

NEWS RELEASE

For Immediate Release
February 14, 2024

Media Contact: Glen Barbour, Public Affairs and Communications Officer
703-771-5086, Glen.Barbour@loudoun.gov

Loudoun County Administrator Presents Proposed Budget for Fiscal Year 2025

County Administrator Tim Hemstreet has presented a proposed budget for the Loudoun County government to the Board of Supervisors for Fiscal Year 2025 (FY 2025), which begins July 1, 2024. The proposed budget totals \$5.2 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 \$0.875 per \$100 of assessed value, which is the current real property tax rate and consistent with the Board's guidance. While the proposed tax rate for FY 2025 is equal to the current tax rate, the proposed rate is three-and-a-half cents above the homeowner's equalized tax rate of \$0.84. This means that while the proposed budget does not include a real property tax rate increase, many homeowners would see an increase in their tax bills due to increased property values.

The proposed budget includes the planned five-cent reduction in the general personal property tax rate from \$4.15 per \$100 of assessed value for tax year 2024 to \$4.10 per \$100 of assessed value for tax year 2025. This reduction is part of a strategic effort to ensure a balance between real and personal property tax revenue.

"In accordance with the Board's guidance, the proposed budget includes resources for employee pay, base budget adjustments, opening of new facilities, Board priorities and department priorities, as well as a sufficient year-over-year increase to Loudoun County Public Schools," Hemstreet said.

In addition, Hemstreet acknowledged a shift in the types of resource requests that are funded in the proposed budget. While in recent years, the county added a number of front-line positions that provide direct services to the public, many positions included in the FY 2025 proposed budget are focused on internal operations, such as administrative, communications, budget, human resources, and procurement positions. As the population of Loudoun County has grown over the last two decades, the county government has also grown, which now requires additional internal supports that keep the organization operating optimally.

The FY 2025 proposed budget includes:

- \$15.7 million in base budget adjustments to continue to provide core services.

- An increase of \$41 million for employee compensation to keep Loudoun competitive in the market, which consists of:
 - A 7% merit increase for the general county workforce.
 - A 9.4% salary scale adjustment and a step increase for uniformed Fire and Rescue personnel and Sheriff's deputies, for an average pay increase of 12.4%.
- The addition of 263 positions in 26 departments, including a substantial number of positions associated with opening new facilities over the next two years.
- \$7.4 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.
- \$40 million for the Revenue Stabilization Fund, created by the Board of Supervisors in 2023 to address fluctuations in tax revenue from data centers.

Reduction Option

At the direction of the Board of Supervisors, Hemstreet also prepared a "reduction option," which is funded at the homeowners equalized tax rate of \$0.84 per \$100 of assessed value, which is three-and-a-half cents less than the proposed budget. This tax rate, if adopted, would provide \$21 million less revenue to the county government and \$31 million less revenue to the School Division, creating a \$41 million gap for LCPS.

School Board Budget Request

Loudoun County Public Schools (LCPS) requested a total increase of \$131 million dollars in local tax funding for FY 2025. Hemstreet's proposed budget includes an increase of \$121 million in local tax funding over last year but leaves a gap of \$10 million from the School Board's adopted \$1.8 billion budget.

The Loudoun County School Board is scheduled to meet with the Board of Supervisors for a FY 2025 budget review Thursday, February 22, 2024, at 5:00 p.m. in the Board Room at the Loudoun County Government Center, 1 Harrison St. SE in Leesburg.

Factors Shaping the Proposed Budget

The development of the proposed FY 2025 budget was influenced by the economic environment, including these significant factors:

- **Forecasted Economic Conditions:** Overall, the economy is currently experiencing robust growth, which is expected to continue in FY 2025, but at a slower rate. The possibility of a recession has lessened significantly. Loudoun County's rate of job growth has consistently outperformed that of the state, region and nation. The county's jobs base is expected to grow by 2% in FY 25.
- **Population Growth:** While the number of residents added annually has slowed, population continues to be a primary driver of resource needs presented in the proposed budget. The

county's population is expected to increase by nearly 100,000 new residents through 2050, which will continue to bring new and increased demands on county programs and services.

- **Real Property Portfolio:** The 2024 assessment summary compiled by the Commissioner of the Revenue shows that the value of taxable real property in the county increased by 13% percent during 2023, similar to the previous year. This reflects the slowing growth in the residential market and a growing data center market. The FY 2025 proposed budget's revenue outlook anticipates continued growth in the real estate market but at a slower pace in the second half of the fiscal year.
- **Evolving Local Tax Revenue Composition:** The proposed FY 2025 budget makes progress toward the county staff's policy recommendations to 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 2025, the proposed budget plans for nearly 55% 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.
- **Revenue Stabilization Fund:** To address fluctuations in data center tax revenue, the Board of Supervisors created a Revenue Stabilization Fund in 2023, with a goal of having in reserve the equivalent of 10% of the annual real estate and business personal property tax revenues attributable to data centers. For FY 25, these combined revenues are projected to equal roughly \$900 million. The proposed FY 2025 budget allocates \$40 million to the fund.

Capital Improvement Program

The FY 2025-2030 Capital Improvement Program (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 40%, followed by county projects at 32% and school projects at 28%.

New county projects include the Cascades Library and Senior Center complex renovation, funding to begin preliminary design of an Eastern Loudoun Community Arts Center, and an addition to the Purcellville Fire and Rescue Station.

New transportation projects include the Route 15/Hogback Mountain Road Roundabout and Route 7 Improvements: Route 9 to Dulles Greenway.

School projects include the addition of an Eastern Transportation Facility and a school replacement program.

Tax Rates Summary

The proposed budget is balanced at the real property tax rate of \$0.875 per \$100 of assessed value and a personal property tax rate of \$4.10 for the second half of fiscal year 2025. Under the proposed budget, the average homeowner, including all housing types in Loudoun County, would see an average real property tax bill increase of \$275, or about \$23 per month.

Hemstreet has advertised a maximum real property tax rate of \$0.885 to allow the Board of Supervisors flexibility in considering the School Board's 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 2025 budget expected at the Board's business meeting April 2, 2024.

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 2025 budget. All three hearings will be held in the Board Room of the Loudoun County Government Center, 1 Harrison St. SE in Leesburg.

- **Wednesday, February 28, 2024: 3:00 p.m.**
- **Wednesday, February 28, 2024: 6:00 p.m.**
- **Saturday, March 2, 2024: 9:00 a.m.**

Anyone who wishes to speak at the public hearings may sign up in advance for one speaking slot, beginning Thursday, February 15, 2024, 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 will be televised on Comcast Government TV Channel 23 and Verizon FiOS Channel 40 and 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.

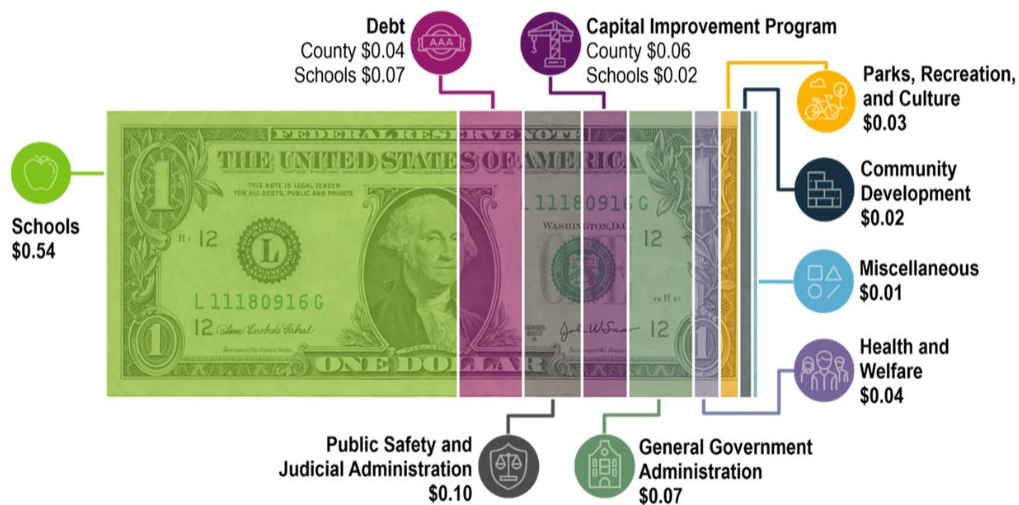
For More Information

More information, including the FY 2025 proposed budget, the County Administrator's FY 2025 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.

YOUR TAX DOLLAR AT WORK

FY 2025 Proposed Budget



Loudoun County
VIRGINIA

###