

INTRODUCED: February 8, 2016

A RESOLUTION No. 2016-R006

As Amended

To request that the School Board, in proposing the Fiscal Year 2016-2017 school budget, and for each fiscal year thereafter, incorporate a recommendation, with supporting calculations, for the [percentage] amount per hundred dollars of assessed value of the City real estate tax rate [~~of \$1.20~~] that is necessary to generate the funding required to cover the costs of operations for the school division administered by the School Board for such fiscal year.

Patron – All Members of Council

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: FEB 22 2016 AT 6 P.M.

WHEREAS, the Council believes that, in proposing its budget proposal for the fiscal year commencing July 1, 2016, and ending June 30, 2017, and for each fiscal year thereafter, the School Board of the City of Richmond should make a recommendation, with supporting calculations, for the [percentage] amount per hundred dollars of assessed value of the City real estate tax rate [~~of \$1.20~~] that is necessary to generate the funding required to cover the costs of operations for the school division administered by the School Board, as such a recommendation will provide clear representation of school funding needs to assist the Mayor and the Council in making determinations concerning appropriations for other City operations and services for the

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: FEB 22 2016 REJECTED: _____ STRICKEN: _____

fiscal year commencing July 1, 2016, and ending June 30, 2017, and for each fiscal year thereafter;

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That the School Board of the City of Richmond is hereby requested to incorporate into its budget requests for the fiscal year commencing July 1, 2016, and ending June 30, 2017, a recommendation, with supporting calculations, for the [~~percentage~~] amount per hundred dollars of assessed value of the City real estate tax rate [~~of \$1.20~~] that is necessary to generate the funding required to cover the costs of operations for the school division administered by the School Board, for the purpose of providing clear representation of school funding needs to assist the Mayor and the Council in making determinations concerning appropriations for other City operations and services for the fiscal year commencing July 1, 2016, and ending June 30, 2017, and for each fiscal year thereafter.



Richmond City Council

The Voice of the People

Richmond, Virginia

Lou Brown Ali
Council Chief of Staff

Office of the Council Chief of Staff

Ordinance/Resolution Request

TO Allen Jackson, City Attorney

THROUGH Lou Brown Ali, Council Chief of Staff *UBA*

FROM Meghan Brown, Council Budget Analyst *MKB*

COPY Charles Samuels, 2nd District Council Member
 Vincent Jones, Deputy Council Chief of Staff *V. Jones*
 Craig Bieber, 2nd District Liaison
 Haskell Brown, Deputy City Attorney

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DATE January 29, 2016

JAN 29 2016

PAGE/s 1 of 2

TITLE School Board Recommendation for Real Estate Tax Rate

OFFICE OF CITY ATTORNEY

This is a request for the drafting of an **Ordinance** **Resolution**

REQUESTING COUNCILMEMBER/PATRON

Councilman Charles Samuels

SUGGESTED STANDING COMMITTEE

Finance and Economic Development

ORDINANCE/RESOLUTION SUMMARY

The patron requests a resolution to ask that the Richmond Public School Board (School Board) in proposing the Richmond Public School's (RPS) FY17 budget and budget request to the Mayor and City Council to include a recommendation and any calculations for how much of the real estate tax rate (\$1.20) they believe is needed to cover RPS funding needs for operations.

BACKGROUND

VA Code § 22.1-95 – Duty to levy school tax provides that, "Each county, city and town is authorized, directed and required to raise money by a tax on all property subject to local taxation at such rate as will insure a sum which, together with other available funds, will provide that portion of the cost apportioned to such county, city or town by law for maintaining an educational program meeting the standards of quality for the several school divisions prescribed as provided by law."

Funding to support City operations and RPS comes from many sources of revenue. The City's largest source of revenue is from real estate taxes. Although the funding for RPS isn't necessarily all from real estate taxes utilizing the City's largest revenue source for the requested recommendation from the School Board will provide a clear representation of the funding needs of schools and what remains for City operations and services.

During budget preparations for FY16 the School Board submitted to the Mayor its budget request for \$24,853,450 more than what was appropriated in FY15. The Mayor submitted the FY16 proposed budget to City Council which included \$136,999,657 of City funding (excludes State Shared Sales Tax) which was approximately a \$2.1 million increase from what was adopted in FY15. During budget review and amendment process City Council was able to amend the Mayor's proposed budget and increased City's appropriation for schools by an additional \$9 million for a total adopted City funding (excluding State Shared Sales Tax) of \$145,999,657 for FY16.

Utilizing FY16 as an example and only using the City's appropriation and excluding the pass-through funding from the State Shared Sales tax. Furthermore the calculation is based on the School Boards request, not what was actually appropriated and adopted in FY16:

| Description | Amount |
|---|-----------------------|
| FY15 Adopted RPS Appropriation | \$ 134,819,807 |
| FY15 Budget Amendment for Truancy Funding (Transfer to RPS) | 1,541,850 |
| RPS FY16 Additional Budget Request | 24,853,450 |
| Total RPS FY16 Funding Request | \$ 161,215,107 |

| Description | Portion of Real Estate Tax Rate | Portion of Budgeted Real Estate Revenue |
|----------------------------|---------------------------------|---|
| RPS Requested Funding Need | \$0.84 | \$ 161,476,711 |
| City Operating Funding | \$0.36 | \$ 69,204,305 |
| Total | \$1.20 | \$ 230,681,016 |

In the example above it provides that based on the School Boards FY16 budget request of roughly \$161.2 million would require approximately \$0.84 per \$1.20 or 70% of the total FY16 budgeted real estate revenue from property taxes. The City would use the remaining 30% of the budget revenue or \$0.36 per \$1.20 to provide funding for operations and to maintain service levels.

With the next budget cycle approaching it is believed that the School Board will again be requesting significant additional funding above what was provided in FY16. With such limited resources available the patron believes soliciting the School Board's recommendation and any calculations of the portion of the real estate tax rate per \$1.20 that they determine is needed will be beneficial during the FY17 budget preparations and deliberations for the Mayor and City Council.

FISCAL IMPACT STATEMENT

Fiscal Impact Yes No

Budget Amendment Required Yes No

Estimated Cost or Revenue Impact: None

Attachment/s Yes No