FY 2026 County and Schools Advertised Budgets

Joint Meeting of the Board of Supervisors and School Board

February 25, 2025



FY 2026 County 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

FY 2026 Revenue Overview

COUNTY REVENUE

Revenue Category	Change from FY 2025 [1] ($ in millions)
Real Estate [2]	$221.65
Personal Property	($5.03)
Local Sales Tax	$4.93
BPOL – Current	$13.33
Investment Interest	($13.55)
Transient Occupancy [3]	$13.54
Other Revenue	$22.85
Total FY 2026 Projected Revenue Increase	$257.72

[1] *Revenue change is shown compared to the FY 2025 Adopted Budget Plan.*

[2] *Based on proposed Real Estate Tax rate of $1.14 per $100 of assessed value.*

[3] *Based on proposed Transient Occupancy Tax rate of 6%*

SCHOOLS REVENUE

Revenue Category	Change from FY 2025 ($ in millions)
County Transfer Request [4]	$268.26
Sales Tax and State Aid	$23.18
Federal	($1.02)
Beginning Balance and Other Revenue	$6.67
Total FY 2026 Projected Revenue Increase	$297.09

[4] *Reflects the operating transfer increase requested by the Schools in its FY 2026 Advertised Budget. The County's FY 2026 Advertised Budget Plan proposes an operating transfer increase of $118.6 million.*

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%**

Adjustments Included in the FY 2026 County and Schools Advertised Budgets

Amounts shown are in millions, net change over FY 2025 Adopted Budget Plans

Projected Revenue Increase			
	County	**Schools**	**Unallocated**
Projected Revenue Increases - Revenue Increase at Current Real Estate Tax Rate ($196.57) - 1.5 Cent Real Estate Tax Rate Increase ($50.93) - Transient Occupancy Tax Increase ($13.03)	$123.05	$125.34	$12.14
Additional ¼ Penny for Affordable Housing	($8.49)	--	--
Revenues associated with Expenditure Adjustments	$5.68	--	--
Net Impact of Transfers In	($2.25)	--	--
Additional Schools Revenue	--	$28.84	--
Total Available	**$118.00**	**$154.18**	**$12.14**
FY 2026 Requirements			
	County	**Schools**	**Unallocated**
Compensation (Pay and Benefits)	$123.60	$213.73	--
Debt Service	$8.60	$6.70	--
School Enrollment	--	$20.02	--
Other Priorities	$45.60	$63.35	--
Reductions	($59.80)	--	--
Subtotal	**$118.00**	**$303.79**	**$0.00**
Reserve for Tourism	--	--	$6.52
Total Uses	**$118.00**	**$303.79**	**$6.52**
Available Balance	**$0.00**	**($149.62)**	**$5.62**

Pay Adjustment Comparisons

	COUNTY					SCHOOLS				
	General County (FCERS)	Fire & Rescue Uniformed (FCURS)	Police Uniformed (FCPORS)	Sheriff Uniformed (FCURS)	DPSC Uniformed (FCURS)	Teachers (VRS/ERFC)	Non-Teachers (VRS/ERFC)	Classroom Instructional Support (VRS/ERFC)	Trades/ Custodial (FCERS)	Transportation Personnel (FCERS)
Proposed FY 2026	4.19%	5.58%	6.58%	4.24%	6.11%	7.00%	7.00%	7.00%	7.00%	7.00%
FY 2025	3.83%	7.85%	10.69%	7.85%	8.73%	4.00%	4.00%	4.00%	4.00%	4.00%
FY 2024[1]	7.50%	7.83%	12.83%	7.83%	7.83%	7.22%	7.22%	7.22%	7.22%	7.22%
FY 2023	6.16%	9.31%	9.31%	9.31%	18.11%	6.68%	6.68%	6.68%	6.68%	8.68%
FY 2022	1.00%	1.00%	1.00%	1.00%	1.00%	2.00%	2.00%	4.24%	2.00%	5.70%
FY 2021	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.32%	0.00%	0.00%
TOTAL	**22.68%**	**31.57%**	**40.41%**	**30.23%**	**41.78%**	**26.90%**	**26.90%**	**31.46%**	**26.90%**	**32.60%**
Average	***3.78%***	***5.26%***	***6.74%***	***5.04%***	***6.96%***	***4.48%***	***4.48%***	***5.24%***	***4.48%***	***5.43%***

[1] *FCPS included a compensation increase of 2% effective January 1, 2024, based on the 2023 Special Session I General Assembly amendments adopted on September 6, 2023.*

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

Budget Timeline

	COUNTY	FCPS	STATE
Joint County/Schools Budget Committee Meeting to discuss FY 2026 budget and tax rate	February 25	February 25	
Board of Supervisors advertises FY 2026 tax rates	March 18		
Last day for Governor's action on legislation by midnight			March 24
Board of Supervisors holds public hearings on FY 2026 Budget	April 22-24		
Board of Supervisors marks up FY 2026 Budget	May 6		
Board of Supervisors adopts FY 2026 Adopted Budget	May 13		
School Board holds public hearings on budget		May 13	
School Board adopts FY 2026 Approved Budget		May 22	
FY 2026 Budget Year begins	July 1	July 1	July 1

Looking Forward

- Two upcoming Board of Supervisors Budget Committee meetings (March 11 and March 25) to discuss budget issues in more detail
- Board of Supervisors advertisement of the maximum real estate tax rate and the increase in the Transient Occupancy Tax scheduled for March 18
- Recommend that the Board of Supervisors 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