County of Fairfax, Virginia

MEMORANDUM

DATE: April 24, 2025

TO: Board of Supervisors

FROM: Bryan J. Hill
County Executive

SUBJECT: Adjustments to FY 2026 Advertised Budget Plan (Add-On Package)

There have been no adjustments identified since the preparation of the FY 2026 Advertised Budget Plan. Staff has reviewed General Fund FY 2026 revenue estimates based on the most up-to-date information and has determined that revenue adjustments at this time are not warranted. Staff will continue to monitor state and federal budget developments and the impact of federal budget reductions on economic conditions and County revenues. The Trump administration has taken significant and unprecedented actions at the federal level that have the potential to upend federal employment across agencies, cancel thousands of federal procurement contracts with private sector contractors, and devastate our local economy. The impact on County revenues of these sweeping changes to federal jobs and spending is challenging to project at this time as the ongoing court cases will likely delay their full impact from appearing in economic data until later in the year. There is considerable uncertainty and downside risk to the FY 2026 revenue projections, especially categories such as Sales Tax, Business, Professional, and Occupational License (BPOL) Tax, and Transient Occupancy Tax as they are particularly sensitive to economic conditions. In addition, County revenue received directly from the federal government might be negatively impacted.

It should be noted that the amended state budget is not yet approved. The Governor recommended 205 budget amendments and eight line-item vetoes to the state budget sent to him by the legislature in February. The General Assembly reconvened on April 2, 2025, and rejected the majority of the Governor's amendments. The Governor now has a 30-day deadline from the adjournment of the reconvened session to take action on the budget bill as it was returned to him; the Governor may sign the bill, veto the entire bill, issue line-item vetoes for particular items, or take no action and allow the budget to become law without his signature. Once we have information regarding final state budget decisions, we will provide the Board with an update; however, at this time no significant increase in state funding for the General Fund is anticipated.

All revenue categories will be closely monitored with respect to collections and the effects of changes in economic activity, as well as federal and state actions. Staff will recommend to the Board any necessary changes based on these factors as part of the *FY 2025 Carryover Review*.

The available FY 2026 General Fund balance is $5,619,575. Should the Board of Supervisors take action as part of the budget mark-up to implement a County Food and Beverage tax, $2.8 million of this balance and 21 new positions would be needed to allow the Department of Tax Administration and the Department of Information Technology to administer the tax.

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Attachment I – FY 2026 Consideration Items
Attachment II – FY 2025 Third Quarter Consideration Items

cc: Tom Arnold, Deputy County Executive
Christina C. Jackson, Deputy County Executive and Chief Financial Officer
Christopher A. Leonard, Deputy County Executive
Jennifer Miller, Deputy County Executive
Ellicia Seard-McCormick, Deputy County Executive
Philip Hagen, Director, Department of Management and Budget
Katie Horstman, Deputy Director, Department of Management and Budget
Joe LaHait, Deputy Director, Department of Management and Budget

ATTACHMENT I
FY 2026 Add-on Package
Consideration Items as of April 24, 2025

#	Consideration Item	Requested By	Positions	Net Cost/(Savings) Recurring	Net Cost/(Savings) Non-Recurring
1.	Restore funding for the proposed elimination of Ambulance 416, Clifton.	McKay	0 / 0.0	$1,048,570	$0
	Subtotal FY 2026 Consideration Items:		**0 / 0.0**	**$1,048,570**	**$0**

Total FY 2026 Consideration Items: 0/0.0 FTE Positions and net Total Cost (not including the reserve impact) of $1,048,570

ATTACHMENT II
FY 2025 Third Quarter Review
Consideration Items as of April 24, 2025

#	Consideration Item	Requested By	Positions	Net Cost/(Savings) Recurring	Net Cost/(Savings) Non-Recurring
1.	Fund the transportation analysis for an Oakton congestion and safety study spanning approximately one mile from the intersection of Chain Bridge Road and Jermantown Road, staying north of I-66.	Palchik	0 / 0.0	$0	$425,000
	Subtotal FY 2025 Consideration Items:		**0 / 0.0**	**$0**	**$425,000**

Total FY 2025 Consideration Items: 0/0.0 FTE Positions and net Total Cost (not including the reserve impact) of $425,000