Multi-Year Budget – FY 2025 and FY 2026

Multi-Year Financial Planning Process

Beginning in FY 2014, the County undertook a more comprehensive multi-year General Fund budgeting process – the development of a two-year budget framework. The two years include the budget proposed to the Board of Supervisors (FY 2025) and a framework for the subsequent year (FY 2026). County staff throughout the organization outline the prospective issues that will need to be addressed as part of the budget process for the following year, more clearly demonstrate the impact of decisions in the budget being adopted and lay out a more accurate projection for the next year, as well as any associated options for balancing that budget. The process will culminate in the adoption each year of the annual budget, as required by Virginia State Code.

The multi-year budget is a preliminary projection of revenues and disbursements for the upcoming fiscal year, and each year these estimates are adjusted as additional information becomes available during the budget process. Currently, there is additional uncertainty in the forecast due to inflation pressures, the cooling down of the real estate market and the future action by the Federal Reserve on interest rates. These factors will be monitored over the coming months as they will shape the County's outlook for FY 2026, and this preliminary projection will be updated and adjusted during FY 2025.

Summary of the Multi-Year Budget

The current forecast for FY 2026 indicates a challenging budget environment as the County continues to navigate the impact of inflation on its operating budget and continued modest growth of Residential and Personal Property values. As a result, revenue growth is projected at 0.70 percent assuming no tax rate increases. This growth rate would provide additional resources totaling $38.40 million. However, disbursement requirements continue to increase because of the factors that drive expenses in the County and Fairfax County Public Schools (FCPS) budgets, such as employee compensation increases, student demographic changes, maintaining current service levels, and the need to address the priorities in the community. Thus, it is not anticipated that projected revenues in FY 2026 will be sufficient to cover expected spending increases.

The table below summarizes the requirements, identified in greater detail on the following pages, which include a total of $179.35 million in additional County disbursements. FCPS transfers have been assumed to increase by 6.76 percent, the same rate as County disbursements would grow if all of the identified requirements were funded.

Projected Shortfall based on Identified County Needs and Equal Schools Growth

	FY 2026 (in millions)	% Inc/(Dec) Over FY 2025
Base Revenue Increase	**$38.40**	**0.70%**
County Disbursements	$179.35	6.76%
FCPS Transfers	190.02	6.76%
Net Change in Reserve Contributions	32.35	
Total Uses of Funds	**$401.72**	
Net Balance	**($363.32)**	

The table above, as well as the General Fund statement at the end of the multi-year budget section, demonstrates that the available resources identified for FY 2026 will fund only a small subset of the identified priorities. As the multi-year budget is an early forecast of the challenges that will be faced in the coming budget cycle, it is anticipated that other funding priorities will develop prior to the release of the FY 2026 Advertised Budget Plan. Balancing the FY 2026 budget will require difficult decisions regarding which priorities to fund, which to exclude or delay, and whether programmatic reductions should be made in other areas or revenue enhancements should be considered.

Development of the FY 2026 budget will span the majority of the next year. The next step in the process will be a series of joint meetings between the Board of Supervisors (Board) and FCPS Board in the fall. Updated projections will be presented at those meetings to provide a better picture of anticipated revenues based on the most recent data, and the inventory of County and FCPS priorities will be refined based on input from the two boards.

Revenue Assumptions

In FY 2025, General Fund revenue is expected to increase 6.01 percent compared to the *FY 2024 Revised Budget Plan*. The revenue increase is primarily due to a 6.79 percent increase in Real Estate Tax revenue as a result of a 2.73 percent rise in the Real Estate assessment base, as well as a 4-cent increase in the proposed Real Estate tax rate from $1.095 per $100 of assessed value in FY 2024 to $1.135 in FY 2025. In addition, Personal Property Tax revenue is projected to increase 8.85 percent based on the projected full market vehicle assessed values in FY 2025. In FY 2024, a discounted 90-percent vehicle assessment ratio was used.

A substantially lower General Fund revenue increase of just 0.70 percent is currently projected in FY 2026, primarily as a result of expected softening of the residential real estate market and continued weakness in the nonresidential market. Other revenue categories such as Personal Property assessments, as well as Local Sales Tax and Business, Professional and Occupational License (BPOL) Taxes, are projected to increase modestly in FY 2026. Revenue growth rates for individual categories are shown in the following table:

Category	Actual	Projections		
	FY 2023	FY 2024	FY 2025	FY 2026
Real Estate Tax – Assessment Base	**8.57%**	**6.59%**	**2.73%**	**0.25%**
Equalization	**7.72%**	**5.68%**	**1.91%**	**(0.10%)**
Residential	*9.57%*	*6.97%*	*2.86%*	*0.50%*
Nonresidential	*2.27%*	*1.65%*	*(1.24%)*	*(2.15%)*
Normal Growth	**0.85%**	**0.91%**	**0.82%**	**0.35%**
Real Estate Tax Rate per $100 of assessed value[1]	**$1.11**	**$1.095**	**$1.135**	**$1.135**
Personal Property Tax – Current[2]	**12.14%**	**(2.33%)**	**8.85%**	**1.50%**
Local Sales Tax	**3.89%**	**1.63%**	**1.00%**	**2.00%**
Business, Professional and Occupational License (BPOL) Taxes	**5.80%**	**1.50%**	**2.00%**	**2.00%**
Interest Rate Earned on Investments	**3.03%**	**4.15%**	**4.00%**	**4.00%**
Fines and Forfeitures	**9.33%**	**5.07%**	**2.91%**	**2.00%**
Charges for Services	**18.20%**	**7.29%**	**2.21%**	**2.00%**
State/Federal Revenue[2]	**(39.43%)**	**0.42%**	**0.10%**	**2.00%**
Total General Fund Revenue	**4.76%**	**3.57%**	**6.01%**	**0.70%**

[1] The FY 2026 forecast is based on the proposed FY 2025 Real Estate tax rate of $1.135 per $100 of assessed value.

[2] The portion of the Personal Property Tax reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 is included in the Personal Property Tax category for the purpose of discussion in this section.

Real Estate Taxes

Reflecting market activity through calendar year 2023, FY 2025 Real Estate property values were established as of January 1, 2024, and rose 2.73 percent compared to the FY 2024 level. On average, home prices continued to increase in 2023 due to demand exceeding supply, but only moderately compared to the previous two years. The office market in the County continued to struggle in 2023 due to rising vacancies and difficulties refinancing or meeting debt obligations during a period of higher interest rates. In terms of revenue projections, future revenue forecasts must account for this trend in the office market which negatively impacts the County's real estate base. Based on the Department of Tax Administration forecast, the total real estate tax base is expected to increase just 0.25 percent in FY 2026 as a result of expected softening of the residential real estate market and continued weakness in the nonresidential market.

Local Housing Market

Based on information from Bright MLS, the average sales price of homes sold in Fairfax County rose 3.8 percent from $761,799 in 2022 to $790,367 in 2023. Home prices increased primarily as a result of the tight inventory of homes for sale. Since bottoming out in 2009, the average home sales price has risen 89.4 percent, or at an average annual growth rate of 4.7 percent. Bright MLS also reported that 11,218 homes sold in the County in 2023, down 22.6 percent compared to 2022. Homes that sold during 2023 were on the market for an average of 18 days, one day longer than in 2022.

Residential assessed values are anticipated to increase just 0.50 percent in FY 2026 after rising 2.86 percent in FY 2025. Residential properties constitute approximately three quarters of the County's real estate tax base.

Local Nonresidential Market

According to the Fairfax County Economic Development Authority, the direct office vacancy rate at year-end 2023 was 17.2 percent, up from 16.7 percent at year-end 2022. The overall office vacancy rate, which includes empty sublet space, was 18.1 percent at year-end 2023, up from 17.8 percent recorded at year-end 2022. The amount of empty office space increased to 21.6 million square feet. With increasing vacancy rates, higher capitalization rates, and the difficulties in securing commercial financing, the office sector continued to struggle, and assessments were lower as a result. Office property values declined for a fourth year in a row, experiencing a 9.09 percent decrease in FY 2025.

Fairfax County recorded 6.2 million square feet of office leasing in 2023, amounting to a slight decrease from the 2022 figure of 6.6 million square feet. For the second year in a row, leasing totals amounted to approximately two-thirds of the pre-pandemic average.

The overall value of all types of existing nonresidential properties in FY 2026 is tentatively projected to decrease 2.15 percent after declining 1.24 percent in FY 2025.

Personal Property Taxes

The Personal Property Tax is levied on vehicles in the County, as well as business personal property. The FY 2025 car tax is based on the January 1, 2024, valuation using the J.D. Power's National Automobile Dealers' Association guide. Personal Property Taxes are projected to increase 8.8 percent based on the projected full market vehicle assessed values in FY 2025. In FY 2023 and FY 2024, a discounted 85-percent and 90-percent vehicle assessment ratio was used in order to partially offset the unprecedented increases to vehicle values due to supply chain disruptions and shortages of computer chips, which moved car prices significantly higher during the COVID-19 pandemic. Personal Property tax revenue in FY 2026 is expected to increase 1.50 percent.

Other Major Revenue Categories

As the economic boost from the federal COVID-19 stimulus begins to wane, Sales Tax collections are expected to slow in FY 2024 relative to the previous year's growth rate. Consistent with econometric model projections, Sales Tax receipts in FY 2024 are projected to rise 1.6 percent. FY 2025 estimate expects an increase of 1.0 percent, followed by an increase of 2.0 percent in FY 2026.

Since County businesses file and pay their BPOL taxes simultaneously on March 1 each year based on their gross receipts during the previous calendar year, there is limited actual data available throughout the fiscal year. FY 2023 BPOL receipts increased 5.80 percent. Consistent with model projections, BPOL revenue is projected to increase 1.5 percent in FY 2024, followed by a 2.0 percent increase in FY 2025 and FY 2026.

Revenue from Interest on Investments is highly dependent on Federal Reserve actions. In 2022, the Federal Reserve pivoted toward tighter monetary policy in the face of persistently high inflation and tight labor market and raised the Federal funds rate at an unprecedented pace. With the last hike in summer 2023, the Federal Reserve moved the target range to 5.25-5.50 percent, which is the highest level since early 2001. As a result of these actions, the County generated substantially higher Investment Interest earnings on its portfolio in FY 2023, earning $116.3 million with a yield of 3.03 percent, which is an increase of $99.1 million compared with FY 2022. With moderating inflation, the Federal Reserve has kept the Federal funds rate unchanged since August 2023. It appears that currently the Federal Reserve is waiting for more data on inflation and the labor market to determine when to dial back its restrictive monetary policy and commence rate cuts. The FY 2024 estimate of $154.4 million is based on a projected average yield of 4.15 percent. The Federal Reserve has signaled that it is expected to make several rate cuts at some point during calendar year 2024. The projected FY 2025 Investment Interest revenue assumes an average annual yield of 4.00 percent. The FY 2026 estimate assumes the same annual yield of 4.00 percent as in FY 2025, although it is unclear by how much the Federal Reserve would lower interest rates.

Disbursement Priorities

The disbursement requirements and priorities that have been identified through the FY 2025 and FY 2026 multi-year budget process are discussed below. Among these items are basic requirements such as funding of County and School debt service, increases for employee compensation and fringe benefits, increases resulting from budget drivers such as increased workloads to current services, FCPS enrollment, and implementation of programs that have been identified as Board priorities. In addition to the costs noted below, the County's reserve policy requires that contributions be allocated to the Managed Reserve, the Revenue Stabilization Fund, and the Economic Opportunity Reserve to maintain the reserves at their target funding levels which total 10 percent of General Fund disbursements.

The items identified below and associated expenditure levels will be revalidated during the FY 2025 and FY 2026 multi-year budget development process in light of updated data and revenue projections. However, the modest revenue growth that is currently projected is insufficient to fund the identified items. Therefore, in order to develop a balanced budget and address Board priorities, it will be necessary to consider revenue enhancement options and programmatic reductions or to defer some of these items to FY 2026 or beyond.

Fairfax County Public Schools

An increase to the transfer to the Fairfax County Public Schools for operations will be required to support employee compensation increases for all employees and employee benefit rate changes to attract and retain world-class educators and staff, addressing retention and succession planning by providing a deferred retirement option program for ERFC Legacy plan members, supporting students academically by maintaining existing class-size formulas and investing in students requiring additional support, strengthening student wellbeing outside of the classroom by expanded athletics offerings, providing additional athletic trainers, and enhancing stipends for fine and performing arts, continuing key multiyear initiatives including expansion of inclusive preschool, three year recommendations for environmental initiatives, implementation of a modernized Human Resources system to support core operations, and funding assistant director of student activities positions previously funded with ESSER III. In addition, long-term investments are required for previously identified unfunded needs. Each 1 percent increase in the transfer for operations is approximately $25.84 million.

For the purposes of this projection, it has been assumed that County disbursements and County support for FCPS will increase at the same rate in FY 2026. As a result, total County support for FCPS is projected to increase by approximately 6.76 percent, or $190.02 million. This amount includes an increase of $176.22 million for FCPS operations. The County transfer for debt service is projected to increase by $8.80 million for programmed general obligation bond payments. This estimate assumes an FCPS bond sale of $230 million in January 2025, which is a $25 million increase over January 2024 and is consistent with the recommendations from the Joint County/Schools Capital Improvement Program (CIP) Committee. The actual debt service requirement will be based on market conditions at the time of the bond sale and interest rate received by the County. The overall increase also assumes an increase of $5.00 million in County support for school construction, which would bring total baseline funding to $20.60 million. This investment is consistent with the Joint CIP Committee recommendations, which are explained further in the *Debt Service and Capital Construction* section below.

Employee Pay

On October 19, 2021, the Board adopted an ordinance to amend Chapter 3 of the Fairfax County Code, County Employees, by adding Article 10, Collective Bargaining, Sections 3-10-1 through 3-10-18, to allow specific bargaining units of County employees to engage in collective bargaining with the County. The Southern States Police Benevolent Association (SSPBA) was elected as the exclusive representative of the Police Department and the International Association of Fire Fighters (IAFF) Local 2068 was elected as the exclusive representative of the Fire and Rescue Department and Department of Public Safety Communications. The members of both collective bargaining units ratified the agreements in November 2023 covering the period from FY 2025 to FY 2027. In December 2023, the Board approved resolutions indicating their intent to provide funding to support the agreements. The bargaining unit representing General Government employees is yet to be elected and certified.

For the FY 2026 plan, a $86.5 million placeholder for employee pay increases is used, encompassing the following components:

- **SSPBA Pay Increases ($18.7 million):** Funding is included for SSPBA pay increases for all eligible union members on pay plan O. The funding reflects the full-year impact of merit and longevity increases provided to uniformed employees in FY 2025 and the partial-year costs for merit and longevity increases provided to uniformed employees in FY 2026 since all increases are effective on the employee's anniversary date. The funding also reflects a 2.0 percent pay scale adjustment and a 2.0 percent Cost-of-Living-Adjustment (COLA) effective July 2025. It should be noted that, under provisions in the collective bargaining agreement with SSPBA, employees will receive the greater of the funded MRA or the 2.0 percent COLA in FY 2026.

- **IAFF Pay Increases ($16.6 million):** Funding is included for IAFF pay increases for eligible union members on pay plans F and D. The funding reflects the full-year impact of merit increases in FY 2025 and the partial-year costs for merit increases in FY 2026 since all increases are effective on the employee's anniversary date. Pay plans F and D include 26 steps, with increases ranging from 1.0 percent to 5.0 percent. This funding also reflects a 3.1 percent pay scale adjustment effective July 2025.

- **Public Safety Non-Represented Employees ($1.6 million):** Funding is included for pay increases for non-represented public safety employees on pay plans O, F and D. These non-represented employees are impacted by the collective bargaining agreements mentioned above. The funding reflects the full-year impact of step increases in FY 2025 and partial-year costs for step increases in FY 2026. In addition, the funding reflects pay scale adjustments that apply to union members in the respective pay plans.

- **Cost of Living Adjustments (COLA) ($24.1 million):** An estimated $24.1 million is included for a projected 2.0 percent Cost of Living Adjustment for those pay scales not impacted by a collective bargaining agreement. As part of the employee compensation adjustments included in the FY 2025 proposed budget, shifting away from the formula-driven Market Rate Adjustment to a predictable, standard 2.0 percent COLA is recommended. Pending further discussion with the Board of Supervisors, and with the calculated MRA unknown until data is available in late Fall, a 2.0 percent COLA has been included in the FY 2026 projections.

- **General County Employee Pay Increases ($16.6 million):** Funding is included for General County employee pay increases, including performance and longevity adjustments. The funding reflects increases effective July 2025 for graduated performance increases, based on where employees are on the pay scale, and 4.0 percent longevity increases provided to employees who reach 20 or 25 years of service as of June 30 each year. The performance increases range from 3 percent for employees within 15 percent of the bottom of the pay scale to 1.25 percent for employees within 25 percent of the top of the pay scale.

- **Public Safety Pay Increases ($1.9 million):** Funding is included for merit and longevity increases for eligible public safety employees on pay plans C and P, including the full-year impact from FY 2025 and partial-year costs for FY 2026.

- **Benchmark Study Placeholder ($7.0 million):** A placeholder of $7.0 million is included for compensation adjustments resulting from efforts to maintain the competitiveness of County pay structures and improve employee recruitment and retention, including the annual review of County job classifications. The process compares pay levels with competitors in the local job market using representative job classes from various job families.

Fringe Benefits

A total increase of $26.9 million is incorporated into the FY 2026 projection for employee benefits, primarily driven by increases in retirement and health insurance costs. This amount includes the projected impact of increases for General Fund employees as well as adjustments required to support fringe benefit costs in General Fund supported funds. It should be noted that the fringe benefit costs associated with employee compensation increases and new positions are included in the total cost of those adjustments in other sections.

- **Health Insurance ($6.8 million):** An increase of $6.8 million is anticipated to reflect changes in health insurance plan premiums and actual experience based on employee benefit plan enrollment. Health insurance cost increases are primarily the result of actual experience in the County self-insured health plans. The estimated increase in FY 2026 is based on projected 5.0 percent premium increases for all health insurance plans in plan years 2025 and 2026. It should be noted that these premium increases are budgetary projections only, and final premium decisions are made in the fall prior to the beginning of each plan year based on updated claims experience.

- **Retirement System ($20.1 million):** A net increase of $20.1 million is required for fiduciary requirements associated with the County's retirement systems, based on preliminary estimates of the FY 2026 employer contribution rates from the actuarial valuations as of June 30, 2023. It is the County's policy not to reduce employer contributions until each system reaches 100 percent funded status.

Debt Service and Capital Construction

An estimated increase in debt service of $11.70 million is identified for FY 2026 to reflect the required costs for County bond projects supporting the County's CIP. This increase is due largely to $8.80 million for programmed and estimated general obligation bond payments. The January 2025 County bond sale is projected to be $170 million, which is a $25 million increase over January 2024 and is consistent with the recommendations from the Joint County/Schools CIP Committee. The actual debt service requirement will be based on market conditions at the time of the bond sale and interest rate received by the County. This estimate also assumes approximately $2.90 million in additional Economic Development Authority (EDA) conduit debt service for the Tysons Community Center and anticipated draws on the County's Line of Credit for the redevelopment of the Original Mount Vernon High School.

A significant increase in capital construction funding is needed in order to meet the County's backlog of requirements, primarily infrastructure upgrades and replacements at County-owned facilities. In February 2020, the Board of Supervisors and the School Board established a joint CIP working group to allow for information sharing, prioritizations, and planning by both the County and Fairfax County Public Schools. The Committee approved a series of recommendations, which were subsequently approved by both the Board of Supervisors and the FCPS Board. These recommendations included gradually increasing General Obligation Bond Sale limits from $300 million to $400 million annually; dedicating the equivalent value of one penny on the Real Estate tax to the County and FCPS capital program to support both infrastructure replacement and upgrade projects and debt on the increased annual sales; and increasing the percentage allocated to the Capital Sinking Fund at year-end, as well as including FCPS in the allocation. Based on resource constraints, the Committee's recommendation to dedicate the value of one penny has not been included in the FY 2025 Advertised Budget Plan. The FY 2025 Advertised Budget Plan provides $13.1 million in support, which represents $2.50 million each for the County and FCPS capital programs and $8.1 million in additional debt service requirements due to the increase in the annual bond sale limit. The FY 2026 multi-year plan assumes an additional $10 million investment, split between the County and FCPS.

Public Safety

Police Department

Lorton Police Station

An increase of $0.40 million and 3/3.0 FTE positions is identified for FY 2026 as part of a multi-year process to staff the Lorton District Police Station. A phased staffing approach was adopted based on the large number of staff required and the significant lead time associated with hiring and training new recruits. A total of 70/70.0 FTE positions were added between FY 2017 and FY 2022, completing the number of uniformed positions required to staff the station. An additional 4/4.0 FTE support positions are included in in the FY 2025 Advertised Budget Plan. The final 3/3.0 FTE support positions in FY 2026 will complete the required station staffing.

Department of Public Safety Communications

As a result of the opening of the ninth police station, Lorton District Police Station, the Department of Public Safety Communications is transitioning to a one-to-one dispatch model to assist with the increase in call volume and the complexity of 911 calls. An increase of $0.64 million and 5/5.0 FTE positions is identified for FY 2026, reflecting the final year of a multi-year process to increase dispatchers. A total of 15.0/15.0 FTE positions have been added to date, including 10/10.0 FTE positions in FY 2020 and 5/5.0 FTE positions in FY 2022.

Commonwealth's Attorney

At the September 22, 2020, Public Safety Committee Meeting, the Commonwealth's Attorney discussed the need for additional positions and the impact on the office as a result of being underfunded. County staff and the Office of the Commonwealth's Attorney staff collaborated on a plan that will add additional positions to assist with workload and the prosecution of additional crimes. The FY 2022 budget added 15/15.0 FTE positions. As part of the reductions utilized to balance the FY 2025 Advertised Budget Plan, two vacant Assistant Commonwealth Attorney positions were eliminated. Even with this reduction, there are still six vacant positions that can be filled. The County will continue to work with the Commonwealth's Attorney to determine appropriate staffing levels based on workload needs and vacancy rates.

Human Services

Diversion First

Funding of $1.27 million and 6/6.0 FTE positions have been identified in FY 2026 to support the continued implementation of the multi-year Diversion First initiative. Diversion First is a multi-agency effort to redirect individuals with mental illness, developmental disabilities, and cooccurring substance use disorders from the judicial system into the health care system to improve public safety, promote a healthier community, and maximize public resources in the most cost-effective manner.

Behavioral Health Crisis Response

Funding of $3.99 million and 22/22.0 FTE positions is identified in FY 2026 for expansion of the behavioral health crisis response system, to include the Co-Responder program. The Co-Responder program pairs a Fairfax-Falls Church Community Services Board (CSB) Crisis Intervention Specialist and a Crisis Intervention Team trained police officer to respond to calls for service that are related to behavioral health issues. The behavioral health crisis response system provides services to de-escalate crises, avoid arrest, incarceration and hospitalization, make linkages to needed services, and coordinate with other County and community programs to enhance care.

Department of Family Services

Positions Supporting the Adult and Aging Population

In the coming years, it is anticipated that there will be a significant increase in the older adult population. Therefore, a multi-year plan has been developed to address the needs of this growing population. Funding of $0.70 million and 5/5.0 FTE positions has been identified to address growing caseloads in Adult and Aging's Nutrition program as well as a new requirement by the Virginia Department of Aging and Rehabilitation Services to oversee nutritional counseling and nutrition education for older adults and adults with disabilities; provide training and support to Adult Foster

Care providers to strengthen competencies needed for a successful emergency placement, especially for challenging Adult Protective Services clients who need intensive supportive services; and support Adult Protective Services emergency service provision for the growing number of older adults and adults with disabilities who are determined to be at risk for abuse, neglect, or exploitation.

Positions Supporting Domestic and Sexual Violence Services

The Domestic and Sexual Violence Services (DSVS) division in the Department of Family Services is a state-accredited dual program serving victims of domestic and sexual violence and a state-certified batterer intervention program. DSVS provides services to adults, children and youth victims of domestic and sexual violence, human trafficking, and stalking, and to adult offenders of domestic violence. DSVS also partners with community non-profits on the Domestic Violence Action Center, a comprehensive, co-located service center now in three locations. Additionally, DSVS facilitates coordination of a community response to domestic and sexual violence. Funding of $0.30 million and 2/2.0 FTE positions are needed to continue this important work and move the division forward with victim services, expanded community engagement, and countywide coordination.

Health Department

Epidemiology

Funding of $0.30 million and 2/2.0 FTE positions has been identified in order to continue expanding the Health Department's use of epidemiological data to improve health outcomes, reduce health disparities and enhance program effectiveness within the County as well as enhancing the Health Department's capability to meet the growing Population Health needs of the community. These positions will improve the Health Department's capacity to prevent and control infectious diseases as well as develop the capability to monitor the health status of the community; use data in real time to guide new approaches to the delivery of population-based health services; and research new insights and innovative solutions to health problems within the community.

Fairfax-Falls Church Community Services Board

Medicaid Waiver Redesign/Support Coordination

Pursuant to the Department of Justice (DOJ) settlement implementation, the Commonwealth of Virginia has redesigned the previously separate service delivery systems for people with intellectual disability and developmental disabilities into one Developmental Disabilities services system. The term "developmental disabilities" is now understood to include intellectual disability as well as disorders on the autism spectrum and other developmental disabilities. In FY 2017, CSBs throughout the Commonwealth of Virginia, including the Fairfax-Falls Church CSB, became the single point of eligibility determination and case management not only for people with intellectual disability, but also for individuals with other developmental disabilities. As a result, CSB's role and oversight responsibility, as well as the number of people served has increased considerably. In addition, it has increasingly become a state priority to eliminate the priority 1 waiting list for services. This would require additional positions for waiver support coordination services, supervisory support, and Medicaid compliance oversight such as training, auditing, and coordination of ongoing Medicaid compliance activities. Funding in the amount of $3.6 million and 24/24.0 FTE positions, partially offset by $1.43 million in revenue, has been identified to serve the newly eligible individuals should additional waivers be provided to the County.

Department of Neighborhood and Community Services

Opportunity Neighborhoods

Funding of $0.40 million and 1/1.0 FTE position will support the continued expansion of Opportunity Neighborhoods (ON) into the Springfield area. ON is a Department of Neighborhood and Community Services initiative that coordinates the efforts of multiple County agencies and community-based programs and services to promote positive outcomes for children and youth by aligning available programming with identified needs, interests, and gaps in a particular community. Major outcomes include ensuring that children are prepared for school entry; that children succeed in school; that youth graduate from high school and continue onto postsecondary education and careers; and that ON families, schools, and neighborhoods support the healthy development and academic success of the community's children and youth.

Expanded Programming and Early Childhood Services at Original Mount Vernon High School

Partial-year funding of $0.69 million and 8/8.0 FTE positions will support expanded programming at Original Mount Vernon High School and $4.2 million will support affordable high quality full-time early childhood services for 172 children ages birth to 5 years after renovations are completed. In FY 2027, an additional $0.65 million and $4.1 million, respectively, will be needed bringing full-year funding to $1.3 million for expanded programming and $8.3 million for early childhood services. It is anticipated that the County will apply for a Head Start/Early Head Start grant to help offset the operational costs for early childhood services starting in FY 2026; however, since this is a competitive award, it is unknown if the County will be awarded funding.

Active Adult Facility and Child Care Center at Kingstowne Complex

The Kingstowne Complex will co-locate the Franconia Police Station, the Franconia District Supervisor's office, the Franconia Museum, the Kingstowne Library, an Active Adult Center, and a child care center. Funding of $0.4 million and 3/3.0 FTE positions are needed to support expanded programming for older adults since the new facility will double in square footage (from 4,000 square feet to 8,000 square feet). In addition, $2.7 million has been identified to support affordable, high quality, full-time early childhood services for 78 children ages birth to 5 years at the childcare center. It is expected that early childhood services will be provided by a contractor; however, if a contractor is not identified and NCS directly operates the child care center, additional merit positions will be required. Additional information on the funding needs associated with the library is available in the following Parks and Libraries section of the Multi-Year budget.

Parks and Libraries

Park Authority

Social Equity

Future funding will be needed to achieve the goal of a park system that is readily open to all residents regardless of family income and to provide an all-encompassing, equitable service delivery model. Baseline funding of $1.00 million has been continued in FY 2025 to support equity initiatives. The Park Authority is currently working with a consultant to conduct an analysis and develop recommendations to increase access to Park Authority programs and services for all residents of Fairfax County. In FY 2024 funding provided the investment required to maintain all summer camp program fees at the FY 2023 level. Program fee evaluations indicated increases based on rising operational costs, supplies, and contract rates for vendor-run programs, which would otherwise have been passed along to users. The summer camp program is community-focused and provides both enrichment and daycare for school-aged children in the summertime. FY 2026 funding will need to be considered based upon the results of the consultant's recommendations.

Zero Waste Initiatives

The County's approved Operational Energy Strategy includes a goal to significantly minimize waste in County government operations and achieve zero waste by 2030. In response to this goal and the County's solid waste ordinance, the Park Authority will establish a pilot program to enhance trash and recycling collection at two of the six Park maintenance areas in FY 2025. Additional funding of approximately $2.9 million and 8/8.0 FTE positions will be required in FY 2026 to fully fund this program. Funding and staffing are required to support the purchase of additional recycling receptacles, collection trucks, and compactors to ensure that trash and recycling are properly collected at park properties both during the week and on weekends. This program will focus on ensuring that all residents and park users, regardless of where they live, have clean and inviting spaces by employing environmentally friendly practices.

Public Library

Funding of $0.70 million and 12/9.0 FTE positions are identified for phase two of a four-phase plan to make regional and community library branch hours consistent. This funding will move three additional locations of the library's 22 full-service branch locations to one set of standardized hours: 10:00am to 9:00pm Monday through Wednesday, and 10:00am to 6:00pm Thursday through Sunday. At the end of phase four, there will be an additional 9,568 service hours per year.

The Kingstowne Complex will co-locate the Franconia Police Station, District Supervisor's Office, the Franconia Museum, the Kingstowne Library, an Active Adult Center, and a child care center. Funding in the amount of $0.3 million and 4/3.0 FTE positions is needed to support expanded programming at the Kingstowne Library. This library will double in size and will convert from a community library to a regional library. Additional information on the funding needs associated with the Active Adult Center and child care center is available in the Human Services section of the Multi-Year budget.

Community Development

Transportation

A placeholder of $8.9 million has been included in FY 2026 for transportation requirements. This estimate includes a $6.0 million increase for Metro, based on a preliminary projection from the proposed jurisdictional subsidy for FY 2025. A $2.5 million increase is also estimated for Fairfax Connector to support anticipated operating contract increases. These estimates will be refined in the coming months and will be met with a combination of General Fund resources and state aid held in trust at the Northern Virginia Transportation Commission. Lastly, contract costs for FASTRAN services, which offers specialized transportation services to individuals within the health and human services network, are estimated to increase by $0.4 million.

Department of Housing and Community Development

Affordable Housing

In March 2019, the Affordable Housing Resources Panel (AHRP) presented recommendations for Phase II of the Communitywide Housing Strategic Plan to produce 5,000 units of affordable housing to households earning up to 60 percent of the Area Median Income (AMI) over the next 15 years. In order to help achieve the recommendations as outlined in Phase II, the AHRP recommended that the Board of Supervisors make a commitment equivalent to the value of an additional penny to support affordable housing initiatives. Affordable housing remains one of the County's highest priorities, and in 2022 the Board increased the affordable housing production goal from 5,000 to 10,000 units. In FY 2023, the Board of Supervisors dedicated an additional half-cent on the Real Estate Tax rate to affordable housing, bringing the total allocation to one cent. The FY 2025 annual contribution to the Affordable Housing Development and Investment Fund is $32,318,750, maintaining a level equivalent to one penny on the tax rate. It should also be noted that the Board has identified additional local resources which have been added for affordable housing development and preservation at quarterly budget reviews. From FY 2006 through FY 2024, the Affordable Housing Development and Investment Fund provided a total of $311.4 million for affordable housing in Fairfax County. The FY 2026 multi-year plan assumes that an additional half-penny on the Real Estate Tax rate, or approximately $16.16 million, is identified for affordable housing initiatives.

Positions Supporting Affordable Housing Initiatives

As noted above in the Affordable Housing section, the Board is committed to adding 10,000 affordable and workforce housing units by 2034. This creates a need for additional positions in the Department of Housing and Community Development to support the creation, rehabilitation, and preservation of affordable housing and the Office of the County Attorney for legal support associated with these infrastructure projects as well as assisting with the review of Fair Housing claims. Funding of $1.33 million and 7/7.0 FTE positions will continue to address the increased workload requirements associated with these affordable housing investments and will ensure that resources are spent in a timely manner. This includes 6/6.0 FTE positions in the Department of Housing and Community Development and 1/1.0 FTE position in the Office of the County Attorney.

Cost of County Operations

Office of Elections

Funding of $0.8 million and 7/7.0 FTE positions will support required voter registration and election activities that have increased as a result of federal and state legislation impacting elections. These positions will enable the agency to respond more effectively to requests from the Electoral Board, the State Department of Elections, residents, and political party representatives; provide better services to Fairfax County residents; comply with legal requirements; and operate more efficiently and effectively.

Next Steps in the Multi-Year Process

Balancing the FY 2026 Budget

Although the revenue projections and inventory of disbursement priorities included above set the stage for the FY 2026 budget, significant effort will be required to build and balance the budget. While some of the necessary changes will occur naturally over the next year before the release of the FY 2026 and FY 2027 Multi-Year Budget, others will require policy decisions to be made. Adjustments to develop a balanced FY 2026 budget could include efficiencies, reduction options, revenue enhancement options or deferral of several of the items that have been outlined above. It is anticipated that these decisions will be guided by input received from the Board of Supervisors and School Board through their joint meetings in the fall.

The FY 2026 budget forecast presents a challenging picture as a result of projections that the County will experience constrained revenue growth driven largely by the continued slowdown of the housing market and marginal increases in commercial real estate. The disbursement increases that could be accommodated within the projected revenue growth are limited and would not address most of the County and Schools items that have been identified based on information available today. However, there is also the potential for changes as more information is available over the course of the next year. The items that need to be funded in FY 2026 will therefore be considered in the context of Board priorities, and decisions will be made by the County Executive on what specific items to recommend for FY 2026 and which items to exclude or delay until FY 2027 or beyond.

Multi-Year General Fund Statement

The following page provides a historical view of the General Fund as well as a projection for FY 2026. The FY 2026 projection includes funding of all of the items discussed above, with the assumption of equal growth in both County disbursements and FCPS transfers. As a result, both the County and FCPS portions of General Fund disbursements are shown to increase by 6.76 percent, and total disbursements are shown to exceed available resources. The FY 2026 projection will be refined over the coming year, and the FY 2026 Advertised Budget Plan, when presented to the Board of Supervisors, will be balanced.

MULTI-YEAR BUDGET
FY 2021-2026
(in millions)

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Revised	FY 2025 Advertised	FY 2026 Projected	Inc/(Dec) Over FY 2025	% Inc/(Dec) Over FY 2025
Beginning Balance	$450.48	$490.60	$581.52	$526.41	$265.67	$218.43	($47.24)	(17.78%)
Revenue								
Real Property Taxes	$3,006.83	$3,053.92	$3,219.29	$3,377.50	$3,606.17	$3,615.46	$9.29	0.26%
Personal Property Taxes	431.08	474.62	559.65	536.99	601.35	613.68	12.33	2.05%
General Other Local Taxes	549.10	595.63	609.27	609.25	620.60	632.02	11.42	1.84%
Permit, Fees & Regulatory Licenses	57.08	59.61	9.84	9.79	12.65	12.91	0.25	2.00%
Fines & Forfeitures	5.48	7.20	7.87	8.27	8.51	8.68	0.17	2.00%
Revenue from Use of Money & Property	24.78	19.26	118.64	156.64	155.01	155.06	0.04	0.03%
Charges for Services	33.70	53.28	62.98	67.57	69.06	70.44	1.38	2.00%
Revenue from the Commonwealth	308.78	310.56	317.35	325.66	325.62	327.90	2.29	0.70%
Revenue from the Federal Government	156.50	156.11	48.63	40.95	41.15	41.97	0.82	2.00%
Recovered Costs/Other Revenue	18.31	16.95	19.82	18.23	20.36	20.77	0.41	2.00%
Total Revenue	**$4,591.63**	**$4,747.13**	**$4,973.33**	**$5,150.85**	**$5,460.49**	**$5,498.89**	**$38.40**	**0.70%**
Transfers In	**$8.71**	**$24.00**	**$19.71**	**$9.86**	**$10.34**	**$10.34**	**$0.00**	**0.00%**
Total Available	$5,050.82	$5,261.73	$5,574.56	$5,687.13	$5,736.51	$5,727.67	($8.84)	(0.15%)
County Disbursements								
County Debt Service	$131.04	$131.32	$133.67	$137.78	$149.38	$161.08	$11.70	7.83%
Capital	47.92	109.08	168.22	124.84	32.46	37.46	5.00	15.40%
Contributories/Grants	19.70	19.61	22.94	24.35	24.75	24.75	0.00	0.00%
Legislative-Executive Functions/ Central Services	168.07	193.40	226.36	210.18	202.53	207.77	5.24	2.59%
Judicial Administration	42.07	47.41	52.22	56.50	57.12	58.10	0.98	1.71%
Public Safety	522.23	551.28	574.06	644.88	679.86	721.21	41.35	6.08%
Public Works	76.54	73.97	78.43	94.62	87.53	88.88	1.35	1.54%
Health and Welfare	447.04	478.17	519.71	603.93	603.11	634.16	31.05	5.15%
Parks and Libraries	56.28	60.76	64.16	69.97	71.12	77.07	5.95	8.36%
Community Development	161.80	171.53	191.06	187.59	190.15	217.72	27.57	14.50%
Nondepartmental (Fringe Benefits)	514.93	450.77	488.35	620.77	553.17	602.34	49.17	8.89%
Subtotal County	**$2,187.61**	**$2,287.30**	**$2,519.17**	**$2,775.40**	**$2,651.19**	**$2,830.54**	**$179.35**	**6.76%**
Schools Transfers								
School Operating	$2,143.32	$2,172.66	$2,275.31	$2,419.41	$2,584.41	$2,760.63	$176.22	6.82%
School Construction	13.10	13.10	32.55	25.53	15.60	20.60	5.00	32.05%
School Debt Service	198.18	197.12	199.87	200.03	208.93	217.73	8.80	4.21%
Subtotal Schools	**$2,354.60**	**$2,382.88**	**$2,507.73**	**$2,644.97**	**$2,808.94**	**$2,998.96**	**$190.02**	**6.76%**
Reserve Contributions	**$18.01**	**$10.03**	**$21.25**	**$1.08**	**$0.58**	**$23.54**	**$22.96**	**3985.33%**
Total Disbursements	$4,560.22	$4,680.21	$5,048.15	$5,421.45	$5,460.71	$5,853.04	$392.34	7.18%
Total Ending Balance	$490.60	$581.52	$526.41	$265.67	$275.80	($125.37)	($401.18)	(145.46%)
Less:								
Managed Reserve	$182.58	$190.42	$204.45	$212.12	$218.43	$234.12	$15.69	7.18%
Other Reserves	130.55	80.05	118.82	0.00	0.00	0.00	0.00	-
Impact of Anticipated FY 2025 Board Action	0.00	0.00	0.00	0.00	57.38	0.00	(57.38)	(100.00%)
Total Available	$177.47	$311.06	$203.14	$53.55	$0.00	($359.50)	($359.50)	-