

FY 2028 FISCAL FORECAST





Fairfax County PUBLIC SCHOOLS
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School Board Work Session
November 10, 2026



Agenda

- Background
- Calendar
- Economic Environment
- Forecast
- Summary
- Budget Questions



Background

- To begin the FY 2028 budget planning process, a preliminary fiscal forecast for the School Operating Fund is presented
- The forecast includes early projections for key financial areas that drive the budget development process
- The FCPS **preliminary** fiscal forecast is prepared in conjunction with the county fiscal forecast for discussion at the joint SB/BOS meeting in December
- The total of the potential expenditures should not be interpreted as a recommended change to the budget, nor does this represent the Superintendent's Proposed Budget
- Virginia Code, Section 22.1-92 mandates that it is the duty of the Superintendent to prepare a budget with an estimate of the amount of money deemed to be needed to support the school division (commonly referred to as a "needs-based budget")



FCPS Budget Development Calendar

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Nov — Fiscal Forecast

Jan — Proposed Budget
Superintendent

Feb — Advertised Budget
School Board

Apr — Budget Markup
County

May — Budget Adoption
Final Approval

Board	Key FY 2028 Budget Development	Date
School Board	Fiscal Forecast	November 10, 2026
Joint boards	Budget Meeting on Fiscal Forecast	December 1, 2026
School Board	Proposed Budget Released	January 14, 2027
School Board	Proposed Budget Work Session	February 2, 2027
School Board	Budget Public Hearings	February 2, 2027 (Feb 3 if needed)
School Board	Proposed Budget Work Session	February 18, 2027
School Board	Adopt Advertised Budget	February 25, 2027
Board of Supervisors	Advertised Budget Released	March 2, 2027
Joint boards	Budget Meeting	March 9, 2027
Joint boards	School Board Advertised Budget to Board of Supervisors	April 13, 2027
Board of Supervisors	Budget Public Hearings	April 13-15, 2027
Board of Supervisors	Budget Markup	April 27, 2027
Board of Supervisors	Adopt Budget, Tax Rates, and FCPS Transfer	May 4, 2027
School Board	Approved Budget Presented	May 13, 2027
School Board	Approved Budget Public Hearings	May 19, 2027 (May 20 if needed)
School Board	Approved Budget Work Session	May 20, 2027
School Board	Adopt Approved Budget	May 27, 2027

Uncertain Economic Environment

- Federal impact on State, local, and FCPS
  - BLS, County employment down 2.1% from Q1 2025, largely due to federal job cuts
- Annual inflation persistent
- Rising fuel and utility costs
- County real estate tax base preliminary estimate up only 1.1 percent in FY28
- Meals tax revenue
- JLARC - continued review by Commonwealth





Forecast of Base Requirements

- Recognizing the current economic environment, this forecast only reflects the **base requirements** of the school division which include:
  - Compensation adjustments to meet the collective bargaining agreement
  - Enrollment and Student Needs
  - Benefit rate changes
  - Contractual rate increases
  - Multiyear commitments
- Forecast does not include many important priorities
- Reductions must be considered
  - FY 2027 included $117.3M in reductions and cost avoidances
    - Staffing reserve, FCPSOn device refresh cycle, math curriculum materials, microcredentialing, strategic funding, enrollment, retirement rates, and leverage alternate major maintenance
  - FCPS has already initiated 5% central office reduction options for FY28
- Themes from the budget kickoff
  - Honor CBA commitments
  - Prioritize needs-based staffing



FY 2028 Projected Revenue

- County Transfer
  - Assumes the County transfer is level. Over the past 5-years, the County transfer increase has ranged between $98.8M and $165.0M or 3.7% to 6.8%
- State Revenue
  - Assumes an increase of $40 million based on state biennial budget offset by ADM adjustments
- Federal Revenue
  - Level with FY27
- Beginning Balance
  - Level with FY27

REVENUE CATEGORY	CHANGE FROM FY27 APPROVED ($ in millions)
County Transfer	TBD
State Revenue	$40.0
Federal Revenue	$0.0
Beginning Balance	$0.0
Revenue Total	**$40.0**



FY 2028 Expenditure Summary

- Nearly 93 percent of the net expenditure increase is related to compensation, including FCPS' two collective bargaining agreements

EXPENDITURE CATEGORY	CHANGE FROM FY27 APPROVED ($ in millions)
Compensation	$220.5
Contractual / Inflation	30.4
Multiyear Initiatives and Reductions	(13.3)
Expenditure Total	**$237.6**



FY 2028 Expenditures (Compensation)

- Funding is needed to honor collective bargaining agreements
  - State action on recommendations #6 and #12 from JLARC's 2023 Virginia's K–12 Funding Formula study are estimated at $200 million in funding to FCPS
  - FCPS was 52.2 percent of County disbursements when collective bargaining negotiations were initiated in FY23
    - At 51.1 percent in FY27, this equates to $63.1 million less in yearly funding and $174.3 million cumulatively

EXPENDITURE CATEGORY	CHANGE FROM FY27 APPROVED ($ in millions)
Market Scale Adjustment of 3% per CBA	$95.0
Step Increase and Additional Step per CBA	82.7
Benefit Rate Change	42.8
Subtotal	**$220.5**

Initial collective bargaining meetings included revenue estimates based on the historically higher percentage of County disbursements to schools



FY 2028 Expenditures (Contractual)

- Energy
- Global instability
- Inflation
- County Department of Vehicle Services (DVS) rate restructuring

EXPENDITURE CATEGORY	CHANGE FROM FY27 APPROVED ($ in millions)
Utilities Rates	$12.2
Contractual	10.0
DVS Service Rates	5.7
Fuel	2.5
Subtotal	**$30.4**



FY 2028 Expenditures (Multiyear and Reductions)

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- Textbooks - Better balance between print and digital needed
- Staffing formula reductions in FY26 (partially restored in FY27) leave some larger class sizes
- Multiyear initiatives allow FCPS to chip away at improvements that are cost prohibitive in a single year
- Departments are preparing 5 percent reduction options and impacts
- Changes in enrollment and student needs

EXPENDITURE CATEGORY	CHANGE FROM FY27 APPROVED ($ in millions)
Textbooks (physical copies)	$20.0
Remaining Staffing Formula Restoration	17.5
Other Multiyear Initiatives	10.0
Multiyear	**$47.5**
Department Reductions of 5%	(15.0)
Enrollment and Student Needs	(45.8)
Reductions	**($60.8)**
Subtotal	**($13.3)**



FY 2028 Summary

- Basic requirements driven by CBA and benefit rate changes outpace anticipated revenue
- Gap is prior to any change in local funding
    - Local funding change has ranged $98.8M to $165.0M last 5 years
- Gap range with estimated local funding could span $30M - $100M+

SUMMARY	CHANGE FROM FY27 APPROVED ($ in millions)
Projected Revenue	$40.0
Projected Expenditures	$237.6
Projected Gap	***($197.6)***



Budget Questions Process

- FY28 Budget Questions will be submitted using the Google Form
- Indicate priority 1 or 2
  - Priority 1: SBM and BOS are allocated 5 priority 1 questions on a rolling basis
  - Priority 2: will be answered after all priority 1 questions
- SBM or designee must be signed into their fcpsschools.net account to access the budget question Google Form
  - County and school budget staff will collaborate to ensure BOS questions follow similar process
- General program questions unrelated to the budget should be directed to appropriate chief
- School Board Office to be provided budget information session

FY 2028
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FORECAST

Thank You

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For more information go to
www.fcps.edu/budget