Fairfax County House and Senate Budget Overview
2.27.2026

TAX CHANGE PROPOSALS

- **House Item 4-14 #2h:** Removes certain tax policy proposals included in the introduced budget and requires data centers to meet certain environmental standards to qualify for the sales and use tax exemption for equipment, beginning July 1, 2027.
- **Senate Item 4-14 #1s:** Authorizes all counties and cities to impose additional local sales and use tax at a rate not to exceed 1%, with the revenue used only for capital projects for the construction or renovation of schools if such levy is approved in a voter referendum.
- **Senate Item 4-14 #3s:** Increases the state standard deduction from $8,750 to $9,200 for single filers and from $17,500 to $18,400 for joint filers.
- **Senate Item 4-14 #4s:** Enacts and codifies an expiration of the sales and use tax exemption for computer equipment and software used in qualifying data centers effective January 1, 2027.
- **Senate Item 261 #3s:** Provides a tax rebate of $100 for single filters and $200 for joint filers, which is planned to be implemented in October 2026.

K-12 FUNDING

Compensation

- **House Item 125 #1h in Caboose (FY26):** Provides additional funding in FY26 for the state share of a $1,500 bonus for state-recognized SOQ instructional and support positions. These bonuses may be provided in either FY26 or FY27. This is instead of the proposed 2% bonus included in the introduced budget.

Fairfax County Public Schools (FCPS) is estimated to receive $10.7 million in one-time funding for a $1,500 bonus for SOQ instructional and support positions. The cost to provide the bonus is $48.3 million. After accounting for the state share, the net cost to FCPS would be $37.6 million.

- **Senate Item 125 #8s:** Provides an additional $63.6 million in FY27 and an additional $129.7 million GF in FY28 for a 3% compensation increase for funded instructional and support positions (up from the 2% compensation increase included in the introduced budget).

One-time Flexibility Payment

- **House Item 125 #1h:** Provides $400.4 million GF in FY27 for a one-time flexible payment for school divisions to use throughout the biennium, with no local match required. To access these funds, school divisions must certify that the proposed 2% compensation increases in each year will be provided. Funds may be carried into FY28.

FCPS is estimated to receive $37.9 million in one-time funding in FY27.

Special Education Add-On Funding (JLARC RECOMMENDATION)

- **House Item 125 #2h:** Provides $74.4 million GF in FY27 and $74 million in FY28 to increase the special education add-on rates. This increases the total amount of the add-on from $62 million to $136.3 million in FY27 and from $61.7 million to $135.7 million in FY28.

FCPS is expected to receive an estimated $10.5 million in FY27.

- **Senate Item 125 #3s:** Provides $12.8 million GF each year to increase the special education add-on by 1% for each level of services.

At Risk Add-On Funding and Infrastructure and Operations Per Pupil Amount

- **Senate Item 125 #5s:** Provides $49.4 million GF in FY27, $49.3 million GF in FY28 and $20 million NGF in FY28 from the Lottery Proceeds Fund to increase the At-Risk Add-on. The NGF funding in FY28 reflects assumed revenues from SB 661 (Rouse) from skill games.
- **Senate Item 125 #6s:** Provides $60 million NGF in FY28 from the Lottery Proceeds Fund to increase the Infrastructure and Operations per pupil amount. Funds reflect assumed revenues from SB 661 (Rouse) from skill games.
- **House Item 125 #5h:** Expands the permitted uses for At-Risk Add-On funds to include initiatives to support both the physical and mental health of students as provided in HB 195 (McQuinn).

Sales Tax Adjustment

- **Senate Item 125 #7s:** Provides $46.7 million GF in FY27 and $114.7 million GF in FY28 to reflect a sales tax adjustment.

Support for School Breakfast

- **Senate Item 125 #4s:** This amendment provides $8.6 million GF in FY27 and $9 million GF in FY28 to increase the per meal reimbursement amount for school breakfast. Language directs the Department of Education to review participation in the Community Eligibility Provision statewide and provide a report by October 15, 2026.

Technical Changes

- **Senate Item 125 #1s:** Adds to the computation of the LCI the value of computer equipment and peripherals used in a data center beginning with the 2028-2030 biennium.

COMPENSATION/COMPENSATION BOARD

Fairfax County budget amendment to restore unfunded positions in Local Directors of Finance offices and provide parity with Commissioners of the Revenue and Treasures was not included.

House includes 2% raises for state employees, teachers and state-supported local employees. Senate includes 3% raises for state employees and teachers and 2% increase for state-supported local employees.

No additional HB 599 funding for Aid to Localities with Police Departments is included.

- **House Item 60 #1h:** Removes a proposal included in the introduced budget to increase the number of sheriffs positions.

Fairfax County would have likely not benefited from this funding as included in the introduced budget.

- **House Item 67 #2h:** Directs the Compensation Board to factor into its next workload evaluation for Commissioners of Revenue and Finance Directors, the work required to review applications for tax exemptions for 100% disabled veterans.

Fairfax County could get additional reimbursement from the Compensation Board for additional positions to deal with the increased workload.

- **Senate Item 60 #2s:** Redirects $3.9 million GF each year proposed in the introduced budget to increase the minimum number of deputy sheriffs in each office from five to 10.

Fairfax County would have likely not benefited from this funding as included in the introduced budget.

- **Senate Item 64 #4s:** Provides $1.6 million GF in FY27 and $1.7 million GF in FY28 to reclassify paralegals in Commonwealth's Attorney offices to a higher administrative salary level, increasing the starting salary from $32,801 to $43,841.

Impact on Fairfax County TBD.

HOUSING

- **House Item 102 #1h:** Provides an additional $10 million GF in FY27 to the Virginia Eviction Reduction Program (VERP), which provides funding to local and regional eviction prevention programs to cover expenses for households facing eviction (currently $3.5 million per year).
- **House Item 102 #2h:** Provides $25 million GF in FY27 to capitalize the Virginia Housing Revolving Loan Fund, established by HB 820 (Helmer).
- **House Item 102 #3h:** Provides an additional $12.5 million in FY27 for deposit into the Virginia Housing Trust Fund, bringing total biennial support to $187.5 million. Also directs the Department of Housing and Community Development to convene a workgroup to examine the current uses of the Virginia Housing Trust Fund and provide recommendations on how best to optimize the resources in the Fund to address housing affordability, supply issues, and homelessness.
- **House Item 102 #5h:** Provides $5 million GF in FY27 to launch the Virginia Residential Development Infrastructure Pilot Program at the DHCD to provide grants to local governments for public infrastructure improvements to support residential development.
- **House Item 102 #6h:** Provides $363,000 GF each year to effective out HB 804 (Helmer) related to statewide housing targets.

Fairfax County opposes HB 804 unless amended to address concerns around limiting local flexibility to provide sustainable community growth and quality infrastructure as well as a proper role of the Board of Zoning Appeals.

- **House Item 102 #8h:** Provides an additional $7 million each year for homelessness services funding in response to federal cuts (currently $1.8 million/year).
- **House Item 102 #9h:** Allows up to $750,000 of the funds provided for the Manufactured Home Park Acquisitions Pilot program to award grants to eligible groups to complete any necessary due diligence work prior to making an offer on a manufactured home park.
- **House Item 102 #12h**. Provides $161,000 GF each year to effectuate HB 374 (Krizek), related to the Manufactured Home Lot Rental Act.

Fairfax County supports HB 374.

- **Senate Item 102 #1s:** Provides an additional $50 million GF in FY27 for the Virginia Housing Trust Fund. Of that amount, $20.6 million is directed to a pilot program for mixed income housing developments or for infrastructure needed for site development and readiness for such housing developments, as outlined in SB 490 (VanValkenburg).
- **Senate Item 102 #2s:** Provides an additional $13 million GF in FY27 for the Eviction Prevention and Diversion Program.
- **Senate Item 102 #4s.** Provides $261,000 GF each year to make available data on new and existing housing developments in each area, related to SB 666 (Srinivasan).

Fairfax County is seeking to amend SB 666 (Srinivasan) to address concerns around overly burdensome reporting requirements.

- **Item 301 #2s**. Provides $1 million GF each year to support the State Rental Assistance Program, which provides rental subsidies for individuals with intellectual or developmental disabilities (DD). This amendment restores funding for vouchers lost in 2025 and 2026 due to cost-of-living increases and expands the program to make progress towards the goal of serving 10% of individuals on the Medicaid DD Waivers.

HUMAN SERVICES

Children's Services Act (CSA) Cap

- **House Item 272 #1h:** Retains the 2.5% cap on increases in the state reimbursement to localities for CSA private day special education services. Directs the Office of Children's Services annual report on CSA-funded private day school placements, including the total and per pupil state and local costs and the local match rates, due by December 1, 2026.
- **Senate Item 118 #1s:** Directs the Virginia Department of Education (VDOE) to issue guidance on how local school divisions can use CSA funds to transition students back to public schools from private day placements, by December 1, 2026, and requests information on how the SISNA funding and application process can be more flexible and used to keep students at risk of private day placements in their public school setting.
- **Senate Item 271 #2s:** Retains the 2.5% cap on increases in the state reimbursement to localities for CSA private day special education services while clarifying that the rate cap is associated with the per student/per diem tuition rates.

Negative. The cap on the state contribution shifts more of the funding responsibility for these critical state-local services to localities, as it is anticipated that providers may charge above the tuition cap. The proposed rate cap is not tied to any metric such as consumer price index or a match on state employee salary increases. Costs for liability insurance, specialized staff salaries, and other business costs are not addressed by a flat rate cap. County costs are projected to increase by $438,000 in FY27 and $460,000 in FY28.

Child Welfare Reform

- **House Item 333 #1h:** Reduces funding by $7.1 million and eliminates 66 positions in FY27 to reflect the phased in implementation of a centralized child protective services (CPS) intake system pursuant to HB 1490 (Tran).
- **Senate Item 333 #2s:** Eliminates funding and 132 FTEs each year intended to create a centralized CPS intake system to reflect SB 640 (Pillion) as amended by the Senate. Provides $2 million to contract with a third party to conduct a comprehensive study and review of the screening process used for CPS complaints across Virginia.

The County does not support moving to a centralized CPS intake system. Before any shift to a centralized model, it is critical to examine the root causes of high screen out rates and the outcomes associated with them. Without this analysis, centralization risks worsening existing challenges. A study also creates an opportunity to develop stronger family support pathways outside of CPS, strengthening stability and improving child safety.

Early Childhood

- **House Item 126 #2h:** Provides for additional Child Care Subsidy Program (CCSP) slots, for a total of 11,591 additional slots over the biennium. Directs the early childhood system to take action to eliminate local waitlists and authorizes unused funds in FY27 to be used in FY28 to address existing waitlists, and to be reallocated between CCSP and Mixed Delivery.

Adding CCSP slots and taking action to eliminate waitlists facilitates serving more families.

NATURAL AND HISTORIC RESOURCES

- **House Item 362 #3h:** Removes $36.2 million GF in FY27 in supplemental deposit to the Water Quality Improvement Fund (WQIF). This amendment preserves the mandatory deposits totaling $107.9 million in FY27, as well as $141.9 million in supplemental NGF deposits for agricultural best management practices. From all funds, the total deposit in FY27 for the WQIF is $249.9 million.
- **House Item 368 #4h:** Provides $188.9 million GF in FY27 for deposit in the WQIF to provide matching grants for eligible wastewater treatment plant improvement projects.
- **House Item 369 #1h:** Requires all agencies to take actions necessary for the Commonwealth to rejoin the Regional Greenhouse Gas Initiative.

STATE AID TO PUBLIC LIBRARIES

- **House Item 230 #1h:** Provides $1.5 million GF in FY27 to increase state aid to local public libraries.
- **Senate Item 230 #1s:** Provides $1 million GF each year to increase state aid to local public libraries.

TRANSPORTATION

WMATA Funding

- **House Item 433 #2h:** Provides $153 million GF for the state share of the increased operating support for WMATA over the two-year biennium.
- **Senate Item 4-14 #4s:** Northern Virgina has a regional sales tax of .7 percent, and the proceeds from the expiration of the sales and use tax exemption for computer equipment and software used in qualifying data centers are directed to the WMATA Capital Fund.
- **Senate Item 4-14 #5s:** Enacts and codifies an increase in the regional transient occupancy tax from 3 to 4 percent beginning January 1, 2027. The increase, estimated to be $17 million each fiscal year in additional revenue, is deposited into the WMATA Capital Fund.

Both House and Senate budgets provide funding for WMATA. The House funding is directed to operating, while the Senate is directed to capital. The Northern Virginia regional sales tax is currently provided to the Northern Virginia Transportation Authority (NVTA), where it is divided into regional (70%) and local (30%) shares. As this is a new revenue source, it does not divert existing funding (as occurred in 2018), so it will not adversely impact the current NVTA Six Year Program or the County Transportation Priorities Plan. However, it does not expand or restore previously diverted revenues.

Regional Bus Service Study

- **Senate Item 433 #2s:** Requires the Department of Rail and Public Transportation (DRPT) to evaluate the feasibility of consolidating DASH Alexandria Transit, Fairfax Connector, ART Arlington Transit, and CUE Fairfax City into a single, unified regional bus system.

The amendment language presumes that there is potential for additional savings. Staff believes that it would be beneficial that the evaluation to include participation and coordination with the impacted localities and transit agencies, as well as assessing impacts to service coverage and levels.

Northern Virginia Transportation - Parking Study

- **Senate Item 420 #1s:** Directs the Office of Intermodal Planning and Investment to study revenue options and estimates for a potential parking services tax in the NVTC.

Impacts to the County are unclear. It may be helpful to have the Commonwealth review this effort, though County staff have shared the challenges with utilizing this revenue source in the past.

Ticket Reciprocity and Out of State Registering Study/Workgroup

- **House Item 420 #3h/Senate Item 420 #2s:** Requires the Office of the Secretary of Transportation to work with its counterparts in the District of Columbia and the State of Maryland to review the issues related to ticket reciprocity and registering vehicles for out-of-state residents.

Impacts to the County are unclear. The County has historically been interested in efforts to address the issue of vehicles housed in Virginia but registered in other states.

Transit-Oriented Development

- **House Item 435 #1h:** Requires DRPT, with assistance from the Department of Housing and Community Development (DHCD), to perform a statewide review to identify opportunities for transit-oriented development around existing and proposed transit and rail stations.
- **Senate Item 435 #1s:** Directs DRPT with DHCD to conduct a statewide study to plan, promote, and identify funding opportunities for transit-oriented development around existing and proposed transit and rail stations to include analysis of potential barriers to housing production and economic development in these areas.

Given the significant number of housing bills discussed this session, the County should monitor and participate in this study.

OTHER ITEMS OF INTEREST

- **House Item 1 #5h:** Establishes a joint subcommittee of the General Assembly to analyze the rising cost of mandatory property tax exemptions for disabled veterans and their families.

For Tax Year 2025, Fairfax County provided $63.1 million in real estate tax relief to disabled veterans and surviving spouses because of the state mandate. Since 2011, Fairfax County's cost for this program has been a total of $287 million. There has been rapid growth in the annual amount relieved in recent years, increasing by an average of almost 30% per year since 2020.

- **House Item 109 #1h:** Provides $2 million GF in FY27 to capitalize the Solar Interconnection Grant Program established by HB 683 (Herring) to provide competitive grants to localities to connect solar facilities to the grid.

- **House Item 374 #11h:** Provides $500,000 GF in FY27 for the installation of temporary HVAC equipment at the historic Fairfax Courthouse.
- **House Item 433 #3h:** Commits $10 million from the Transportation Partnership Opportunity Fund in FY27 to support the demolition of a parking garage at the Huntington Metrorail Station. The funding is contingent on the commitment of local or regional resources sufficient to complete the demolition.

Provides funding, but the County or WMATA would have to fund the remainder of the cost.

- **Senate Item 109 #3s:** Provides $2 million GF in FY27 to establish the Solar Interconnection Grant Program, in accordance with SB 659 (Craig).

LOCAL SUPPORT

- **House Item 102 #14h:** Provides $200,000 GF in FY27 to Fairfax County to partner with the Herndon-Reston FISH program that works directly with families to avoid eviction.
- **House Item 319 #2h:** Provides $400,000 GF each year to Fairfax County to continue support for the Washington Area Villages Exchange pilot program to reduce the public health risk of social isolation among older Virginians by expanding the availability of Villages statewide.
- **House Item 335 #3h:** Provides an additional $250,000 GF in FY27 to support the Lorton Community Action Center.
- **House Item 363 #1h:** Provides $1.5 million GF in FY27 to complete engineering and support construction of the Lake Barcroft Dam Flood Mitigation Project in Fairfax County.
- **Senate Item 319 #3s:** Provides $200,000 GF each year to Fairfax County to continue support for the Washington Area Villages Exchange pilot program to reduce the public health risk of social isolation among older Virginians by expanding the availability of Villages statewide.
- **Senate Item 300 #3s:** Provides $500,000 GF each year to increase funding for Specially Adapted Resources Clubs (SPARC) to support current operations serving adults with developmental disabilities in integrated community settings. SPARC operates as a participant-directed day program.
- **Senate Item 335 #2s:** Provides $1.5 million GF in FY27 to Fairfax County and Prince William County to enhance workforce development programs, support ongoing renovations and operations, add accessibility features, and create new training spaces for members of the immigrant community.
- **Senate Item 335 #3s:** Provides $500,000 GF each year for Cornerstones to provide food assistance for individuals in need.
- **Senate Item 362 #3s:** Provides $3 million GF in FY27 to the Lake Barcroft Watershed Improvement District for a dam safety improvement project. The dam is classified as a "High Hazard Potential Dam" due to the population and infrastructure downstream.