ARLINGTON
VIRGINIA

## MULTI-YEAR FORECAST & FUTURE OUTLOOK

Consistent with the County's debt and financial policies, staff has prepared two scenarios of a multi-year financial forecast. These forecasts are intended to help inform, and provide greater awareness to, the Board and the community of medium and long-term budget pressures as policy and service delivery choices are considered. The County is required to adopt a balanced budget annually, so any projected shortfalls would be eliminated through a combination of expenditure and service reductions, revenue increases (either increased taxes or fees), or a combination of the two.

Like others in the region and nationally, the County faces various macro-economic challenges:

- Impact of federal policy changes
- Uncertainty in the regional economy
- Continued high healthcare costs

Beyond these broader macroeconomic factors, the County is also experiencing structural shifts in its revenue composition and underlying economic base.

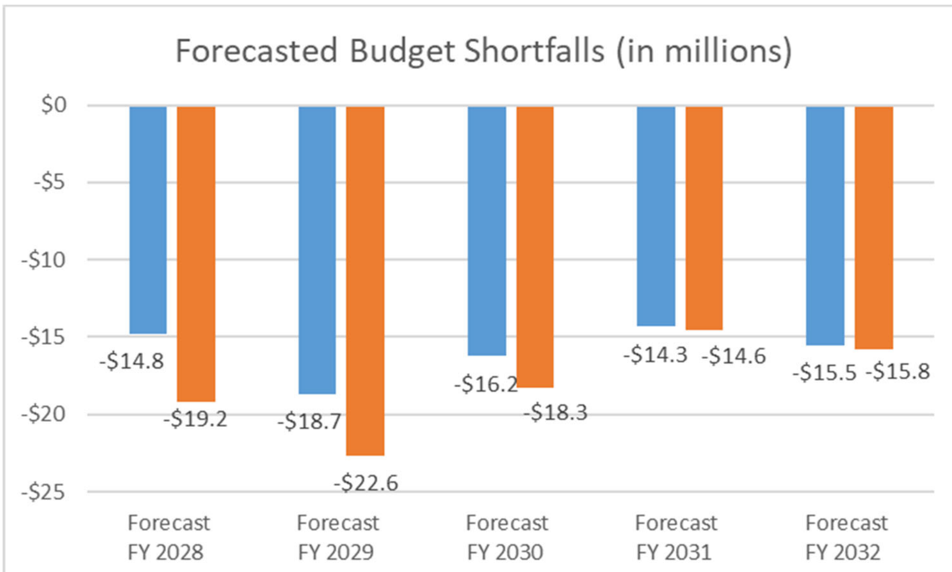
Specifically, two emerging patterns are shaping the County's fiscal outlook. First, the County is experiencing a growing reliance on locally generated tax revenues, increasing exposure to local economic conditions and the strength of the local tax base. Over time, the revenue mix has shifted significantly, with local taxes increasing from approximately 70 percent of General Fund revenues in 1985 to about 83 percent in FY 2027, while State and Federal revenues have declined from roughly 16 percent to seven percent in FY 2027. As a result, the County is increasingly dependent on the performance of its local economy and locally generated revenues.

Second, the commercial office market is experiencing persistently high vacancy rates alongside a fundamental shift in how office space is utilized. These dynamics have reduced demand for traditional office space, contributing to declines in assessed values and related revenues. As a result, a greater share of the County's total assessed value—and corresponding tax revenue—has shifted to the residential sector, placing increased reliance on the residential tax base. While the adaptive reuse of office properties, including conversion to residential or other uses, will help mitigate these pressures over time, these transitions will occur gradually.

Therefore, similar to FY 2027, FY 2028 and out-years are expected to require difficult decisions that may include additional reduction options, revenue enhancements, or deferral of capital projects.

This forecast assumes continuing the FY 2027 level of services into the future with a factor for growth.

Because revenues are currently difficult to forecast, this outlook uses current trends as a baseline scenario and models out what an alternate scenario could look like, with anticipated budget gaps of approximately $15 million to $19 million in FY 2028 with out-years gaps ranging from annual deficits of $14 to million to $23 million as shown in the chart below. The first scenario (in blue) assumes faster rebound in consumption tax revenues following recent federal policy changes and economic uncertainty, along with moderately stronger real estate growth in CY 2027 through CY 2029. The second scenario (in orange) reflects a slower recovery of consumption tax revenues, along with a greater decline in the office sector and slower residential growth. Both scenarios assume continued softness in new construction activity. Lastly, both scenarios assume the real estate tax rate remains at the FY 2027 County Manager Proposed tax rate of $1.048 per $100 of assessed value.




*Note: The gaps shown in the chart above assume that each prior year's deficit is balanced.*

A structurally balanced budget is essential as the County navigates an increasingly uncertain economic environment. With a greater reliance on the local tax base, shifts in the local economy now have a more direct and significant impact on County revenues. At the same time, continued investments in affordable housing, mental health services, WMATA budget pressures, and employee compensation will require the County to carefully balance its priorities in the years ahead.

## Revenue

While Arlington remains a convenient hub that attracts new global headquarters due to proximity to the Nation's Capital and a highly educated workforce, the overall office market has struggled with high vacancy rates as the demand for office space has shifted after the pandemic. For reference, the office vacancy rate in Q4 of 2019 prior to the Pandemic was around 15 percent; as of Q4 of 2025, the office vacancy rate has increased to around 24 percent. In 2026, existing office property values decreased double digits compared to 2025 values. These decreased office values also reflect the aging of some office inventory in the County, which makes it difficult to attract new tenants or convert to alternative uses.

In CY 2026, a slight increase in apartment property values (mainly driven by existing properties) helped to partially offset the significant decline in office values, resulting in a total commercial property decrease of 1.5 percent. Since commercial property values (excluding apartments) make up 17 percent of the CY 2026 tax base, continued assessment declines in office properties over the next several years will place more of the tax burden on residential properties and impact the amount of funding available for vital County services.

Local tax revenues are projected to grow at an average annual rate of approximately one to two percent from FY 2028 through FY 2032. The forecast assumes a lower growth rate for real property assessments when compared to the last ten-to-fifteen-year average. In addition, growth is expected to be constrained by a near-term slowdown in new commercial and multi-family construction. Although a significant pipeline of projects exists, elevated construction costs and more challenging financing conditions have limited the start of new construction projects, which will limit additions to the tax base in coming years.

Business-related taxes are projected to show steady, modest growth over the forecast period. Business Tangible tax revenues are projected to increase at approximately two percent annually, while BPOL is projected to grow slightly stronger, at approximately two percent in FY 2028 and three percent annually thereafter, reflecting stable business activity.

Consumption-based taxes are projected to grow at a moderate pace in both scenarios, though the timing and strength of recovery vary. In the first scenario, revenues reflect a faster rebound in consumer activity, with sales tax increasing at approximately three percent annually and meals tax growth rising from about two percent in FY 2028 to three percent in the out-years. Transient Occupancy Tax (hotel tax), which is highly sensitive to travel patterns, is projected to grow two percent annually as travel demand recovers. In the second scenario, consumption-based tax revenues recover more gradually, reflecting softer economic conditions. Sales and meals tax growth are more modest in the near term, and Transient Occupancy Tax growth shows slower growth in FY 2028 through FY 2030 while gradually improving in the out-years as travel demand and confidence returns to our area.

Vehicle personal property tax revenues are expected to grow modestly at approximately one percent in FY 2028 and two percent annually through FY 2032. Other local taxes are projected to increase approximately one percent annually.

State revenues are projected to increase approximately one percent annually throughout the forecast period while federal revenues are held flat. These revenues continue to represent a smaller share of the County's overall funding mix and are subject to policy decisions outside of the County's control.

Non-tax revenues have increased at various rates but have largely lagged that of tax revenues. Non-tax revenues are projected to remain relatively flat in FY 2028 and continue with modest annual growth of one percent for the remaining fiscal years through FY 2032.

## Expenditures

On the expenditure side, the forecast assumes that the County will continue our commitments to our workforce, address the core needs of our growing population, and maintain support for our schools in line with the revenue sharing principles as well as meet our obligations for WMATA.

Along with these normal budget pressures, FY 2028 and beyond will also require funding for inflationary pressures for goods and services and the impact of potential tariffs on those costs while human service and housing program demand continues or grows as noted below and other priorities. In addition, the forecast assumes that the County will transition from supporting the operations of the Long Bridge Aquatics Center from the Boeing donation funds to County support over a multi-year period. Any changes in service levels to fund priority areas will be considered in each year's budget process

**Investments in our workforce**: Maintaining our competitiveness will be essential to continuing the County's effort to retain a high-quality workforce and recruit talented employees. Each year, compensation and benefits will be evaluated to determine how we continue to be competitive and realize our Total Compensation Philosophy while fulfilling the commitments of the collective bargaining agreements.

The forecast assumes that the overall budget for salaries will increase three percent on an annual basis, with a range of salary increases occurring on anniversary dates for individual employees. However, because current Collective Bargaining Agreements with IAFF (Fire) and ACOP (Police) allow for renegotiation of wages in FY 2027 and FY 2028 and the agreement with Service, Labor, and Trades (SLT) expires at the end of FY 2027, there is uncertainty in the impact of compensation in FY 2028 and beyond. Additionally, recent pressures related to health insurance are increasing total compensation costs.

Any scenarios where revenue growth slows substantially, or contracts may require the County to consider lower compensation increases; the table below shows the reduction in assumed expense at lower levels of compensation increases comparing to the assumptions in the forecast for FY 2028.

| Salary increase assumption | Expenses reduced by (compared to FY 2028)* |
|---:|---:|
| **2%** | $2 million |
| **1%** | $4 million |
| **0%** | $7 million |

** Amounts above reflect estimates for non-bargaining employees only.*

**Housing Affordability & Human Services:** Demand for housing and human services continues to grow – including significant increases in SNAP, TANF, and childcare applications in recent years as well as continued high levels of housing assistance through Housing Grants, Eviction Prevention, Housing Choice Vouchers, Permanent Supportive Housing, and other programs as detailed in the Housing Section of the County Manager's Message.

The County continues to respond to health and human service needs while also weighing options for policy changes in these programs – such as the proposed implementation of a waitlist for housing grants. Human services demand also has the potential to change and be complicated by federal funding changes and regional economic shifts.

Potential policy changes and responses to changing demands will have to be weighed in each year's budget process. This multi-year forecast does not reflect any new investments or changes in implementation as we monitor the efficacy of these programs, the availability of state and federal funds, and the longer-term implementation of programs.

**Metro**: The WMATA operating budget totals $2.6 billion while the capital budget totals $2.1 billion. The operating budget is funded primarily from passenger fares and other revenues with the balance paid by the local funding jurisdictions.

Jurisdictional operating subsidies used to fund WMATA are usually constrained at three percent maximum annual growth. Arlington's share of the local jurisdictional operating subsidy, net of revenues, is approximately seven percent of the regional total. Due to a correction to the subsidy calculation that impacted Arlington, the County's subsidy for WMATA in FY 2027 is decreasing by $6.3 million (12 percent) compared to FY 2026.

In FY 2025 and FY 2026, the Commonwealth of Virginia provided a 50% match to the substantial increase in WMATA's operating subsidy above FY 2024 levels. There is no commitment yet to continue this match beginning in FY 2027, however there are proposals in the Virginia General Assembly to provide a match to the increased WMATA funding. If approved, this would provide approximately $40 million of revenue to Arlington. Should it instead fall on Arlington to assume this funding obligation, the County will use its remaining transit aid balances to meet WMATA's projected FY 2027 operating budget.

**Debt:** Debt service as forecasted in the FY 2027 budget is expected to increase by around two percent and to continue at a moderate level over the next few fiscal years. The County is currently underway with the Proposed FY 2027 – FY 2037 Capital Improvement Plan (CIP) which should be released in May 2026 and will update the out-year projections for debt and debt service based on the current prioritization of projects and funding needs.

To minimize debt service increases, staff annually works to identify opportunities to defer issuance of debt in upcoming bond sales to the extent project(s) may be advancing slower than estimated. These deferrals may yield short-term savings in debt service but will potentially increase out-year debt service costs once the project advances and bonds are issued. Staff will continue to monitor annual project needs to balance outstanding debt issued for projects with their cashflow requirements to help minimize the impacts on general fund support needed for debt service.

**Long-Term Plans:** The County has in place a number of long-term plans, ranging from the Affordable Housing Master Plan to the Forestry and Natural Resources Plan to the Arlington's Transportation Futures to the Community Energy Plan. Most of these plans are incorporated into the Comprehensive Plan. The County has undertaken several new plans and updates to existing plans, including the Arlington Transportation's Future update, Public Spaces Management Plan refresh, Youth Wellbeing Plan. Given that these plans are multi-year in nature, with most assumed to be implemented over many years, and in some cases decades, the anticipated costs are not reflected in this multi-year forecast but are considered and evaluated during every budget and CIP cycle.

**Arlington Public Schools (APS):** The estimates shown for the Schools transfer reflect the FY 2027 Proposed revenue-sharing percentage of 46.3 percent of local taxes; this percentage may change at budget adoption or in future years based on budget deliberations. APS, like the County, will also face compensation, inflationary, and capital pressures.

## Multi-Year Financial Forecast

**Scenario 1**

| REVENUE | Adopted FY 2026 | % chg | Proposed FY 2027 | % chg | Forecast FY 2028 | % chg | Forecast FY 2029 | % chg | Forecast FY 2030 | % chg | Forecast FY 2031 | % chg | Forecast FY 2032 | % chg |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Real Estate | 948,702,800 | 1.9% | 972,481,710 | 2.5% | 988,349,680 | 1.6% | 1,008,478,180 | 2.0% | 1,029,009,250 | 2.0% | 1,049,950,930 | 2.0% | 1,071,311,450 | 2.0% |
| Less Crystal City TIF Real Estate | (5,578,170) | -14.7% | (4,812,280) | -13.7% | (5,175,300) | 7.5% | (5,542,690) | 7.1% | (5,914,480) | 6.7% | (6,290,730) | 6.4% | (6,671,510) | 6.1% |
| Less Columbia Pike TIF Real Estate | (2,309,890) | -1.9% | (2,879,830) | 24.7% | (3,053,430) | 6.0% | (3,273,580) | 7.2% | (3,498,130) | 6.9% | (3,727,170) | 6.5% | (3,960,790) | 6.3% |
| Less Ballston Quarter TIF Real Estate | (1,600,070) | -10.2% | (1,664,550) | 4.0% | (1,708,470) | 2.6% | (1,764,170) | 3.3% | (1,820,990) | 3.2% | (1,878,940) | 3.2% | (1,938,050) | 3.1% |
| | | | | | | | | | | | | | | |
| Personal Property | 150,132,147 | 2.3% | 151,392,597 | 0.8% | 153,062,001 | 1.1% | 155,498,199 | 1.6% | 157,983,120 | 1.6% | 160,517,739 | 1.6% | 163,103,051 | 1.6% |
| BPOL | 96,242,581 | 7.1% | 94,200,000 | -2.1% | 96,084,000 | 2.0% | 98,966,520 | 3.0% | 101,935,516 | 3.0% | 104,993,581 | 3.0% | 108,143,389 | 3.0% |
| Sales | 56,500,000 | -2.1% | 58,200,000 | 3.0% | 59,946,000 | 3.0% | 61,744,380 | 3.0% | 63,596,711 | 3.0% | 65,504,613 | 3.0% | 67,469,751 | 3.0% |
| Meals | 67,000,000 | 32.7% | 66,300,000 | -1.0% | 67,626,000 | 2.0% | 69,654,780 | 3.0% | 71,744,423 | 3.0% | 73,896,756 | 3.0% | 76,113,659 | 3.0% |
| TOT | 29,000,000 | 11.5% | 25,400,000 | -12.4% | 25,908,000 | 2.0% | 26,426,160 | 2.0% | 26,954,683 | 2.0% | 27,493,777 | 2.0% | 28,043,652 | 2.0% |
| Other Taxes | 45,205,000 | 3.6% | 45,295,000 | 0.2% | 45,747,950 | 1.0% | 46,205,430 | 1.0% | 46,667,484 | 1.0% | 47,134,159 | 1.0% | 47,605,500 | 1.0% |
| **SUBTOTAL: TAXES** | **1,383,294,398** | 3.6% | **1,403,912,647** | 1.5% | **1,426,786,431** | **1.6%** | **1,456,393,208** | **2.1%** | **1,486,657,587** | **2.1%** | **1,517,594,714** | **2.1%** | **1,549,220,102** | **2.1%** |
| | | | | | | | | | | | | | | |
| State | 94,111,076 | -1.4% | 105,905,655 | 12.5% | 106,964,712 | 1.0% | 108,034,359 | 1.0% | 109,114,702 | 1.0% | 110,205,849 | 1.0% | 111,307,908 | 1.0% |
| Federal | 25,914,099 | 38.7% | 18,929,731 | -27.0% | 18,929,731 | - | 18,929,731 | - | 18,929,731 | - | 18,929,731 | - | 18,929,731 | - |
| Other Revenue | 155,248,621 | 23.6% | 153,419,070 | -1.2% | 152,748,261 | -0.4% | 154,090,743 | 0.9% | 155,446,651 | 0.9% | 156,816,117 | 0.9% | 158,199,278 | 0.9% |
| **SUBTOTAL: OTHER** | **275,273,796** | 14.8% | **278,254,456** | 1.1% | **278,642,703** | **0.1%** | **281,054,833** | **0.9%** | **283,491,084** | **0.9%** | **285,951,698** | **0.9%** | **288,436,917** | **0.9%** |
| | | | | | | | | | | | | | | |
| CARRYOVER FUNDS - General | 29,417,686 | -61.0% | 4,811,190 | -83.6% | 5,291,508 | 10.0% | 5,152,166 | -2.6% | 5,488,298 | 6.5% | 5,696,443 | 3.8% | 6,003,005 | 5.4% |
| | | | | | | | | | | | | | | |
| **TOTAL REVENUE** | **1,687,985,880** | 2.3% | **1,686,978,293** | -0.1% | **1,710,720,643** | **1.4%** | **1,742,600,207** | **1.9%** | **1,775,636,969** | **1.9%** | **1,809,242,855** | **1.9%** | **1,843,660,024** | **1.9%** |

| EXPENDITURES | Adopted FY 2026 | % chg | Proposed FY 2027 | % chg | Forecast FY 2028 | % chg | Forecast FY 2029 | % chg | Forecast FY 2030 | % chg | Forecast FY 2031 | % chg | Forecast FY 2032 | % chg |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries | 380,237,344 | 6.0% | 393,421,021 | 3.5% | 405,224,000 | 3.0% | 417,381,000 | 3.0% | 429,902,000 | 3.0% | 442,799,000 | 3.0% | 456,083,000 | 3.0% |
| Benefits | 168,098,170 | 4.2% | 176,569,230 | 5.0% | 185,163,635 | 4.9% | 190,958,544 | 3.1% | 195,977,330 | 2.6% | 201,128,930 | 2.6% | 206,416,884 | 2.6% |
| Compensation one-time | 5,982,664 | -50.3% | 2,351,389 | -60.7% | - | - | - | - | - | - | - | - | - | - |
| **SUBTOTAL: PERSONNEL** | **554,318,178** | 4.2% | **572,341,640** | 3.3% | **590,387,635** | 3.2% | **608,339,544** | 3.0% | **625,879,330** | 2.9% | **643,927,930** | 2.9% | **662,499,884** | 2.9% |
| | | | | | | | | | | | | | | |
| Ongoing Operating Expenses | 257,142,731 | 4.5% | 273,952,446 | 6.5% | 280,166,976 | 2.3% | 287,845,169 | 2.7% | 294,747,588 | 2.4% | 301,376,838 | 2.2% | 308,199,172 | 2.3% |
| One-time Operating Expenses | 19,728,148 | 15.0% | 1,297,827 | -93.4% | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | | |
| Metro | 50,746,178 | 2.0% | 46,246,178 | -8.9% | 47,633,563 | 3.0% | 49,062,570 | 3.0% | 50,534,447 | 3.0% | 52,050,481 | 3.0% | 53,611,995 | 3.0% |
| Contingents (CM & Legal) | 2,000,000 | - | 1,950,000 | -2.5% | 1,950,000 | - | 1,950,000 | - | 1,950,000 | - | 1,950,000 | - | 1,950,000 | - |
| Economic Development Grants | 1,500,000 | - | 1,500,000 | - | 1,500,000 | - | 1,500,000 | - | 1,500,000 | 0.0% | 1,500,000 | 0.0% | 1,500,000 | 0.0% |
| One-time Economic Development Grants | 1,132,819 | 21.4% | 265,308 | -76.6% | 341,508 | 28.7% | 202,166 | -40.8% | 538,298 | 166.3% | 746,443 | 38.7% | 1,053,005 | 41.1% |
| Ongoing AHIF | 9,673,250 | - | 9,673,250 | - | 9,673,250 | - | 9,673,250 | - | 9,673,250 | - | 9,673,250 | - | 9,673,250 | - |
| One-time AHIF | 2,000,000 | -81.8% | - | -100.0% | - | - | - | - | - | - | - | - | - | - |
| Regionals | 9,181,630 | 3.1% | 9,588,764 | 4.4% | 9,588,764 | - | 9,588,764 | - | 9,588,764 | - | 9,588,764 | - | 9,588,764 | - |
| Ongoing Capital | 6,180,000 | 3.0% | 6,180,000 | - | 7,140,000 | 15.5% | 7,497,000 | 5.0% | 7,871,850 | 5.0% | 8,265,443 | 5.0% | 8,678,715 | 5.0% |
| One-time Capital | 12,080,000 | -26.5% | - | -100.0% | - | - | - | - | - | - | - | - | - | - |
| Debt | 88,195,000 | 4.2% | 89,737,107 | 1.7% | 92,024,459 | 2.5% | 101,017,919 | 9.8% | 109,037,502 | 7.9% | 115,223,693 | 5.7% | 122,183,484 | 6.0% |
| Debt Service for Short-term Finance | 11,000,000 | 19.5% | 11,000,000 | - | 11,550,000 | 5.0% | 12,127,500 | 5.0% | 12,733,875 | 5.0% | 13,370,569 | 5.0% | 14,039,097 | 5.0% |
| OPEB | 13,000,000 | -7.8% | 10,835,456 | -16.7% | 10,835,456 | - | 10,835,456 | - | 10,835,456 | - | 10,835,456 | - | 10,835,456 | - |
| **SUBTOTAL: NONPERSONNEL** | **483,559,756** | 1.3% | **462,226,336** | -4.4% | **472,403,977** | 2.2% | **491,299,795** | 4.0% | **509,011,030** | 3.6% | **524,580,936** | 3.1% | **541,312,938** | 3.2% |
| | | | | | | | | | | | | | | |
| Schools Ongoing | 647,381,778 | 3.6% | 650,305,579 | 0.5% | 660,602,118 | 1.6% | 674,310,055 | 2.1% | 688,322,463 | 2.1% | 702,646,353 | 2.1% | 717,288,907 | 2.1% |
| Schools One-time | - | -100.0% | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | | |
| Transfers to Other Funds | 2,726,168 | 132.2% | 2,104,738 | -22.8% | 2,104,738 | - | 2,104,738 | - | 2,104,738 | - | 2,104,738 | - | 2,104,738 | - |
| | | | | | | | | | | | | | | |
| **TOTAL EXPENSES** | **1,687,985,880** | 2.3% | **1,686,978,293** | -0.1% | **1,725,498,467** | 2.3% | **1,776,054,132** | 2.9% | **1,825,317,561** | 2.8% | **1,873,259,957** | 2.6% | **1,923,206,468** | 2.7% |

| Shortfall/Surplus $ (millions) | | Proposed FY 2027 | Forecast FY 2028 | Forecast FY 2029 | Forecast FY 2030 | Forecast FY 2031 | Forecast FY 2032 |
|---|---|---|---|---|---|---|---|
| Revenue | 1,687,985,880 | 1,686,978,293 | 1,710,720,643 | 1,742,600,207 | 1,775,636,969 | 1,809,242,855 | 1,843,660,024 |
| Expenditures | 1,687,985,880 | 1,686,978,293 | 1,725,498,467 | 1,776,054,132 | 1,825,317,561 | 1,873,259,957 | 1,923,206,468 |
| Cumulative Deficit/Surplus+* | - | - | (14,777,824) | (33,453,925) | (49,680,592) | (64,017,102) | (79,546,444) |
| Annual Deficit/Surplus | | | (14,777,824) | (18,676,101) | (16,226,666) | (14,336,510) | (15,529,342) |

+ Arlington County is required to adopt a balanced budget each year. Deficits that appear in out-years will be reduced by the actions taken to balance the

## Multi-Year Financial Forecast

**Scenario 2**

| REVENUE | Adopted FY 2026 | % chg | Proposed FY 2027 | % chg | Forecast FY 2028 | % chg | Forecast FY 2029 | % chg | Forecast FY 2030 | % chg | Forecast FY 2031 | % chg | Forecast FY 2032 | % chg |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Real Estate | 948,702,800 | 1.9% | 972,481,710 | 2.5% | 981,614,860 | 0.9% | 996,604,350 | 1.5% | 1,014,377,160 | 1.8% | 1,035,026,200 | 2.0% | 1,056,088,220 | 2.0% |
| Less Crystal City TIF Real Estate | (5,578,170) | -14.7% | (4,812,280) | -13.7% | (5,175,300) | 7.5% | (5,542,690) | 7.1% | (5,914,480) | 6.7% | (6,290,730) | 6.4% | (6,671,510) | 6.1% |
| Less Columbia Pike TIF Real Estate | (2,309,890) | -1.9% | (2,879,830) | 24.7% | (3,053,430) | 6.0% | (3,273,580) | 7.2% | (3,498,130) | 6.9% | (3,727,170) | 6.5% | (3,960,790) | 6.3% |
| Less Ballston Quarter TIF Real Estate | (1,600,070) | -10.2% | (1,664,550) | 4.0% | (1,708,470) | 2.6% | (1,764,170) | 3.3% | (1,820,990) | 3.2% | (1,878,940) | 3.2% | (1,938,050) | 3.1% |
| Personal Property | 150,132,147 | 2.3% | 151,392,597 | 0.8% | 153,062,001 | 1.1% | 155,498,199 | 1.6% | 157,983,120 | 1.6% | 160,517,739 | 1.6% | 163,103,051 | 1.6% |
| BPOL | 96,242,581 | 7.1% | 94,200,000 | -2.1% | 96,084,000 | 2.0% | 98,966,520 | 3.0% | 101,935,516 | 3.0% | 104,993,581 | 3.0% | 108,143,389 | 3.0% |
| Sales | 56,500,000 | -2.1% | 58,200,000 | 3.0% | 59,364,000 | 2.0% | 60,551,280 | 2.0% | 62,367,818 | 3.0% | 64,238,853 | 3.0% | 66,166,019 | 3.0% |
| Meals | 67,000,000 | 32.7% | 66,300,000 | -1.0% | 66,963,000 | 1.0% | 67,632,630 | 1.0% | 68,985,283 | 2.0% | 71,054,841 | 3.0% | 73,186,486 | 3.0% |
| TOT | 29,000,000 | 11.5% | 25,400,000 | -12.4% | 25,654,000 | 1.0% | 25,910,540 | 1.0% | 26,169,645 | 1.0% | 26,693,038 | 2.0% | 27,226,899 | 2.0% |
| Other Taxes | 45,205,000 | 3.6% | 45,295,000 | 0.2% | 45,747,950 | 1.0% | 46,205,430 | 1.0% | 46,667,484 | 1.0% | 47,134,159 | 1.0% | 47,605,500 | 1.0% |
| **SUBTOTAL: TAXES** | **1,383,294,398** | 3.6% | **1,403,912,647** | 1.5% | **1,418,552,611** | **1.0%** | **1,440,788,508** | **1.6%** | **1,467,252,425** | **1.8%** | **1,497,761,571** | **2.1%** | **1,528,949,214** | **2.1%** |
| State | 94,111,076 | -1.4% | 105,905,655 | 12.5% | 106,964,712 | 1.0% | 108,034,359 | 1.0% | 109,114,702 | 1.0% | 110,205,849 | 1.0% | 111,307,908 | 1.0% |
| Federal | 25,914,099 | 38.7% | 18,929,731 | -27.0% | 18,929,731 | - | 18,929,731 | - | 18,929,731 | - | 18,929,731 | - | 18,929,731 | - |
| Other Revenue | 155,248,621 | 23.6% | 153,419,070 | -1.2% | 152,748,261 | -0.4% | 154,090,743 | 0.9% | 155,446,651 | 0.9% | 156,816,117 | 0.9% | 158,199,278 | 0.9% |
| **SUBTOTAL: OTHER** | **275,273,796** | 14.8% | **278,254,456** | 1.1% | **278,642,703** | **0.1%** | **281,054,833** | **0.9%** | **283,491,084** | **0.9%** | **285,951,698** | **0.9%** | **288,436,917** | **0.9%** |
| CARRYOVER FUNDS - General | 29,417,686 | -61.0% | 4,811,190 | -83.6% | 5,291,508 | 10.0% | 5,152,166 | -2.6% | 5,488,298 | 6.5% | 5,696,443 | 3.8% | 6,003,005 | 5.4% |
| **TOTAL REVENUE** | **1,687,985,880** | 2.3% | **1,686,978,293** | -0.1% | **1,702,486,823** | **0.9%** | **1,726,995,507** | **1.4%** | **1,756,231,807** | **1.7%** | **1,789,409,712** | **1.9%** | **1,823,389,136** | **1.9%** |

| EXPENDITURES | Adopted FY 2026 | % chg | Proposed FY 2027 | % chg | Forecast FY 2028 | % chg | Forecast FY 2029 | % chg | Forecast FY 2030 | % chg | Forecast FY 2031 | % chg | Forecast FY 2032 | % chg |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries | 380,237,344 | 6.0% | 393,421,021 | 3.5% | 405,224,000 | 3.0% | 417,381,000 | 3.0% | 429,902,000 | 3.0% | 442,799,000 | 3.0% | 456,083,000 | 3.0% |
| Benefits | 168,098,170 | 4.2% | 176,569,230 | 5.0% | 185,163,635 | 4.9% | 190,958,544 | 3.1% | 195,977,330 | 2.6% | 201,128,930 | 2.6% | 206,416,884 | 2.6% |
| Compensation one-time | 5,982,664 | -50.3% | 2,351,389 | -60.7% | - | - | - | - | - | - | - | - | - | - |
| **SUBTOTAL: PERSONNEL** | **554,318,178** | 4.2% | **572,341,640** | 3.3% | **590,387,635** | 3.2% | **608,339,544** | 3.0% | **625,879,330** | 2.9% | **643,927,930** | 2.9% | **662,499,884** | 2.9% |
| Ongoing Operating Expenses | 257,142,731 | 4.5% | 273,952,446 | 6.5% | 280,166,976 | 2.3% | 287,845,169 | 2.7% | 294,747,588 | 2.4% | 301,376,838 | 2.2% | 308,199,172 | 2.3% |
| One-time Operating Expenses | 19,728,148 | 15.0% | 1,297,827 | -93.4% | - | - | - | - | - | - | - | - | - | - |
| Metro | 50,746,178 | 2.0% | 46,246,178 | -8.9% | 47,633,563 | 3.0% | 49,062,570 | 3.0% | 50,534,447 | 3.0% | 52,050,481 | 3.0% | 53,611,995 | 3.0% |
| Contingents (CM & Legal) | 2,000,000 | - | 1,950,000 | -2.5% | 1,950,000 | - | 1,950,000 | - | 1,950,000 | - | 1,950,000 | - | 1,950,000 | - |
| Economic Development Grants | 1,500,000 | - | 1,500,000 | - | 1,500,000 | - | 1,500,000 | 0.0% | 1,500,000 | - | 1,500,000 | - | 1,500,000 | - |
| One-time Economic Development Grants | 1,132,819 | 21.4% | 265,308 | -76.6% | 341,508 | 28.7% | 202,166 | -40.8% | 538,298 | 166.3% | 746,443 | 38.7% | 1,053,005 | 41.1% |
| Ongoing AHIF | 9,673,250 | 0.0% | 9,673,250 | - | 9,673,250 | - | 9,673,250 | - | 9,673,250 | - | 9,673,250 | - | 9,673,250 | - |
| One-time AHIF | 2,000,000 | -81.8% | - | -100.0% | - | - | - | - | - | - | - | - | - | - |
| Regionals | 9,181,630 | 3.1% | 9,588,764 | 4.4% | 9,588,764 | - | 9,588,764 | - | 9,588,764 | - | 9,588,764 | - | 9,588,764 | - |
| Ongoing Capital | 6,180,000 | 3.0% | 6,180,000 | - | 7,140,000 | 15.5% | 7,497,000 | 5.0% | 7,871,850 | 5.0% | 8,265,443 | 5.0% | 8,678,715 | 5.0% |
| One-time Capital | 12,080,000 | -26.5% | - | -100.0% | - | - | - | - | - | - | - | - | - | - |
| Debt | 88,195,000 | 4.2% | 89,737,107 | 1.7% | 92,024,459 | 2.5% | 101,017,919 | 9.8% | 109,037,502 | 7.9% | 115,223,693 | 5.7% | 122,183,484 | 6.0% |
| Debt Service for Short-term Finance | 11,000,000 | 19.5% | 11,000,000 | - | 11,550,000 | 5.0% | 12,127,500 | 5.0% | 12,733,875 | 5.0% | 13,370,569 | 5.0% | 14,039,097 | 5.0% |
| OPEB | 13,000,000 | -7.8% | 10,835,456 | -16.7% | 10,835,456 | - | 10,835,456 | - | 10,835,456 | - | 10,835,456 | - | 10,835,456 | - |
| **SUBTOTAL: NONPERSONNEL** | **483,559,756** | 1.3% | **462,226,336** | -4.4% | **472,403,977** | 2.2% | **491,299,795** | 4.0% | **509,011,030** | 3.6% | **524,580,936** | 3.1% | **541,312,938** | 3.2% |
| Schools Ongoing | 647,381,778 | 3.6% | 650,305,579 | 0.5% | 656,789,859 | 1.0% | 667,085,079 | 1.6% | 679,337,873 | 1.8% | 693,463,607 | 2.1% | 707,903,486 | 2.1% |
| Schools One-time | - | -100.0% | - | - | | - | | - | | - | | - | | - |
| Transfers to Other Funds | 2,726,168 | 132.2% | 2,104,738 | -22.8% | 2,104,738 | - | 2,104,738 | - | 2,104,738 | - | 2,104,738 | - | 2,104,738 | - |
| **TOTAL EXPENSES** | **1,687,985,880** | 2.3% | **1,686,978,293** | -0.1% | **1,721,686,208** | 2.1% | **1,768,829,156** | 2.7% | **1,816,332,971** | 2.7% | **1,864,077,211** | 2.6% | **1,913,821,047** | 2.7% |

| Shortfall/Surplus $ (millions) | | Proposed FY 2027 | Forecast FY 2028 | Forecast FY 2029 | Forecast FY 2030 | Forecast FY 2031 | Forecast FY 2032 |
|---|---|---|---|---|---|---|---|
| Revenue | 1,687,985,880 | 1,686,978,293 | 1,702,486,823 | 1,726,995,507 | 1,756,231,807 | 1,789,409,712 | 1,823,389,136 |
| Expenditures | 1,687,985,880 | 1,686,978,293 | 1,721,686,208 | 1,768,829,156 | 1,816,332,971 | 1,864,077,211 | 1,913,821,047 |
| Cumulative Deficit/Surplus+* | - | - | (19,199,386) | (41,833,649) | (60,101,164) | (74,667,500) | (90,431,911) |
| Annual Deficit/Surplus | | | (19,199,386) | (22,634,264) | (18,267,514) | (14,566,336) | (15,764,411) |

[+]Arlington County is required to adopt a balanced budget each year. Deficits that appear in out-years will be reduced by the actions taken to balance the prior