

Citizens Budget Review Committee

**Presentation to
Spotsylvania Board of Supervisors**

February 25, 2020



Real Property Tax Rate

- There was a consensus some tax rate increases will be needed if proposed budgets are not reduced. The amount of a suggested tax rate was not finalized.
- The CBRC believes any reductions in all funds should come from non-compensation categories.

Commentary and Recommendations on the FY 2021 proposed Spotsylvania County Government Budget by the CBRC

- The increase from the FY2020 adopted budget to the FY2021 recommended budget is projected to be \$26M, which does not include revenue from Capital Projects.
- Page 35 shows an increase of \$49.5M dollars of expenditures, including Capital Projects, from FY 2019 actual to FY 2021 proposed budget.

Real Estate Tax Revenue

- Real estate tax revenue:

2019 - \$124.4M

2021 - \$145.1M

- This is a \$20.7M increase in two years, assuming the recommended \$0.8797 real estate tax rate.

- The FY 2020 General Fund **amended** budget for revenue will increase \$6M from FY 2020 General Fund **adopted** budget due to the one-time, unbudgeted increase in revenue stemming from the FY2020 tax rate being greater than the equalized rate.
- The proposed General Fund FY2021 recommended budget will increase \$8M from the amended FY2020 budget, and is a \$13.6M increase over the FY2020 adopted budget.

- Cut \$5-6M out of the \$8M increase over FY2020 amended budget.
- This would still provide more revenue than the FY2020 amended budget and could be accomplished via the change to the proposed tax rate.

Recommendations to County Administrator's Base Budget

- The Library is requesting \$4,850,724 which is an increase of \$224,378.00.
- The requested increase, in part, is to fund increases in salaries and benefits for employees to include a 2.5% COLA which is higher than the COLA offered to county employees.
- A regional budget review group is reviewing the Library's budget and is expected to come forward with a reduction .

Germanna Community College (GCC)

- Germanna is requesting a \$125,000 increase to fund five part-time career coaches for our high schools.
- Additional counselor positions have been added to Spotsylvania County Public Schools.
- The CBRC recommends level funding to GCC.

Recommended New Positions & Initiatives for County Government

- General Fund p.8
- Only fund the Accounting IT Program Manager positions and the Social Services positions.
- No recommendations at this time on the other positions.

Commitment to Infrastructure

- The board may want to consider postponing the new Shady Grove station until sPower donation funding is available.

Subsistence/Lodging/Education/Training

- Thanks to departments that reduced their budget in these areas. However, there some increases.
- Overall, recommend reducing these areas to last year's level.

**Total Debt through FY 21 – Principal Only
Excludes Bonds for SSDs
Can we sustain this?**

| | |
|--|-----------------------------|
| General and Transportation Debt | \$101,175,828 |
| School Debt | \$188,280,078 |
| <u>Utilities Debt</u> | <u>\$145,613,729</u> |
| Total Debt | \$435,069,635 |

School Board FY2021 Recommended Budget

Fund 5 Operating

- The CBRC reviewed Fund 5 of the School Board Recommended Budget.
- Fund 5 Operating is proposed to be \$305,459,192 out of the FY2021 School Board Approved Budget of \$343,274,826.
- The proposed GAP of \$4,419,624 is included in the School Board Approved Budget.
- The \$135.2M local transfer to schools is up 3% from the FY2020 Adopted transfer of \$131.2M.

FY 2021 School Board Revenue other than Capital Projects Revenue

| Revenue by Source | FY19 Actual | FY20 Adopted Budget | FY21 Preliminary Revenues | Variance |
|--------------------------|----------------------|----------------------------|----------------------------------|---------------------|
| State Funds | \$142,346,521 | \$148,234,046 | \$156,157,910 | \$7,923,864 |
| Local Funds | \$131,639,968 | \$131,181,416 | \$135,181,416 | \$4,000,000 |
| Other Funds | \$12,109,114 | \$13,449,973 | \$10,199,502 | (3,250,471) |
| Fund Balance | \$0 | \$1,373,966 | \$1,373,966 | \$0 |
| GAP | \$0 | \$0 | \$4,419,624 | \$4,419,624 |
| Federal Funds | \$15,663,968 | \$16,973,324 | \$17,441,492 | \$468,168 |
| Grand Total | \$301,759,571 | \$311,212,725 | \$324,773,910 | \$13,561,185 |

- Schools are proposing a 2% pay increase for administrative staff and a 4% pay increase for teachers and other support staff. Additionally, they will be finishing year 3 of 3 of the Evergreen Study. This totals \$8M for compensation increases.
- Additionally, \$4M is proposed for 62 new positions. If approved, the schools will have added 271 positions since 2015.

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- The CBRC was unanimous in opposing payment for AB/IB/Dual Enrollment tuition by the Schools
 - Fees for economically disadvantaged students are already paid by school divisions.

- The number of special education students and English languages learners has increased each year since 2015. Many of the mandatory services provided have to be purchased and are very expensive.
- The School Board has found the needs of the entire student population have increased.
- However, the School Board continues to offers free tuition and services to any child of ANY SCPS employee living outside the county. The last reported cost (2019) to the county was over \$1.4M in local transfer funds not including any additional costs for special education services.

Summary

- In both budgets, some departments have significant increases in non-compensation costs. Where possible, these increased costs should be reduced.
- To fully fund both budgets, a \$0.10 increase in real estate tax rate will be necessary. To fund the County Administrator's Proposed Budget, a \$0.07 increase in real estate tax rate will be necessary.

Conclusion/Recommendation

- The CBRC is still working through both budgets. We do not have a consensus in either budget.
- We would like to recommend you extend the deadline for disabled/elderly to file for tax relief and increase the gross income threshold.