



FY 2026 ADVERTISED BUDGET

AND THE FY 2026-2030 CAPITAL IMPROVEMENT PROGRAM

Slides Adapted from the County Executive's
Presentation on February 18, 2025

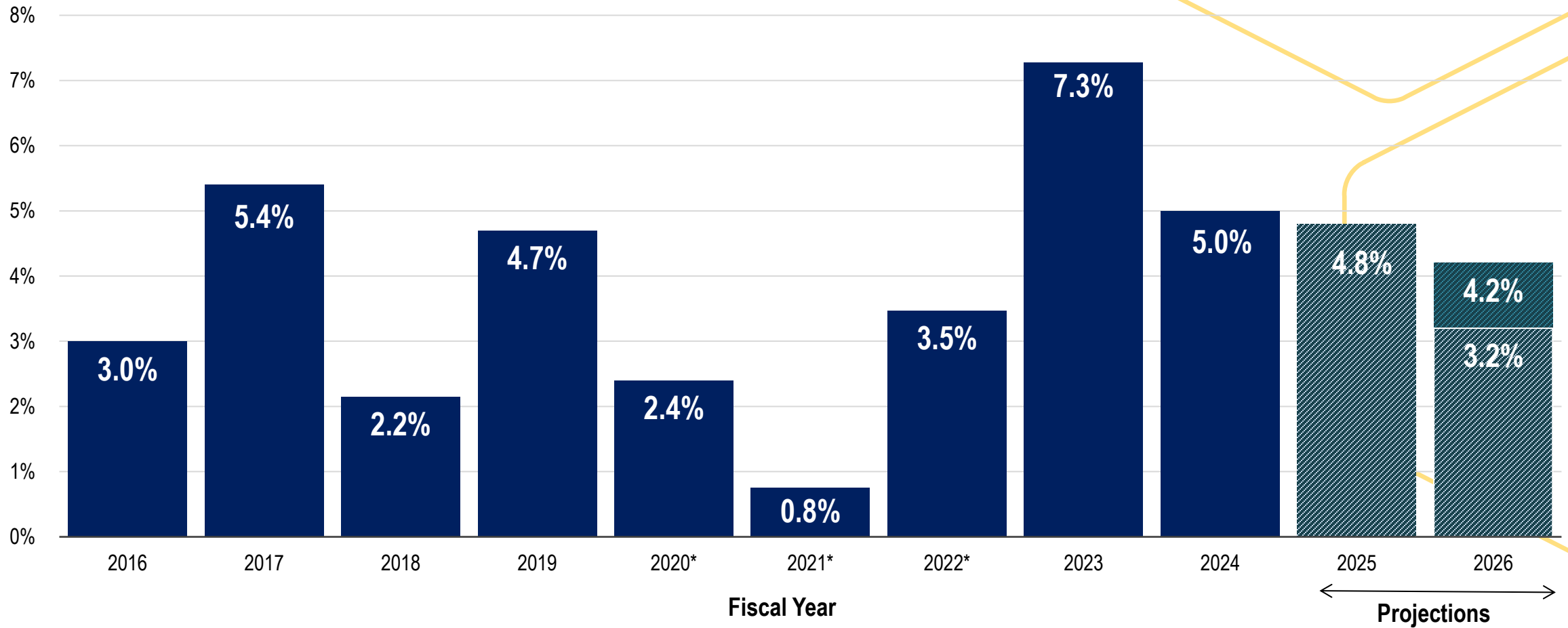
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FY 2026 Advertised Budget Highlights

- Real estate tax base increasing 5.34 percent, with continued declines in non-residential equalization
- Shares available revenue proportionally with Schools
 - Partially funds the School Board's Advertised Budget
 - Growth rate for both County and Schools budgets just under 4.5 percent
- Includes funding for the County's compensation program
 - Fully funds second year of collective bargaining agreements with IAFF and SSPBA
 - Fully funds compensation program for non-represented employees, including Performance, Merit and Longevity Increases and 2.00% Cost-of-Living Adjustment
- Dedication of an additional ¼ penny, or \$8.5 million, for affordable housing
- Funding these items requires a 1.5-cent increase in the Real Estate Tax rate to \$1.14 per \$100 of assessed value
- 2% increase in the Transient Occupancy Tax rate is proposed, including 1% held in reserve for tourism-related purposes and 1% utilized to balance the budget
- All other County priorities are more than offset by \$60 million in agency reductions
 - Reductions include 208 positions
 - Other adjustments, including required debt service payments and targeted investments for information technology, inflationary increases and new facilities, total \$53 million, net of revenue, and 9 merit positions

Annual Change in General Fund Revenue FY 2016 – FY 2026



* Excludes the impact of one-time federal stimulus revenue received in FY 2020, FY 2021, and FY 2022

Annual Growth in Major Revenue Categories

(Dollars in millions)	FY 2021	FY 2022	FY 2023	FY 2024	Projections	
					FY 2025	FY 2026
Real Estate - Current	\$2,997.9	\$3,049.8	\$3,204.0	\$3,369.2	\$3,552.0	\$3,782.7
Percent Change	3.8%	1.7%	5.1%	5.2%	5.4%	6.5%
Personal Property – Current*	\$627.6	\$658.6	\$738.5	\$731.8	\$784.7	\$773.6
Percent Change	(1.1%)	4.9%	12.1%	(0.9%)	7.2%	(1.4%)
Sales Tax	\$200.8	\$231.1	\$240.1	\$243.2	\$246.4	\$251.4
Percent Change	5.1%	15.1%	3.9%	1.3%	1.3%	2.0%
BPOL - Current	\$171.3	\$184.3	\$195.0	\$203.9	\$210.0	\$215.3
Percent Change	(1.5%)	7.6%	5.8%	4.5%	3.0%	2.5%
Investment Interest	\$23.0	\$17.2	\$116.3	\$174.1	\$174.1	\$150.4
Percent Change	(64.2%)	(25.1%)	576.7%	49.7%	0.0%	(13.6%)
Total General Fund	(1.2%)	3.4%	4.8%	5.0%	4.8%	4.2%

* Reflects personal property tax assessment ratio of 85% in FY 2023 and 90% in FY 2024

Real Estate Tax Base

The projected value of 1 Penny on the Real Estate tax rate equals \$33.95 million in revenue in FY 2026

A Real Estate tax rate of \$1.14 results in an increase in the average tax bill of just over \$638

The Commercial/Industrial percentage of the total real estate assessment base decreased from 15.58% in FY 2025 to 14.80% in FY 2026

	2021	2022	2023	2024	2025	2026
Residential Equalization	2.65%	4.25%	9.57%	6.97%	2.86%	6.17%
Residential Growth	0.67%	0.76%	0.78%	0.85%	0.54%	0.48%
Total Residential	3.32%	5.01%	10.35%	7.82%	3.40%	6.65%
Non-Residential Equalization	2.87%	(4.05%)	2.27%	1.65%	(1.24%)	(0.38%)
Non-Residential Growth	2.10%	1.13%	1.08%	1.10%	1.78%	1.29%
Total Non-Residential	4.97%	(2.92%)	3.35%	2.75%	0.54%	0.91%
Total Equalization	2.71%	2.02%	7.72%	5.68%	1.91%	4.68%
Total Growth	1.05%	0.86%	0.85%	0.91%	0.82%	0.66%
TOTAL	3.76%	2.88%	8.57%	6.59%	2.73%	5.34%

FY 2026 Budget Summary

Net County resources are projected to increase by \$263.96 million

Allocation of resources include:

- \$118.00 million for County priorities
- \$125.34 million for Schools
- \$8.49 million for Affordable Housing
- \$6.52 million in reserve for Tourism Promotion
- \$5.62 million balance for Board Consideration

Schools remain at 51.5% of General Fund Disbursements in FY 2026

County's reserves remain budgeted at target of 10% of General Fund disbursements

ADJUSTMENTS INCLUDED IN FY 2026 GENERAL FUND BUDGET

(Amounts shown are in millions, net change over FY 2025 Adopted Budget Plan)

Projected Revenue Increase				
	County	Schools	Unallocated	Total
Projected Revenue Increases				
- Revenue Increase at Current Real Estate Tax Rate (\$196.57)	\$123.05	\$125.34	\$12.14	\$260.53
- 1.5 Cent Real Estate Tax Rate Increase (\$50.93)				
- Transient Occupancy Tax Increase (\$13.03)				
Additional ¼ Penny for Affordable Housing	(\$8.49)	--	--	(\$8.49)
Revenues associated with Expenditure Adjustments	\$5.68	--	--	\$5.68
Net Impact of Transfers In	(\$2.25)	--	--	(\$2.25)
Total Available	\$118.00	\$125.34	\$12.14	\$255.47
FY 2026 Requirements				
	County	Schools	Unallocated	Total
School Operating Support	--	\$118.64	--	\$118.64
County Compensation	\$123.60	--	--	\$123.60
Debt Service	\$8.60	\$6.70	--	\$15.30
New Facilities	\$4.80	--	--	\$4.80
Contracts/Inflationary	\$16.22	--	--	\$16.22
Information Technology	\$10.57	--	--	\$10.57
Cost of County Operations	\$10.17	--	--	\$10.17
Mandates/Expiration of Grant Funding	\$3.84	--	--	\$3.84
Reductions	(\$59.80)	--	--	(\$59.80)
Subtotal	\$118.00	\$125.34	\$0.00	\$243.34
Reserve for Tourism	--	--	\$6.52	\$6.52
Total Uses	\$118.00	\$125.34	\$6.52	\$249.86
Available Balance for Board Consideration	--	--	\$5.62	\$5.62

Support for Fairfax County Public Schools

\$118.64M

- Provides funding of \$118.64 million towards the School Operating transfer request included in the School Board's Advertised Budget
- School Board's Advertised Budget requested increase of \$268.26 million, or 10.4%
 - ✦ Largest school operating increase request, in terms of dollars, in history
- Proposed budget includes:
 - ✦ \$23.2 million in increased state revenue
 - ✦ 7% compensation adjustment for all employees effective July 1, 2025
 - ✦ \$20 million in funding to address student demographic and enrollment changes
- Funding the School Board's request would require an additional \$149.62 million – or another 4.5 cents on the Real Estate Tax rate beyond the 1.5-cent increase upon which this budget is balanced
- The additional \$6.70 million for School debt service is discussed later in the presentation



County Compensation

\$123.60M

- General County and non-represented uniformed public safety employees
 - Cost of Living Adjustment of 2.00%
 - ✦ The County's living wage increases to \$17.44 per hour
 - Performance, Merit and Longevity increases
 - Includes adjustments for market study benchmark results
- Funds Collective Bargaining Agreements
 - IAFF bargaining unit members (Firefighters and E-911 Dispatchers)
 - ✦ Merit increases
 - ✦ 3.1% scale adjustment
 - SSPBA bargaining unit members (Police Officers)
 - ✦ Merit and Longevity increases
 - ✦ 2% scale adjustment and 2% cost of living adjustment
- Net increase of \$27.38 million in employee benefits due to increased retirement contribution rates and retiree health care

Debt Service and Bond Referendum Plan

\$15.30M

- Increase of \$8.60 million for County and \$6.70 million for Schools supports programmed debt service payments
- Bond sale in January 2025 included \$170 million for the County and \$230 million for Schools
 - Interest rate of 3.57%, up from 3.27% last year
 - January 2025 bond sale fully implements the planned increase in limits for County and Schools

FY 2026-FY 2030 CIP Bond Referendum Plan

Year	Category	Description			Total
Fall 2025	Schools	Capital Enhancement, Renovation, Infrastructure Management			\$460 mil
Fall 2026	County	Human Services	\$125 mil	Early Childhood Facilities, Tim Harmon Campus, Springfield Community Resource Center, Health Lab	\$346 mil
		Libraries	\$41 mil	Herndon Fortnightly Community, Kings Park Community	
		Parks	\$180 mil	County Park Authority	
Fall 2027	Schools	Capital Enhancement, Renovation, Infrastructure Management			\$460 mil
Fall 2028	County	Transportation	\$200 mil	Metro Contribution	\$200 mil
Fall 2029	Schools	Capital Enhancement, Renovation, Infrastructure Management			\$460 mil

Affordable Housing

- Board's budget guidance on Affordable Housing has identified a goal of reaching a total investment of two pennies on the Real Estate Tax rate by FY 2027
 - Funding necessary to reach goal of a minimum of 10,000 new affordable homes by the year 2034
- Proposal includes dedication of additional $\frac{1}{4}$ penny, or \$8.49 million
 - Including existing penny, funding totals $1\frac{1}{4}$ pennies, or \$42.44 million
- Since 2020, 1,149 units have been delivered
 - Additional 2,443 units under construction or pre-development

New Facilities

\$4.80M

- **Kingstowne Complex**
 - Kingstowne Center for Active Adults (\$0.69 million and 3 positions) will double in size with increased programming
 - New Kingstowne Child Care Center (\$0.36 million) will serve 78 children ages birth to 5 years
 - Kingstowne Library (\$0.36 million and 2 positions) will be expanded from a community branch to a regional branch
 - No additional operating budget is included for the Franconia Police Station, Franconia District Supervisor's office and Franconia Museum that will be collocated at the facility
- **Fair Ridge Family Shelter**
 - Extended stay hotel repurposed into the Fair Ridge Family Shelter (\$3.38 million) will serve families experiencing homelessness

Other Adjustments

\$40.80M

- \$16.22 million due to inflationary increases in contracts, including increases in personnel-based human services contracts, Police body worn cameras, and animal shelter veterinary services
- \$10.57 million to support Information Technology, including enhancements to IT infrastructure and operating support for completed IT projects
- \$10.17 million for increases in the cost of County operations, including lease escalations, maintenance at new or expanded facilities, fuel, and library security
- \$3.84 million as a result of state and federal mandates and the expiration of grant funding, including the establishment of a Fire and Rescue Department pharmacy, replacing expired Victims of Crime Act (VOCA) grant funding, and providing legal services to indigent defendants

Reductions

(\$59.80M)

- \$59.50 million in net savings identified, including a reduction of 208 positions
 - \$59.80 million in expenditure reductions, partially offset by \$0.30 million in decreased revenue
 - Proposed reductions are more difficult than those taken last year, and include full or partial program reductions
- Highest level of reduction since FY 2010, when over \$90 million was cut from the budget following the Great Recession
- In total, the County has cut spending by approximately \$100 million since FY 2024
- Our goal is that all impacted merit employees will be offered another employment opportunity within the County

Revenue Diversification

- Revenue diversification options presented at the September Budget Committee meeting
- Food and Beverage Tax is not included in the Advertised Budget
- If approved, a tax could not be implemented until January 2026
- Proceeds could be used for new investments or to lower the Real Estate Tax rate
 - A 3% tax would generate a net revenue increase of just over \$48 million and could eliminate the need to increase the Real Estate Tax rate in FY 2026
 - A 4% tax would generate just over \$65 million and could be used to reduce the Real Estate Tax rate by 0.5 cents from the current rate, and a reduction of 2.0 cents from the proposed rate

Looking Forward

- Staff will continue to monitor revenues, federal action, and General Assembly actions and will return to the Board with additional recommendations as part of the Add-On package in April
- Two upcoming Budget Committee meetings (March 11 and March 25) to discuss budget issues in more detail
- Recommend that the Board advertise the maximum real estate tax rate and the increase in the Transient Occupancy Tax on March 18
- Also recommend that the Board advertise a Food and Beverage Tax on March 18
 - Allows community conversation regarding potential implementation during budget season
 - Public hearing and decision to coincide with budget process

How to Provide Input on the FY 2026 Budget

- **Email** FY26Budget@publicinput.com
- **By Phone** call 703-890-5898, code 7574
- On February 24, **Online** and **Text** options will be available at www.fairfaxcounty.gov/budget/fy-2026-feedback
- **Testify at a budget public hearing** in person, by video or phone. Sign up at www.fairfaxcounty.gov/bosclerk/speakers-form. Call the Clerk to the Board's Office at (703) 324-3151 (TTY 711) or email clerktothebos@fairfaxcounty.gov for more information.
- **Attend a Budget Town Hall** in your district. Times and details available at www.fairfaxcounty.gov/budget/fy-2026-budget-town-hall-meetings

The complete [FY 2026 Advertised Budget Plan](#) and the [FY 2026-FY 2030 Capital Improvement Program](#) are available online at:

www.fairfaxcounty.gov/budget

FY 2026 Budget Timeline

February 18, 2025	County Executive presents <u>FY 2026 Advertised Budget Plan</u>
February 20, 2025	School Board adopts FY 2026 Advertised Budget
February 25, 2025	Joint Board of Supervisors/School Board Budget Committee Meeting
March 18, 2025	Board of Supervisors authorizes advertisement of FY 2026 tax rates and <i>FY 2025 Third Quarter Review</i>
April 22-24, 2025	Board of Supervisors holds Public Hearings on FY 2026 Budget, FY 2026-FY 2030 Capital Improvement Program, and <i>FY 2025 Third Quarter Review</i>
May 6, 2025	Board of Supervisors marks-up FY 2026 Budget, adopts FY 2026-FY 2030 Capital Improvement Program and <i>FY 2025 Third Quarter Review</i>
May 13, 2025	Board of Supervisors adopts FY 2026 Adopted Budget
May 13, 2025	School Board holds public hearings on FY 2026 budget
May 22, 2025	School Board adopts FY 2026 Approved Budget
July 1, 2025	FY 2026 Budget Year Begins