Fairfax County Board of Supervisors
Economic Initiatives Committee (EIC)
J. Hamilton Lambert Conference Center (Room 11)
March 11, 2025

Meeting Summary

Board Members present: EIC Chairman Supervisor Daniel G. Storck, Board of Supervisors (BOS) Chairman Jeffrey C. McKay, Supervisor Kathy L. Smith, Supervisor James R. Walkinshaw, Supervisor James N. Bierman, Supervisor Rodney L. Lusk, Supervisor Walter L. Alcorn, Supervisor Andres F. Jimenez, Supervisor Dalia A. Palchik

Board Members absent: Supervisor Pat Herrity

EIC Chair Storck called the meeting to order. He presented the minutes of the December 10 meeting, and they were approved without comment.

Opening Remarks

EIC Chair Storck opened with remarks about how Fairfax County should respond to the impact of the reductions in the workforce and grant funding happening because of recent actions made by the federal government. He stated that the goals of the meeting are to understand the current situation as it affects Fairfax County and to explore proposals to address the impact. The information provided for the meeting includes: 1) the size of the federal government in Fairfax Cunty and the region through supporting data; 2) the private sector perspective and any impacts; and 3) an analysis of the immediate responses and next steps. He announced a follow-up EIC meeting on Tuesday, April 8, that may include some federal representatives.

Chairman McKay began by stating that there will be a series of EIC meetings to monitor the situation and to review and discuss any actions as the impact on Fairfax County will be significant. Fairfax County's economy relies heavily on federal contracts and grants, the federal workforce and federal contractors. Some of the reductions, including the USAID grant funding for the Fairfax County's Urban Search and Rescue team, have direct impacts on the County's budget. He mentioned last Saturday's resource fair hosted by Congressman Beyer with over 1,000 attendees and the psychological toll it has taken on them. He added that these reductions will also have a tremendous impact on the state of Virginia but emphasized that Fairfax County and Northern Virginia will be affected the most. He stressed that the current budget proposals currently do not address the short- and long-term impacts from the federal government reductions. He finally thanked the presenters for taking a leadership role in addressing the initial situation.

Supervisor Storck followed by mentioning that Virginia Delegate Bulova is leading the state's effort in addressing the federal workforce reductions. He then welcomed the new Deputy County Executive Jennifer Miller and introduced DEI Director Rebecca Moudry, who briefly introduced all of the speakers.

The Current Landscape of Federal Layoffs and Contract Reductions

Stephen Tarditi, Director, Market Intelligence, Fairfax County Economic Development Authority (FCEDA), began by outlining his presentation with an overview of the federal government and related work in Fairfax County and to measure the impact of the changes to the ecosystem through data. He will follow with information on what is being tracked and what will be tracked on a regular basis.

There are approximately 80,000 residents who work for the federal government, which is about 13% of the Fairfax County resident workforce. There are 28,000 federal government employees who live in other jurisdictions but work in Fairfax County, but that figure may be higher. Finally, there is a total of 45,000 employees at Fort Belvoir, including military, DoD civilians and contractors.

In terms of federal contractors, Fairfax County has 6% of the total federal contracting dollars in the United States based on where the actual work is done. It amounted to $41.3 billion in FY24 and made Fairfax County the top jurisdiction in the country. About 3,800 companies in Fairfax County are tied to those federal dollars, though that figure does not include companies that are involved with classified contracts. Nonetheless, over 50% of the federal contracts in Fairfax County are tied to the Department of Defense.

With respect to federal government grants, there were a total of $454 million to over 80 organizations in Fairfax County in FY24. FCEDA is looking closely at the impacts of those grants being cancelled. Local non-profit organizations have been recipients of federal grants to support their operations and will be affected by any cancellations.

According to the GSA, there is about 6 million square feet of leased space in Fairfax County, of which 4.3 million square feet is office space. It comprised about 3% of the total Fairfax County office space inventory. There is approximately 400,000 square feet of office space that is exposed to early termination. Most of the federal agency headquarters in Fairfax County are on federal property.

With respect to the early actions by the administration, there are close to 30,000 layoffs in the federal government so far. Tarditi stated that it would take time to dissect this data on the state and local levels. Over half of the top federal contractors (with over 1,000 employees) in the U.S. are located in Northern Virginia. There are already 106 federal contracts canceled, affecting 82 contractors. However, it is not clear that all these cancellations are due to the federal government downsizing. It cannot be determined yet whether there have been any leases canceled.

The Department of Interior has the most contracts canceled with Fairfax County contractors with 19. There are a total of 18 federal agencies contracting with Fairfax County companies, with the largest procurement area being professional services with 81 contracts. Most of those contracts are for consulting services, education and training.

Tarditi highlighted the loss of 5,200 contracts with USAID nationwide with the closure of the agency. The remaining contracts will be moved to the Department of State. Fairfax County businesses had about .8% ($310.5 million) of those contracts. However, the greatest exposure

for Fairfax County is with the Department of Defense, with $19.2 billion or 47% of place of performance.

Jill Kaneff, Senior Regional Demographer, Northern Virginia Regional Commission (NVRC), followed with a presentation on the regional workforce. She began by stating that there are nuances in the data on the federal workforce. She pointed out that the difference in the data from OPM (145K federal workers in Virginia) and the BLS data (193,000 federal workers in Virginia) is due to the fact that BLS includes postal workers. However, she also said that both data sets do not include national security agencies, thus they underestimate the total number of employees. On the other hand, the Census Bureau data overestimates on the national level as some residents may classify themselves as federal workers but do not work for a particular agency.

According to the Bureau of Labor Statistics, there are over 81,000 federal workers in Northern Virginia, which is 6.3% of its total workforce. By percentage it is three times higher than the country, which comprises 2% of the total workforce. As a result, the impact of the federal government downsizing will be greater in the region. Northern Virginia has 2.7% of the total federal workforce in the U.S. These federal jobs represent 1 in 8 total jobs in the region. Fairfax County does have a lower share of federal jobs (12.8%) than both Arlington County and the City of Alexandria. Virginia will also be impacted harder since its federal workforce is 4.8% of its total workforce.

Kaneff shared an interactive page on the NVRC website that shows the federal share of total civilian employment in the region. It is included in a new dashboard on the federal workforce. It reveals that Fairfax County has a moderate concentration of federal workers. Densities of federal workers are higher the closer the proximity to Washington, D.C. The new site also tracks the unemployment claims for the DMV area. The current numbers are low but there is a two-week lag time for reporting the data. She added that the processing of the claims may not happen for a couple of months. This data will be tracked by the county in the near future. She cautioned against using weekly data from the local Virginia Works office as some are missing from their reports. Her recommendation was to follow the state's monthly data instead, even though there is a one-month lag.

There is also a two-week lag for the Department of Labor Statistics data because there is a transfer of data that occurs with the states. The historic data is tracked by place of residence while the 2-week data is tracked by place of work. The current numbers do not show any significant layoffs at this time. The March data may show significant layoffs from executive actions. The long-term unemployment claims will show any spike as a result of the federal layoffs. NVRC will track the short-term impacts as the data appear. She concluded by showing the federal monitoring page to encourage BOS members to review.

Chairman McKay asked if contract employees are included with the federal workers with respect to unemployment claims. Tarditi responded that the Bureau of Labor Statistics specifically track government employees and that there are other tools to ascertain federal government contractors who are laid off. Chairman McKay responded that there are two other categories of impacts that will be difficult to quantify: 1) the number of employees (and businesses) in the private sector who are affected by fewer dollars spent by the unemployed federal workers; and 2) the impact of

former federal workers who find a job elsewhere that pays far less than their previous job. Tarditi stated that FCEDA is working on an economic impact study that will investigate those and other factors. Supervisor Walkinshaw pointed out that a person filing for unemployment insurance in Virginia receives only $378 per week. He requested that the Board consider a letter to Governor Youngkin at next week's BOS meeting to consider an emergency supplement for the federal workers who have been laid off. It could be taken from the large state budget surplus. Supervisor Lusk asked if the analysis could also consider the loss of federal contract space and the subsequent downsizing of that workforce. Tarditi responded that the economic impact study should be completed by the beginning of April and will have a broader view of the situation. Supervisor Lusk also asked if there is some positive impact on federal contractor space because of the return-to-work order for federal government employees, and if it could be included in the report. He mentioned the National Geospatial-Intelligence Agency and potential space in the vicinity. Supervisor Storck reiterated the need to get data on those workers who have found another job that may pay lower than their previous salary.

Private Sector Impacts

Supervisor Storck introduced Julie Coons, President & CEO of NVC (Northern Virginia Chamber of Commerce), who presented on the impacts on private sector businesses to the federal government downsizing. She started off by mentioning the 100th anniversary of NVC and its ability to adapt to economic shifts in the past. She stated that Northern Virginia accounts for 46% of the Washington, D.C. regional economic activity, and validated NVRC's data on the number of federal workers and their importance to the economy.

Coons reported that NVC members and private government contractors have lost contracts, are laying off employees, and are reducing the number of open positions available as a result of the actions in Washington. She also mentioned that the hospitality industry has been seeing meetings canceled while contractors are not being paid for work already performed. There is a general fear among businesses not felt before. The two main factors which make this crisis different than the COVID-19 pandemic are the transition time and the lack of federal support. At a recent panel discussion, it was determined that the business community must work with local governments on economic development strategies that diversify the economy and reduce the reliance on the federal government. She pointed to Dr. Stephen Fuller's advocacy for decades to reduce the reliance on the federal government. NVC will take a leadership role in policies and initiatives that include attraction of new industries that foster more diversification, affordability of housing and childcare, and empowerment of businesses of all sizes.

NVC members are looking at ways to attract businesses in the AI and space industries and looking at other strategies to diversify the regional economy. The path forward will be difficult with a growing chance of a recession that could negatively impact the economy in the next 18-24 months. However, the region's educated workforce, dynamic educational institutions and strong ecosystem will provide needed support during this time. Coons specifically mentioned NVCC and Virginia Works and their current efforts to assist laid off federal workers with resources, trainings, and new jobs. NVC looks to partner with the Board of Supervisors on policy recommendations on emerging industries, expanding entrepreneurship and expanding existing businesses.

Resources for Impacted Federal Workers

Supervisor Storck introduced Tony Castrilli, Tony Castrilli, Director, Fairfax County Office of Public Affairs and Victor Hoskins, President & CEO, FCEDA for a presentation on resources available to federal workers. Castrilli started by asking everyone to continue to distribute the information on resources through all communications channels. The initial resources page was posted on the Fairfax County website on February 18 and is now part of the Federal Workforce Resource Hub, which was launched on February 28.

A link to the Federal Workforce Resource Hub is prominently displayed on the home page of the Fairfax County website and is accessed with one click. The first section is a listing of events, including employment and resource fairs. New events will be added as the information becomes available. The second section includes a variety of county resources available to displaced federal workers. The third section includes information on the county's LinkedIn page, which has over 40,000 followers. Other sections include information on NVRC's federal employee data, commuter transit options and the latest news on a federal government shutdown. Castrilli also displayed the graphics, including social media and flyers, that have been distributed and can be shared. The flyer can be reproduced for upcoming community events.

There has been high interest in this issue as there have already been over 562,000 social media impressions and nearly 30,000 webpage views through March 9. It has become one of the top five webpages in the last three weeks. The information has also been shared by the local media.

Victor Hoskins followed by thanking the Board for its focus on the people impacted by the crisis. He also thanked them for creating the talent initiative 5 years ago that allowed FCEDA to attract workers to Fairfax County. Since it was switched from a national focus to a regional one three weeks ago, the viewership has gone up 600%. During that period the number of jobs listed on the site went from 92,000 to 44,000 primarily because federal contractors are pulling back positions as well as those who are laying off workers due to canceled contracts. FCEDA is partnering with Fairfax County on sharing the resources to assist the displaced workers. In addition, FCEDA has initiated webinars at noon as another support channel for federal workers. Information includes navigating the website, strategies to get a recruiter's attention, and how to do research before approaching a company. FCEDA has also advertised the Entrepreneurship 101 course to federal workers looking for a new career. The last session reached a maximum capacity of 120 attendees. Because of the popularity, they will be available online to those who cannot attend in person.

Hoskins mentioned in a presentation he gave three years ago to focus on three emerging industries: AI, quantum computing and space commercialization. These efforts have brought companies from as far away as El Segundo, California. They bring in activity outside of the federal government realm. His team has analyzed other markets like Los Angeles and New York and have found their job postings have dropped 30% compared to Northern Virginia with a 50% drop. He concluded by saying that the economic impact study will show how other sectors are impacted by reduction of the federal workforce.

Supervisor Storck appreciated the focus on people in the efforts being made to date. Chairman McKay followed by thanking all of the presenters and the work they are doing to help our federal

workforce. He remarked that this topic is top conversation being discussed everywhere he goes. He agreed that this situation is much worse than the COVID-19 pandemic in that the impact here is far greater with the loss of federal jobs through executive actions and no federal support coming to help them. He noted that many of the federal contracting jobs have been pulled back because they were linked to existing or future contracts and specifically mentioned USAID. He shared concern about some workers moving away from the area because of a spouse who was laid off and stressed the importance of creating more affordable housing to try to retain them. The FCEDA webinars with resources to support the federal government workforce are recorded and posted for viewing and will be shared for posting on other websites. His final comment was about the state elevating this discussion on impacts across the Commonwealth as it will show how important Fairfax County is to its economy.

Supervisor Palchik asked about the data from the economic impact study and if it will include any impacts on spouses who are federal workers and if the information can be shared with partner organizations. Bob Lazaro, Executive Director of NVRC commented that the data will be shared with everyone. He followed by saying that in 2022, 47% of the personal tax liability for Virginia is generated in Northern Virginia, and of that, 23% came from Fairfax County. He also mentioned that the mayors and county chairs have been meeting every other week to discuss this issue and are looking to generate a letter to the state about the situation in the region.

In answering a question by Supervisor Alcorn, Hoskins stated that the information on the current jobs available in Northern Virginia can be found on the WorkinNorthernVirginia.com website.

Supervisor Bierman asked about any takeaways from Saturday's resource fair hosted by Congressman Beyer. Moudry responded by advocating for the TalentUp program, which is designed to match jobseekers with work-based learning opportunities in companies expanding their employee base. She said that the resources offered at the resource fair like health care and mental health services are needed for this situation. Chairman McKay added that the spectrum of needs at the fair were covered by various agencies and providers for the over 1,000 people who attended. Hoskins added that NVCC announced $1 million to provide free trainings and certifications to these workers with another $3 million to follow.

Supervisor Storck announced that Delegate Bulova's Committee on Federal Workforce and Funding Reductions has set a tentative date to be in Northern Virginia on Tuesday, April 8. Moudry announced that the Blueprint for the Future will be presented at the March 25 EIC meeting and will lay out some opportunities for economic development that may also address some of the challenges being faced. The April 8 EIC meeting will focus on the economic impact analysis. The Economic Initiatives Department just released a business survey that will be shared to find out what they are currently experiencing with these federal actions and to look at policies that could support them. She also announced a Fed to Founder page on FairfaxCORE website to assist those workers interested in starting a business.

EIC Chairman Storck once again thanked the speakers and adjourned the meeting.