1.29)				
County Fee Adjustments	\$2.74	--	--	\$2.74
Revenues associated with Expenditure Adjustments	\$3.86	--	--	\$3.86
Net Impact of Transfers In	\$0.48	--	--	\$0.48
<b>Total Available</b>	<b>\$178.61</b>	<b>\$173.90</b>	<b>\$10.71</b>	<b>\$363.22</b>
FY 2025 Requirements				
	County	Schools	Unallocated	Total
School Operating Support	--	\$165.00	--	\$165.00
County Compensation	\$148.10	--	--	\$148.10
Debt Service	\$11.60	\$8.90	--	\$20.50
Transportation	\$12.15	--	--	\$12.15
Other Priorities	\$6.76	--	--	\$6.76
<b>Subtotal</b>	<b>\$178.61</b>	<b>\$173.90</b>	<b>\$0.00</b>	<b>\$352.51</b>
Reserve Adjustments			\$6.88	\$6.88
<b>Total Uses</b>	<b>\$178.61</b>	<b>\$173.90</b>	<b>\$6.88</b>	<b>\$359.39</b>
<b>Available Balance for Board Consideration</b>	<b>--</b>	<b>--</b>	<b>\$3.83</b>	<b>\$3.83</b>

# 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.

# Support for Fairfax County Public Schools

*\$165.00M*



- Provides funding of \$165.00 million towards the School Operating transfer request included in the Superintendent's Proposed Budget
- Superintendent's budget requested increase of \$254.03 million, or 10.5%
  - ✦ Largest school operating request by percentage since FY 2007 and, in terms of dollars, in history
- Proposed budget includes:
  - ✦ \$42.2 million in increased state revenue
  - ✦ 6% compensation adjustment for all employees effective July 1, 2024
  - ✦ Baseline funding for the 2% compensation adjustment implemented by FCPS effective January 1, 2024
  - ✦ A new 5-year Deferred Retirement Option Program (DROP) for legacy ERFC employees
  - ✦ Over \$46 million in funding to address student demographic changes and enrollment growth
- JLARC study noted that Virginia schools receive 14 percent less funding per pupil than the average across the entire country
- The additional \$8.90 million for School debt service is discussed later in the presentation

# County Compensation

*\$148.10M*

- General County and non-represented uniformed public safety employees
  - Market Rate Adjustment of 2.00%
    - ✦ Calculated rate was 4.10%
    - ✦ The County's living wage increases to \$17.10 per hour
  - Performance, Merit and Longevity increases
  - Includes adjustments for market study benchmark results
- Funds Collective Bargaining Agreements
  - IAFF bargaining unit members (Firefighters and E-911 Dispatchers)
    - ✦ Revised pay scales that increase starting salaries for new employees
    - ✦ 3% scale adjustment
  - SSPBA bargaining unit members (Police Officers)
    - ✦ 3% scale adjustment and 2% cost of living adjustment
    - ✦ New 10-year longevity step
- Net increase of \$28.57 million in employee benefits due to increased retirement contribution rates

# Debt Service and Bond Referendum Plan

*\$20.50M*

- Increase of \$11.60 million for County and \$8.90 million for Schools supports programmed debt service payments
- Bond sale in January 2024 included \$145 million for the County and \$205 million for Schools
  - Interest rate of 3.27%, up from 2.98% last year
  - January 2025 bond sale will increase sale limits by \$25 million each for County and Schools

## FY 2025-FY 2029 CIP Bond Referendum Plan

Year	Category	Description			Total
Fall 2024	County	Public Safety Transportation	\$126 mil \$180 mil	Fox Mill Fire Station, Oakton Fire Station, Tysons Fire Station, Criminal Justice Academy Metro Contribution	\$306 mil
Fall 2025	Schools	Capital Enhancement, Renovation, Infrastructure Management			\$460 mil
Fall 2026	County	Human Services Libraries Parks	\$125 mil \$46 mil \$180 mil	Early Childhood Facilities, Tim Harmon Campus, Springfield Community Resource Center Centreville Regional, Herndon Fortnightly Community, Kings Park Community County Park Authority	\$351 mil
Fall 2027	Schools	Capital Enhancement, Renovation, Infrastructure Management			\$460 mil
Fall 2028	County	Transportation	\$200 mil	Metro Contribution	\$200 mil

# Transportation

*\$12.15M*

- Metro Operating Support *\$10.00M*
  - Increase of almost \$37 million in Metro support after applying state aid and gas tax receipts
  - Virginia state support and final Metro budget numbers are still unknown
- Fairfax Connector *\$2.15M*
  - Inflationary increase for operating expenses
  - Impacts of collective bargaining negotiations are not yet known

# Reductions

*(\$33.82M)*

- \$36.00 million in net savings identified, including a reduction of 84 positions
  - \$33.82 million in expenditure reductions
  - \$2.18 million in increased projected revenue
- Proposed reductions are not expected to have a negative impact on agency operations or existing employees as they focus on identified efficiencies, shifting costs to non-General Fund sources, and a minimal number of full or partial program reductions
- User fee analysis increased by a net of \$2.74 million due to adjustments to zoning, fire prevention, and other fees
- Transfers in increased by \$0.48 million based on review of indirect cost charges
- Proposed expenditure reductions and increased revenue fully offset all other proposed increases to County expenditures after compensation, debt service and transportation adjustments

## Other Priorities

*\$40.58M*

- Inflationary/Contract Rate Adjustments *\$16.02M*
- Housing and Human Services *\$7.75M*
  - Preservation of 72 early childhood slots
  - 5 positions to support Affordable Housing
- Parks and Environment *\$6.83M*
  - \$3.18 million and 4 positions to support the Park Authority
    - ✦ Support for parks operations and maintenance, forestry operations, bamboo mitigation, zero waste initiatives, and mobile nature centers
    - ✦ Consolidation of RecPac and summer SACC in the Department of Neighborhood and Community Services
    - ✦ Athletic Services Fees recommended to increase in support of the athletic sports program, including redirection of non-resident fees from the General Fund to the athletic sports program
  - \$3.45 million in capital support for the Northern Virginia Regional Park Authority (NOVA Parks)

## Other Priorities (continued)

- Information Technology ***\$5.94M***
  - Supports modernization and investment in new technology needed to guarantee the dependability, expandability and effectiveness of IT infrastructure
- County Operations ***\$2.77M***
  - 2 positions and operational support for the Office of Elections
- Safety and Security ***\$1.27M***
  - 4 Probation Counselor positions
  - 4 positions to provide administrative and operational support at the Lorton Police Station

## Looking Forward

- 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
- Two upcoming Budget Committee meetings (February 27 and March 12) to discuss budget issues in more detail
- 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

# How to Provide Input on the FY 2025 Budget

- **Online** at [engage.fairfaxcounty.gov/FY25Budget](https://engage.fairfaxcounty.gov/FY25Budget) (Also available in Español and 한국어)
- **Text** FY25Budget to 73224
- **Email** [FY25Budget@publicinput.com](mailto:FY25Budget@publicinput.com)
- **By Phone** call 703-890-5898, code 1379
- **Testify at a budget public hearing** in person, by video or phone. Sign up at [www.fairfaxcounty.gov/bosclerk/speakers-form](https://www.fairfaxcounty.gov/bosclerk/speakers-form). Call the Clerk to the Board's Office at (703) 324-3151 (TTY 711) or email [clerktothebos@fairfaxcounty.gov](mailto:clerktothebos@fairfaxcounty.gov) for more information.
- **Attend a Budget Town Hall** in your district. Times and details available at <https://www.fairfaxcounty.gov/budget/fy-2025-budget-town-hall-meetings>

The complete FY 2025 Advertised Budget Plan and the FY 2025-FY 2029 Capital Improvement Program are available online at:

[www.fairfaxcounty.gov/budget](https://www.fairfaxcounty.gov/budget)

# FY 2025 Budget Timeline

February 20, 2024	County Executive presents <u>FY 2025 Advertised Budget Plan</u>
February 22, 2024	School Board adopts FY 2025 Advertised Budget
February 27, 2024	Joint Board of Supervisors/School Board Budget Committee Meeting
March 5, 2024	Board of Supervisors authorizes advertisement of FY 2025 tax rates
March 19, 2024	Board of Supervisors authorizes advertisement of <i>FY 2024 Third Quarter Review</i>
April 16-18, 2024	Board of Supervisors holds Public Hearings on FY 2025 Budget, FY 2025-FY 2029 Capital Improvement Program, and <i>FY 2024 Third Quarter Review</i>
April 30, 2024	Board of Supervisors marks-up FY 2025 Budget, adopts FY 2025-FY 2029 Capital Improvement Program and <i>FY 2024 Third Quarter Review</i>
May 7, 2024	Board of Supervisors adopts FY 2025 Adopted Budget
May 14, 2024	School Board holds public hearings on FY 2025 budget
May 23, 2024	School Board adopts FY 2025 Approved Budget
July 1, 2024	FY 2025 Budget Year Begins