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Fairfax County Board of Supervisors Fairfax County BOS: Nov. 25 Economic Initiatives Committee, Tuesday, November 25, 2025

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[00:00:00] we need to get started we're already running late thank you you have to click we're going to start

[00:00:37] the economic initiatives committee meeting uh november 25th 2025 i'm going to go right to it folks um good morning we've got a full full day of discussion full real hour and a half of discussion i'd like to welcome visit fairfax as well as their board and thank you for joining us and first and foremost do we have any changes to our april 8th 2025 meeting notes april 8th 2025 meeting notes was the last meeting that we had.

[00:01:05] Not hearing or seeing any changes, we will move on. If there's any further comments or suggestions, please let us know, but we're going to let the meetings, the minutes stand as a record of the meeting. And with that, we're going to go to, this presentation is in response to a budget guidance from the board to visit Fairfax.

[00:01:23] The TOT, the transit occupancy tax, was increased by 2% beginning FY 2026, which would be July 1st with the last increase prior to that occurring more than 20 years ago today is the first step in discussion in this process no decisions will be made today and chairman did you have anything you want

to add at this point in time we're going to keep rolling in and i'm going to turn out this over to our county executive brian hill mr hill morning good morning sir i'm going to kick it right to jilla hate all right chairman pardon the piece here i think we're good to go uh this

[00:02:02] represents a presentation of Mr. Bigger and his staff based on months of outreach coupled with county staff coordination I think you'll find informative and by all means questions are available if need be but again consistent with budget guidance and that's why we're here today reporting out our status updates. Without any further ado Mr. Bigger turn to you. Well thank you very much and a very good morning to all of you. This is a very exciting day for Visit Fairfax

[00:02:32] Not only for Visit Fairfax, but indeed the entire county of Fairfax, certainly our stakeholders, the industry, but most important, the residents.

[00:02:50] Before we get into the presentation, I would like to say thank you so much to the people from the county who we have worked with so close, and that is with Rebecca Moudray, Scott Eiser, Joe Lahate, and Albina Asinov. They have been fabulous and very much a part

[00:03:23] of why we are here today. So to begin, I would like to introduce the chairman of our board, Don Anderson, who is also the general manager of the Washington Dulles Hilton. Don, please.

[00:03:45] Good morning, everyone. As Barry just said, I'm Don Anderson, and chairman of the board of visit Fairfax, as well as the general manager, and also a 50-year resident of Fairfax County. I've been a member of the board of directors for six years, a group that represents leaders from all aspects of hospitality, tourism industry, and the county. In previous positions on the board, as treasurer and vice chair, I was specifically involved in the oversight of the additional funds that ARPRA brought to the county. I have witnessed the workings of visit Fairfax firsthand and

[00:04:22] can say with complete honesty and pride that Visit Fairfax is an exceptional steward of the investment made in tourism over these many years. I can guarantee that the additional investment of 1% hotel tax will be governed with accountable, measured, transparent, and responsibly reported ROI for the county, the industry, and our residents. Sorry, again. Siri doesn't like me.

[00:04:52] As a hotelier and stakeholder in all that Visit Fairfax does, I again can say with all honesty, pride, and appreciation that Visit Fairfax represents the travel, tourism, and hospitality industry with the highest degree of professionalism.

[00:05:13] The team maintains a fine-tuned focus on ensuring that the investment made in them and subsequently the industry returns the greatest results, not only maintaining the level of visitation, but also growing it each and every year.

[00:05:29] I can assure all of you that the Board of Visit Fairfax takes their leadership role very seriously and is committed to guaranteeing a high-performing, dedicated, and passionate organization that represents Fairfax County in the very best of ways.

[00:05:46] The additional investment in our official destination marketing organization, Visit Fairfax, will result in the continued growth of our industry, diversifying the economy, and producing results that will contribute to the economy, the tax base, and to the quality of life for our residents.

[00:06:03] So to begin, the task that we were given. One, we were directed as a result of the Board of Supervisors to develop recommendations in the county's budget guidance for 2027.

[00:06:32] Three very major areas. One, explore more effective and efficient government operations. Two, diversify the county's tax revenues and benefit the tourism industry.

[00:06:55] And three, engage with the hospitality industry as a whole to get their feedback, input, and guidance. Fiscal year 2026 increased the transient occupancy tax 2%.

[00:07:19] Of that increase, statutorily, 1% must be designated solely for tourism, promotion, and marketing. Sir, I'm very sorry to jump in, but I can see the slides you're looking at, and they're not up on the screen.

[00:07:41] And so if people are watching on TV, can we get them allied? Because you're talking, you've got like four slides ahead and it's making it a little hard to follow if people are watching at home. Sure. Sorry to break in. No, thank you very much for that.

[00:07:58] So, and the task also is to develop this plan in consultation with the tourism industry. The revenue we're talking about is estimated to be about \$6.5 million a year.

[00:08:23] Currently, what does tourism mean to Fairfax County? In 2024, tourism contributed \$3.9 billion in economic contribution.

[00:08:41] It actually contributed and produced \$305 million in state and local taxes. The tourism industry here in Fairfax County produced \$189 million.

[00:09:06] Ladies and gentlemen of the board, it is my goal that with this increase of \$6.5 million a year, to bring that \$3.9 billion to \$5 billion in three to five years.

[00:09:32] And we believe that is very reachable, considering what we have already experienced as a result of the ARPA funds.

[00:09:46] So the process that we have taken over these last several months, first, we have certainly engaged the travel, tourism, and hospitality industry by presenting to them the thoughts that we have related to the expenditure of the money.

[00:10:13] To date, we have had well over 200 one-on-ones with the industry. We have also reached out to over 1,500 of our industry here in the county.

[00:10:34] We have reviewed this with our board, and we have consulted all of our industry through a variety of means. So, ladies and gentlemen, what we are presenting to you today is our program of work utilizing

[00:11:04] that additional \$6.5 million. There are three very distinct silos. One, a \$1.5 million dollar infrastructure fund, a one million dollar grant program that will be open to the whole

[00:11:34] industry, hotels, restaurants, attractions, retail sales, and the likes. We have never before been able to offer that or to do that. And the third is the \$4 million that we will dedicate totally to marketing, promoting, and selling this county as a preferred destination.

[00:12:11] So let's dig into these a bit deeper. The \$1,500,000 tourism infrastructure fund is to be set aside year over year to invest in tourism infrastructure and development.

[00:12:38] To put this in context, what we would be able to do is actually put money away each and every year to be used to support the development or the renovation of infrastructure that would ultimately

improve or add to the infrastructure we have.

[00:13:12] I also want to say that examples of that could indeed be, for example, the Mount Vernon High School restoration. They have envisioned a visitor center.

[00:13:31] That is certainly something that we could consider to utilize those funds for. But also, we have had conversations over several years about a conference center.

[00:13:52] This set-aside could indeed be utilized for a variety of purposes, debt servicing, operational deficiencies, things of that nature.

[00:14:10] But also, this money could be used to support programming that will definitively grow tourism in Fairfax County.

[00:14:25] Prime example, we have over the past several years discussed a sports tourism authority, an authority that would be put in place to ensure that all parties cooperate, to ensure that we maximize facility usage to the benefit of the residents and the industry.

[00:15:00] So that fund would build year over year. It may not be used one year, and that's okay because that money would then move over and build over time.

[00:15:18] That's the idea of the things that we would love to invest that in. The second is a \$1 million grant program for the industry.

[00:15:38] Now, I hate to bring up a period of time that certainly many of us would like to forget, and that is COVID. But following and during COVID, the county stepped up in a significant way by providing grants, particularly to our restaurants, to ensure that they maintain operation and to

[00:16:14] ensure that they remain open after that period of time. This grant program originally began in our thoughts as a \$500,000 program.

[00:16:32] As a result of all the input we received from our industry, we moved that from \$500,000 to \$1 million.

[00:16:49] therefore allowing the entirety of the travel, tourism, and hospitality industry to have access. Now, this is critical because our industry marketing certainly helps to bring more visitors to our area.

[00:17:15] So by doing matching grants, we are, for all intents and purposes, doubling that million dollars to as high as two or more.

[00:17:31] That additional reach will make a considerable difference. The third recommendation is related directly to tourism, sales, marketing, and promotion.

[00:17:58] The recommendations that we are putting forward by the usage of that money certainly include many different programs of work.

[00:18:15] This 4 million will present an opportunity to incorporate Celebrate Fairfax into Visit Fairfax. Now that is a fabulous opportunity because Celebrate Fairfax brings with them expertise that visit Fairfax may not currently have, but visit Fairfax also brings expertise that currently

[00:18:54] celebrate Fairfax may not have. It also provides a fabulous opportunity to reach into our community, to bring the awareness up of how vital tourism is to everyone who lives here. Without tourism and the tax that is derived from it, every household in Fairfax County would pay an

[00:19:33] additional \$1,200 a year in taxes just to maintain the level of service we now have. So that's critical. So by celebrating, by bringing in Celebrate Fairfax, we can go out to our community,

[00:19:57] Let them know who Visit Fairfax is, what tourism means, but more importantly, make sure that events that are happening in all of your magisterial districts are supported, are marketed, and are made very aware to not only the residents in your district,

[00:20:26] but indeed to the entirety of the county. So much happens in this county that we have to make sure our residents are made aware of them. Second, this gives us the opportunity to now really focus

[00:20:53] on the future of marketing in tourism, travel, and hospitality. We will bring in an AI specialist who is totally dedicated to looking at how we, as Visit Fairfax, can maximize the opportunities that AI presents, not only today, but now, well into the future.

[00:21:32] Mr. Bigger, I'll need you to wrap up within five minutes. You got it. Thank you, supervisor. And the last part of this is to embrace what we did during the ARPA funded two years. That \$4 million alone contributed close to a half a billion dollars to our economy. You add that to the \$300 million to \$400 million we do annually with our current

[00:22:11] investment. That's how we will get to \$5 billion a year and truly be the leader of tourism. We will expand direct sales. We will elevate our marketing to key areas that we know will perform. We will also utilize this to attract major events such as the National Senior Games, something we have

[00:22:47] never been able to do before. Ladies and gentlemen of the board, we thank you so much for the confidence that you have put in Visit Fairfax over these 21 years. I sit here today with our board chair and many of our board, and I guarantee and promise you that money will be invested to

[00:23:22] ensure the absolute maximum opportunity of bringing in more revenue to Fairfax County. I thank you for your support. I thank you for the time today. And I certainly thank those in the county, who we have worked so closely with over these last several months. Mr. Chairman,

[00:23:54] Chairman Stork, I now will end my presentation and look forward to any questions that you all may have. Thank you, Mr. Bigger. Did staff have any additional comments before the board? Okay.

[00:24:11] And I think this is Fairfax and Mr. Bigger, Mr. Henderson, for your being here and the presentation and recognize that the board has a number of things to consider as part of that those of you know how involvement i've been deep questions and concerns about this but also the opportunity is real and look forward to seeing how we can best take advantage of it with that i'm going to turn to mr chairman yeah thank you very much um great presentation um i really appreciate the industry got together and put in the work uh surveyed folks about the best uses of this money because you know better than we do.

[00:24:47] I also want to thank the nine members of this board who voted to increase the TOT tax because we would be talking about none of this had we not done that. And what that does, the majority of this board recognize that given the COVID effect and the challenges that the hospitality industry is facing, that we needed to disrupt the status quo and bring in more revenue to support more tourism, fill more hotel rooms, and support so many of the businesses that rely on tourism.

[00:25:19] And so we call this a transit occupancy tax. What it really is is an investment fund that's paid for largely by non-Fairfax County residents to support Fairfax County businesses. Let's be clear. And this also would mark the first time potentially any money is invested in the sports tourism activities.

[00:25:41] So we're taking a plan, and this could be the first time we actually put money into that. So I think that's really important to note. I will say in terms of Celebrate Fairfax and Visit Fairfax, I'm intrigued by this opportunity, and I hope we treat it as an opportunity because, as you properly acknowledge, there are real assets in both of these organizations and real opportunities for both of these organizations.

[00:26:09] if we look at how they can be combined in a way that makes sense for both of them and for our Fairfax County residents and industry. And so I think it makes total sense to look at that. I think, you know, obviously in all of these things, the devil's in the details, and you're getting into those details as a next step, including on, you know, how we implement the grant program.

[00:26:33] And I know, Barry, you and I have talked about this a little bit about, you know, making sure that we're realistic, with what those grants can do and the and since this is the first time we've done something like this there's no real way to measure what the interest in this is going to be and so I think thinking about what the barricades are on that to manage people and the volume of applications and interest you might have in this I think is going to be a really important thing and then also with any grant opportunity there's always the monitoring and and you You know, making sure that the grant is used the way it should be used.

[00:27:12] And I know you'll work on putting together that plan. But clearly, TOT tax return on investment is undoubtedly strong. And here we have an opportunity to double down on that and to say, hey, taking revenue from people who visit the county to create new opportunities for more people to visit the county, at least for this supervisor, is a real no-brainer.

[00:27:40] and look forward to continue working with you on ways that we can implement what I think are some really good recommendations here that not only help the county but help the tourism industry itself. And that's what this fee should be associated with, and we're off to a great start here with your really solid recommendations.

[00:27:59] And I want to thank everyone who provided input because this is the type of creative thing we exactly were hoping for when we allowed for the increase in this fee and you all have performed well in the past. And I know we'll embrace these new opportunities, continue to perform well in the future.

[00:28:17] So thank you very much. Thank you, Mr. Chairman. Chief Advisor Menes. Well, thank you, Mr. Chairman, and thank you for that wonderful presentation. It's always great to see you. And as the chairman said, you know, the potential of merging Celebrate Fairfax and Visit Fairfax is we should look at it as an opportunity.

[00:28:37] Two quick questions. One, if that were to happen, where would you see Celebrity Fairfax as far as who they would report to directly? And then I'll let you answer that, and then I'll ask my second question. Thank you very much for the question.

[00:28:56] We have not gone into great detail of how that incorporation would happen. But yes, they would be brought into the fold of Visit Fairfax, and we would work very closely with Ashley and her team to ensure a seamless and a very comfortable transition.

[00:29:27] And Ashley and I have spoken, and we will continue to speak to ensure that all parties are whole. Awesome. Thank you so much. And real quick, on page, or I guess slide 14, I believe it is.

[00:29:44] It's the moving the needle for the tourism industry slide. Under additional boots on the ground, you have potential new team members being AI specialists. Can you kind of talk me through what that would be? Certainly. Well, AI is one here to stay.

[00:30:03] It is going to become an absolutely necessary tool to do what we do, and that is to not only deliver messaging, marketing, and promotion, but more importantly, to help our visitors put together an itinerary and an experience that will meet every motivation, every need, and every desire.

[00:30:38] It allows us to use new technology to go further with our messaging, but also refine what we are doing to assist the visitors.

[00:30:56] And that will certainly also go to maximizing the money they leave here in our economy. It is also a means that I look to to really engage the international marketplace.

[00:31:20] One Japanese visitor to our county will leave as much money in the county as 10 domestic visitors. What we can do with this additional investment is capitalize on yield, not only quantity.

[00:31:48] The quality of visitor is crucial. Thank you so much. Thank you. Supervisor Lusk. Thank you, Mr. Chairman. First, I'll say I really appreciate the presentation and the recommendations that you have before us.

[00:32:06] I'd like to just maybe clarify on the slide that says what tourism means of Fairfax County, which I believe is slide number five. I think these numbers are extremely compelling, \$3.9 million, \$205 million, \$189 million.

[00:32:24] Do we have a source for this first? Yes, we do. The Virginia Tourism Corporation, they contract with Tourism Economics, which is part of Oxford Economics.

[00:32:45] That's perfect. I'll want to source it because I want to share it with my newsletter readers. And then second, you mentioned that you projected that the \$3.9 billion to grow to \$5 billion over the next three to five years.

[00:33:01] Yes. I think that's what I heard you say. Is that correct? Correct. That's a pretty aggressive growth. But thank you for ensuring that we do get some additional investment and a return on investment for what you are proposing. And then last question I wanted to ask is on the Tourism Infrastructure Fund, which I'm really intrigued by.

[00:33:24] I appreciate the example that you gave with the original Mount Vernon site. I can think of some other properties, so thinking Historic Huntley, Huntley Meadows. But just wanted to ask here, how will you determine the allocation for this sinking fund program and who will do that?

[00:33:48] Certainly. Thank you for the question. Again, those details are yet to work out. However, one underlying necessity, and that is whatever it is invested in, has got to have a direct impact on the tourism economy.

[00:34:13] Supervisor Luss, we'll have a lot of this fleshed out during the budget process. But right now, this is just like a concept, and we're just trying to get the gauge of the board if the concept is going to work or at least allow us to move forward with the concept. so I can incorporate it into the budget. Yeah, I'll just note that the supervisor is definitely supportive of the concept, just trying to understand underneath each recommendation if there were any additional details.

[00:34:37] But I appreciate what you've suggested, and we'll wait to hear back from you and your team. Thank you. Thank you, Chief Rosalewsk. We have, I know, three more people that want to speak, and we've got about less than six minutes. So, Supervisor Bearman. Yeah, I've said this before, Barry, so I'm not breaking new ground here, But where's the park authority?

[00:34:59] The park authority should be here, and the park authority needs to be a part of this story. If we're talking about tourist sites, we're talking about Historic Huntley. We're talking about Sully Historic Site. We're talking about Colvin Run. If we're talking about fields and we're talking about sports tourism, we're going to need to use probably some park authority properties as well to be involved in that.

[00:35:25] I don't know why the park authority isn't in this meeting. but they should be, and they need to be a part of this discussion going forward. I said this to you at the last Sports Tourism Task Force meeting that we had. I guess I understand that this is a concept plan, but the concept plan is not good enough for me unless we find a way to also integrate in the park authority.

[00:35:52] And so that's my broad comment on the issue as a whole, which, by the way, again, is not actually fatal to the concept, But it's just they need to be here and a part of this discussion because some of our best tourism opportunities are properties that we already have with the Park Authority.

[00:36:12] And some of our best marketing opportunities to bring more people here involve those properties that we have with the Park Authority. Supervisor Beerman, to answer your question, you're absolutely correct. We also are going to be talking with FCPS as well as NCS because there is a scheduling component.

[00:36:30] So as we move forward, again, the concept is where we were at. The details are definitely forthcoming, but I'm going to look at you and the rest of the board to know that we're going to add in other component pieces to ensure that we tie everything together. Terrific. Thank you.

[00:36:47] Thank you, Mr. Supervisor, and thank you, kind of executive, and I share those, and we've had many discussions about those, so I look forward to those discussions considering Supervisor Herdy. Yeah, and I'd echo both of those because the Parks Department needs to be a piece of this and Mr. County Executive for bringing up schools.

[00:37:09] And the good news is I think we've got a receptive voice at the school side, but we've also got to work through. I see an Athletic Council member in the back nodding their heads. The Athletic Council needs to be kind of added to that mix as well as NCS, and I know NCS would add them. I get two questions, and unfortunately, they're detail.

[00:37:28] We've been talking about the authority, the Sports Tourism Task Force. Do we have a path forward on the authority yet, or is that still to be fleshed out? There will be a potential path forward once I work with the Visit Fairfax and the team to figure out all the details.

[00:37:46] Again, this today was about concept, and if the board allows us to move forward, you'll have all of that forthcoming. I think as a part of those, at least for me, as a part of those details as we move forward is really a clear vision for Celebrate Fairfax.

[00:38:05] I mean, it started running the county fair that for some reason was deemed and did some other programs, scholarships, all that kind of stuff that seemed to lord and lady Fairfax that seemed to have disappeared. we had um you know the fair eliminated because it wasn't equitable and now everything

seems to be focused on tyson's corner which to me hardly seems equitable i i don't know that we should be as a county putting on events i think they're i i think we just need to revisit the mission and make sure

[00:38:41] we have a very very clear mission for celebrate fairfax before we invest continue to invest in it If we're not going to go back to the fair and some of the other things that kind of got countywide benefit, that's my two cents. Very interested. I think there's a lot of great sports tourism.

[00:38:59] I think we're going to try to get a meeting November 15th. All the supervisors will be welcome to attend that. But there's some quick hits that we can do that don't involve capital investment if we've got somebody, an authority that can pull it together and run it.

[00:39:16] So I'm looking forward to the next step there and fleshing out the details with whoever we need to flesh them out with. Thank you, Chief Reiser. And Professor Smith. My question was going to be about the infrastructure fund, so I appreciate the county executive's comments about that.

[00:39:37] And you see the eyes light up of people that represent each of the nine magisterial districts. Thank you. Thank you, Mr. Bigger. Thank you, Mr. Henderson. And anyone else from the Visit Fairfax Board this year, if they could please stand up. We'd like to at least thank you for your service.

[00:39:54] Excellent. Thank you for coming today. And with that, thank you, Rebecca, Scott, and Joe as well. And we're going to move on to our next topic. So we have visit, Fairfax County Revenue and Return Analysis.

[00:40:12] And if we could do the changeover quickly, we'll move right on. I'll start my comments just to keep us rolling.

[00:40:29] The Weldon Cooper study, which is a Virginia, UVA, University of Virginia organization. Walden Cooper studies as a result of Chairman McKay's August 26, 2025 board matter asking for updated analysis on Fairfax County and Northern Virginia's economic impact in the state.

[00:40:48] Staff was provided six months to complete this, and once again, we appreciate the work of Joe and Rebecca, Scott, and Habina for all their work in bringing this together. We also know that we have a huge opportunity in front of us, which is part of the reason I know that Chairman McKay and I were very involved with trying to look forward to seeing how the new governor and our state partners, which are an essential part of kind of finding the right balance between the revenues that they get from Northern Virginia, specifically Fairfax County, and how those revenues and services then come back to Fairfax County.

[00:41:27] So we know that those revenues are an essential part of not only the success of Virginia overall, but also can help enable us to expand our pie, which we know historically has expanded the pie in Virginia dramatically.

[00:41:43] We are the driver of the economy in Virginia. We know that. We know that if we have additional resources, we believe we can continue to do that even further. But at least from this board member's perspective, we're doing that with one arm tied behind our back.

[00:41:59] And we'd love to have both arms to wrestle the opportunities and to be really promoting and securing the way to expand that pie and truly create the kind of economy we know will enable everybody to be more successful and reach their own American dream.

[00:42:18] So with that, I'll turn that over to Joe. Chairman, thank you very much. Obviously, per your board matter, we went in contract with the Weldon Cooper Center at the University of Virginia. Also with us, Elbena Esodova with our budget office. She's done and been involved in previous iterations of this report. Suffice to say, I think you'll find these findings maybe consistent with some of your prior conceived notions, notable and significant in terms of what we generate and send down.

[00:42:42] Matt Sheffel is our project lead with the University of Virginia Weldon Cooper Center. He ran the report with his staff, and he'll run through the presentation and give you the highlights. And the report is also available online as well. We'll go from there. Thank you, Chairman. Matt, turn to you. Great. Thanks, Joe. And thank you, Chairman, and everybody for having me here today.

[00:42:59] Like Joe said, my name is Matt Scheffel. I'm an economist with the Weldon Cooper Center for Public Service at the University of Virginia. If you aren't super familiar with our work, we're one of the oldest and largest public service organizations based out of a university in the U.S. We're known for our training programs, VIG, our nonpartisan research.

[00:43:18] Recently, we've done some work around the federal layoffs and some of the impacts of that, especially in northern Virginia. And you may have seen some of our work or presentations around that. I'd like to start today with just an overview of our findings.

[00:43:36] Unsurprising to many of you, I'm sure, Fairfax County is the largest locality in Virginia by population. There's about 1.15 million residents in Fairfax County, according to our 2024 estimates from the Weldon Cooper Center. That's about 13% of the state population.

[00:43:53] This is just a good number to keep in mind for context. It will help explain a lot of Fairfax County's contributions to the state general fund revenues as well as the aid that comes back to the state. So in fiscal year 2024, Fairfax County generated about \$5.77 billion in general fund tax revenues for the Commonwealth.

[00:44:12] That's 20.7% of all state general fund revenue or about a fifth. That amount is largely driven by individual income taxes, and we'll dive into that a little bit more in the upcoming slides. That's over \$4.5 billion in individual income taxes from Fairfax County and FY 2024 alone, with sales, corporate income, and some other tax groups contributing as well to that total number.

[00:44:36] On the other hand, we have the appropriations coming back from the state to the localities. So the total state general fund appropriations, which benefited Fairfax County, according to our estimates in FY 2024, were about \$2.93 billion, which is 11.1%. So that's compared to that 20.7% in revenues that are flowing from Fairfax to the state. This is about 11.1% flowing from the state to Fairfax County.

[00:45:06] So one way of looking at that is basically saying for every \$1 that Fairfax produced in revenue, it received about \$0.50 in return or about \$0.50 in the dollar. And if you want to break that down, that \$0.50 even further, you can break that into about \$0.21 of what we would call direct aid.

[00:45:22] And we'll define direct aid and the indirect aid coming up in more detail, as well as about \$0.30 in the indirect aid. So here on this slide, we have a spectrum essentially of that return rate ratio that I talked about. That's that 50 cents or so. We get that by dividing the appropriations by the revenues for each locality, just a simple calculation. On the high end of the spectrum here, you can see Lee, Radford, King and Queen, Dickinson, Scott, those localities are all sitting at from 400 to 300 percent. So they're getting about \$4 back for each dollar that they send in

[00:46:01] revenue. And further towards the end, I'm showing you the top five there as well as the bottom five here. That's Alexandria through the city of Fairfax. They're getting about anywhere from 50 cents to 30 cents on the dollar back. In the middle, I just tried to show you a kind of a diverse spectrum of other sort of relevant localities. You know, Henrico outside of Richmond, Virginia Beach, Norfolk, Newport News, some other relevant counties and localities throughout the state. When you look at this on a ranking out of all 133 localities, Fairfax County ranks 128th.

[00:46:35] So again, what's going into those appropriations, that's the direct aid. So that's K-12 state aid primarily, and then the Personal Property Tax Relief Act, that's commonly known as the CAR tax. And then in our other or indirect category, we have things such as Medicaid, public health and social services, higher education, etc. You'll notice that on this range, essentially, you have a lot of rural southwest Virginia counties at the top there, the 1 through 5, and then some of the bottom five in terms of return rate are essentially northern Virginia, including Fairfax County in

[00:47:08] that area. When we break down the revenues specific to Fairfax County of that \$5.7 billion that we estimated Fairfax County sends to the state, you'll see, as we mentioned, that income tax is the largest share there. It's almost 80%. That's not surprising due to, one, the fact that Fairfax County has such a large population, as well as the fact that it's fairly affluent. Fairfax County typically ranks consistently at the top of the nation's median income lists, so that's not surprising to see that there. The next largest category comes from the sales tax, so retail

[00:47:46] activity and different contributions in that area. That's about 11% for \$640 million. Corporate income tax, that's related to where places are headquartered in Fairfax County and tax and some of their business activity. That's about 8%, 433 million. The recordation involves deeds and some other documents that generate tax revenue. That's just a minor 1% there, but still 59 million. And then the final other category is about 68 million, another 1%. That's excise taxes and some other miscellaneous taxes. Those are categorized based on how Virginia Tax

[00:48:21] does their annual report categorizations. On the other end, when we look at the appropriations coming back, we estimate that the largest contributor here to Fairfax County is that direct aid. So that's the K through 12 funding, as well as the PPTRA, or as we said, the car tax.

[00:48:42] That's about 1.2 billion or 42% of the aid that Fairfax County receives from the state. The next largest, according to our estimates, is Medicaid. That's about 20%. That estimate is based on a formula of a share of the population that is 65 or older, the poverty level, even though Fairfax County doesn't necessarily have an outsized share of either of those, an outsized share of a population under the poverty level, or 65 plus due to just the large size of Fairfax's overall population, it's still a very significant amount that Fairfax County is estimated to receive from the state. There's also a Health

[00:49:20] and Human Services, which is sort of some non-Medicaid related health spending. Higher education is about 13% there with \$393 million. We estimate that most of that is related to George Mason University, as well as some parts of the Northern Virginia community college system that are in Fairfax County. And then there's also the other category due to a lack of some direct data from the state, we had to kind of group some direct aid categories together. So this would be constituted of local police, constitutional officers, jails, libraries,

[00:49:58] airports, parks and recreation, emergency service, things of those type, which we didn't have specific data for, so we couldn't calculate an exact share, but they are all kind of lumped into there. As part

of our analysis, we also looked at Fairfax County and how they compare to the regional peers. So here you'll see these three columns. The first three columns, your revenue generated, your appropriations received, and the state K-12 aid. Fairfax County stands out there, almost \$6 billion in revenue generated and almost \$3 billion in appropriations compared to some of the other counties. Arlington with about \$1.4 billion in revenue generated. Loudoun County with

[00:50:36] a little over \$2 billion. And Prince William with \$1.4 billion in revenue generated. On the appropriation side, you can see about half a billion for Arlington, 1.1 for Loudoun, and about 1.5 for Prince William. You can see the state K-12 aid broken out there as well, but really the most important thing that I would draw your attention to here is that return rate. So while Fairfax County sits at 50 cents, they're outperforming Arlington County a little bit, who sits at about 35 cents on the dollar. Loudoun County is slightly outperforming them with 53%, but most interesting, Prince William County is essentially, they're a net recipient with a, for every dollar

[00:51:14] that they send in revenue, they get about \$1.10 back according to our estimates. Here we can look again in addition to those peers that we just called out, some of the other largest contributors to the general fund in the state. So Fairfax sits there at the top, again, roughly about one-fifth of all state general fund revenues. That's 20.7%. Next, the top three there afterwards, you'll see Loudon, Arlington, and Prince William. Even when you combine those three together, that's about 17.6%.

[00:51:47] So Fairfax County is outperforming the next three largest contributors to the state general fund revenue. You'll also see there, in case you have any questions about this, there's an unassigned category there towards the end. That's just a result of Virginia taxes methodology. It's essentially undetermined income tax, both individual and corporate, that they weren't able to assign accurately, so they leave it in an unassigned category. And again, when we look at the reverse flow and how much the state is sending back to localities, we see Fairfax County sitting

[00:52:24] at the top with about 11%. And I'd actually, sorry, I'd like to go back and show. Here, if you look at our results from this prior slide, you see that top four here, Fairfax, Loudoun, Arlington, Prince William, I'd just like to draw your attention to the fact that those are all Northern Virginia localities, as well as Alexandria, rounding out the top nine there. When we go and look at the appropriations, it's a little more diverse. You still have Fairfax and Prince William and Loudoun in there, but only three out of the nine are Northern Virginia, as opposed to five. And again,

[00:53:00] this is showing that direct aid. So that's direct aid going to local governments, as well as that's the K-12 and the car tax distributions, as well as some of the other state spending, Medicaid, other HHS, higher education, et cetera. In our analysis, we also isolated the K-12 and gave that a really hard look away from the total appropriations. Fairfax County Public Schools is the largest school division in Virginia. It serves almost 15% of the state's

[00:53:35] K-12 students. However, Fairfax County Public Schools received about 10% of the state's K-12 dollars. So the funding in Virginia is based on the local composite index, or the LCI as we refer to it here. It's essentially a measure of a locality's ability to pay for school funding based on their local revenue base. So that formula is largely based on each locality's value of real property, resident income, and taxable retail sales. I believe it's a 40-40-20 split. So while this formula heavily weights real property and resident income, it doesn't necessarily account

[00:54:12] for other revenue streams on a local basis. An important one in this context would be the business personal property base. It's especially relevant in Northern Virginia due to the prevalence of data centers. So while the real property assessment takes into account the building and the land and assessment done on those, the business personal property is more of a non-permanent affixed equipment. So in the terms of data centers, that would be all the equipment inside, the racks, the chips, a lot of very expensive equipment that can ultimately generate a

[00:54:48] significant local revenue stream for a lot of different localities around Northern Virginia, and which at the moment isn't necessarily being accounted for in the LCI funding formula. I'll also state that Fairfax County currently sits at a 0.6381 on the LCI. The 80% is the max, meaning that if you have a 0.8, you're 80% locally funded. And I believe they just released the new, or sorry, excuse me, the 0.6579 is the current, and they just released

[00:55:22] the new LCI, which is 0.6381. So it's a slight improvement, but still Fairfax County is locally funding about, or they're using about 63% of their local revenues to fund Fairfax County public schools. Here, I'd just like to finish off with essentially a summary of some of the numbers that we saw in this presentation. Again, the total state general fund revenues that Fairfax generated is about \$5.7 billion versus the \$2.928 that Fairfax County received in general fund

[00:56:01] appropriations. So that results in that about 0.51 cents, or sorry, 51 cents per dollar contributed approximately a 50 to 51 percent return which ranks 128th out of 133 localities. Ultimately Fairfax County remains a significant net contributor but ranks towards the bottom in how much they were received back from the state. I'd like to thank you all for your time and I'm happy to answer any questions. Okay well I thank you as well and I'm going to turn to the chairman

[00:56:36] and he'll get us started and I'm sure we'll have a lot of questions. Yeah thank you. Great presentation this you know we had been using old statistics that we thought were old and outdated and come to find out actually no nothing's changed which is really disappointing because you know we had the 19 to 23 cent number 50% number that we had been working off for years and this is an academic confirmation using real numbers of what's going on and important for our taxpayers to understand the challenges that we're facing. And this answers the question that we get

[00:57:16] asked all the time, which is how can the wealthiest, one of the wealthiest counties in the country have a challenge at budget time? Well, here it is in plain English for people to see. I would just, I would say there's a couple things that jump out at me. First, the, I really appreciate, I think the most important line in here is at the bottom of page three which differentiates the direct and indirect amounts because I think the indirect amounts are highly debatable in some circles but the point is is that you know they're a little bit harder to measure and so the best case scenario on our return when you are

[00:57:55] liberally applying as many indirect benefits as you can possibly think of is 50.7 and I think folks need to understand that because the direct money that we can account for coming to the county is down at the 21.2% number and so I think that that's eye-opening. The question that I have is on slide four obviously we're 128 out of 133 localities but if you look at the ones behind us four out of five of those are in Northern Virginia so that automatically says we we have a structural challenge at the state level for Northern Virginia And we've known that for a long time.

[00:58:35] This confirms that in real numbers. I guess the question is when I see Goochland on there and I realize they have 24,000 people, I'm trying to remember – I'm trying to think in my own mind what

happened there. Why is Goochland in the bottom and what is their driver? I'm sure there's one thing that's causing that.

[00:58:52] This is just my – I don't have a specific answer to that, but it is right outside of Richmond. I think it's a relatively wealthy county, and probably the per capita math works out to that they contribute a lot but don't receive much or need much aid. It's a real outlier, but I just want folks to know it's 24,000 people, so that's a couple voting precincts in Fairfax just for an idea of relative scale, and so anomalies can happen when that happens.

[00:59:21] But I think the timing of this was deliberate to try to have new information and new data that's not Fairfax County's numbers but someone else's as we enter the General Assembly session. And I would say that this is also a moment, Prince William County being an outlier a little bit on here, but a moment for most of these Northern Virginia jurisdictions to band together and say, hey, we need to do better.

[00:59:48] And I would say on terms of timing, it's just not timing for the General Assembly, but it's timing because of the absolute destabilizing chaos that's occurring in Washington, D.C. And conveniently, just this last week, there were revenue projections and budget meetings that happened in Richmond.

[01:00:07] And one of the huge takeaways from that is the Commonwealth's revenue after the \$1 billion plus surplus that exists this year, The Commonwealth's revenue in years after that is highly suspect because of the destabilizing effect of what's happening in Washington, D.C.

[01:00:24] That's this money. That's this for our Commonwealth of Virginia folks. That's the money we're talking about. And when the ATM in Northern Virginia is broken, the state's budget is doomed. And you can't over-rely on these numbers and not understand the cause and effect of these things.

[01:00:41] And this is a real issue. I hope and I know that Mr. Castrilli's office and others are working to try to figure out a way to package this in a really simple to understand document, not just for us and for our legislators, but for our constituents to understand.

[01:01:02] And the worst thing we could do is take a study like this, put it on a shelf, walk away from it, let dust collect. It's how we put this study into action and see improvements at the state level. And so I'm looking forward to seeing how that gets packaged and certainly making sure that this new confirmed data is a part of the joint meeting we have with our General Assembly delegation here in a couple weeks so that they can see this updated data as well.

[01:01:30] And so I'll just wrap up by saying I'm looking forward to using this to help tell the story of what's happening in the county because there's a lot of folks out there who just don't understand how we can have such high incomes and still be challenged every year budget time to try to balance a budget on the backs of real estate and still maintain some level of affordability for our residents here in Fairfax County.

[01:01:54] And so great data, great presentation. Now we need to make sure we take advantage of this moment to package this and help people understand this structural challenge that we have. Thank you, Mr. Chairman. I haven't seen any board members raise their hand, so I'm too afraid to hear it.

[01:02:15] Just a quick, and again, not a lot of surprises here, but good to have the actual data. Anything on non-general fund transportation funding? I mean, do you have a sense of that? Because I know that's

not included in this. In our report, we have a lot on the general fund or on the Commonwealth Transportation Fund.

[01:02:35] There's a whole section on that transportation funding in there. Is that considered that non-general fund? Yeah. Okay. Yeah. So, yes, we do have a whole section on the non-general fund about transportation. And that's a little harder to get a real handle on. It is a lot of, again, estimates.

[01:02:51] And it's up and down. Yeah. It's all over the place every year. We do have a whole section in our report on that. Okay. I'll just add it's in the report. It's not in the presentation for the sake of simplicity today I kind of just said could we go general fund focus? Yep. If you've all got follow-up questions Believe me, we can have some additional conversations of detailed questions. That would be a good good one But I'll look at it. Yep. Thank you. Thank you supervisor others. I will ask a couple questions at least The the core of this study is similar what have been done by others Is there anything particular that you did different because I know that there's a

[01:03:30] individual, particularly in Fairfax County, who does this internationally. And the numbers that I've seen from him are very similar to yours. So is the formula, the process that you use, is it pretty standard across the industry or academia? Or can you give us some sense of the basis on which you put these numbers together and how they compare to others who may do similar work around the country? Sure. Yeah, these, I would say this kind of study is not incredibly common. Again, there was a 2008 study that you may be referring to, which was done, and we did

[01:04:08] borrow some of the methodology from that, and there is a whole section in the report that spells out our methodology. We did have to make some different estimates than that report, because at the time, again, that was 2008, there was more direct data available, kind of broken out into different categories uh and when we went to look for that data now it they simply don't produce it in certain categories um so we had to do some different estimates there i would say it's fairly standard um this again this isn't a super common analysis that you can find done um but we did try to stay consistent with the work that was done from the 2008 study okay and i know you've you've

[01:04:47] mr supervisor rearman i'll come back to my questions oh i'm just sorry you can ask yours i I just wanted to get in the queue because I actually had it. Well, just maybe to follow on that short. The focus is on the general fund because that is the one that's most flexible and most able to be allocated in almost any – I realize within that general fund, there's areas that are identified or targeted for specific purposes.

[01:05:16] Do you have – was there any kind of breakout for – we just got the report last night, so we really haven't had a chance to look at it, so I'm just – Mine is more of a broader question, which I know we'll have more of. And I think I'm looking forward to having further conversations with you all. Yeah, the breakout on the general fund side, that's going to be those major categories that we covered on slide six on my end.

[01:05:39] But that's the income tax, the sales tax, corporate income tax, the recordation, and then the other category, which is mostly excise taxes and some other miscellaneous groupings. We based it largely just on what Virginia Tax puts out in their FY 2024 annual report.

[01:05:58] Those are some of the major categories that they used. And there's no – within each of those, there's some components. Obviously, we have some specific components, sales tax, that are shared between some local, some state. And you've broken out the portion that is just – this is just the portion that goes to the state.

[01:06:17] And the same with the other taxes that you have identified in the revenue sources. Correct. This is just what's going to the state. Yeah, we kept it sort of on a larger overlook. And then on the allocation portion of that, again, there's state formulas.

[01:06:33] I guess they're all subject to legislative and governor decisions to change those. That's really what you've done in terms of allocating the revenue. It's just strictly what it was in that particular fiscal year, or are you looking at, and can you break it down between the formula-based distributions versus others that maybe are more subject to modification on an annual basis?

[01:07:01] Yeah, for some of those categories, so in the appropriations, we have the direct date and the K through 12. So those we receive directly, or they're publicly available to find the exact amounts that are the car tax is a set distribution that was set in the early to mid 2000s. In Fairfax, I think it's 220 or 17 million, something like that. I have the exact number in the report.

[01:07:25] The K through 12, they put out a report that from the Department of Planning and Budget, I think they put out a direct report that states exactly how much they send to localities, the cities, and the counties for each year. After that, they give you a general idea of how much they spend in total on some of these groups, so the Medicaid, higher education, health and human services. And we tried reaching out to find the exact data, and it was not available. So from there, we have to use some of our different methodologies to estimate how much goes to the counties and cities from those large categories that they provide. So they provide the total, and then we

[01:08:05] distribute based on our methodology. Does that make sense? Yes. Thank you. The next steps in terms of how you all have seen these studies, well, let me first ask the running question. Have you done similar kinds of studies like this in Virginia or elsewhere in the country? I have not, no. This was a first. One of my colleagues I know did a very short analysis a year or two ago, just a few pages that kind of opened the door to this. But when we started doing our research and looking

[01:08:42] into different studies like this, there weren't many out there. And basically, the one from 2008 from Jim Reginball is the only one that I know of. And Mr. Reginball has spoken to the Virginia Association of Counties pretty much annually. And I've interacted with him as a former chair of the Finance Committee of the FICO.

[01:09:04] And so any sense of how folks have utilized these reports in taking and educating and advising others as to their impact? Have you seen or aware of any kinds of things like that? Currently, no.

[01:09:19] I don't have any information, but that is something me and my colleagues would definitely be happy to think about and to discuss with anybody who would like to. I think it opens an opportunity for those four counties that are to the far right, to have a conversation. As the chairman stated, it's about us thinking about how to strategically move forward as a Northern Virginia coalition, as opposed to just being Fairfax, because it's always just Fairfax. And theoretically, I'm not even sure Prince William can even come into that

[01:09:50] mix when they get a dollar back. Yeah, and part of the question to me is, you know, what are the methodology, what are the approaches, and the ratio of, and we had a presentation before this, I'm sure you heard with Visit Fairfax, you talked about a dollar and a return of 100 and some dollars for each dollar.

[01:10:12] I think those are similar kinds of questions that we have, which is a dollar invested here has obviously a far greater impact on the rest of Virginia because of the driver of our economy here and the benefits that it transmit to others downstate.

[01:10:30] Right, and we do even reference in the report a recent study that was done for Fairfax and the benefits of some of the economic spending here. I forget if you remember the name of that, but, yeah, we do reference that in the report and the impacts that it has on the rest of the state. All right. Thank you.

[01:10:46] Sir Roger Rearman. I have a question on page six. The Medicaid numbers, are they pre-federal changes to Medicaid or are they post-federal changes to Medicaid?

[01:11:03] I guess that's a yes or no question. Sorry, pre or post? Should be pre. That came from 2024 Virginia Medicaid and CHIP data book. So that should be from before. Okay. So this wouldn't be something that was answered by this study. But if there were a follow-on study at some point, I think one thing we need to better understand with respect to Medicaid are how the changes are going to uniquely affect Fairfax County as opposed to other areas. Arguably, you could see us being better prepared to weather the storm in certain

[01:11:41] ways. You don't have rural hospitals closing. You could see us less prepared to weather the storm in other ways with respect to if there are changes to eligibility that disproportionately affect the population that's receiving Medicaid in Fairfax County versus a different population in a rural part of the state. But I think we need to know going forward what effect that is going to have on that Medicaid number, how it's going to cycle throughout our county and what it's going to look like, what types of impacts it's going to have on our general fund and on the

[01:12:19] social services that we ultimately need to provide, which is a huge portion of the county budget. So thank you. Yes, agreed. Yeah, we, again, these are from pre and we didn't do any kind of analysis on that. But I would say, yeah, just based on the sheer size of the population, it will certainly be relevant. Thank you. Other supervisors? Well, I have some more questions, but I'll save those for more of the one-to-one and the follow-on. And I know that from my conversation with the chairman

[01:12:55] and others, we will be doing some additional follow-up on this because we just had a chance to get this. And I know that I understand the impact. And just as importantly, how do we address this going forward are critical parts of frankly our economy and how we continue to at least keep more of our dollars here to invest it in the future of the residents who live here now reduce tax rates and have other and have other impacts and negative impacts on our growth so with that thank you all very much I appreciate your thank you all and I have just one more item

[01:13:28] for folks. We also identified that there's a Fairbanks County business pulse survey that everybody should take a look at, and it's really a critical part of the understanding really what's going on and what we need to be anticipating, as well as how we can avoid some of the negative trend lines that we have now. Mr. Chairman, on that note, and I think board members are aware of this, but I would also encourage folks, if you have not looked yet, to look at the Northern

[01:14:04] Virginia Chambers survey that they did of businesses throughout Fairfax County as well. I think it's quite telling. A lot of confidence here locally, but a lot of concerns in our business community about what I said earlier about Washington, D.C. and how it's affecting our economy.

[01:14:21] And so I think the Chamber did a great job surveying a lot of their own members, not just from Fairfax County, but throughout Northern Virginia, and confirms a lot of things that we've said, unfortunately, here that we're worried about, and so I think it pairs well with this Pulse survey that was done, and we just draw folks' attention to it.

[01:14:41] All right. Thank you, Mr. Chairman. With that, this committee meeting is adjourned.



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