

Budget Committee Report February 20, 2025

Budget at a Glance FY 2026 Advertised Budget

Summary: County Executive Bryan Hill presented the County Advertised Budget for FY2026 on February 18, 2025. Links to information on the county website.

- [Presentation of the FY 2026 Advertised Budget Plan](#)
- [Budget At A Glance](#)
- [Agency Reductions](#)
- [Overview](#)
- [Volume 1: General Fund](#)
- [Volume 2: Capital Construction and Other Operating Funds](#)
- [FY 2026 - FY 2030 Advertised Capital Improvement Program \(CIP\)](#)

The budget calls for a 1.5 cent increase on the real estate tax to fund the budget. These funds alternatively could be raised by a Meals Tax in the range of 3-4%. The BOS (Board of Supervisors) will take up the advertised tax rate and the meals tax on March 18th.

To fund priorities, there are reductions to the county budget of nearly \$60 million dollars. This includes 208 positions of which 80 positions are currently filled and the remaining are vacant. The County Executive's intention is that all 80 staff members will be offered other vacant positions in the county. You can look at the details of the reductions in the [Agency Reductions](#) report.

The budget provides an additional transfer of \$118.64 million to the schools. The Superintendent's Advertised Budget for FCPS called for \$268.26 million or 10.4% from last year. The difference between the ask and the proposed by the County Executive is \$149.62 million. The main reason the school was asking for this money was to fund their Collective Bargaining agreement with the teachers' unions of 7%.

Some of the major factors as to why the county is seeing less revenue increases than they want is the decreasing occupancy rate in commercial real estate, the state's underfunding of education to Fairfax County, and moderate growth in the residential real estate market.

The County Executive and members of the BOS pointed out that the recent layoffs and decrease in federal funding was not factored into this budget. We do not yet know the impact, but an estimated 80,000 Federal Workers live in Fairfax and Government Contractors bring in about \$106 billion dollars into the Fairfax economy. Therefore, it is reasonable to assume these events will have a negative impact on the county's revenue going forward.

General Fund Budget Highlights

- ◆ Revenue projections based on Real Estate Tax rate of \$1.14 per \$100 assessed value, an increase of \$0.015 Results in an increase in the average tax bill increase of approximately \$638.39 per owner. Each penny change in the tax rate equals \$79.42 on a taxpayer's bill Projected value of \$0.01 on the Real Estate Tax Rate is \$33.95 million.
- ◆ Includes a 2 percent increase (\$13.03 million) to the Transient Occupancy Tax, half of which will support tourism activities
- ◆ Funds an increase of \$125.3 million, or 4.5%, in transfers to Schools.
- ◆ Funds compensation for General County employees, including performance/merit/ longevity increases, a 2.00% cost of living adjustment, and benchmark adjustments.
- ◆ Fully funds the second year of the Public Safety collective bargaining agreements to Police and Fire.
- ◆ Provides for other limited, targeted investments including 9 new positions to address various needs across the County, including the impacts of inflation, costs associated with new facilities, and support for information technology infrastructure

◆ Leaves balance of \$5.62 million for Board's consideration, AKA to spend as the see fit.

Superintendent's budget requested an increase of \$268.26 million, or 10.4%

- This represents the largest school operating budget increase in terms of dollars ever requested.
 - There is an estimated increase of \$23.2 million for the state, but the state budget has not been passed as of the writing of this report.
 - The school has a Collective Bargaining Agreement that provides a 7% raise for all FCPS employees. There is no distinction by grade or class.
 - To fund the Superintendent's' full request of \$268.26 million it would require an additional 4-cents on the real estate tax rate.
- ❖ The budget Funds Collective Bargaining Agreements for
 - 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

Budget proposal includes dedication of additional ¼ penny, or \$8.49 million for affordable housing this will bring the 1¼ pennies, or \$42.44 million. The BOS in the past had made a commitment to 2-cents for affordable housing.

Budget Process Timeline:

February 20: School Board adopts FY 2026 (proposed) Budget Plan

February 25: Joint County/School Budget Committee to discuss FY 2026 budget and tax rate

March 18: Board of Supervisors Advertises FY 2026 tax rate and the Prepared Food and Beverage Tax (aka Meals Tax).

March 18: Board of Supervisors Advertises FY 2025 Third Quarter Review

April 22: School Board Presents FCPS Budget to Board of Supervisors

April 22-24: Board of Supervisors holds public hearings on FY 2026 Budget

May 6: Board of Supervisors marks-up FY 2026 Budget

May 13: Board of Supervisors adopts FY 2026 Budget

May 22: School Board adopts FY 2026 Approved Budget
July 1: FY 2026 Budget Year begins

Key Federation Dates:

February 27, 2025 the schools and county presents their advertised budgets to the Federation General Membership Meeting

Proposed March 8, 2025 10:00 am to 12:00 pm the Budget Committee meets to draft the Federation Resolution.

March 20th – Federation Board reviews and votes on draft FY 2026 Budget Resolution.

March 27th – Federation votes on Budget Resolution at the General Membership meeting.