

# County Executive's Presentation

FEBRUARY 17, 2026



Fairfax  
County

FY 2027

Advertised  
Budget Plan

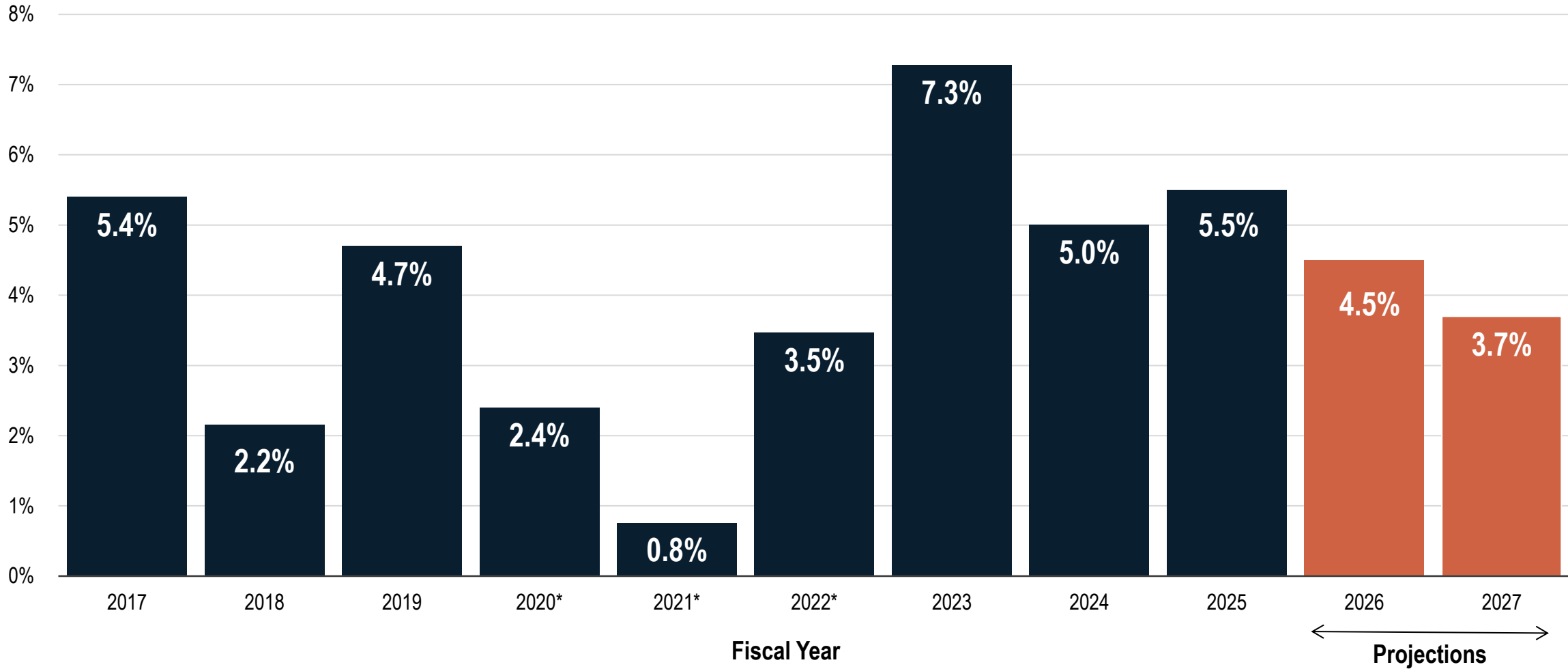


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# FY 2027 Advertised Budget Highlights

- Proposal is based on existing Real Estate Tax rate of \$1.1225 per \$100 of assessed value
  - Real estate tax base increasing 3.77 percent, both residential and non-residential assessments are up
  - Recognizes full-year impact of Food and Beverage Tax implementation
- Provides \$118.1 million in increased transfers for Schools operations, construction and debt service
  - Partially funds the Superintendent's Proposed Budget
  - When combined with state action in the former Governor's proposed budget, results in approximately \$224 million of funding flexibility for FCPS
- Includes funding for the County's compensation program
- Focus on significant needs for maintenance and renewal of aging facilities and modernization of IT systems
- County priorities are offset by \$32.9 million in agency reductions, including 107 merit positions
- Balance of \$23.17 million after recommended adjustments
  - In addition, \$1.93 million identified for potential loss of UASI funding and \$2.55 million in recurring funding remains in Reserve for Economic Uncertainty

# Annual Change in General Fund Revenue FY 2017 – FY 2027



\* 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 2022	FY 2023	FY 2024	FY 2025	Projections	
					FY 2026	FY 2027
Real Estate - Current	\$3,049.8	\$3,204.0	\$3,369.2	\$3,555.6	\$3,723.9	\$3,856.2
Percent Change	1.7%	5.1%	5.2%	5.5%	4.7%	3.6%
Personal Property – Current*	\$658.6	\$738.5	\$731.8	\$784.6	\$803.2	\$828.5
Percent Change	4.9%	12.1%	(0.9%)	7.2%	2.4%	3.1%
Sales Tax	\$231.1	\$240.1	\$243.2	\$249.6	\$254.6	\$258.4
Percent Change	15.1%	3.9%	1.3%	2.6%	2.0%	1.5%
BPOL - Current	\$184.3	\$195.0	\$203.9	\$211.0	\$215.3	\$218.5
Percent Change	7.6%	5.8%	4.5%	3.5%	2.0%	1.5%
Food and Beverage Tax	--	--	--	--	\$67.9	\$135.8
Percent Change	--	--	--	--	--	100.0%
Investment Interest	\$17.2	\$116.3	\$174.1	\$190.7	\$166.3	\$150.4
Percent Change	(25.1%)	576.7%	49.7%	9.5%	(12.8%)	(9.6%)
<b>Total General Fund</b>	<b>3.4%</b>	<b>4.8%</b>	<b>5.0%</b>	<b>5.5%</b>	<b>4.5%</b>	<b>3.7%</b>

\* 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 \$35.15 million in revenue in FY 2027
- At the Real Estate tax rate of \$1.1225 per \$100 of assessed value, the average tax bill increase is \$357
- The Commercial/Industrial percentage of the total real estate assessment base decreased from 14.80% in FY 2026 to 14.42% in FY 2027

	2022	2023	2024	2025	2026	2027
Residential Equalization	4.25%	9.57%	6.97%	2.86%	6.17%	3.99%
Residential Growth	0.76%	0.78%	0.85%	0.54%	0.48%	0.32%
<b>Total Residential</b>	<b>5.01%</b>	<b>10.35%</b>	<b>7.82%</b>	<b>3.40%</b>	<b>6.65%</b>	<b>4.31%</b>
Non-Residential Equalization	(4.05%)	2.27%	1.65%	(1.24%)	(0.38%)	0.92%
Non-Residential Growth	1.13%	1.08%	1.10%	1.78%	1.29%	0.92%
<b>Total Non-Residential</b>	<b>(2.92%)</b>	<b>3.35%</b>	<b>2.75%</b>	<b>0.54%</b>	<b>0.91%</b>	<b>1.84%</b>
Total Equalization	2.02%	7.72%	5.68%	1.91%	4.68%	3.32%
Total Growth	0.86%	0.85%	0.91%	0.82%	0.66%	0.45%
<b>TOTAL</b>	<b>2.88%</b>	<b>8.57%</b>	<b>6.59%</b>	<b>2.73%</b>	<b>5.34%</b>	<b>3.77%</b>



- Residential properties comprise approximately 78.6% of total base
- Average price of homes sold in CY 2025 was up 3.0%
- The number of home sales decreased slightly by 0.1% from 11,787 homes in 2024 to 11,780 in 2025
- Homes that sold in 2025 stayed on the market for an average of 21 days, 4 days longer than in 2024

# Residential Market

## Residential Equalization Percent Changes

Housing Type (Percent of Base)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Single Family (71.8%)	4.17	10.86	7.80	2.79	6.38	4.28
Townhouse/Duplex (19.9%)	5.13	8.70	6.31	2.99	6.53	3.90
Condominiums (7.9%)	4.62	3.98	3.98	4.21	5.84	2.94
Vacant Land (0.3%)	2.07	11.67	6.40	3.48	6.59	4.79
Other (0.1%)	1.95	3.88	9.25	0.70	6.14	0.96
<b>Total Residential Equalization (100%)</b>	<b>4.25%</b>	<b>9.57%</b>	<b>6.97%</b>	<b>2.86%</b>	<b>6.17%</b>	<b>3.99%</b>



- The amount of empty office space in the County decreased to 21.3 million sq. ft. out of 119.1 million sq. ft.
- Office vacancy rates as of year-end 2025:
  - 17.4% direct, down from 17.8% as of year-end 2024; first decrease since 2019
  - 17.9% with sublets, down from 18.4% at year-end 2024
- Currently, 0.3 million sq. ft. of office space under construction

# Nonresidential Real Estate

## Nonresidential Equalization Percent Changes

Category (Percent of Base)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Apartments (32.7%)	2.78	6.60	4.04	1.97	1.31	2.62
Office Condominiums (3.5%)	(0.59)	0.65	1.61	(0.05)	2.01	5.22
Industrial (8.7%)	0.14	1.97	9.59	(1.37)	2.14	4.38
Retail (16.4%)	(10.20)	2.84	3.92	1.14	0.94	0.83
Office Elevator (22.7%)	(4.42)	(0.45)	(3.69)	(9.09)	(7.20)	(3.24)
Office – Low Rise (1.4%)	(3.28)	2.41	(1.17)	(3.67)	1.73	(2.63)
Vacant Land (3.8%)	(5.36)	(0.74)	(3.27)	(1.84)	(1.43)	(2.17)
Hotels (3.1%)	(44.20)	1.92	14.46	22.17	17.38	5.17
Other (7.7%)	(3.75)	0.84	3.91	2.83	2.75	2.39
<b>Total Nonresidential Equalization (100%)</b>	<b>(4.05%)</b>	<b>2.27%</b>	<b>1.65%</b>	<b>(1.24%)</b>	<b>(0.38%)</b>	<b>0.92%</b>



# ADJUSTMENTS INCLUDED IN FY 2027 GENERAL FUND BUDGET

(Amounts shown are in millions, net change over FY 2026 Adopted Budget Plan)

## Projected Revenue Increase

	County	Schools	Unallocated	Total
Projected Revenue Increases	\$132.71	\$118.09	\$25.10	\$275.90
Redirect Tourism Revenue to Contributory Fund	--	--	(\$6.52)	(\$6.52)
Net Impact of Transfers In	\$1.26	--	--	\$1.26
<b>Total Available</b>	<b>\$133.98</b>	<b>\$118.09</b>	<b>\$18.57</b>	<b>\$270.65</b>

## FY 2027 Requirements

	County	Schools	Unallocated	Total
School Operating Support	--	\$94.61	--	\$94.61
County Compensation	\$102.55	--	--	\$102.55
Debt Service	\$7.42	\$11.40	--	\$18.81
Capital Renewal/Maintenance	\$12.51	\$7.50	--	\$20.01
Contracts/Inflationary	\$17.08	--	--	\$17.08
Information Technology	\$11.93	--	--	\$11.93
Parks	\$3.03	--	--	\$3.03
Programs Transferred to FCPS	(\$4.59)	\$4.59	--	\$0.00
Other Adjustments	\$16.89	--	--	\$16.89
Reductions	(\$32.85)	--	--	(\$32.85)
<b>Subtotal</b>	<b>\$133.98</b>	<b>\$118.09</b>	<b>\$0.00</b>	<b>\$252.07</b>
Reserve for UASI	--	--	\$1.93	\$1.93
Reserve for Tourism moved to Contributory Fund	--	--	(\$6.52)	(\$6.52)
<b>Total Uses</b>	<b>\$133.98</b>	<b>\$118.09</b>	<b>(\$4.59)</b>	<b>\$247.48</b>
<b>Available Balance for Board Consideration</b>	<b>--</b>	<b>--</b>	<b>\$23.17</b>	<b>\$23.17</b>

# FY 2027 Budget Summary

- Net County resources are projected to increase by \$270.65 million
- Allocation of resources include:
  - \$133.98 million for County priorities
  - \$118.09 million for Schools
  - \$1.93 million in reserve for UASI
  - (\$6.52) million Reserve for Tourism Promotion transferred to Contributory Fund
  - \$23.17 million balance for Board Consideration
- Schools transfers are 51.2% of General Fund Disbursements in FY 2027
- County's reserves remain budgeted at target of 10% of General Fund disbursements



# Support for Fairfax County Public Schools

*\$99.19M*

- Provides an increase of funding of \$99.19 million in the School Operating transfer
  - \$4.59 million associated with the transfer of Values in Prevention program, Middle School After School program, and transition services to FCPS
  - Superintendent's budget requested School Operating transfer increase of \$138.4 million, or 5.1%
- FCPS budget is anticipated to benefit by approximately \$106 million from adjustments included in the former Governor's proposed budget through additional revenues and a reduction in the VRS contribution rate
  - In total, state action and the County's proposed transfers result in approximately \$224 million of funding flexibility for FCPS
- Additional increases in funding to FCPS, discussed later in the presentation, include \$7.5 million in the transfer to the School Construction Fund in recognition of the significant facility maintenance needs facing FCPS and \$11.40 million for School debt service associated with the sale of \$230 million in bonds for FCPS in January 2026



# County Compensation

*\$102.55M*

- Cost of Living Adjustment of 2.00%
- Funds Collective Bargaining Agreements
  - SEIU bargaining unit members (General Government Employees)
    - ✦ Performance and Longevity increases
    - ✦ The County's living wage increases to \$18.50 per hour
  - IAFF bargaining unit members (Firefighters and E-911 Dispatchers)
    - ✦ Merit increases
  - SSPBA bargaining unit members (Police Officers)
    - ✦ Merit and Longevity increases
    - ✦ 1% scale adjustment
- Non-represented employees
  - Performance, Merit and Longevity increases
- Net increase of \$15.59 million in employee benefits due primarily to health insurance premium increases

# Debt Service

*\$18.82M*

- Increase of \$7.42 million for County and \$11.40 million for Schools supports programmed debt service payments
- Bond sale in January 2026 included \$170 million for the County and \$230 million for Schools
  - County's Triple-A bond rating and stable outlook were affirmed by all three agencies
  - Interest rate of 3.37%, down from 3.57% last year

# Recommended Changes to Bond Referendum Plan

- Changes are necessary to ensure that capital program balances new construction, renovation projects, and maintenance
  - Frequent system failures in aging facilities
  - Refocus limited resources on facilities with the most urgent needs
  - Scale back the scope of renovations, limit the use of temporary facilities, and defer the construction of new facilities

Category	Year	Proposed Plan
Health and Human Services	2026	• Springfield Community Resource Center moved from 2026 to 2032
Early Childhood	2026	• Removed from Bond Referendum Plan
Libraries	2026	• Kings Park and Herndon moved from 2026 to 2032 • Centreville and Chantilly moved from 2032 to 2028 and 2029, respectively, as part of potential housing redevelopment initiatives
Public Safety	2030	• Reduced project scope to focus on capital renewal

# Bond Referendum Plan

## FY 2027-FY 2031 CIP Bond Referendum Plan

Year	Category	Description			Total
Fall 2026	County	Human Services	\$75 mil	Tim Harmon Campus, Health Lab	\$255 mil
		Parks	\$180 mil	Fairfax 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
Fall 2030	County	Public Safety	\$116 mil	Chantilly Fire Station, Frying Pan Fire Station, Pohick Fire Station, Well-fit Performance Center, Sully Police Station, West Springfield Police Station	\$116 mil

# EDA Bond Plan

- Significant planned EDA bond sales will require coordination with the GO bond program to ensure debt service affordability

Project	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Penn Daw	\$65m					
Reston Town Center North	\$135m					\$36m
The Commons		\$90m				
Mt. Vernon Colocation		\$62m				
Chantilly and Centreville Libraries		\$53m	\$37m			
Judicial Annex			\$196m			
Historic Courthouse					\$95m	
<b>Total</b>	<b>\$200m</b>	<b>\$205m</b>	<b>\$233m</b>	<b>--</b>	<b>\$95m</b>	<b>\$36m</b>

# Capital Renewal/Maintenance and IT

*\$31.94M*

- Increase of \$7.50 million is included for both County and Schools Capital Renewal
  - Of the County's 214 facilities, 75% are at least 20 years old, and reaching or exceeding their useful life
  - Critical investments are required in our building systems – HVAC, plumbing, electrical, elevator – beyond what has been funded through quarterly reviews
  - Consistent with longstanding recommendation of the Joint CIP/Schools Committee
- Baseline funding of \$3.00 million towards the scheduled replacement of public safety radios which will be funded over a multi-year period
- Support for the maintenance of new facilities and properties, including dedicated maintenance staff for The Commons Mount Vernon
- \$11.93 million to support Information Technology, including enhancements to IT infrastructure and operating support for completed IT projects

# Parks

*\$3.03M*

- \$3.03 million in operating support focused on sustaining existing properties and initiatives
  - \$1.29 million to support costs associated with five new properties added since 2022, including staffing at Woodlands Education and Stewardship Center and dedicated maintenance staff at Laurel Hill Central Green
  - \$1.22 million to support the expansion of the Park system’s zero waste program countywide as directed by the Board in its FY 2027 Budget Guidance
  - \$0.52 million to support the new recreation system and implementation of a sliding fee scale
- As part of the January 2026 bond sale, \$32 million was sold for Parks (up from \$25 million). Additional increases are anticipated in future years.
  - Recognizes significant capital needs, including the Audrey Moore Recreation Center

# Other Adjustments

*\$33.98M*

- \$17.08 million due to inflationary increases in contracts, including increases in personnel-based human services contracts, lease escalations, and Sheriff body worn cameras
- \$8.45 million to support our most vulnerable residents and the non-profits that support them, including increased funding for the Consolidated Community Funding Pool, emergency housing and emergency food assistance, as well as additional staff resources to support Affordable Housing
- \$4.55 million for increases in the cost of County operations, including collective bargaining support and fuel
- \$1.95 million as a result of state and federal mandates and the expiration of grant funding, including additional staff to support the Disabled Veterans Tax Exemption program, mandated support for medically fragile children, and replacing Continuum of Care grant funding
- \$1.94 million to support the operation of new facilities
  - The Original Mount Vernon High School has been redeveloped as The Commons Mount Vernon to create a multi-use and multi-service campus that integrates County programming and community partner resources. Partial-year funding is included for the community center and early childhood program, with the re-engagement center and theater expected to be funded in FY 2028.
  - Expansion of School Health Program to the new Skyview High School

# Reductions

*(\$32.85M)*

- \$31.57 million in net savings identified, including a reduction of 107 merit positions
  - \$32.85 million in expenditure reductions, partially offset by \$1.28 million in decreased revenue
  - Proposed reductions range from the downgrade of positions to the elimination of programs
  - Department of Human Resources will work with agencies to identify opportunities for placement of impacted merit employees
- In total, the County has cut spending by just under \$125 million since FY 2024

# 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
  - Tracking Food and Beverage Tax revenues as initial payments are received
- Three upcoming Budget Committee meetings (February 24, March 10 and March 24) to discuss budget issues in more detail
- FY 2028 presents significant fiscal challenges
  - Slowing residential market indicators
  - New collective bargaining agreements
  - Rising retirement contributions
  - Increased debt service
  - Continued operating cost growth
  - Transportation funding requirements

# How to Provide Input on the FY 2027 Budget

- **Email, Phone, Online** and **Text** options will be available at [www.fairfaxcounty.gov/budget/fy-2027-feedback](http://www.fairfaxcounty.gov/budget/fy-2027-feedback)
- **Testify at a budget public hearing** in person, by video or phone. Sign up at [www.fairfaxcounty.gov/bosclerk/speakers-form](http://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](mailto:clerktothebos@fairfaxcounty.gov) for more information.
- **Attend a Budget Town Hall** in your district. Times and details available at [www.fairfaxcounty.gov/budget/fy-2027-budget-town-hall-meetings](http://www.fairfaxcounty.gov/budget/fy-2027-budget-town-hall-meetings)

The complete [FY 2027 Advertised Budget Plan](http://www.fairfaxcounty.gov/budget/fy-2027-advertised-budget-plan) and the [FY 2027-FY 2031 Capital Improvement Program](http://www.fairfaxcounty.gov/budget/fy-2027-fy-2031-capital-improvement-program) are available online at:

[www.fairfaxcounty.gov/budget](http://www.fairfaxcounty.gov/budget)

# FY 2027 Budget Timeline

- February 17, 2026 County Executive presents FY 2027 Advertised Budget Plan
- February 24, 2026 Joint Board of Supervisors/School Board Budget Committee Meeting
- February 26, 2026 School Board adopts FY 2027 Advertised Budget
- March 17, 2026 Board of Supervisors authorizes advertisement of FY 2027 tax rates and *FY 2026 Third Quarter Review*
- April 14-16, 2026 Board of Supervisors holds Public Hearings on FY 2027 Budget, FY 2027-FY 2031 Capital Improvement Program, and *FY 2026 Third Quarter Review*
- April 28, 2026 Board of Supervisors marks-up FY 2027 Budget, adopts FY 2027-FY 2031 Capital Improvement Program and *FY 2026 Third Quarter Review*
- May 5, 2026 Board of Supervisors adopts FY 2027 Adopted Budget
- May 12, 2026 School Board holds public hearings on FY 2027 budget
- May 21, 2026 School Board adopts FY 2027 Approved Budget
- July 1, 2026 FY 2027 Budget Year Begins