

# **ECONOMIC AND FISCAL IMPACTS OF FEDERAL EMPLOYEE LAYOFFS IN FAIRFAX COUNTY, VIRGINIA**

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# ECONOMIC AND FISCAL IMPACTS OF FEDERAL EMPLOYEE LAYOFFS IN FAIRFAX COUNTY

## EXECUTIVE SUMMARY

The federal government significantly impacts Fairfax County's economy, workforce, infrastructure, and quality of life. Numerous federal agencies and contractors operate within the county, providing business opportunities. Federal government positions, excluding those held by federal contractors, account for 81,752 jobs in Fairfax County, which is 13.4 percent of total county employment. Additionally, approximately 10,771 non-residents commute to federal jobs in the county. Therefore, federal government activities support an estimated 92,523 jobs in Fairfax County, generating \$12.02 billion in wages, with \$10.62 billion benefiting county residents.

The continuing decrease in federal spending, along with the consequent layoffs of federal employees, will significantly affect the Fairfax County economy. This report, produced by Strategic Impact Advisors (SIA) at the request of the Fairfax County Economic Development Authority (FCEDA), assesses the economic and fiscal effects of federal budget cuts in the county. By examining interconnected sectors within the county economy, the analysis offers insights into how proposed federal layoffs may affect other key industries. This detailed analysis aims to assist in creating mitigation strategies and supporting the resilience of Fairfax County's economy during these anticipated federal spending reductions. The exact magnitude of the federal layoffs is undetermined; therefore, the report measures the impact using three layoff scenarios: low (10 percent), medium (20 percent), and high (30 percent). Analyzing these varied scenarios provides a comprehensive understanding of the potential economic effects.

The impact estimates are based on a county-level economic model constructed with the IMPLAN input-output modeling system. The economic impacts addressed in this study focus on local in-county expenditures, jobs, employee compensation, as well as federal, state, county, and sub-county tax receipts. A 10 percent reduction in federal civilian jobs is projected to lead to a loss of 10,036 jobs, a loss of \$1.7 billion in total employee compensation, a loss of \$2.3 billion in output or expenditures, and a loss of \$342.4 million in federal, state, county, and sub-county tax receipts. A 20 percent layoff is projected to result in 20,073 job losses, \$3.4 billion in reduced employee compensation, \$4.7 billion in lower countywide output, and \$684.8 million in lower tax receipts. A 30 percent layoff could lead to 30,109 job losses, \$5.1 billion in reduced employee compensation, \$7 billion in total output loss, and over \$1 billion in total tax receipt losses.

A January 2025 study conducted by Brookings revealed that the contractor workforce is approximately 2.48 times larger than the federal civilian employees. This ratio was utilized to estimate the number of contract employee reductions as a result of decreased federal contract expenditures. A 10 percent reduction in the workforce would affect 20,321 contractor employees

# ECONOMIC AND FISCAL IMPACTS OF FEDERAL EMPLOYEE LAYOFFS IN FAIRFAX COUNTY

## INTRODUCTION

The federal government has a significant influence on Fairfax County's economy, workforce, infrastructure, and overall quality of life. The county houses numerous federal agencies, including the CIA, parts of the Department of Defense, National Reconnaissance Office, National Geospatial-Intelligence Agency, U.S. Geological Survey, the Training and Academy Facilities of the FBI, and National Oceanic and Atmospheric Administration. Additionally, Fairfax County is home to many major federal government contractors, particularly in defense, cybersecurity, and information technology services. Federal agencies and contractors provide business opportunities in Fairfax County, contributing to both direct and induced employment, payroll, as well as federal, state, county and sub-county tax revenues.

Federal government positions, excluding jobs held by federal contractors, constitute 81,752 jobs within Fairfax County, representing 13.4 percent of the total employment in the county. Fairfax County residents hold about 81,752 federal jobs: 47,352 within the county, 17,936 in other Northern Virginia (NOVA) communities, 11,428 in Washington, D.C., and 5,036 elsewhere. Additionally, 10,771 non-residents commute to federal jobs in the county. Federal activities support 92,523 jobs in Fairfax County, generating \$12.02 billion in wages, with \$10.62 billion benefiting county residents.

**Exhibit 1. Resident and Non-Resident Federal Employees of Fairfax County, Virginia**

| Employee Category                                     | Employees     | Percent of Total | Employee Income (\$Billions) |
|---|---------------|------------------|------------------------------|
| County Resident Employees                             | 81,752        | 82.9%            | \$10.62                      |
| Residents in Federal Jobs within the County           | 47,352        | 51.2%            | \$6.14                       |
| Residents in Federal Jobs in Other NOVA Jurisdictions | 17,936        | 19.4%            | \$2.33                       |
| Residents in Federal Jobs in the District of Columbia | 11,428        | 12.4%            | \$1.49                       |
| Residents in Federal Jobs Elsewhere                   | 5,036         | 5.4%             | \$0.66                       |
| Non-Residents Commuting to Federal Jobs in the County | 10,771        | 11.6%            | \$1.40                       |
| <b>Total Federal Employees</b>                        | <b>92,523</b> | <b>100.0%</b>    | <b>\$12.02</b>               |

Sources: Quarterly Census of Employment and Wages, Bureau of Labor Statistics (BLS); American Community Survey (ACS), Occupation by Class of Worker, 2023, 5-Year Average; Residence County to Workplace County Commuting Flows for the United States and Puerto Rico by Residence Geography, 5-Year Average, ACS, 2016-2020"

## METHODOLOGY

This study examines potential economic losses in Fairfax County due to federal and contractor layoffs with a focus on local spending, jobs, and tax revenues. Given that the exact magnitude of layoffs is uncertain and subject to change, this study utilizes three layoff scenarios based on the proportions of the federal workforce residing in the county. The "low impact" scenario assumes a 10 percent reduction in the county's federal civilian workforce. The "medium impact" scenario represents a 20 percent loss of federal civilian jobs, while the "high impact" scenario assumes a 30 percent reduction in federal jobs. Exhibit 2 outlines job and income reductions for each scenario. A 10 percent civilian employee layoff would affect 8,175 county residents, leading to a \$1.1 billion reduction in salaries and a \$1.5 billion loss in employee compensation. Employee compensation is the total payroll cost of wage and salary employees to the employer. This encompasses wages and salaries, comprehensive benefits (including health and retirement plans), and payroll taxes (such as both employer and employee portions of social security and unemployment insurance taxes). A 20 percent reduction would affect 16,350 residents, leading to a \$2.1 billion decrease in salaries and an estimated \$3.0 billion loss in overall compensation. Similarly, a 30 percent layoff would impact 24,526 workers, resulting in a \$3.2 billion reduction in payroll and \$4.5 billion in compensation losses.

A January 2025 Brookings study by Elaine Kamarck, titled "*Is Government too Big? Reflections on the Size and Composition of Today's Federal Government*," provided an estimation of the number of federal contractor positions. The Brookings analysis utilized data from the federal government inventories of contract expenditures. Each contract is assigned a North American Industry Classification System (NAICS) code, which provides detailed information regarding the purchased goods and services and their respective amounts. The study subsequently estimated the number of direct (prime) and indirect (subcontractor) jobs associated with each contract, employing the U.S. Bureau of Economic Analysis RIMS II input-output model of the U.S. economy. According to that study, the number of full-time equivalent federal employees in 2023 amounted to 2,100,000 civilian workers, 1,180,000 members of the armed forces, 520,000 postal workers, 5,220,000 contract workers, and 2,310,000 grant related jobs. Thus, the contractor workforce is about 2.48 times larger than the federal civilian employees. We utilized the latter ratio to ascertain the number of contract employee reductions resulting from decreased federal contract expenditures (Exhibit 2). A 10 percent reduction in the workforce would affect 20,321 contractor employees in Fairfax County, leading to a \$3.1 billion decline in employee compensation. A 20 percent reduction would impact 40,642 contractor employees, causing a \$6.1 billion decrease in compensation. Lastly, a 30 percent reduction in the workforce would affect 60,964 contractor employees, resulting in an estimated \$9.2 billion loss in employee compensation. Overall, reducing the federal workforce by 10 percent would affect 28,496 employees in Fairfax County, decreasing compensation by \$4.6 billion. A 20 percent cut impacts 56,993 employees, with a \$9.3 billion loss in compensation. A 30% reduction affects 85,489 employees, resulting in a \$13.9 billion decrease in compensation.

## IMPACT OF THE FEDERAL LAYOFFS ON FAIRFAX COUNTY ECONOMY

Exhibit 3 provides a summary of the economic outcomes of our layoff scenarios in Fairfax County. A 10 percent reduction in federal jobs is projected to lead to a loss of 8,175 direct jobs, 1,861 induced jobs, and 10,036 total jobs. Induced job losses are attributed to reductions in consumer spending across the county. The "low impact" scenario additionally results in an estimated \$1.6 billion loss in direct employee compensation, \$128 million in induced compensation losses, and a total of \$1.7 billion in total compensation losses. Finally, a 10 percent loss of federal employees will result in a loss of \$1.9 billion in direct expenditures, \$396 million in induced expenditure losses, and \$2.3 billion in lower output or expenditures countywide. A 20 percent layoff is projected to cause 20,073 job losses, \$3.4 billion in reduced employee compensation, and \$4.7 billion in lower countywide output. A 30 percent layoff could lead to 30,109 job losses, \$5.1 billion in reduced compensation, and \$7 billion in total output loss.

| <b>Exhibit 3. Economic Losses in Fairfax County Due to the Federal Civilian Employee Layoffs, 2025</b> |                              |               |                |              |
|--|------------------------------|---------------|----------------|--------------|
| <b>Layoff Scenario</b>   | <b>Impact Category</b>       | <b>Direct</b> | <b>Induced</b> | <b>Total</b> |
| <b>10 Percent</b>  | Employment                   | 8,175         | 1,861          | 10,036       |
|  | Employee Compensation (\$MM) | \$1,575       | \$128          | \$1,703      |
|  | Output (\$MM)                | \$1,943       | \$396          | \$2,339      |
| <b>20 Percent</b>  | Employment                   | 16,350        | 3,722          | 20,073       |
|  | Employee Compensation (\$MM) | \$3,149       | \$256          | \$3,406      |
|  | Output (\$MM)                | \$3,886       | \$793          | \$4,679      |
| <b>30 Percent</b>  | Employment                   | 24,526        | 5,583          | 30,109       |
|  | Employee Compensation (\$MM) | \$4,724       | \$385          | \$5,109      |
|  | Output (\$MM)                | \$5,829       | \$1,189        | \$7,018      |

Source: SIA and IMPLAN

Exhibit 4 highlights the economic impact from contractor job losses in Fairfax County. A 10 percent reduction in contractor jobs is projected to lead to a loss of 20,321 direct jobs, 10,900 indirect and induced jobs, and 31,221 total jobs. The 10 percent scenario results in an estimated \$3.1 billion loss in direct employee compensation, \$952 million in indirect and induced compensation losses, and a total of \$4 billion in total compensation losses. Finally, a 10 percent loss of federal contractor employees will result in a loss of \$5.3 billion in direct expenditures, \$2.4 billion in indirect and induced expenditure losses, and \$7.7 billion in lower output or expenditures countywide. A 20 percent reduction in contractor employees is projected to cause 62,442 job losses, \$8 billion in reduced employee compensation, and \$15.4 billion in lower countywide output. A 30 percent layoff could lead to 93,663 job losses, \$12.1 billion in reduced compensation, and \$23.2 billion in total output loss.

## EMPLOYMENT LOSSES BY INDUSTRY

Exhibit 6 illustrates the anticipated job losses in various Fairfax County industries resulting from reductions in federal civilian jobs across our three layoff scenarios. The job losses are categorized by industry at the two-digit NAICS code level of detail. Under the 10 percent layoff scenario, the administrative government sector is projected to lose 8,175 direct jobs. The induced losses from the federal layoffs will amount to 404 jobs in health care and social assistance industry, 303 jobs in retail trade, 234 jobs in accommodation and food services, 223 jobs in other services, 146 jobs in finance and insurance services, and 551 jobs in all other industries. The top five industries collectively account for 70.4 percent of the total induced job losses within the county.

A 20 percent layoff in the administrative government sector will result in 16,350 direct job losses. Induced losses include 807 jobs in health care and social assistance, 607 in retail trade, 468 in accommodation and food services, 446 in other services, 293 in finance and insurance, and 1,102 in other industries. A 30 percent layoff will lead to 24,526 direct job losses, with induced losses of 1,211 jobs in health care and social assistance, 910 in retail, 702 in accommodation and food services, 669 in other services, 439 in finance and insurance, and 1,653 in other industries.

| <b>Exhibit 6. Job Losses in Fairfax County Industries Due to the Federal Employee Layoffs 2025</b> |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
| <b>Industry Sector</b>   | <b>10% Scenario</b> | <b>20% Scenario</b> | <b>30% Scenario</b> |
| Administrative Government  | 8,175               | 16,350              | 24,526              |
| Health Care and Social Assistance  | 404                 | 807                 | 1,211               |
| Retail Trade   | 303                 | 607                 | 910                 |
| Accommodation and Food Services  | 234                 | 468                 | 702                 |
| Other Services (except Public Administration)  | 223                 | 446                 | 669                 |
| Finance and Insurance  | 146                 | 293                 | 439                 |
| Administrative, Support and Waste Management/Remediation   | 77                  | 154                 | 231                 |
| Professional, Scientific, and Technical Services   | 75                  | 150                 | 225                 |
| Educational Services   | 73                  | 146                 | 218                 |
| Real Estate and Rental and Leasing   | 70                  | 139                 | 209                 |
| Arts, Entertainment, and Recreation  | 64                  | 129                 | 193                 |
| Transportation and Warehousing   | 53                  | 107                 | 160                 |
| Information  | 48                  | 96                  | 145                 |
| Wholesale Trade  | 31                  | 61                  | 92                  |
| Construction   | 19                  | 37                  | 56                  |
| Government Enterprises   | 19                  | 37                  | 56                  |
| Management of Companies and Enterprises  | 16                  | 32                  | 47                  |
| Utilities  | 4                   | 8                   | 12                  |
| Manufacturing  | 2                   | 4                   | 6                   |
| Agriculture, Forestry, Fishing and Hunting   | 1                   | 1                   | 2                   |
| Mining, Quarrying, and Oil and Gas Extraction  | 0                   | 0                   | 1                   |
| <b>Total</b>   | <b>10,036</b>       | <b>20,073</b>       | <b>30,109</b>       |

Source: SIA and IMPLAN

Exhibit 8 illustrates the total job losses within Fairfax County industries due to reductions in federal civilian and contractor positions. The seven most impacted industries by federal contractions are professional, scientific, and technical services; administrative government; administrative, support and waste management/remediation services; health care and social assistance; accommodation and food services; retail trade; and other services (except public administration).

| <b>Exhibit 8. Total Job Losses in Fairfax County Industries Due to the Federal Civilian and Contractor Layoffs 2025</b> |                     |                     |                     |
|---|---------------------|---------------------|---------------------|
| <b>Industry Sector</b>  | <b>10% Scenario</b> | <b>20% Scenario</b> | <b>30% Scenario</b> |
| Professional, Scientific, and Technical Services  | 22,150              | 44,300              | 66,450              |
| Administrative Government   | 8,175               | 16,350              | 24,526              |
| Administrative, Support and Waste Management/Remediation  | 1,866               | 3,732               | 5,598               |
| Health Care and Social Assistance   | 1,537               | 3,074               | 4,612               |
| Accommodation and Food Services   | 1,361               | 2,722               | 4,082               |
| Retail Trade  | 1,170               | 2,340               | 3,510               |
| Other Services (except Public Administration)   | 1,040               | 2,080               | 3,120               |
| Real Estate and Rental and Leasing  | 874                 | 1,748               | 2,622               |
| Finance and Insurance   | 829                 | 1,658               | 2,486               |
| Transportation and Warehousing  | 573                 | 1,145               | 1,718               |
| Information   | 412                 | 824                 | 1,236               |
| Arts, Entertainment, and Recreation   | 287                 | 575                 | 862                 |
| Educational Services  | 285                 | 570                 | 855                 |
| Management of Companies and Enterprises   | 212                 | 424                 | 636                 |
| Wholesale Trade   | 209                 | 418                 | 627                 |
| Government Enterprises  | 141                 | 281                 | 422                 |
| Construction  | 97                  | 194                 | 291                 |
| Utilities   | 22                  | 44                  | 66                  |
| Manufacturing   | 12                  | 25                  | 37                  |
| Agriculture, Forestry, Fishing and Hunting  | 4                   | 9                   | 13                  |
| Mining, Quarrying, and Oil and Gas Extraction   | 1                   | 2                   | 3                   |
| <b>Total</b>  | <b>41,257</b>       | <b>82,514</b>       | <b>123,772</b>      |

Source: SIA and IMPLAN

Exhibit 10 highlights the projected loss of employee compensation in Fairfax County industries due to the federal contractor layoffs. In the scenario of a 10 percent contraction, the professional, scientific, and technical services sector is expected to experience a reduction of \$3.1 billion in direct employee compensation, \$265.1 million in indirect and induced compensation, resulting in a total compensation loss of \$3.3 billion. The indirect and induced losses from the decline in federal contractor jobs will amount to \$149.5 million in administrative, support and waste management and remediation services; \$99.6 million in health care and social assistance; \$77.4 million in finance and insurance sector; and \$63.8 million in information technology sector. All other industries account for 296.8 million in compensation losses. Exhibit 10 also highlights compensation losses by industry under our 20 percent and 30 percent layoff scenarios.

### Exhibit 10. Employee Compensation Losses in Fairfax County Industries Due to the Federal Contractor Layoffs, 2025

| Industry Sector  | 10% Scenario           | 20% Scenario           | 30% Scenario            |
|--|------------------------|------------------------|-------------------------|
| Professional, Scientific, and Technical Services         | \$3,336,362,842        | \$6,672,725,684        | \$10,009,088,526        |
| Administrative, Support and Waste Management/Remediation | \$149,507,043          | \$299,014,087          | \$448,521,130           |
| Health Care and Social Assistance                        | \$99,645,477           | \$199,290,954          | \$298,936,430           |
| Finance and Insurance                                    | \$77,363,639           | \$154,727,278          | \$232,090,918           |
| Information  | \$63,766,956           | \$127,533,912          | \$191,300,868           |
| Management of Companies and Enterprises                  | \$46,396,055           | \$92,792,111           | \$139,188,166           |
| Other Services (except Public Administration)            | \$45,284,648           | \$90,569,296           | \$135,853,944           |
| Accommodation and Food Services                          | \$45,241,233           | \$90,482,467           | \$135,723,700           |
| Retail Trade   | \$43,931,084           | \$87,862,168           | \$131,793,253           |
| Wholesale Trade  | \$37,669,173           | \$75,338,346           | \$113,007,518           |
| Real Estate and Rental and Leasing                       | \$21,290,077           | \$42,580,154           | \$63,870,231            |
| Transportation and Warehousing                           | \$14,333,737           | \$28,667,475           | \$43,001,212            |
| Government Enterprises                                   | \$14,193,917           | \$28,387,834           | \$42,581,751            |
| Educational Services                                     | \$12,555,335           | \$25,110,670           | \$37,666,005            |
| Arts, Entertainment, and Recreation                      | \$7,241,135            | \$14,482,270           | \$21,723,405            |
| Construction   | \$4,695,006            | \$9,390,013            | \$14,085,019            |
| Utilities  | \$2,982,723            | \$5,965,447            | \$8,948,170             |
| Manufacturing  | \$904,115              | \$1,808,229            | \$2,712,344             |
| Agriculture, Forestry, Fishing and Hunting               | \$75,997               | \$151,994              | \$227,992               |
| Mining, Quarrying, and Oil and Gas Extraction            | \$22,218               | \$44,436               | \$66,654                |
| <b>Total</b>   | <b>\$4,023,462,412</b> | <b>\$8,046,924,825</b> | <b>\$12,070,387,237</b> |

Source: SIA and IMPLAN



## OUTPUT LOSSES BY INDUSTRY

Exhibit 12 outlines the anticipated reductions in industry output due to the federal civilian employee layoffs. In the scenario involving a 10 percent layoff, it is expected that the administrative government sector will experience an output decline of \$1.9 billion. The reductions in induced output across various industries within Fairfax County are projected to include \$84.5 million in the real estate, rental, and leasing industries, \$63.6 million in health care and social assistance, \$42.5 million in finance and insurance, \$40.4 million in retail trade, and \$165.3 million in all other industries. Collectively, the top four industries represent 58.3 percent of the overall induced output losses within the county.

In the 20 percent layoff scenario, it is anticipated that the administrative government sector will face an output decline of \$3.9 billion. The resulting reductions in induced output across various industries in Fairfax County include \$169.1 million in real estate, rental, and leasing industries, \$127.2 million in health care and social assistance, \$85 million in finance and insurance, \$80.8 million in retail trade, and \$330.6 million in all other industries. Finally, under the 30 percent layoff scenario, the federal government sector is projected to see an output decline of \$5.8 billion. The subsequent reductions in induced output across various industries in Fairfax County are estimated to include \$253.7 million in the real estate, rental, and leasing industries, \$190.8 million in health care and social assistance, \$127.4 million in finance and insurance, \$121.2 million in retail trade, and \$496 million in all other industries.

**Exhibit 12. Output Reductions in Fairfax County Industries Due to the Federal Employee Layoffs, 2025**

| <b>Industry Sector</b>                                   | <b>10% Scenario</b>    | <b>20% Scenario</b>    | <b>30% Scenario</b>    |
|--|------------------------|------------------------|------------------------|
| Administrative Government                                | \$1,942,984,889        | \$3,885,969,778        | \$5,828,954,666        |
| Real Estate and Rental and Leasing                       | \$84,554,795           | \$169,109,590          | \$253,664,385          |
| Health Care and Social Assistance                        | \$63,596,631           | \$127,193,261          | \$190,789,892          |
| Finance and Insurance                                    | \$42,484,298           | \$84,968,596           | \$127,452,894          |
| Retail Trade   | \$40,408,634           | \$80,817,269           | \$121,225,903          |
| Information  | \$29,750,952           | \$59,501,903           | \$89,252,855           |
| Accommodation and Food Services                          | \$26,908,583           | \$53,817,166           | \$80,725,750           |
| Professional, Scientific, and Technical Services         | \$20,517,821           | \$41,035,642           | \$61,553,463           |
| Other Services (except Public Administration)            | \$20,455,812           | \$40,911,624           | \$61,367,436           |
| Wholesale Trade  | \$15,816,708           | \$31,633,417           | \$47,450,125           |
| Administrative, Support and Waste Management/Remediation | \$11,728,818           | \$23,457,636           | \$35,186,454           |
| Arts, Entertainment, and Recreation                      | \$7,538,604            | \$15,077,209           | \$22,615,813           |
| Educational Services                                     | \$6,640,645            | \$13,281,290           | \$19,921,935           |
| Management of Companies and Enterprises                  | \$5,911,660            | \$11,823,320           | \$17,734,980           |
| Transportation and Warehousing                           | \$5,740,449            | \$11,480,897           | \$17,221,346           |
| Government Enterprises                                   | \$5,055,640            | \$10,111,281           | \$15,166,921           |
| Utilities  | \$4,340,232            | \$8,680,464            | \$13,020,696           |
| Construction   | \$3,658,801            | \$7,317,602            | \$10,976,404           |
| Manufacturing  | \$1,158,207            | \$2,316,414            | \$3,474,621            |
| Mining, Quarrying, and Oil and Gas Extraction            | \$91,217               | \$182,434              | \$273,652              |
| Agriculture, Forestry, Fishing and Hunting               | \$7,500                | \$15,000               | \$22,500               |
| <b>Total</b>   | <b>\$2,339,350,897</b> | <b>\$4,678,701,794</b> | <b>\$7,018,052,691</b> |

Source: SIA and IMPLAN

Exhibit 14 shows the total output losses within Fairfax County industries due to reductions in federal civilian and contractor positions. The top seven impacted industries are professional, scientific, and technical services; administrative government; administrative, support and waste management/remediation services; health care and social assistance; finance and insurance services; information technology services; and retail trade.

**Exhibit 14. Total Output Losses in Fairfax County Industries Due to the Federal Civilian and Contractor Layoffs 2025**

| <b>Industry Sector</b>                                   | <b>10% Scenario</b>     | <b>20% Scenario</b>     | <b>30% Scenario</b>     |
|--|-------------------------|-------------------------|-------------------------|
| Professional, Scientific, and Technical Services         | \$5,795,925,397         | \$11,591,850,794        | \$17,387,776,191        |
| Administrative Government                                | \$1,942,984,889         | \$3,885,969,778         | \$5,828,954,666         |
| Real Estate and Rental and Leasing                       | \$500,586,030           | \$1,001,172,059         | \$1,501,758,089         |
| Finance and Insurance                                    | \$276,422,671           | \$552,845,343           | \$829,268,014           |
| Administrative, Support and Waste Management/Remediation | \$273,107,232           | \$546,214,464           | \$819,321,695           |
| Health Care and Social Assistance                        | \$243,640,450           | \$487,280,901           | \$730,921,351           |
| Information  | \$229,263,164           | \$458,526,327           | \$687,789,491           |
| Accommodation and Food Services                          | \$160,494,754           | \$320,989,508           | \$481,484,261           |
| Retail Trade   | \$155,114,819           | \$310,229,638           | \$465,344,456           |
| Other Services (except Public Administration)            | \$107,656,179           | \$215,312,359           | \$322,968,538           |
| Wholesale Trade  | \$97,758,373            | \$195,516,746           | \$293,275,119           |
| Management of Companies and Enterprises                  | \$79,311,528            | \$158,623,057           | \$237,934,585           |
| Transportation and Warehousing                           | \$54,500,281            | \$109,000,561           | \$163,500,842           |
| Arts, Entertainment, and Recreation                      | \$37,270,051            | \$74,540,102            | \$111,810,153           |
| Government Enterprises                                   | \$29,818,183            | \$59,636,366            | \$89,454,549            |
| Educational Services                                     | \$26,905,317            | \$53,810,634            | \$80,715,952            |
| Utilities  | \$22,770,075            | \$45,540,150            | \$68,310,224            |
| Construction   | \$21,028,360            | \$42,056,721            | \$63,085,081            |
| Manufacturing  | \$5,830,529             | \$11,661,058            | \$17,491,588            |
| Mining, Quarrying, and Oil and Gas Extraction            | \$422,779               | \$845,557               | \$1,268,336             |
| Agriculture, Forestry, Fishing and Hunting               | \$88,747                | \$177,494               | \$266,241               |
| <b>Total</b>   | <b>\$10,060,899,807</b> | <b>\$20,121,799,614</b> | <b>\$30,182,699,421</b> |

Source: SIA and IMPLAN

## TAX REVENUE LOSSES DUE TO FEDERAL EMPLOYEE LAYOFFS

As shown in Exhibit 16, federal civil employee layoffs in Fairfax County will lead to a loss of \$342.4 million in total direct and induced tax receipts under a 10 percent layoff scenario. The federal government will bear the largest impact, losing \$288.3 million or 84.2 percent of the total. Virginia state taxes will decline by \$38.3 million or 11.2 percent of the total, while Fairfax County and its sub-county jurisdictions will lose \$15.7 million or 4.6 percent of the total tax losses.

The combined direct and induced tax revenue losses under the 20 percent layoff scenario are projected to be \$576.7 million in federal taxes, \$76.7 million in state taxes, \$31.4 million in county and sub-county taxes, and \$684.8 million in total taxes. Total tax revenue losses under the 30 percent layoff scenario are anticipated to be \$865 million in federal taxes, \$115 million in state taxes, \$47.1 million in county and sub-county taxes, and over \$1 billion in total taxes.

| <b>Exhibit 16. Tax Revenue Losses in Fairfax County due to the Federal Civil Employee Layoffs, 2025</b> |                      |                      |                        |
|---|----------------------|----------------------|------------------------|
| <b>Tax Category/Layoff Scenario</b>   | <b>10 Percent</b>    | <b>20 Percent</b>    | <b>30 Percent</b>      |
| <b>Federal Taxes</b>  | <b>\$288,344,718</b> | <b>\$576,689,436</b> | <b>\$865,034,154</b>   |
| Personal Income Tax   | \$266,619,587        | \$533,239,174        | \$799,858,761          |
| Corporate Profits Tax   | \$21,725,131         | \$43,450,262         | \$65,175,393           |
| <b>State Taxes</b>  | <b>\$38,349,772</b>  | <b>\$76,699,543</b>  | <b>\$115,049,315</b>   |
| Personal Income Tax   | \$21,939,607         | \$43,879,214         | \$65,818,820           |
| Corporate Income/Franchise Tax  | \$9,461,460          | \$18,922,919         | \$28,384,379           |
| Intangible Property Tax   | \$31,577             | \$63,154             | \$94,731               |
| Sales and Use Taxes   | \$5,398,762          | \$10,797,524         | \$16,196,287           |
| Other Taxes   | \$1,518,366          | \$3,036,732          | \$4,555,099            |
| <b>County and Sub County Taxes</b>  | <b>\$15,686,624</b>  | <b>\$31,373,248</b>  | <b>\$47,059,872</b>    |
| Real and Personal Property Tax  | \$13,402,506         | \$26,805,012         | \$40,207,517           |
| Sales Tax   | \$1,185,637          | \$2,371,274          | \$3,556,912            |
| Other Taxes   | \$1,098,481          | \$2,196,962          | \$3,295,443            |
| <b>Total</b>  | <b>\$342,381,114</b> | <b>\$684,762,227</b> | <b>\$1,027,143,341</b> |

Source: SIA and IMPLAN

Exhibit 17 details tax revenue reductions in Fairfax County under a 10 percent layoff scenario. Direct tax receipt reductions are estimated at \$261.3 million in federal taxes, \$27.8 million in state taxes, \$1.3 million in county and sub-county taxes, totaling \$290.4 million. Induced reductions are projected at \$27 million in federal taxes, \$10.6 million in state taxes, \$14.4 million in county and sub-county taxes, totaling \$52 million. Overall, the combined direct and induced tax revenue losses under the 10 percent layoff scenario are projected to be \$288.3 million in federal taxes, \$38.3 million in state taxes, \$15.7 million in county and sub-county taxes, and \$342.4 million in total taxes.

**Exhibit 18. Tax Revenue Losses in Fairfax County due to the Federal Employee Layoffs  
20 Percent Layoff Scenario, 2025**

| <b>Tax Category</b>                | <b>Direct</b>        | <b>Induced</b>       | <b>Total</b>         | <b>Percent of Total</b> |
|------------------------------------|----------------------|----------------------|----------------------|-------------------------|
| <b>Federal Taxes</b>               | <b>\$522,631,547</b> | <b>\$54,057,890</b>  | <b>\$576,689,436</b> | <b>84.22%</b>           |
| Personal Income Tax                | \$489,325,855        | \$43,913,319         | \$533,239,174        | 77.87%                  |
| Corporate Profits Tax              | \$33,305,692         | \$10,144,570         | \$43,450,262         | 6.35%                   |
| <b>State Taxes</b>                 | <b>\$55,585,191</b>  | <b>\$21,114,352</b>  | <b>\$76,699,543</b>  | <b>11.20%</b>           |
| Personal Income Tax                | \$39,875,834         | \$4,003,380          | \$43,879,214         | 6.41%                   |
| Corporate Income/Franchise Tax     | \$14,504,882         | \$4,418,037          | \$18,922,919         | 2.76%                   |
| Intangible Property Tax            | \$5,608              | \$57,546             | \$63,154             | 0.01%                   |
| Sales and Use Taxes                | \$0                  | \$10,797,524         | \$10,797,524         | 1.58%                   |
| Other Taxes                        | \$1,198,868          | \$1,837,865          | \$3,036,732          | 0.44%                   |
| <b>County and Sub County Taxes</b> | <b>\$2,554,915</b>   | <b>\$28,818,333</b>  | <b>\$31,373,248</b>  | <b>4.58%</b>            |
| Real and Personal Property Tax     | \$2,380,224          | \$24,424,787         | \$26,805,012         | 3.91%                   |
| Sales Tax                          | \$0                  | \$2,371,274          | \$2,371,274          | 0.35%                   |
| Other Taxes                        | \$174,691            | \$2,022,271          | \$2,196,962          | 0.32%                   |
| <b>Total</b>                       | <b>\$580,771,653</b> | <b>\$103,990,574</b> | <b>\$684,762,227</b> | <b>100.00%</b>          |

Source: IMPLAN, U.S. Census Bureau, and Strategic Impact Advisors

Exhibit 19 summarizes the projected tax revenue reductions in Fairfax County under a 30 percent layoff scenario. Direct tax receipts are projected to decrease by \$783.9 million in federal taxes, \$83.4 million in state taxes, and \$3.8 million in county and sub-county taxes, totaling \$871.2 million. Induced reductions are anticipated to be \$81.1 million in federal taxes, \$31.7 million in state taxes, and \$43.2 million in county and sub-county taxes, totaling \$156 million. The combined direct and induced tax revenue losses under the 30 percent layoff scenario are projected to be \$865 million in federal taxes, \$115 million in state taxes, \$47 million in county and sub-county taxes, and over \$1 billion in total taxes.

| <b>Exhibit 20. Tax Revenue Losses in Fairfax County due to the Federal Contractor Layoffs, 2025</b> |                      |                        |                        |
|---|----------------------|------------------------|------------------------|
| <b>Tax Category/Layoff Scenario</b>   | <b>10 Percent</b>    | <b>20 Percent</b>      | <b>30 Percent</b>      |
| <b>Federal Taxes</b>  | <b>\$739,689,665</b> | <b>\$1,479,379,329</b> | <b>\$2,219,068,994</b> |
| Personal Income Tax   | \$693,839,814        | \$1,387,679,629        | \$2,081,519,443        |
| Corporate Profits Tax   | \$45,849,850         | \$91,699,700           | \$137,549,551          |
| <b>State Taxes</b>  | <b>\$124,862,423</b> | <b>\$249,724,846</b>   | <b>\$374,587,268</b>   |
| Personal Income Tax   | \$63,255,587         | \$126,511,174          | \$189,766,761          |
| Corporate Income/Franchise Tax  | \$19,967,958         | \$39,935,916           | \$59,903,874           |
| Intangible Property Tax   | \$188,895            | \$377,790              | \$566,685              |
| Sales and Use Taxes   | \$34,147,942         | \$68,295,884           | \$102,443,827          |
| Other Taxes   | \$7,302,040          | \$14,604,081           | \$21,906,121           |
| <b>County and Sub County Taxes</b>  | <b>\$94,283,594</b>  | <b>\$188,567,188</b>   | <b>\$282,850,781</b>   |
| Real and Personal Property Tax  | \$80,174,791         | \$160,349,583          | \$240,524,374          |
| Sales Tax   | \$7,499,325          | \$14,998,649           | \$22,497,974           |
| Other Taxes   | \$6,609,478          | \$13,218,955           | \$19,828,433           |
| <b>Total</b>  | <b>\$958,835,681</b> | <b>\$1,917,671,362</b> | <b>\$2,876,507,044</b> |

Source: SIA and IMPLAN

Exhibit 21 shows tax revenue reductions in Fairfax County under a 10 percent layoff scenario. Direct tax receipts are reduced by \$551.9 million (federal), \$75.2 million (state), and \$39.2 million (local), totaling \$666.3 million. Indirect and induced tax reductions amount to \$187.8 million (federal), \$49.6 million (state), and \$55.1 million (local), totaling \$292.5 million.

| <b>Exhibit 21. Tax Revenue Losses in Fairfax County due to the Federal Contractor Layoffs 10 Percent Layoff Scenario, 2025</b> |                      |                             |                      |                         |
|--|----------------------|-----------------------------|----------------------|-------------------------|
| <b>Tax Category</b>  | <b>Direct</b>        | <b>Indirect and Induced</b> | <b>Total</b>         | <b>Percent of Total</b> |
| <b>Federal Taxes</b>   | <b>\$551,870,252</b> | <b>\$187,819,413</b>        | <b>\$739,689,665</b> | <b>77.1%</b>            |
| Personal Income Tax  | \$529,723,403        | \$164,116,411               | \$693,839,814        | 72.4%                   |
| Corporate Profits Tax  | \$22,146,849         | \$23,703,001                | \$45,849,850         | 4.8%                    |
| <b>State Taxes</b>   | <b>\$75,254,792</b>  | <b>\$49,607,631</b>         | <b>\$124,862,423</b> | <b>13.0%</b>            |
| Personal Income Tax  | \$48,251,126         | \$15,004,461                | \$63,255,587         | 6.6%                    |
| Corporate Income/Franchise Tax   | \$9,645,121          | \$10,322,837                | \$19,967,958         | 2.1%                    |
| Intangible Property Tax  | \$78,799             | \$110,096                   | \$188,895            | 0.0%                    |
| Sales and Use Taxes  | \$13,679,745         | \$20,468,198                | \$34,147,942         | 3.6%                    |
| Other Taxes  | \$3,600,002          | \$3,702,039                 | \$7,302,040          | 0.8%                    |
| <b>County and Sub County Taxes</b>   | <b>\$39,194,420</b>  | <b>\$55,089,174</b>         | <b>\$94,283,594</b>  | <b>9.8%</b>             |
| Real and Personal Property Tax   | \$33,445,485         | \$46,729,307                | \$80,174,791         | 8.4%                    |
| Sales Tax  | \$3,004,247          | \$4,495,078                 | \$7,499,325          | 0.8%                    |
| Other Taxes  | \$2,744,688          | \$3,864,789                 | \$6,609,478          | 0.7%                    |
| <b>Total</b>   | <b>\$666,319,464</b> | <b>\$292,516,217</b>        | <b>\$958,835,681</b> | <b>100.0%</b>           |

Source: IMPLAN, U.S. Census Bureau, and Strategic Impact Advisors

Exhibit 23 outlines projected tax revenue reductions in Fairfax County under a 30% layoff scenario. Direct taxes are expected to drop by \$2 billion, including \$1.6 billion in federal taxes, \$225.8 million in state taxes, and \$117.6 million in local taxes. Indirect and induced tax reductions total \$877.5 million: \$563.4 million in federal taxes, \$148.8 million in state taxes, and \$165.3 million in local taxes. The combined total tax revenue losses are projected at \$2.9 billion: \$2.2 billion in federal taxes, \$374.6 million in state taxes, and \$282.8 million in local taxes.

| <b>Exhibit 23. Tax Revenue Losses in Fairfax County due to the Federal Employee Layoffs 30 Percent Layoff Scenario, 2025</b> |                        |                             |                        |                         |
|--|------------------------|-----------------------------|------------------------|-------------------------|
| <b>Tax Category</b>  | <b>Direct</b>          | <b>Indirect and Induced</b> | <b>Total</b>           | <b>Percent of Total</b> |
| <b>Federal Taxes</b>   | <b>\$1,655,610,756</b> | <b>\$563,458,238</b>        | <b>\$2,219,068,994</b> | <b>77.1%</b>            |
| Personal Income Tax  | \$1,589,170,209        | \$492,349,234               | \$2,081,519,443        | 72.4%                   |
| Corporate Profits Tax  | \$66,440,547           | \$71,109,004                | \$137,549,551          | 4.8%                    |
| <b>State Taxes</b>   | <b>\$225,764,377</b>   | <b>\$148,822,892</b>        | <b>\$374,587,268</b>   | <b>13.0%</b>            |
| Personal Income Tax  | \$144,753,378          | \$45,013,383                | \$189,766,761          | 6.6%                    |
| Corporate Income/Franchise Tax   | \$28,935,363           | \$30,968,511                | \$59,903,874           | 2.1%                    |
| Intangible Property Tax  | \$236,397              | \$330,289                   | \$566,685              | 0.0%                    |
| Sales and Use Taxes  | \$41,039,234           | \$61,404,593                | \$102,443,827          | 3.6%                    |
| Other Taxes  | \$10,800,005           | \$11,106,116                | \$21,906,121           | 0.8%                    |
| <b>County and Sub County Taxes</b>   | <b>\$117,583,259</b>   | <b>\$165,267,522</b>        | <b>\$282,850,781</b>   | <b>9.8%</b>             |
| Real and Personal Property Tax   | \$100,336,454          | \$140,187,920               | \$240,524,374          | 8.4%                    |
| Sales Tax  | \$9,012,740            | \$13,485,233                | \$22,497,974           | 0.8%                    |
| Other Taxes  | \$8,234,065            | \$11,594,368                | \$19,828,433           | 0.7%                    |
| <b>Total</b>   | <b>\$1,998,958,392</b> | <b>\$877,548,652</b>        | <b>\$2,876,507,044</b> | <b>100.0%</b>           |

Source: IMPLAN, U.S. Census Bureau, and Strategic Impact Advisors