

Contributory Fund Review

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Board of Supervisors Budget Committee

September 1, 2026

Contributory Fund Overview

- Contributory Funding allocations are Gifts
  - Funding initiated at the request of members of the Board of Supervisors
  - Most do not have contracts or Memorandum of Understandings (MOUs)
  - No procurement process or performance requirements
- Established in FY 2001 as a dedicated Special Revenue Fund to maximize transparency and fiscal oversight
  - Prior to FY 2001, funding for these various organizations and/or projects was included in the General Fund
- FY 2027 Adopted Budget Plan allocates $25.9 million distributed across 37 non-profit and regional organizations
  - Funding is a combination of General Fund transfer and recent 1% increase in Transient Occupancy Tax rate required to be dedicated for tourism
- Recent realignments:
  - Visit Fairfax and Celebrate Fairfax consolidation efforts for marketing, tourism, and special event coordination
  - Public Defender – administrative funding flexibility

Performance Auditor Review – Contributory Fund Study February 2026 Report

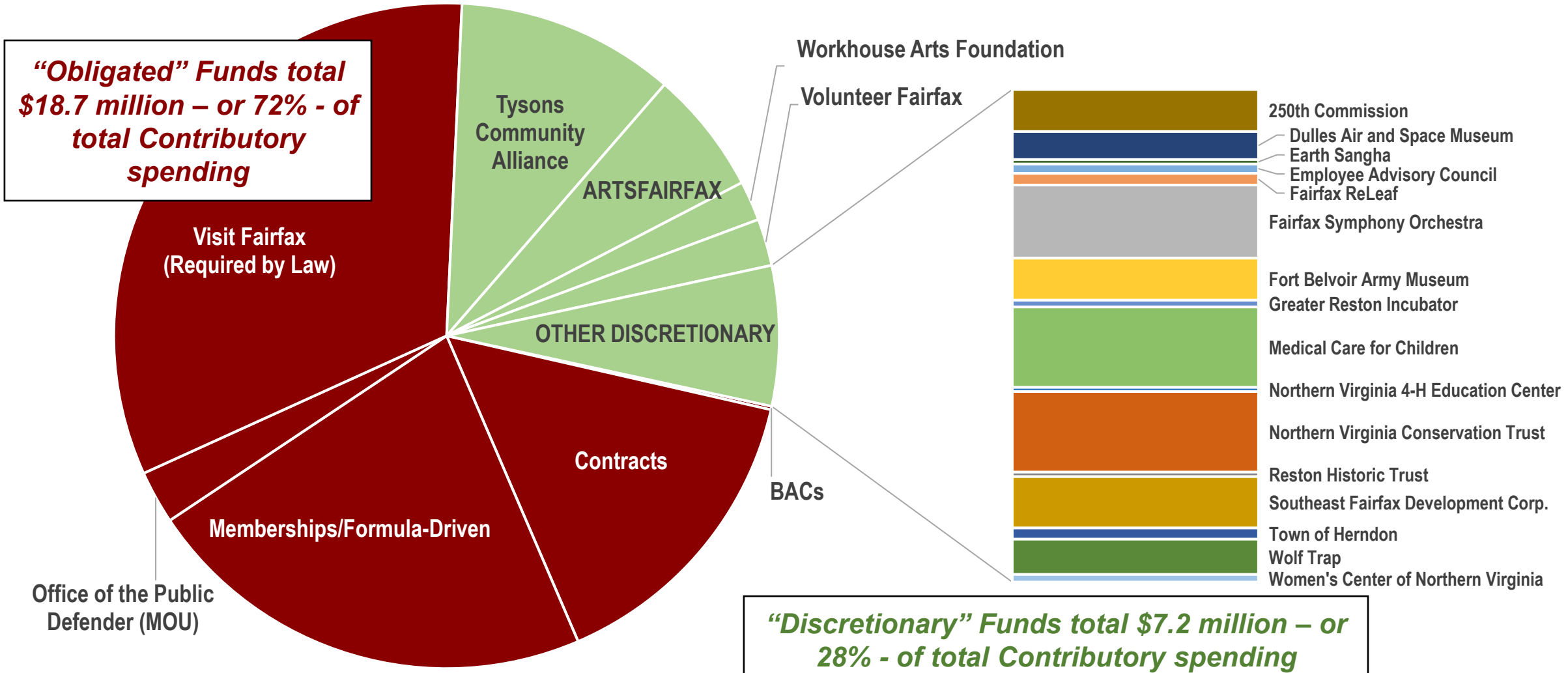
- Comprehensive review of internal administrative processes governing this fund. Issued series of recommendations to DMB.
- Recommendation 1: Improve the Review of Funding Requests
  - *DMB to revise internal checklist for compliance and formalize analysis/review (In Progress)*
- Recommendation 2: Amend the Contributories Budget Manual
  - *DMB to update and streamline documentation requests in the FY 2028 Budget Manual sent out to Contributory Fund recipients (Complete)*
- In addition, FY 2028 Budget Guidance noted potential need to consider reduced contributory support

Annual Budget Process

- Contributory agencies submit funding requests by mid-September
- Analysis of requests includes
  - Benefit to Fairfax County citizens
  - Contractual or regional commitments
  - Responsibilities of states agencies
  - Prior County commitment of funding
  - Financial statements
  - Performance measures
- Funding recommendations are included in the Advertised Budget
  - Funding for many agencies has historically been held flat – not adjusted for inflation or personnel increases
  - Staff recommendations for adjustments are typically due to Board direction, demonstrated financial pressures, or changes to variables used in calculating formula-based contributions

Array of Contributory Funding

"Obligated" Funds total $18.7 million – or 72% - of total Contributory spending



"Discretionary" Funds total $7.2 million – or 28% - of total Contributory spending

General Recommendations

- Differentiate approach based on “Obligated” or “Discretionary” nature of funding
- Determine if some organizations are more appropriately funded through processes outside of the Contributory Fund
- Refine guidelines for analysis of a more targeted set of discretionary contributory organizations

Proposed Contributory Review Process



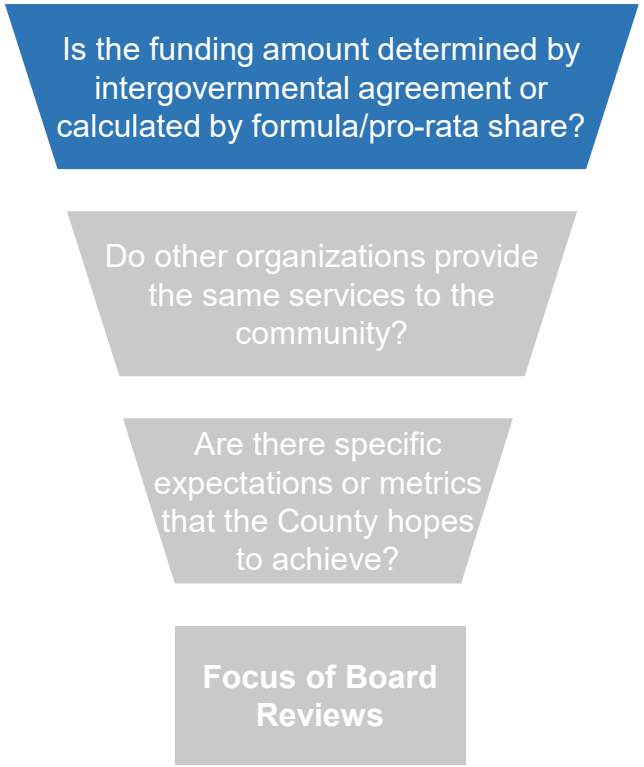
"Obligated" Funds – Funding to be potentially shifted to General Fund agency or segregated within Contributory Fund

Services to be evaluated for possible competitive procurement process

Services to be evaluated for potential shift to a contractual relationship

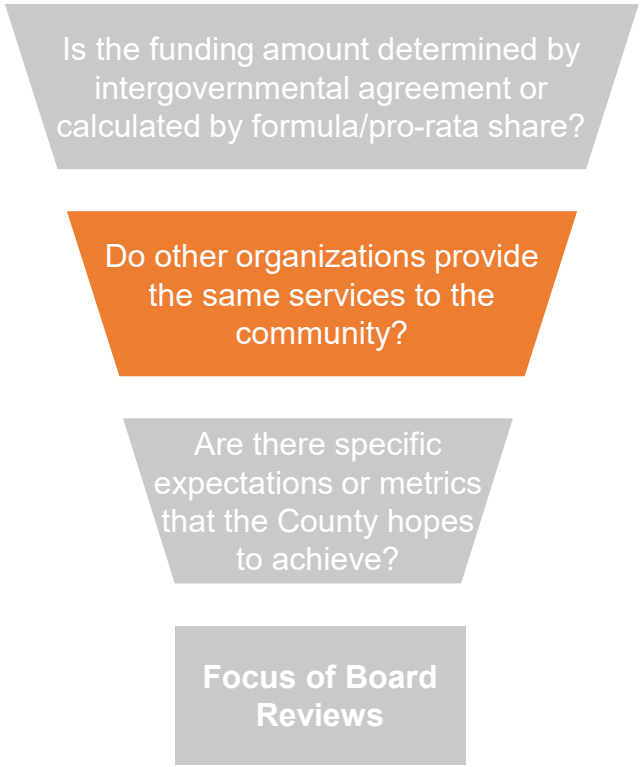
Greater scrutiny and Board engagement

Proposed Contributory Review Process



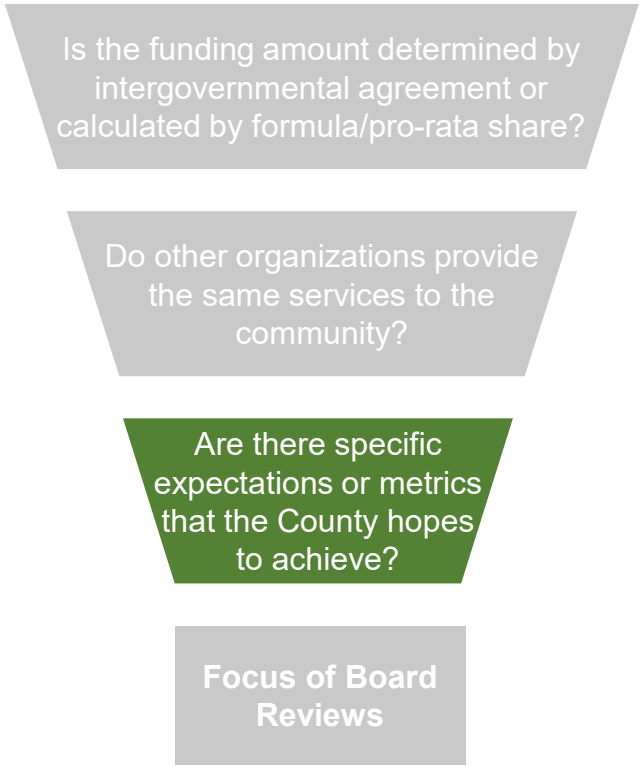
- Consider transfer funding of select organizations out of the Contributory Fund to the County agency that oversees/provides staff support or to Agency 87, Unclassified Administrative Expenses
  - Funding could also be segregated within the existing fund
- Consistent with bifurcation seen in other jurisdictions
- Is not expected to generate savings

Proposed Contributory Review Process



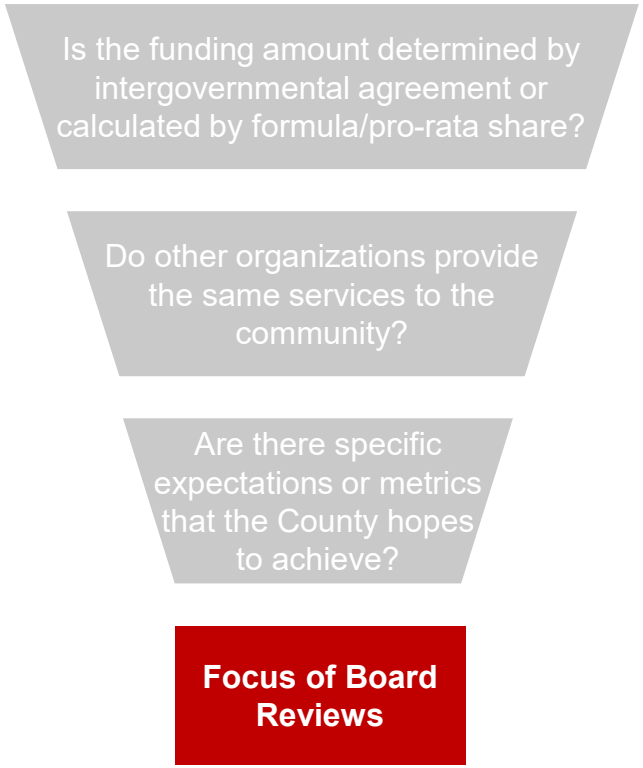
- Determine if similar services are provided by other community organizations and if contractual vehicles currently exist
- Consider shifting funding to competitive procurement process in an appropriate agency
- May generate savings or efficiencies

Proposed Contributory Review Process



- If the County has specific expectations or wants to evaluate the organization based on performance measures, a contractual relationship may be prudent
- May not need to be competitive
- Could include the establishment of formal Memoranda of Understanding (MOUs) or performance contracts that define clear deliverables, financial reporting standards, and strategic outcomes
- Should improve outcomes aligned with County objectives

Proposed Contributory Review Process



- Remaining funding would require additional scrutiny
  - Expected small number of organizations should result in increased transparency for the Board and residents
  - Board could direct periodic in-depth reviews
  - Board could consider establishing sunset provisions, particularly as new contributories are proposed
- Propose to formally assign a County department liaison
  - Maintain proactive monitoring for any groups with ongoing financial/ sustainability concerns

FY 2028 Contributory Review

- Contributory agencies are currently working on FY 2028 submissions
- FY 2028 focus will be on categorization of existing contributory agencies based on the proposed rubric
  - Budget documents will be refined to focus on funding requiring increased Board awareness
- Per Budget Guidance, staff will examine contributories for potential areas to streamline or reduce funding
- Contributory funding identified for possible shift to a competitive procurement process or formalized agreement will likely not change for FY 2028
  - These changes would be gradually implemented in subsequent years
- Summary recommendations to be included with the FY 2028 Advertised Budget Plan



Questions/Feedback