

# County Manager's Proposed FY 2020 Budget

## OVERVIEW

**Civic Federation**  
Tuesday, April 2, 2019



# Improved Budget Outlook

## Fall 2018

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- Estimated County & Schools budget gap of up to **\$78 million**
- Forecast **2.0% increase** in real estate assessments
- Projected expenditure growth outpacing revenue growth due to:
  - Normal inflationary costs
  - Increased Metro and debt obligations
  - Maintaining competitive employee compensation
  - New school openings and rising enrollments

## Now

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- Actual **3.5% increase** in real estate assessments
  - Residential **up 2.9%**
  - Commercial **up 4.1%**
- Lower-than-anticipated healthcare and other employee costs
- Additional non-tax revenue (interest income & lease revenue)

# County Board Guidance

- If Manager Not Able to Present a Balanced Budget within Existing Tax Rates
  - Proposals for program and personnel reductions or eliminations (includes reduction options if the County Board does not increase the tax rate)
- Proposals for Potential Tax Rate Increases
  - Meet new General Assembly-mandated requirements including Medicaid expansion and WMATA funding
  - Continue with compensation and staffing adjustments
  - Maintenance of existing infrastructure by providing funds to maintain the State of God Repair
  - Provide operating funding for new Arlington Public Schools facilities opening in FY 2020
- Include a Proposal for Maintenance-of-Effort Level of Funding for Affordable Housing
- Provide Funding Consistent with the Principles of Revenue Sharing Between County & Schools

# A Strategic Approach

- **Spending reductions** in areas where service demands have declined, where there is another way to provide the service, or where the program is of lesser priority than new demands.
- **Additional investment** where the County has deferred investment in the past or faces new service delivery demands.
- **Alignment with County Board guidance** provided in November 2018 and honors the County's vision while providing financial sustainability
- **Proposed 1.5-cent real estate tax rate increase** focused on Arlington Public Schools new facility costs and increased pay for public safety personnel.
- **Optional additional reductions** for the County Board to consider to offset the proposed tax rate increase or reallocate to other priorities.

# Proposed FY 2020 Budget: By the Numbers

## TOTAL BUDGET

**\$1.34 billion**

4.7% increase, \$59.9 million, from FY 2019 (ongoing and one-time)  
3.6% increase, \$45.8 million, from FY 2019 (ongoing)



## COUNTY OPERATING

**\$810.1 million**

4.5% increase, \$35.2 million, from FY 2019 (ongoing and one-time)  
2.8% increase, \$21.0 million, from FY 2019 (ongoing)

## SCHOOLS TRANSFER

**\$525.6 million**

4.9% increase, \$24.8 million, from FY 2019 (ongoing and one-time)  
4.1% increase, \$20.6 million, from FY 2019 (ongoing)

# Reductions - Proposed vs. Options

## **\$5.2 million in spending reductions included in Proposed Budget**

- Where service demands have declined, there is another way to provide the service, or the program is of lesser priority
  - 29.5 positions impacted – 18.5 filled, 3 to retire in next year
  - Also includes cost-saving measures that don't impact staff
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## **\$2.4 million in alternative options not included in Proposed Budget**

- Per Board guidance, additional options for reductions as an alternative to tax increase
- Not recommended by the County Manager
- Examples include:
  - Eliminate Urban Agriculture staffing
  - Closing Library services at the Crystal City Connection and Glencarlyn
  - Reduce Nature Center hours

# Manager Priorities:

- **County Workforce**
- **Schools**
- **Housing**
- **Infrastructure Maintenance**
- **Planning & Development**

# Real Estate Tax Rate Proposal In County Manager's Budget

- Increase the tax rate **\$0.015** (per \$100 in assessed value)
- Would raise **\$11.7 million** in ongoing funding for FY 2020
- “One penny” to Schools = \$7.8 million
- “Half penny” to County = \$3.9 million
  - New school resource officers and nurses for new school facilities
  - Increased pay for public safety and general employees
- Average homeowner pays additional \$277 per year  
(includes effect of tax rate change as well as average increase in property assessments)



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