



Loudoun County, Virginia

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NEWS RELEASE

Office of the County Administrator, Public Affairs and Communications
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Loudoun County Administrator Presents Proposed Budget for Fiscal Year 2023

County Administrator Tim Hemstreet has presented a proposed budget for the Loudoun County government to the Board of Supervisors for Fiscal Year 2023 (FY 2023), which begins July 1, 2022. The budget totals \$3.5 billion in appropriations for the county government and Loudoun County Public Schools (LCPS).



Proposed Budget

The proposed budget has been prepared at a real property tax rate of \$0.895 per \$100 of assessed value, which is 8.5 cents below the current real property tax rate of \$0.98 per \$100 of assessed value. While the proposed tax rate for FY 2023 is lower than the current tax rate, the proposed rate is five cents above the equalized rate of \$0.845, which is the rate at which the average real property owner's tax bill would remain flat year over year.

In keeping with the Board's budget guidance, the proposed budget also includes a decrease in the personal property tax rate of five cents, from \$4.20 to \$4.15 per \$100 of assessed value in tax year 2023. The proposal includes an alternative budget scenario for the Board's consideration—referred to as an "Increase Option"—which has no change to the personal property tax rate in tax year 2023.

"The proposed budget provides for what I believe are the necessary positions and funding to support current service levels for social safety net and public safety programs, and other key programs for the county government, open new facilities and compensate employees at a market rate, as well as position the organization to support the Board of Supervisors' priorities," Hemstreet said.

The priorities for the FY 2023 proposed budget include employee pay, opening new facilities and supporting the county's Capital Improvement Program (CIP). The proposed budget also prioritizes resources that support the Board's strategic initiatives and that support county government departments' top priorities.

The FY 2023 proposed budget includes:

- \$15 million in base budget adjustments to continue to provide current services, including increases in contracts and ongoing maintenance agreements, lease and utility increases and inflationary impacts.
- An increase of \$15.1 million in total for employee compensation, which consists of:

- \$13.6 million to provide a 3% merit increase for the general county workforce and a step increase for public safety employees, as well as a 3% adjustment in the county's salary scale; and
 - \$1.5 million for pay compression adjustments.
- The addition of 253 positions to open new facilities, maintain or enhance current service levels, support the county's CIP and position the organization to pursue the Board's strategic priorities.
- Recurring funding for affordable housing by dedicating a half-penny of the real property tax rate—approximately \$5.9 million—to affordable housing needs.

School Board Budget Request

The Loudoun County Public Schools (LCPS) requested a total of more than one billion dollars in funding for FY 2023. The proposed budget includes an increase of \$53.7 million in local tax funding over last year but leaves a gap of \$21.5 million from the School Board's adopted budget. Hemstreet recommends that if the Board chooses to adopt the "Increase Option," the additional \$5.5 million that would be available be directed to LCPS, thereby lowering the gap to \$16 million.

Factors Shaping the Proposed Budget

The proposed FY 2023 budget was developed in an economic climate influenced by the ongoing COVID-19 pandemic and includes a unique revenue picture. Significant factors influencing development of the budget include:

- **Evolving Local Tax Revenue Composition:** The make-up of Loudoun County's local tax revenue has significantly changed over the past decade. Ten years ago, more than two thirds of the General Fund tax revenue came from real property tax. Today, taxes from personal property, especially computer equipment, have been the largest funding mechanism to support the county's expenditure growth.
 - **Growth Forecast:** As new residential development begins to decline—due to the constraints of available land—growth alone will not be sufficient to fund all new programs and program expansions.
 - **New Tax Policy:** The proposed budget complies with earlier recommendations from county staff that the Board of Supervisors bring balance to the General Fund's tax revenue composition. Under the policy, real property tax revenue should approach 60% of total General Fund local taxes in the coming years, and for FY 2023, that no less than 51.5% of General Fund local tax revenue should come from real property taxes.
 - **Pandemic:** While the value of commercial and industrial properties increased by 27% as a result of revaluation and new construction in 2021, the effects of the COVID-19 pandemic are still being felt in hospitality and retail sectors of the economy. Hotel values increased 34%, but remain about 50% below their pre-pandemic values. Values for retail properties were fairly flat, leaving them about

25% below pre-pandemic levels.

- **Population Growth:** The county's population continues to grow and is expected to increase by more than 115,000 new residents through 2040, which will continue to bring new and increased demands on county programs and services.

Capital Improvement Program (CIP)

The Amended FY 2023-2028 CIP, which includes both county and school projects, totals approximately \$3 billion for the six-year planning period. The category with the largest expenditure percentage is county projects at 37%, transportation projects at 36%, followed by school projects at 26%.

New projects include the Linear Parks and Trails Signature project, funding for the ongoing Linear Parks and Trails program and funding for design and construction to rehabilitate the historic Union Street School and convert it to public access and adaptive uses.

The CIP also calls for increased funding to the Intersection Improvement Program and the Sidewalks and Trails Program and includes funding for safety improvements to Evergreen Mills Road

In addition, the CIP includes the full operating and capital subsidy payments to the Washington Metropolitan Area Transit Authority due to the anticipated start of Metrorail's Silver Line revenue service in Loudoun County during calendar year 2022.

Tax Rates Summary

The proposed budget is balanced at the real property tax rate of \$0.895 per \$100 of assessed value for tax year 2022 and a personal property tax rate of \$4.15 in tax year 2023. Under the proposed budget, the average homeowner in Loudoun County would have a real property tax bill increase of \$257, or about \$22 per month, in tax year 2022.

Hemstreet has advertised a real property tax rate of \$0.915, which provides the Board with flexibility to consider fully funding the LCPS budget request.

The Board of Supervisors will determine the final tax rates and related budget policy decisions during March budget work sessions with final adoption of the FY 2023 budget expected at the Board's business meeting April 5, 2022.

Public Participation

There are several ways in which members of the public may participate in the budget process, including Board of Supervisors public hearings, email, voice messages and social media. The Board will hold three public hearings on the proposed FY 2023 budget. The hearings are scheduled for:

- **Thursday, February 24, 2022, 3:00 p.m.**

Board Room, Loudoun County Government Center, 1 Harrison Street SE, Leesburg

- **Thursday, February 24, 2022, 6:00 p.m.**

Board Room, Loudoun County Government Center, 1 Harrison Street SE, Leesburg

- **Saturday, February 26, 2022, 9:00 a.m.**

Board Room, LCPS Administration Building, 21000 Education Court, Ashburn

Anyone who wishes to speak at the public hearings may sign up in advance for one speaking slot, beginning Thursday, February 10, 2022, by calling 703-777-0204. Public input may be provided in person or virtually. More information about [providing input to the Board is posted on the county's website](#).

The upcoming budget public hearings will be televised on Comcast Government TV Channel 23 and Verizon FiOS Channel 40. They will also be streamed live at loudoun.gov/meetings.

Members of the public may also:

- Leave a message on the Board of Supervisors' Comment Line at 703-777-0115.
- Send an email to the Board of Supervisors at loudounbudget@loudoun.gov, or write to the Board of Supervisors, P.O. Box 7000, Leesburg, VA 20177.
- Provide comments through the Loudoun County government's [Facebook](#) and [Twitter](#) sites.

For More Information

More information, including the FY 2023 proposed budget, the County Administrator's FY 2023 budget presentation, the schedule for Board of Supervisors budget work sessions and the Board's Finance/Government Operations and Economic Development Committee's CIP work sessions, is posted on the Loudoun County website at loudoun.gov/budget.

