January 21, 2016

To: Dr. Eric Williams, Superintendent

From: E. Leigh Burden, Assistant Superintendent

Re: FY17 Revenue Update

Local Revenue
In December 2015 a FY17 Preliminary Budget Guidance memo was sent to LCPS from the County identifying potential funding levels for FY17 based on direction from the Board of Supervisors. The projections identified in the memo show that if the current real property tax rate is used ($1.135 per $100 of assessed value), LCPS would receive about $15.1 million more in local funding over the current year. If an equalized tax rate or a 1 cent tax increase ($1.145 per $100 of assessed value), also being considered, is used, LCPS would receive a $19.8 million increase in local funding compared to the current year.

These numbers were used in developing the FY17 Superintendent’s Proposed Budget. Based on these assumptions, the resulting gap is identified below.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Fiscal Guidance December 2015</th>
<th>Increase in County Transfer as per Guidance ($ in millions)</th>
<th>Supt. Proposed County Transfer</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Current)</td>
<td>@ $1.135 (66% of total)</td>
<td>$15.1</td>
<td>$58.3</td>
<td>$43.2</td>
</tr>
<tr>
<td>2 (EQ)</td>
<td>@ $1.145 (66% of total)</td>
<td>$19.8</td>
<td>$58.3</td>
<td>$38.5</td>
</tr>
</tbody>
</table>
January 21, 2016
Re: Revenue Update

On January 6, 2016 the local revenue projections were updated. The new projections identified show that if the current real property tax rate is used ($1.135 per $100 of assessed value), LCPS would receive about $23.5 million more in local funding over the current year. If an equalized tax rate or a 1/2 cent tax decrease ($1.13 per $100 of assessed value), also being considered, is used, LCPS would receive an $18.8 million increase in local funding compared to the current year.

Again, these numbers are updated from those used in developing the FY17 Superintendent’s Proposed Budget. Based on these new assumptions, the gap has decreased and is identified below.

### UPDATED FY17 Potential GAP Scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Fiscal Guidance January 2016</th>
<th>Increase in County Transfer as per Guidance ($ in millions)</th>
<th>Supt. Proposed County Transfer</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Current)</td>
<td>@ $1.135 (66% of total)</td>
<td>$23.5</td>
<td>$58.3</td>
<td>$34.8</td>
</tr>
<tr>
<td>2 (EQ)</td>
<td>@ $1.13 (66% of total)</td>
<td>$18.8</td>
<td>$58.3</td>
<td>$39.5</td>
</tr>
</tbody>
</table>

#### State Revenue

State revenue data assumed in the FY17 Supt Proposed Budget is based on the most recent information received from the Department of Education regarding Governor McAuliffe’s Introduced Budget on December 18th, 2015. The Governor’s budget is submitted to the General Assembly as the “budget bill.”

The General Assembly convened last Wednesday. In each house, the budget bill is referred to committees which hold public hearings and committee discussions. The two committees are the House Appropriations Committee and the Senate Finance Committee. They are often referred to as the “money committees” The committees may introduce amendments which are brought to the floor of each house, where other amendments can also be made. Each house votes on its amended budget bill. After each house votes on its version the bill crosses over to the other house. This is commonly called “crossover.”

Prior to adjournment, a conference committee made up of members of both houses, resolves any differences in the two bills. The General Assembly then sends the bill to the Governor for signature. The General Assembly adjourns on March 12, 2016.
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The Governor may sign the bill, veto the entire bill or veto certain line items. He may also recommend amendments. Any revision or veto requires reconsideration by the General Assembly during the reconvened session scheduled for April 20, 2016.

If the budget bill is signed by the Governor with no changes, the 2016-2018 biennial budget as adopted by the General Assembly will become final once the Governor signs the budget into law.

We will continue to monitor changes and keep you informed. Final numbers will not be available until the end of the General Assembly session in March—or perhaps later should the Governor not accept the General Assembly’s changes.

Hopefully, final information about State funding will be available prior to adoption of the appropriation resolution by the Loudoun Board of Supervisors scheduled for April 5, 2016.

Please contact me if you have any questions.