



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 2024

County Administrator Tim Hemstreet presented a proposed budget for the Loudoun County government to the Board of Supervisors for Fiscal Year 2024 (FY 2024), which begins July 1, 2023. The budget totals \$4.2 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 \$0.87 per \$100 of assessed value, which is 2 cents below the current real property tax rate of \$0.89 per \$100 of assessed value. While the proposed tax rate for FY 2024 is lower than the current tax rate, the proposed rate is 6.5 cents above the overall equalized rate of \$0.805, which is the rate at which the average real property owner's tax bill would remain flat year over year. The homeowner's equalized tax rate is \$0.83. This means that while the proposed tax rate is lower than the current tax rate, the average homeowner's tax bill would increase if the proposed tax rate is adopted by the Board of Supervisors.

The proposed budget executes the planned reduction in the general personal property tax rate from \$4.20 per \$100 of assessed value to \$4.15 per assessed value for tax year 2023. This reduction is part of a strategic effort to ensure a diverse revenue base. As vehicles are assessed at the general rate, vehicle owners in the county can expect some relief on their vehicle tax bills.

"In accordance with the Board's guidance, the proposed budget provides for the opening of new facilities, base budget adjustments, supports the county's Capital Improvement Program (CIP) and compensates employees at a market rate," Hemstreet said.

The FY 2024 proposed budget includes:

- \$14.3 million in base budget adjustments to continue to provide core services.
- An increase of \$27 million for employee compensation, which consists of:
 - \$14.5 million to provide a 6% merit increase for the general county workforce.
 - \$4.6 million for a one step-increase and a 3% adjustment for uniformed Fire and Rescue personnel, for an average pay increase of 6%.
 - \$6.4 million for a one-step increase and a 6% adjustment for uniformed Sheriff's deputies, for an average pay increase of 9%.
 - \$1.5 million for a hiring and retention bonus program.
- The addition of 40 positions to open new facilities and support the county's CIP.
- \$6.5 million for affordable housing, which continues the dedication of the equivalent of one-half cent of the real property tax rate to affordable housing needs.

Increase Options

At the direction of the Board of Supervisors, Hemstreet also prepared two “increase options” for consideration. Both options include a real property tax rate that is one-and-a-half cents higher than the proposed budget, which would be \$0.885 per \$100 of assessed value. This tax rate, if adopted, would generate an additional \$19.4 million for the Board’s consideration. These options are intended to help identify which resource needs by the county and Loudoun County Public Schools could be funded, if adopted.

- **Increase Option #1:** Under this option, the county government would split the net new local tax funding with LCPS at a 60/40 rate.
- **Increase Option #2:** Under this option, the county government would retain the additional revenues generated by the higher real property tax rate.

School Board Budget Request

The Loudoun County Public Schools (LCPS) requested a total of more than \$1.1 billion dollars in local tax funding for FY 2024. Hemstreet’s proposed budget includes an increase of \$69.1 million in local tax funding over last year but leaves a gap of \$6.2 million from the School Board’s adopted budget.

In addition, due to an error in the Commonwealth of Virginia’s revenue calculations, the resulting revenue shortfall of up to \$7.4 million could prompt the School Board to ask for additional funding.

Factors Shaping the Proposed Budget

The proposed FY 2024 budget was developed in a challenging economic climate. Significant factors influencing development of the budget include:

- **Forecasted Economic Conditions:** The forecasted rates of growth in employment for Loudoun County as well as the nation, state and region are positive, but expected to be lower than 2022. This weaker forecasted growth reflects the downside risk associated with a potential recession.
- **Population Growth:** Although the number of residents added annually has slowed, the county’s population continues to grow and is expected to increase by nearly 120,000 new residents through 2050, which will continue to bring new and increased demands on county programs and services.
- **Real Property Portfolio:** The forecast for higher interest rates is anticipated to lead to slowdowns in residential construction and a flattening of residential assessment values, as well as potential decline in commercial assessment values and changes in assessment methodologies enacted by the Virginia General Assembly. The FY 2024 proposed budget’s revenue outlook is based on this potential commercial property decline in value to best manage the risk to revenue collection in the second half of FY 2024.
- **Evolving Local Tax Revenue Composition:** The proposed FY 2024 budget makes progress toward the tax revenue policy 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. For FY 2024, the proposed budget calls for nearly 53% of General Fund local tax revenue to come from real property tax revenue. A decade ago, more than two thirds of General Fund tax revenue was generated by real property tax. For the past several years, taxes from personal property, especially computer equipment, have been the largest funding mechanism to support the county's expenditure growth.

Capital Improvement Program (CIP)

The Amended FY 2023-2028 CIP, which includes both county and school projects, totals approximately \$3.5 billion for the six-year planning period. The category with the largest expenditure percentage is transportation projects at 36%, followed by county projects at 35% and school projects at 29%.

FY 2024 is an "amendment year" for the CIP, so it reflects the priorities identified by the Board of Supervisors in the FY 2023 budget process. For FY 2024, renovation and renewal projects continue to be an important part of the CIP for both the county government and the schools.

New county projects include a Crisis Receiving and Stabilization Center, which addresses a critical need for behavioral health intervention services in the community.

The CIP also reflects the county's ability to leverage state and federal funding for transportation projects such as the Sycolin Road-Loudoun Center Place to Crosstrail Boulevard project. It also includes funding for the design and construction of bus shelters along the local, fixed-route bus stops.

School projects include the full replacement of Park View High School rather than a renovation as well as renovations and additions to Banneker and Waterford Elementary Schools and increased funding for school security improvements.

Tax Rates Summary

The proposed budget is balanced at the real property tax rate of \$0.87 per \$100 of assessed value and a personal property tax rate of \$4.15. Under the proposed budget, the average homeowner in Loudoun County would have a real property tax bill increase of \$302, or about \$25 per month, in tax year 2023.

Hemstreet has advertised a maximum real property tax rate of \$0.89, which provides the Board of Supervisors with flexibility to consider critical needs in the increase options and address the LCPS gap caused by the Commonwealth's revenue calculation error.

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 2024 budget expected at the Board's business meeting April 4, 2023.

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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 2024 budget. The hearings are scheduled for:

- **Wednesday, March 1, 3:00 p.m.**
Board Room, Loudoun County Government Center, 1 Harrison Street SE, Leesburg
- **Wednesday, March 1, 6:00 p.m.**
Board Room, Loudoun County Government Center, 1 Harrison Street SE, Leesburg
- **Saturday, March 4, 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 16, 2023, by calling 703-777-0204. Public input may be provided in person or virtually. More information about providing input to the Board of Supervisors is posted on the county's website at loudoun.gov/signuptospeak.

The upcoming budget public hearings at the Government Center will be televised on Comcast Government TV Channel 23 and Verizon FiOS Channel 40. They will also be streamed live at loudoun.gov/meetings. The public hearing at LCPS will be televised on Comcast channel 18 and Verizon FIOS channel 43 and livestreamed on the [LCPS website](https://loudoun.gov).

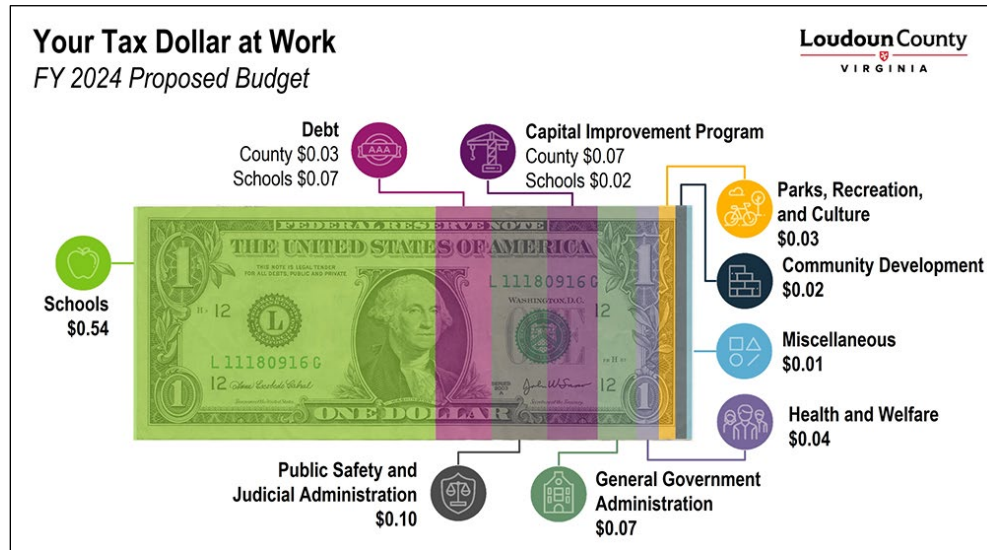
Members of the public may also:

- 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](https://www.facebook.com/loudouncountygov) and [Twitter](https://twitter.com/loudouncountygov) sites.

For More Information

More information, including the FY 2024 proposed budget, the County Administrator's FY 2024 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, will be posted on the Loudoun County website at loudoun.gov/budget.

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