

ROCKINGHAM COUNTY: COPING WITH BUDGET REALITIES

Tax Increases Recommended

By JEREMY HUNT
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HARRISONBURG — Rockingham County officials plan to raise taxes to bridge a budget shortfall largely created by changes to the state's retirement system.

Facing flat local revenue streams and after several years of reduced state funding for education and constitutional offices, the Board of Supervisors voted Wednesday to advertise a budget proposal that includes hikes on real estate and personal property taxes.

Cutting the budget, county officials say, is no longer an option.

"It's not necessarily where we want to be, but it's where we have to be," District 5 Supervisor Mike Breeden said.

The Finance Committee recommends increasing the real estate tax rate 4 cents to 64 cents per \$100 of assessed value and boosting the personal property tax rate by 5 cents, bringing the levy to \$2.85 per \$100 of assessed value.

For a family living in a \$200,000 home with two relatively new vehicles, the changes would increase taxes by \$ 84 a year, or \$7 per month.

Officials estimate the changes will generate an additional \$3.08 million, which is still about \$1.7 million below projections to meet the county's funding obligations to education and essential services. Money from the reserve, or "rainy day," fund would make up the difference.

The proposed general fund budget of about \$100 million represents a drop of about \$ 6.75 million from this year's spending plan. The figure does not include the Rockingham County Schools' budget, but it does include local funding for education totaling \$ 50.5 million, up about \$5.3 million from this year. The budget proposal includes funding for five additional deputies in the Rockingham County Sheriff's Office, as requested by Sheriff Bryan Hutcheson. The sheriff's office has lost 15 positions in the past few years.

"This is not increasing manpower," Hutcheson said. "This is getting manpower back to prior staffing levels. I'm not looking to add people."

The Board of Supervisors will hold a public hearing on the proposed budget April 11 at 6 p.m. at Broadway High School. County officials say the budget represents an attempt to maintain a healthy reserve fund and continue to provide the services that make Rockingham County a desirable place to live and do business.

"I think it would be irresponsible ... for us not to do this," District 4 Supervisor Fred Eberly said.

Officials say decisions over the past several years by the General Assembly, both Democrats and Republicans, forced their hand in deciding to increase taxes.

“They made a lot of political decisions and not too many good business decisions,” District 1 Supervisor Pablo Cuevas said.

That includes not fully funding the Virginia Retirement System over the years, county officials say. Rate changes effective July 1 to three VRS programs, the largest being retirement benefits, are translating into \$ 4.4 million in new costs, according to county budget documents.

In addition, legislation approved by the Virginia General Assembly requires government employees to pay 5 percent to VRS and their employers to offset the payment with an increase in pay, creating an additional \$ 1.3 million in new costs.

Rockingham County Schools could phase in the 5 percent increase over five years, but District 2 Supervisor Bill Kyger said that merely kicks the can down the road without addressing the larger problem — the need for new recurring revenue.

Kyger and Cuevas, who lobby on behalf of counties through their respective roles in the Virginia Association of Counties, say state lawmakers have not addressed Virginia’s revenue problems and instead shifted costs to local governments for programs that in some cases are required by the state but not funded. “The time has come for the full exposure of the General Assembly in the commonwealth of Virginia,” Kyger said.

One such “ unfunded mandate” is a change in the Line of Duty Act, which covers benefits for public safety personnel injured or killed on the job. The state began the program and initially funded it but then shifted the cost to local governments. Rockingham County Administrator Joe Paxton said the budget has been cut all it can be without making significant reductions in services.

Employees haven’t had a raise since 2008, the workforce has been reduced about 160 positions, or 6 percent, over the past few years, building temperatures have been reduced and other changes made to address the funding shortfall, Paxton said. Those reductions have come as the area’s population has increased, he added. “We need a well-educated workforce, we want a safe community, we need essential government services, and they come at a cost,” Paxton said. “Our job is to make sure that cost is as low as it can be for our citizens.”

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