

Budget Highlights

This section includes:

- ▶ *Fairfax County Budget Facts
(Page 34)*
- ▶ *General Fund Receipts
(Page 35)*
- ▶ *General Fund Disbursements
(Page 36)*
- ▶ *Budget Highlights
(Page 37)*
- ▶ *Revenue All Funds - Pie Chart
(Page 55)*
- ▶ *Expenditures All Funds - Pie Chart
(Page 56)*

BUDGET HIGHLIGHTS

FY 2003 FAIRFAX COUNTY BUDGET FACTS

Budget Guidelines

- ◆ In April 2001, the Board of Supervisors approved **Budget Guidelines** that directed the County Executive to develop a budget for Fiscal Year 2003 that limits increases in expenditures to projected increases in revenues.
- ◆ If Real Estate assessments continue to increase significantly, the Board will direct the County Executive to develop a budget for FY 2004 that includes a reduction in the Real Estate tax.
- ◆ **The County's transfer to the Fairfax County Public Schools (FCPS)** should also be limited to the projected rate of increase in County revenues.
- ◆ **In order to prevent future structural imbalances**, non-recurring funds will be directed toward non-recurring uses and only recurring resources may be targeted toward recurring expenses.
- ◆ **One-half of the balance** remaining after Carryover adjustments and the allocation to the Revenue Stabilization Fund is to be allocated to the Schools to support non-recurring requirements.

Tax Base

- ◆ **Total FY 2003 General Fund Revenue** is \$2.44 billion and reflects an increase of \$155.48 million or 6.8 percent over the *FY 2002 Revised Budget Plan*.
- ◆ **One Real Estate Penny** is equivalent to approximately \$11.6 million in tax revenue.
- ◆ **One Personal Property Penny** is equivalent to approximately \$0.9 million in tax revenue.
- ◆ **Average Residential Assessed Property Value** is projected at \$272,943.
- ◆ **The Commercial/Industrial percentage** of the County's Real Estate Tax base is 21.97 percent.
- ◆ **Assessed Value** of all real property is projected to increase \$15.1 billion or 15.14 percent over FY 2002.
- ◆ **Real Estate and Personal Property Taxes** (including the Personal Property portion being reimbursed by the Commonwealth) comprise approximately 75.9 percent of Combined General Fund Revenues.

Expenditures

- ◆ **General Fund Direct Expenditures** total \$915.37 million, an increase of 3.63 percent over the *FY 2002 Revised Budget Plan*.
- ◆ **General Fund Disbursements** total \$2.44 billion and reflect an increase of \$119.53 million, or 5.15 percent, over the *FY 2002 Revised Budget Plan*.
- ◆ **The County General Fund transfer** for school operations totals \$1.17 billion, an increase of \$87.95 million, or 8.14 percent, over the *FY 2002 Revised Budget Plan* transfer.
- ◆ **Expenditures for All Appropriated Funds** total \$4.1 billion.
- ◆ **General Fund Support for Information Technology (IT) Projects** is \$5.92 million. FY 2003 project consideration was guided by priorities established by the IT Senior Steering Committee. Projects with the highest priority include those mandated by the Federal or State government and those necessary to complete previous project investments.
- ◆ **Pay-As-You-Go Capital Construction** projects total \$16.2 million.
- ◆ **Authorized Positions** for all funds are increasing by a net 23/23.54 SYE positions in FY 2003. These positions are all associated with staffing new County facilities or workload requirements.

Tax Rates

- ◆ **Real Estate Tax Rate** is reduced from \$1.23 to \$1.21 per \$100 assessed value.
- ◆ **Personal Property Tax Rate** remains at \$4.57 per \$100 assessed value.
- ◆ **Refuse Disposal Rate** remains constant at \$45 per ton.
- ◆ **Leaf Collection Rate** remains constant at 1 cent per \$100 assessed valuation.
- ◆ **Sewer Service Rate** increases from \$2.88 to \$2.95 per 1,000 gallons of water consumption.
- ◆ **Sewer Availability Charge** for new single family homes increases from \$5,069 to \$5,247.
- ◆ **Refuse Collection Rate** for County collected sanitation districts remains at \$210 per household.
- ◆ **Solid Waste Ash Disposal Rate** remains constant at \$11.50 per ton.
- ◆ **Solid Waste Reduction and Recycling Rate** increases from \$195 to \$225 per participant.
- ◆ **A Countywide Special Tax** of \$0.001 per \$100 of assessed value, or an average of \$2.73 per household, is included for the Forest Integrated Pest Management Program.

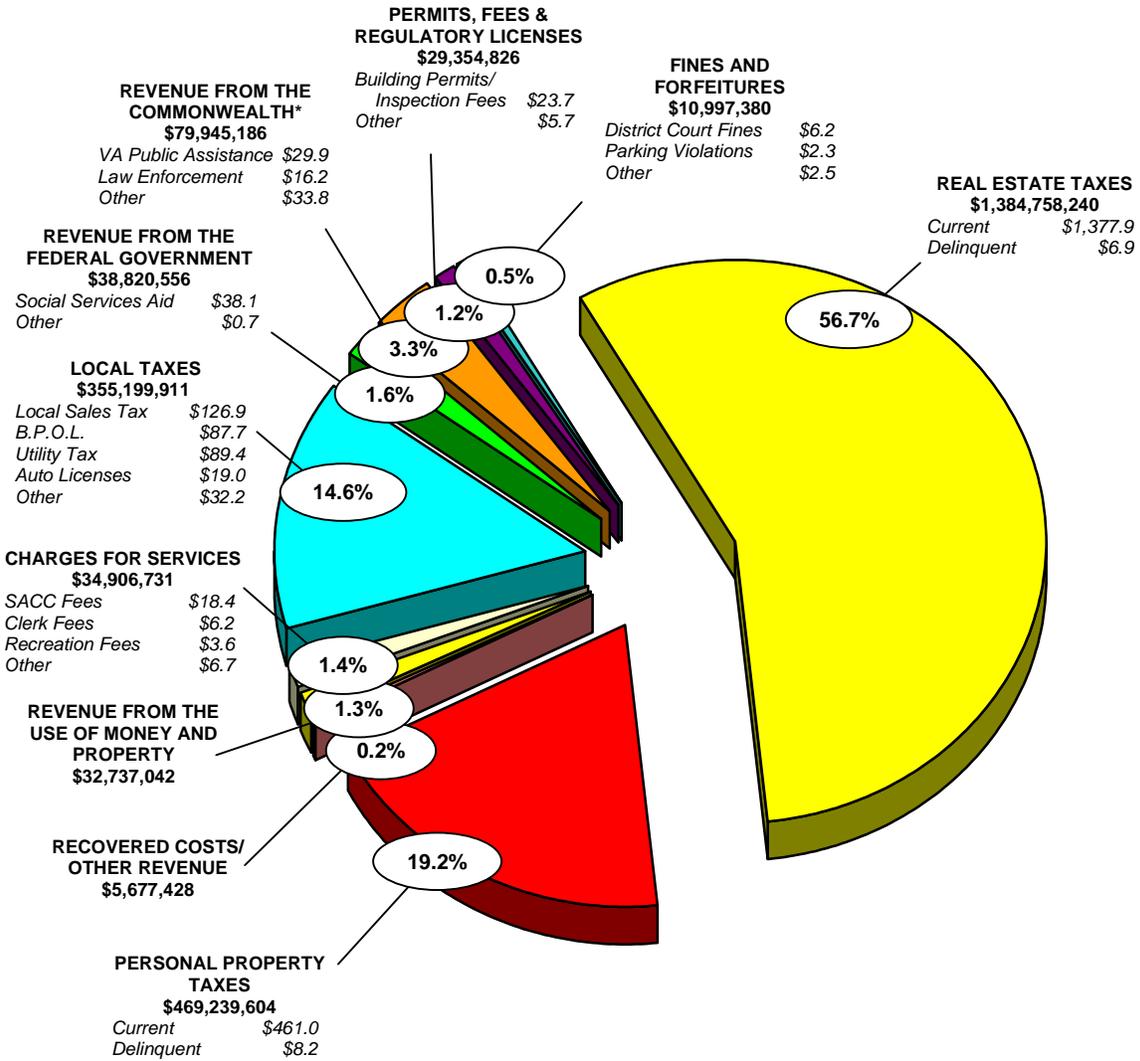
Population

- ◆ **Fairfax County's population** is projected to be 998,153 persons as of January 2002. This is an increase of 1.72 percent over the January 2001 estimate of 981,290 and an increase of 21.9 percent over the 1990 census count.

BUDGET HIGHLIGHTS

FY 2003 GENERAL FUND RECEIPTS

Where it comes from . . .
(subcategories in millions)



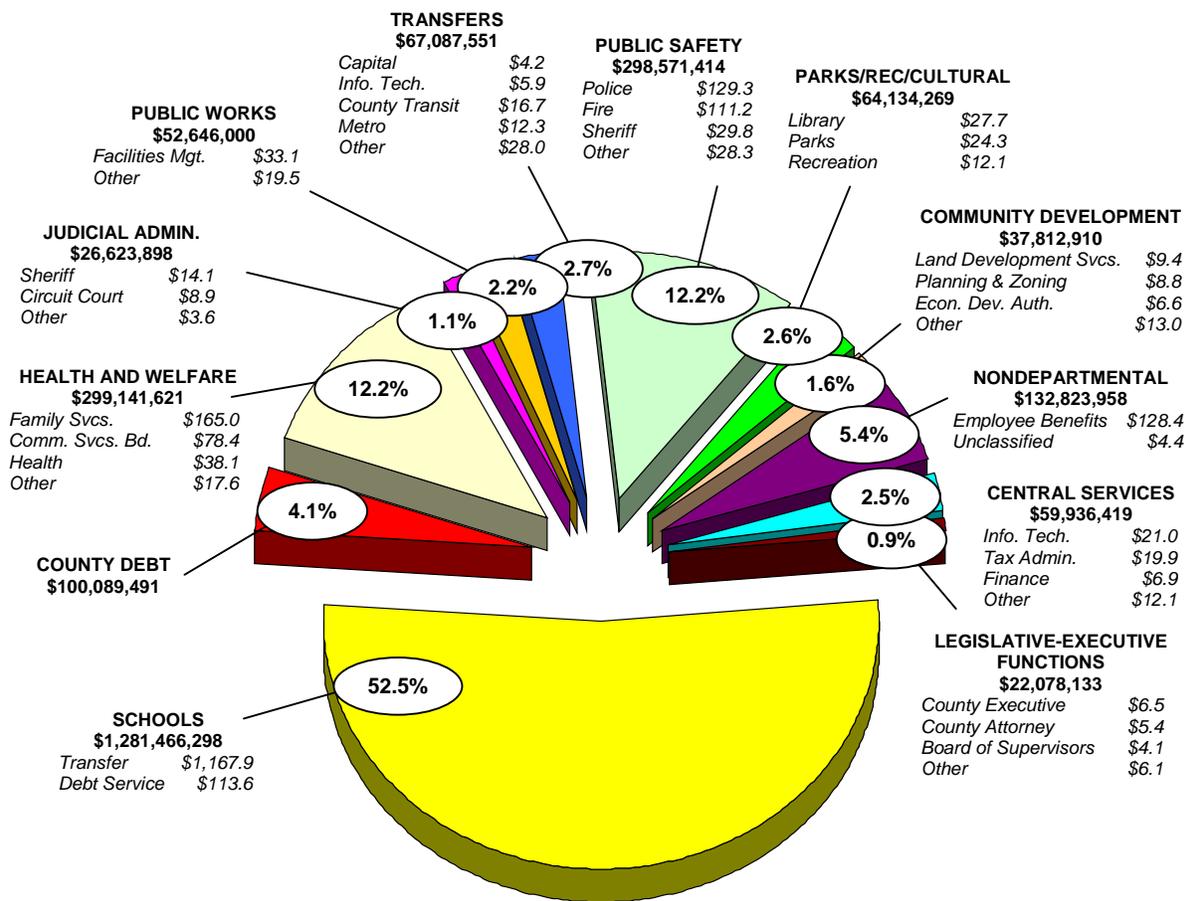
FY 2003 GENERAL FUND RECEIPTS = \$2,441,636,904

* For presentation purposes, Personal Property Taxes that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Personal Property Taxes category.

BUDGET HIGHLIGHTS

FY 2003 GENERAL FUND DISBURSEMENTS

Where it goes . . .
(subcategories in millions)



FY 2003 GENERAL FUND DISBURSEMENTS = \$2,442,411,962

BUDGET HIGHLIGHTS

BUDGET HIGHLIGHTS

This section provides a synopsis of major highlights of the FY 2003 Adopted Budget Plan. The FY 2003 Adopted Plan includes funding for a net total of 23 new positions, the opening of new County facilities, State mandates, or substantial workload adjustments. The *Budget Highlights* are summarized in the following sections:

- ◆ County Support for Fairfax County Public Schools
- ◆ Support for Public Safety
- ◆ Other New Facilities
- ◆ Support for Youth, Family and the Community
- ◆ Support for Transportation
- ◆ Employee Compensation
- ◆ Business Operations (Including Information Technology)
- ◆ Capital Construction Program
- ◆ Bond-Funded Projects
- ◆ County Budget Reductions
- ◆ Tax Rate and Fee Adjustments
- ◆ Financial Forecast
- ◆ Performance Measurement
- ◆ Government Performance Project
- ◆ Fairfax County Economic Index

County Support for Fairfax County Public Schools

For FY 2003, Fairfax County is providing the highest percentage of County revenue in 20 years – more than 52 percent of its total General Fund budget to Fairfax County Public Schools (FCPS). This level of funding accounts for approximately 75 percent of the FCPS operating budget. Funding is provided through two transfers – one transfer to support operations and another to support debt service for bond-funded capital projects to build new schools and renew older facilities. As part of their deliberations on the FY 2003 budget, the Board of Supervisors increased County funding to FCPS by \$17.3 million over the FY 2003 Advertised Budget Plan, the details of which are described below.

General Fund Transfers

- ◆ **School Operating Fund** **\$1.17 billion**

The FY 2003 County General Fund transfer to the Fairfax County Public Schools for school operations totals \$1,167,861,517, an increase of \$87,949,761, or 8.14 percent over the *FY 2002 Revised Budget Plan*. In fact, since the Board of Supervisors' number one priority is education, the Board took steps to reallocate funding from other County programs in order to increase the operating transfer to FCPS by an additional \$11,600,000 over the FY 2003 Advertised Budget Plan as well as making available for school operations an additional \$5.7 million as a result of the County assuming debt service payments formally included in the School's operating budget.

BUDGET HIGHLIGHTS

◆ School Debt Service

\$113.6 million

The FY 2003 transfer for School Debt Service is \$113,604,781, an increase of \$8,076,373 over the *FY 2002 Revised Budget Plan*. The combined transfer for School operating and School debt service is \$1.28 billion, which represents 52.5 percent of total County disbursements. Since FY 2001, the Board of Supervisors has increased authorized school bond sales from \$100 million to \$130 million each year. This level of sales has accelerated the pace of school construction. In FY 2003, the County has included funding for \$136.4 million for Public School Construction, which also includes school renewals. This transfer includes an additional \$5.7 million for the \$60 million in bonds sold for School capital projects in the fall of 1999 and 2000 in order to make more funding available for FCPS operating requirements.

Other Support for FCPS

◆ Additional County Funding in Support of Fairfax County Public Schools (FCPS) **\$46.2 million**

Fairfax County provides additional support to Fairfax County Public Schools over and above the Operating and Debt Service transfers shown above. For FY 2003, this support totals \$46.2 million, which funds the following:

- \$26.4 million for the Comprehensive Services Act (CSA), Head Start and School Age Child Care (SACC) programs;
- \$7.9 million to support Public School Nurses and Clinic Room Aides for schools;
- \$6.8 million for School Crossing Guards and School Resource Officers who are now assigned to all FCPS high schools, middle schools and alternative schools;
- \$1.6 million for the bus technology project to include radios;
- \$1.5 million in services provided by the Fairfax-Falls Church Community Services Board;
- \$1.8 million for athletic field maintenance and other recreation programs; and
- \$0.2 million for other programs in the Fire and Rescue Department and the Department of Community and Recreation Services that support FCPS.

Support for Public Safety

◆ Creation of a Dedicated Hazardous Materials Response Unit

\$1.77 million

The post-September 11 anthrax threat underscored the need for a fully dedicated hazardous materials response unit. The Board of Supervisors approved \$1.77 million and 23/23.0 SYE positions to support the availability of a separate, full-time (24/7) hazardous materials unit, which will respond to more than several hundred calls annually, maintain its readiness through specialized training, provide First Responder Operations training for all uniformed personnel as well as conduct/participate in training with external agencies, and develop pre-incident response plans for County-based facilities.

BUDGET HIGHLIGHTS

◆ **Increased Overtime Funding for Critical Public Safety Programs** **\$1.63 million**

Overtime funding for the Police Department has been increased \$1.63 million in FY 2003 primarily for security and investigative work that began after the events of September 11 and is expected to continue based on our current high alert status. This work includes participation in federal terrorism task forces, increased surveillance activities, and outreach to residents, neighborhood groups and businesses in target communities.

◆ **Transfer of Animal Shelter Function to Police Department**

As part of the FY 2003 budget, the functions of the Animal Shelter are transferred to the Police Department to better reflect the alignment of resources. A total of 19/19.0 SYE positions are being transferred. The Animal Shelter will continue to provide humane care, food, and temporary shelter for approximately 7,500 animals each year.

◆ **Sully District Police Station** **\$5.94 million**

The newly constructed Sully District Police Station is scheduled to open in January 2003, the first new policing district in Fairfax County in 26 years. Funding of \$5,942,418 and 25/25.0 SYE positions are included in FY 2003 for this new facility. Additional staff positions have been provided from the COPS Universal Hiring Program V grant which was approved by the Board in October 2000 as well as the redeployment of existing positions from within the Police Department.

This level of funding includes Personnel Services funding of \$1,846,115, including \$442,978 in Fringe Benefits, Operating Expenses funding of \$2,222,618, and Capital Equipment funding of \$1,873,685. Operational requirements include: vehicle expenses such as radios, sirens, equipment, and maintenance/replacement costs; telecommunications expenses; furniture and storage cabinets; computer workstations; and other one-time operating expenses associated with the opening of a new facility. Capital Equipment funding provides for the purchase of vehicles for the officers assigned to the new station.

Other New Facilities

◆ **School Age Child Care (SACC) Centers** **\$373,597**

Net funding of \$373,597 is included to support 22/22.54 SYE new positions associated with the SACC program, which provides for the safety, care, and developmental needs of school-age children through enriched learning experiences. In FY 2003, five new rooms will be added to existing school-year sites as a result of school renewals, one room each at Camelot and Bren Mar (Mason), Hunters Woods and Dogwood (Hunter Mill), and Orange Hunt (Springfield). Collectively, these five school-year sites will serve 250 additional children, including 25 with special needs. In addition, five school-year sites will transition from a school-year (9 month) schedule to a year-round (12 month) schedule at Timber Lane and Graham Road (Providence), Franconia (Lee), Glen Forest (Mason), and Dogwood (Hunter Mill). It should be noted that funding of \$1,494,391, including \$225,937 in Fringe Benefits, has been included for costs associated with these SACC program expansions. These expenditures are partially offset by revenue of \$1,120,794, resulting in a net cost of \$373,597. In FY 2003, the school-year program will provide child care for approximately 8,559 children at 125 SACC sites. SACC will also operate 25 general summer centers for approximately 2,551 children and two self-contained special needs summer centers for 50 children. Both the school year and the summer program include integrated spaces for children with special needs.

BUDGET HIGHLIGHTS

Support for Youth, Family and the Community

◆ **Consolidated Community Funding Process** **\$8.1 million**

FY 2003 will be the first year of a new two-year funding cycle that uses a consolidated process to set priorities and award funds from both the Consolidated Community Funding Pool and the Community Development Block Grant. In FY 2003, there will be approximately \$8.1 million available for the Consolidated Community Funding process, of which approximately \$6.3 million will be in Fund 118, Consolidated Community Funding Pool, and approximately \$1.8 million will be in Fund 142, Community Development Block Grant. This funding is approximately \$0.3 million more than the FY 2002 total of approximately \$7.8 million as a result of a 6.0 percent increase in the Fund 118 funding available for community-based agencies. FY 2003 funding is provided to leverage additional funds through strategies such as cash-match from other non-County sources, in-kind services from volunteers, or contributions from businesses, the faith community, and other sources.

◆ **Vendor Contract Inflation Adjustment** **\$1.8 million**

Funding increases in Human Service agencies for inflationary adjustments to vendor contracts total \$1.8 million. State revenue reimbursement of \$0.1 million results in a net cost of \$1.7 million in the Department of Family Services (\$373,795), the Health Department (\$638,692) and the Fairfax-Falls Church Community Services Board (\$691,354). The increases are largely the result of personnel-driven contracts and include disability services, emergency homeless shelters, Healthy Families Fairfax, SACC snacks, and maintenance for the Child Care Management System database in the Department of Family Services. The increase also supports maintenance for the Health Department Information System, and \$524,932 in increased contract costs for existing services by primary care providers under the Community Health Care Network. CSB programs impacted include: residential, outpatient and case management services for mental health clients; employment, training, and vocational support for mental retardation clients; and detoxification and methadone services for alcohol and drug services clients.

◆ **Special Education Graduates-Fairfax-Falls Church Community Services Board** **\$0.8 million**

Funding in the amount of \$821,033 is included to provide vocational, transportation, and related services to 94 new special education graduates of the Fairfax County Public Schools. Since 1985, additional County funding for new graduates has been included in the CSB each year, providing for a continuum of services for retarded children/adults. These students have received 20 years of Federally-mandated education. Beyond the mandated special education services, adult services such as employment and training are provided by the CSB. Without this continuity, students may experience regression that could later require more intensive services. Including the June 2002 graduating class, funding of \$15.5 million, or approximately 20 percent of the proposed FY 2003 General Fund Transfer to CSB, supports services for nearly 1,000 former and current special education graduates.

◆ **West County Developmental Center Fairfax-Falls Church Community Services Board** **\$0.4 million**

An amount of \$400,000 is included for the full-year lease costs associated with the West County Developmental Center necessary to accommodate the new class of special education graduates, reduce overcrowding at existing facilities, and address annual program growth for the next several years. It should be noted that \$250,000 for start-up, renovation, and build-out costs was included as part of the *FY 2001 Carryover Review*. Developmental and habilitative services will be provided at this site including health support, speech therapy, training, and some vocational skills development.

BUDGET HIGHLIGHTS

◆ **Communities That Care Youth Survey**
Fairfax-Falls Church Community Services Board **\$65,000**

Funding is provided for the procurement, customization, and administration of the second biannual *Communities That Care Youth Survey*. The survey, to be administered to 11,000 County 8th, 10th and 12th graders, is an assessment tool to determine the rate of use of illicit drugs, including alcohol, among Fairfax County youth and to provide data about youth substance abuse, mental health, health and anti-social behaviors. The survey will provide trend data and other information to more effectively direct resources to provide prevention, intervention, and treatment services for youth. The first *Communities That Care Youth Survey* was completed in April 2001.

◆ **Crisis Care Services for Children and Adolescents**
Fairfax-Falls Church Community Services Board **\$834,109**

Funding in the amount of \$834,109 will support the full-year operation of a crisis care facility for children and adolescents. This facility will serve children and youth in Fairfax County who do not require psychiatric hospitalization but do require diagnostic assessment and targeted treatment in a short-term secure residential setting. An estimated 70 to 80 percent of all children and adolescents pre-screened for hospitalization in mental health emergency services could be diverted from a hospital by staying in a crisis care facility. When fully operational, approximately 300 youth will be diverted from less appropriate placements to this facility. Services will be contracted out to the private sector. In FY 2002, this facility was funded for start-up costs, partial year lease expenses, and operating and equipment costs.

◆ **West Nile Virus Contract**
Health Department **\$350,000**

Funding in the amount of \$350,000 has been included in FY 2003 for ongoing contractual services to provide monitoring and proactive services aimed at preventing the escalation of West Nile Virus in Fairfax County. West Nile Virus is an arbovirus, transmitted between birds and mammals by mosquitoes. The Center for Disease Control (CDC) believes the Washington Metro area to be at a high risk potential for an outbreak of the virus over the next few years. FY 2003 services will include picking up dead birds for testing, monitoring and testing mosquito populations in the County via light traps, identifying mosquito breeding areas, applying larvacides to prevent the hatching of adult mosquitoes, treating selected storm sewers to control mosquitoes, and responding to citizen complaints of excessive mosquitoes.

Support for Transportation

◆ **Funding for Metro Operations** **\$73.5 million**

The FY 2003 County budget obligation for Metrorail and Metrobus operations and capital requirements is \$73.5 million, with funding support from a combination of State aid, gas tax revenue, a General Fund transfer, State bonds, and other miscellaneous sources.

This funding level supports existing Metrorail and Metrobus service levels, improvements to local bus service provided by Washington Metropolitan Area Transit Authority (WMATA), increased funds for MetroAccess due to increased utilization of ADA paratransit services, continuation of the Springfield Circulator Bus Service, and other service enhancements. This funding level also supports necessary capital requirements including facility and equipment maintenance and support of the existing 103-mile Metrorail system. Capital funding required for FY 2003 has increased because of additional subsidy requirements for the Infrastructure Renewal Program (IRP). FY 2003 funding of \$15.5 million is included for the IRP, an amount that is expected to increase in future years. The FY 2003 General Fund transfer to Metro is \$12.3 million and \$12.2 million in Capital requirements will be supported by County General Obligation Bonds. Any necessary adjustments to FY 2003 funding levels for Metro

BUDGET HIGHLIGHTS

Operations will be made at the *FY 2002 Carryover Review*, upon consideration and final approval of the WMATA budget, contingent upon Board of Supervisors' review and approval.

◆ **County Transit Funding** **\$16.7 million**

The FY 2003 County funding requirement for County Transit Systems is \$16.7 million, an increase of \$0.7 million over the FY 2002 level. In conjunction with various State and other miscellaneous funds, this total provides funding for operating and capital expenses for the FAIRFAX CONNECTOR bus system (Huntington, Community Bus Services (CBS), and Reston-Herndon Divisions) as well as the County's share of the subsidy for the Virginia Railway Express (VRE) commuter rail services.

These funds support required contractual adjustments in the FAIRFAX CONNECTOR Bus System, including a 6.1 percent increase for the Huntington Division to support the new contract with Yellow Bus Services approved by the Board of Supervisors on December 3, 2001.

This funding level supports FAIRFAX CONNECTOR bus service, the continuation and expansion of the Dulles Corridor Express Bus Service, and additional fuel costs associated with the introduction of low-sulfur diesel fuel. In addition, \$1.4 million in funds resulting from a change in the Northern Virginia Transportation Commission (NVTC) allocation formula, and available through a transfer from Fund 309, Metro Operations and Construction, will be utilized for various mass transit enhancements such as expanded bus service, and reduced fare initiatives on select transit trips.

Employee Compensation

Attracting and retaining effective employees is key to Fairfax County's success in delivering quality services, developing innovative solutions, and operating efficiently. The County's compensation plans reflect the commitment to providing fair and equitable compensation and benefits competitive with the marketplace. The FY 2003 budget supports our compensation program and includes funding to address a number of refinements. The General Fund cost of the FY 2003 program discussed below is \$21.1 million and is funded entirely within the Budget Guidelines established by the Board.

◆ **Non-Public Safety Adjustments** **\$9.9 million**

For FY 2003, additional funding in the amount of \$9,915,278 is provided. FY 2002 marked the second year of the County's initiative to link pay with performance for the more than 8,000 non-public safety employees covered by Pay for Performance. In an effort to more closely link pay to performance, a new continuous scale was introduced with 12 discrete points (0, 2, 2.5, 3, 3.5, 4, 4.5, 5, 5.5, 6, 6.5, 7) offering employees the opportunity to earn pay increases from 0 to 7 percent, depending on their performance rating. FY 2002 was also the last year for the cost of living adjustment for County employees. For employees in Pay for Performance, future pay increases will be based solely on performance ratings. In FY 2003, funding in the amount of \$8,052,639 for General Fund agencies and \$1,862,639 for General Fund supported agencies for a total of \$9,915,278 is included for pay for performance awards. In addition, to ensure that pay scales remain competitive with the market, non-public safety pay scales will be increased in accordance with the annual market index, calculated based on data from the Consumer Price Index, the Federal Wage adjustment, and the Employment Cost Index, which includes private sector, state and local government salaries. This approach serves to increase the long-term earning potential of employees as the top of the scale will be adjusted to reflect what is happening in the marketplace. In FY 2003, the non-public safety pay scales are adjusted 2.67 percent based on the current market index. It is important to note this adjustment will not impact most employee salaries as a result of the open ranges, and increases can only be earned through performance.

BUDGET HIGHLIGHTS

◆ **Uniformed Public Safety Adjustments** **\$8.6 million**

In FY 2003, pay increases for public safety employees, who are not participating in pay for performance, will be linked to a market rate adjustment and step increments. Funding in the amount of \$1.64 million has been included for public safety merit increments. In addition, \$7.0 million has been included to provide a 2.67 percent market rate adjustment for all public safety employees. This adjustment is consistent with the market index for FY 2003.

◆ **FY 2003 Impact of Increases in Fire and Rescue Salaries** **\$2.5 million**

Adjustments were included in the FY 2002 budget to enhance the competitiveness of Fire and Rescue employee salaries. These included a 2 percent increase for the ranks of Lieutenant and above, effective July 2001, and a 4 percent increase for all uniformed employees effective April 2002. The FY 2003 full year impact of these adjustments is \$2,471,450.

◆ **Market Study Results**

To address issues of employee recruitment and retention and ensure pay competitiveness, annual market studies are conducted on certain job classes which are compared against data on comparable positions in both the public and private sectors. This year, the classes studied included 44 core benchmark classes (selected based on the occurrence of matching job classes in the Metro area and the availability of sufficient market data in the recruitment area) and 33 supplemental benchmark classes (which are more specialized in nature or may be experiencing recruitment/retention problems). Based on the recommendations of the study, employees in classes found to be below market will be moved to a higher pay grade. In accordance with amendments to the Personnel Regulations made in FY 2001, individuals in the "S" pay plan move to the new pay grade but remain at their current pay rate. Only employees whose current pay falls below the minimum for the new pay grade will receive a pay adjustment. Position changes as a result of the market study are reflected in the Job Classification Table found in the "Compensation Plan/Pay Schedules" section in Volume 1 of the FY 2003 Adopted Budget Plan.

◆ **Increase in Shift Differential Pay Rate** **\$0.6 million**

FY 2003 is the second year of the three-year planned phase-in of an increase in shift differential. County employees, in a number of agencies, work evening and overnight shifts to provide important coverage of County operations outside the normal business hours. In FY 2001, the Department of Human Resources conducted a survey of shift differential rates for the Washington area jurisdictions. The survey indicated that Fairfax County's rates were near the lowest in the region. In order to bring these rates to levels more comparable to those in surrounding jurisdictions, a three-year phased increase was proposed for all agencies except for the Fire and Rescue Department where the shift differential increased by \$0.44 effective January 12, 2002. In FY 2002, the first year of the phase-in, shift hourly differentials were increased from \$0.50 to \$0.55 and \$0.70 to \$0.75 for public safety 2nd and 3rd shifts, and from \$0.25 to \$0.40 and \$0.35 to \$0.55 for non-public safety 2nd and 3rd shifts. In FY 2003, shift differential hourly rates increase from \$0.55 to \$0.60 and \$0.75 to \$0.80 for public safety 2nd and 3rd shifts, and from \$0.40 to \$0.55 and \$0.55 to \$0.75 for non-public safety 2nd and 3rd shifts. By year three of the phased-in increase, the rates for all County employees will be equivalent to \$0.65 for the 2nd shift and \$0.90 for the 3rd shift, rates more consistent with the region. The FY 2003 increase associated with the changes is \$598,067.

BUDGET HIGHLIGHTS

Other Employee-Related Items

◆ **Health Insurance Cost Increase** **\$4.5 million**

In FY 2003, group health insurance premiums total \$36,327,637, an increase of \$4,466,642 or 14.0 percent over the *FY 2002 Revised Budget Plan*. The increase is based on nationwide health insurance cost growth trends, which result in an average health insurance premium increase of 20.0 percent for both the self-insured plan and the HMOs, effective January 1, 2003 (a six-month impact in FY 2003). After slow medical cost growth in the early to mid 1990's, spending for health care has been steadily increasing in recent years. The primary factors in the escalating cost growth are increased utilization and the rising costs of prescription drugs. The County offers a competitive program of health care coverage for employees and retirees. To offset larger premium increases, the plans have been modified to increase deductibles and out-of-pocket limits as well as add incentives for generic drugs.

◆ **Retirement Systems** **\$1.2 million**

The FY 2003 employer contributions total \$50,278,694, an increase of \$1,221,008 or 2.5 percent over the *FY 2002 Revised Budget Plan*. The net increase is based on the impact of the changes in the employer contribution rates as determined by the actuarial valuation which results in an increase of \$7,783, a net increase of \$1,497,840 for pay for performance/merit increments for current staff, new positions and salary adjustments, and an increase in the Uniformed contribution based on benefit enhancements, offset by a decrease of \$284,615 associated with the Retirement Corridor approach.

◆ **Workers' Compensation** **\$3.6 million**

An increase of \$3,593,219 in the General Fund workers' compensation premium reflects the one-time use in FY 2002 of available savings due to the cumulative impact of better than projected claims experience. This experience resulted in lower than anticipated workers' compensation liability, which is passed on to the General Fund through reduced premiums. In FY 2003, this balance is unavailable to offset premium costs to the General Fund.

◆ **Funding for Training** **No Increase**

Training funding in Agency 89, Employee Benefits, remains at the FY 2002 Adopted Budget Plan level of \$1,592,150. This level of funding supports: the County's Tuition Assistance Program; General County Training Program which includes supervisory development, career development and team building; Language Skills Program; and Information Technology Training. In addition, the agency-specific training initiatives undertaken in FY 2002 have been maintained, whereby funding for certification training previously budgeted in Employee Benefits was moved to agency operating budgets and professional development training was provided based on a percentage of Regular Salaries and Limited Term funding.

BUDGET HIGHLIGHTS

Business Operations (Including Information Technology)

◆ Additional Positions

A net total of 23 new positions is included in the FY 2003 budget. Of this amount, 70 new positions are necessary to support new facilities or completed expansions to existing facilities and the creation of a full-time HAZMAT unit, and one position (non-General Fund) to address workload increases (see detail below). Additionally, 48 existing positions were abolished as part of reductions approved by the Board of Supervisors. Only 76 net positions have been added to the County's total position count since FY 1991. The position count has remained relatively stable over the past decade despite the addition of new facilities, sizeable increases in workload, and increases in population (and related service requirements) by redirecting resources and making effective use of technology. Details are included in the narrative portion of each agency write-up.

▪ Additional Position – McLean Community Center **\$35,000**

Funding of \$35,000 including \$28,000 in Personnel Services and \$7,000 for Fringe Benefits is included to provide for 1/1.0 SYE additional Recreation Specialist I position. The position will assist the Performing Arts Director with administrative support duties as well as coordination and scheduling of programs, expansion of current programs, and the development of new programs especially in the areas of youth participation. Patron participation is expected to increase from 65,535 hours in FY 1999 to an estimated 86,000 hours in FY 2003. This position is entirely supported with revenues of the Community Center and has no General Fund impact.

◆ Vendor Contract Increases **\$1.4 million**

Funding for contractual increases in Facilities Management (\$890,857) and County Transit (\$498,408) is provided. The increases include elevator maintenance, security and custodial services, parking management, and defibrillator training in the Facilities Management Division, as well as contract requirements for FAIRFAX CONNECTOR bus service for the Community Bus Services, Reston-Herndon and Huntington Divisions.

◆ Information Technology (IT) Funding **\$8.12 million**

In FY 2003, a total of \$5,921,626 is transferred from the General Fund, \$540,000 is available as a result of the State's Technology Trust Fund, \$622,000 is projected in interest earnings and \$1,039,577 is anticipated to be available from the FY 2002 year-end balance. FY 2003 Information Technology funding requests, which totaled approximately \$29.6 million, spanned a wide variety of technologies and initiatives, including funding for the continuation of major redesign initiatives, as well as smaller, agency-specific technology enhancements. Significant review and analysis were required to manage the technology needs within limited fiscal resources.

During review, funding consideration was guided by five information technology priorities established by the Senior Information Technology Steering Committee, which is comprised of the County Executive and Senior County managers. These initiatives included a mix of projects that provide benefits for both citizens and employees and adequately balance new and continuing initiatives with the need to maintain and strengthen the County's technology infrastructure. Funding was proposed at a level of \$10.19 million. During deliberations on the FY 2003 budget, however, the Board of Supervisors approved an \$8.12 million expenditure plan. The adopted funding levels of the five information technology priorities are as follows:

BUDGET HIGHLIGHTS

Information Technology Priorities	FY 2003 Adopted Funding
Projects Providing Convenient Access to Information and Services	\$2.59 million
Projects Providing a High Level of Responsiveness to Customer Requirements	\$0.88 million
Management of County Information Assets	\$2.57 million
Management of County Technology Assets	\$1.83 million
Management of County Human Resource Assets	<u>\$0.25 million</u>
TOTAL	\$8.12 million

◆ **Health Insurance Portability and Accountability Act (HIPAA) \$200,000**

FY 2003 funding of \$200,000 is included in the Department of Information Technology to support technical and business operation requirements to meet the Federally-mandated Health Insurance Portability and Accountability Act (HIPAA) passed by Congress in 1996. This Act requires a number of measures in order to protect the privacy of individually identifiable health information. It is anticipated that a majority of the mandate will require changes to business practices, staffing allocations, facility configurations, and awareness training. Every County agency will need to assess its handling of data and procedures within its business practices, and incorporate the privacy provisions in all systems it uses. HIPAA compliance for electronic transmission standards is required by October 2002. Compliance with privacy and disclosure regulations is required by April 2003. Security and storage regulations will be implemented at a future date.

◆ **Solid Waste Disposal Transfer \$3.4 million**

In FY 2003, to fund the operating deficit for Fund 110, Refuse Disposal, a General Fund transfer of \$3,439,291 is required, a reduction of \$2,060,709 from the FY 2002 level of \$5.5 million primarily due to projected increased disposal tonnages and the FY 2002 negotiated contracted disposal rate increase from \$36.00 to \$37.95 per ton. The County's refuse disposal system has maintained a competitive disposal rate in order to retain tonnage levels at the required 930,750 tons per year at the Energy/Resource Recovery Facility. As a result, program costs over the same period exceeded revenues by a yearly average of \$4.8 million. These shortfalls had been absorbed from fund balances that were depleted in FY 2000. In FY 2001, \$5.46 million was made available from the Rate Stabilization Reserve in Fund 112, Energy/Resource Recovery Facility, to cover the operational shortfall and an additional \$5.5 million was transferred from the General Fund in FY 2002. In FY 2003, a transfer of \$3.4 million from the General Fund will allow the County to maintain current refuse disposal rates and continue to provide the level of service to specific disposal programs that do not fully recover their costs. The subsidized programs include the County's Recycling Program, Household Hazardous Waste Program, and Code Enforcement Program. The FY 2004 General Fund transfer to Fund 110 could increase, primarily as a result of economic factors which may result in a decrease of waste tonnages or a change in the contracted rate for disposal based on current conditions or a more competitive market.

BUDGET HIGHLIGHTS

Capital Construction Program

Financial Policies and Debt Management

In 1975, the Board of Supervisors adopted the *Ten Principles of Sound Financial Management*, a set of policies which has been instrumental in maintaining the County's "triple A" bond rating. The County's exceptional "triple A" bond rating gives its bonds an unusually high level of marketability and results in the County being able to borrow for needed capital improvements at low interest rates, thus realizing significant savings now and in the future for the citizens of Fairfax County.

From time to time, the Board of Supervisors has amended and reaffirmed the *Ten Principles of Sound Financial Management* in order to address changing economic conditions. The Board last affirmed the *Ten Principles* in August 1988. This year, the *Ten Principles* have been revised to reflect current economic conditions and operating practices. Staying current will allow the County to continue to maintain its superior fiscal position, and, more importantly, will enable it to adjust its debt capacity from \$150 million to \$200 million annually to meet increasing capital needs.

In addition to bond financing and bonding capacity, the *Ten Principles* also address management practices related to financial policies and tools. The amendments reflect current fiscal management practices that provide greater accountability. For example, the County has replaced the Management by Objectives (MBO) approach with a performance measurement system that uses a Family of Measures (Output, Efficiency, Service Quality, and Outcome) that is linked to each agency's mission, goals and objectives, and focuses on meaningful results. Further information on the *Ten Principles of Sound Financial Management*, including the 1988 and 2002 (updated) versions, may be found in the "Long-Term Financial Policies and Tools" section of this *Overview* volume.

In addition, this year marks the beginning of a process to enhance the way the County uses the Capital Improvement Program (CIP) as an effective planning tool for capital facilities. The County has been challenged in recent years to keep pace with facility requirements associated with infrastructure maintenance and growth in population. In order to address these issues and link the CIP to the County's goals as identified in the Comprehensive Plan, staff is working to refine the capital planning process. These refinements include development of Guiding Principles for capital planning and new criteria to be utilized by staff in forming recommendations for the CIP and the capital budget. Format changes to the CIP document have also been developed to distinguish major maintenance and rehabilitation projects from new or growth-initiated projects and to identify long-term project requirements. This will be an iterative process over the next several years that is expected to result in a comprehensive blueprint for the development and renewal of capital facilities.

Following are details on the components of the Capital Construction Program for FY 2003.

Paydown Construction Program

An amount of \$16.2 million is included for County Paydown construction in FY 2003 and is directed to the most critical projects. Further detail is provided in the "Capital Projects Overview" section of this *Overview* volume.

◆ County Maintenance

\$1.44 million

Funding in the amount of \$1,436,000 will continue to provide general maintenance funds to address priority requirements at County facilities including: general maintenance funds including: HVAC/electrical replacement (\$350,000); roof repair and waterproofing (\$200,000); parking lot resurfacing (\$200,000); fire alarm replacement (\$200,000); and emergency generator replacement (\$36,000). Funding is also included in the amount of \$450,000 for miscellaneous building repairs.

BUDGET HIGHLIGHTS

◆ **Parks Maintenance** **\$1.83 million**

Funding in the amount of \$1,829,000 has been included for Park maintenance at non-revenue supported Park facilities to fund such items as: repairs/replacements to roofs, electrical and lighting systems, security and fire alarms, sprinklers, and HVAC equipment (\$505,000); grounds maintenance (\$700,000); minor routine preventive maintenance (\$470,000); and ongoing implementation of ADA compliance at Park facilities (\$154,000).

◆ **Athletic Field Maintenance** **\$1.50 million**

Funding in the amount of \$1,500,000 has been included for Athletic Field maintenance in order to maintain quality athletic fields at acceptable standards, improve safety standards, improve playing conditions and increase user satisfaction. Maintenance includes: field lighting, fencing, irrigation, dugout covers, infield dirt, aerification and seeding. The FY 2003 funding level includes: Boys' Baseball field lighting (\$100,000), Girls' Softball field lighting (\$100,000), Girls' Fast Pitch field maintenance (\$200,000), general field maintenance at designated Fairfax County Public School athletic fields (\$800,000), and the Field Maintenance Matching Program (\$300,000).

◆ **Revitalization Initiatives** **\$1.60 million**

Funding totaling \$1,600,000 is provided for Commercial Revitalization projects (\$608,000) to be approved by the Board of Supervisors in the context of the Capital Improvement Program (CIP) and/or other planning discussions; and for specific commercial revitalization efforts (\$992,000) in Baileys Crossroads/Seven Corners, Annandale, Richmond Highway, Lake Anne, Merrifield, Springfield, and McLean, as well as Commercial Revitalization program costs.

◆ **Stormwater Management** **\$2.42 million**

A total of \$2,420,000 has been included for storm drainage maintenance and emergency repairs including: Kingstowne environmental monitoring (\$150,000); dam safety inspections and improvements (\$500,000); perennial stream mapping (\$75,000); and annual emergency drainage repairs throughout the County (\$95,000). An amount of \$1,600,000 is associated with the Virginia Pollutant Discharge Elimination System (VPDES) Municipal Separate Storm Sewer System (MS4) discharge permit. The MS4 discharge permit is considered a renewal of the National Pollutant Discharge Elimination System (NPDES) permit, and will be valid for five years. In accordance with the permit renewal submission approved by the Board of Supervisors on July 23, 2001, activities will include water quality testing, watershed master planning, improvement programs, and development of the GIS-based storm sewer system inventory. The Virginia Department of Environmental Quality (DEQ) is expected to make a decision regarding final permit requirements during FY 2002.

◆ **New or Renovated County Facilities** **\$2.50 million**

Funding in the amount of \$2,500,000 has been included for new or renovated County facilities. This funding level includes: \$500,000 to help offset increased construction costs associated with the West County Recreation Center, and \$2,000,000 has been included in FY 2003 to begin to address property and liability management at the Laurel Hill (Lorton Prison) property, as well as the master planning required for redevelopment and public use.

BUDGET HIGHLIGHTS

◆ **Payments and Obligations** **\$3.66 million**

A total of \$3,664,717 has been provided for costs associated with annual contributions and contractual obligations. Funding of \$1,021,702 is required for the first year of a five-year lease-purchase agreement associated with systems furniture for the new South County Center. FY 2003 represents the final year for reimbursement to the Fairfax County Public Schools for renovations to construct a School Aged Child Care (SACC) facility at Lemon Road Elementary School (\$1,358,691), to replace leased space at Chesterbrook Presbyterian Church. In addition, annual contributions have been provided for: SACC program school operating and overhead costs (\$500,000); final payment of a six-year payment plan to purchase the Mount Gilead property in Centreville (\$105,500); and the County's annual contribution to the Northern Virginia Community College capital program (\$678,824).

◆ **Other Paydown Projects** **\$1.25 million**

Other paydown projects supported in FY 2003 include: safety upgrades and emergency repairs to trails and sidewalks (\$75,000), VDOT participation for sidewalk repair and replacement (\$300,000), developer defaults (\$100,000), annual road maintenance (\$50,000), the Board of Road Viewers program (\$50,000), construction associated with TAC Spot Improvement projects (\$500,000), and assessment studies associated with the Public Safety Communications Center (PSCC) and the County's West Ox Road Complex (\$175,000).

◆ **Housing Trust Fund/Affordable Housing Partnership** **\$0.8 million**

During deliberations on the FY 2003 Budget, the Board of Supervisors approved an allocation of \$836,000 in additional FY 2002 revenues for proffers, loan repayments, and investment income from Fund 144, Housing Trust Fund, to replenish the Affordable Housing Partnership Program.

Bond-Funded Projects

◆ **Bond-Funded Projects** **\$183.02 million**

In FY 2003, an amount of \$183,023,848 is included in General Obligation bond funding. Of this amount, \$136,400,000 is budgeted in Fund 390, Public School Construction, and \$12,154,147 has been included in Fund 309, Metro Operations and Construction, to support the completion of the 103-mile Metrorail System, as well as maintain and/or acquire facilities, equipment, railcars and buses. In addition, FY 2003 bond funding in the amount of \$34,469,701 has been included for projects such as the Northern Virginia Regional Park Authority (\$2,250,000), storm drainage house flooding projects (\$939,363), West Ox Maintenance Facility expansion (\$2,085,000), construction of the Fairfax Center and Crosspointe fire stations (\$9,305,338), and several projects within the Park Authority bond program (\$19,890,000), including development of athletic fields and infrastructure renovations. Funding for these bond projects is consistent with the FY 2003 - 2007 Capital Improvement Program (With Future Years to 2012) as approved by the Board of Supervisors on April 29, 2002.

County Budget Reductions

The Board of Supervisors made a number of adjustments to the FY 2003 Advertised Budget Plan in order to reduce the Real Estate Tax rate from \$1.23 per \$100 of assessed value to \$1.21. Since the value of each penny of the Real Estate Tax is \$11.6 million, a two-cent reduction requires a corresponding expenditure decrease of \$23.2 million. Furthermore, with education as the Board's top priority, the Board made other adjustments in order to allocate an additional \$11.6 million for the operating transfer to the Fairfax County Public Schools (FCPS). This is in addition to \$5.7 million in additional debt service the County will also provide to FCPS above the level in the advertised budget for a total increase for the Schools of \$93.6 million.

BUDGET HIGHLIGHTS

In order to achieve the above actions, the Board of Supervisors spent considerable time reviewing the Inventory of County Activities, Programs and Services (ICAPS) prepared and presented during the fall of 2001. The County Executive also directed all County agencies to prepare a list of potential reductions and their impact. While agencies identified potential reductions of up to 5 percent, the Board selected those options that would minimize service impact. Nevertheless, citizens will still be affected through reduced library collection materials as well as longer wait times for services such as plan review, inspections, and permits.

As part of the FY 2003 Adopted Budget Plan, the Board approved reductions totaling \$28.8 million including the elimination of 50/50.0 SYE positions, all of which are currently vacant so no reduction in force will be necessary. These reductions are described briefly below.

<u>Savings (in millions)</u>	<u>Positions</u>	<u>Agency/Fund</u>	<u>Description</u>
\$0.3	1/1.0	Department of Finance	Delay e-gov initiatives and reduce contractor support for mandatory financial reports.
\$0.3	1/1.0	Department of Human Resources	Reduce funding for regular and limited term positions that support recruitment and health benefits review activities.
\$0.6	6/6.0	Department of Tax Administration	Eliminate 6 administrative assistant positions and reduce limited term funding for real estate appraisal, etc.
\$0.9	3/3.0	Department of Information Technology	Abolish positions associated with strategic planning, new human services IT projects and PRISM modifications, as well as reduce funding for land development, E-government, GIS, and public safety systems.
\$0.3	0/0.0	Juvenile and Domestic Relations District Court	Adjust the First Offender and Work Training Program and reduce County support for the Enterprise School.
\$0.9	0/0.0	Police Department	Eliminate maintenance funding for the In-Car Video Pilot in the Mount Vernon District as well as reduce funding for DWI enforcement and community policing, and decrease replacement capital equipment funding by half.
\$1.0	3/3.0	Office of the Sheriff	Reduce overtime funding for training, material management, recreation activities for inmates, and special events, as well as various operating expenses.
\$2.3	0/0.0	Fire and Rescue Department	Decrease the apparatus replacement reserve contribution by half and reduce limited term support for fiscal services and prevention.
\$1.4	0/0.0	Facilities Management Division	Reduce utility budget based on additional energy savings measures as well as custodial services, consolidate leases, and defer some maintenance.
\$0.3	3/3.0	Office of Capital Facilities	Abolish three positions, which will reduce the agency's ability to respond to special projects and citizen requests. Decrease utility budget for streetlights.

BUDGET HIGHLIGHTS

<u>Savings (in millions)</u>	<u>Positions</u>	<u>Agency/Fund</u>	<u>Description</u>
\$1.8	1/1.0	Department of Family Services	Eliminate vacant Deputy Director position and reduce overtime and operating expenses in the Comprehensive Services Act (CSA) and Virginia Initiative for Employment not Welfare (VIEW) programs.
\$0.4	2/2.0	Department of Administration for Human Services	Abolish 2 positions and eliminate funding for limited term support, which will result in longer administrative response to human service agencies.
\$1.0	2/2.0	Health Department	Delay the opening of the Little River Glen Adult Day Health Care Center until the fall of FY 2004 (2 positions were included in the advertised budget for this facility). Abolish 28 limited term clinic room aides, which will limit flexibility for lunchtime medication administration. Discontinue the oral rabies pilot program.
\$0.4	1/1.0	Department of Community and Recreation Services	Eliminate 1 FASTRAN position and reduce limited-term hours and operating expenses at various community centers.
\$0.6	3/3.0	Fairfax County Park Authority	Reduce administrative/systems support as well as park maintenance.
\$0.7	0/0.0	Fairfax County Public Library	Reduce the system-wide materials budget by 11 percent, which is equivalent to half of a community library's collection.
\$0.7	10/10.0	Land Development Services	Abolish 10 vacant positions, which will impact the timeliness of plan processing and review, permit issuance, and inspections.
\$0.4	0/0.0	Fund 100, County Transit	Reduce CONNECTOR costs, which will result in decreased service on routes to be identified.
\$3.1	0/0.0	Fund 104, Information Technology	Reduce funding for various IT projects in the areas of human services, GIS, public safety, and planning and development.
\$3.2	1/1.0	Fund 106, Fairfax-Falls Church Community Services Board	Close or consolidate underutilized services such as Fairfax House, reduce other services and/or have clients absorb some of the costs.
\$3.7	0/0.0	Capital Paydown	Reduce/delay various projects including miscellaneous building, park, trail and road maintenance/repair.
\$4.5	13/13.0	Other agencies	The remainder of the \$28.8 million in reductions is distributed among a number of agencies, which are grouped here and have various impacts.
\$28.8	50/50.0	TOTAL	GENERAL FUND AND GENERAL FUND-SUPPORTED

BUDGET HIGHLIGHTS

Tax Rate and Fee Adjustments

The Board of Supervisors approved the following tax rate and fee adjustments as part of adoption of the FY 2003 budget.

◆ Real Estate Tax Rate

Concerned that homeowners were facing the second year of double-digit assessment increases, the Board of Supervisors decreased the tax rate from \$1.23 per \$100 of assessed value to \$1.21. This results in an average household decrease of \$55 annually.

◆ Tax Relief

The Board of Supervisors increased the allowable asset limit to qualify for Tax Relief for the Elderly and Disabled from \$150,000 to \$160,000.

◆ Reston Community Center

Based on rising assessments in Small District 5, Reston Community Center, the Board of Governors and the Board of Supervisors approved a decrease per \$100 of assessed value from \$0.06 to \$0.052. Projected revenue and fund balance are sufficient to support full annual operations under the reduced rate.

◆ Sewer Service Rate and Availability Charges

The Sewer Service Rate and Sewer Availability Charge will increase in FY 2003 based on increased costs associated with capital project construction, system operation debt service and upgrades to more effectively reduce nitrogen discharge from wastewater treatment plants in order to meet new, more stringent nitrogen discharge limitations. The Sewer Service Charge rate will increase from \$2.88 to \$2.95 per 1,000 gallons of water consumption in FY 2003. Based on this rate increase, the additional annual cost to the typical household is anticipated to be \$5.32. The Sewer Availability Charge will increase from \$5,069 to \$5,247.

◆ Solid Waste Reduction and Recycling Centers (SWRRC)

The Solid Waste Reduction and Recycling Program (SWRRC) operates on a user fee basis in which program participants purchase a permit which entitles the holder to use the disposal and recycling facilities at two SWRRC sites located in Great Falls and McLean. To fully fund the cost of the SWRRC program for FY 2003, the current annual user fee of \$195 per participant charged to SWRRC customers must be increased to \$225, an increase of \$30 per year. Due to savings and cost control mechanisms SWRRC program costs have only modestly increased since FY 2000, for an average annual increase of 3.5 percent. However, SWRRC program revenues have shown a sharp decrease as a result of a reduction in the number of customers. The number of SWRRC program participants has decreased from 1,092 in FY 1999 to 930 in FY 2001, and is projected to be 850 in FY 2002. Since FY 1998, the SWRRC program has been drawing down its program balance to cover increased personnel and operating costs and the decreased revenues associated with the loss of customers. The program balance will be depleted during FY 2002 and will be unavailable to support continued deficit spending. The fee increase to \$225 is necessary to offset this funding shortfall and to cover program costs. The SWRRC program will be monitored during the year and at the *FY 2003 Third Quarter Review* to assess the impact of attrition in the customer base adversely affecting the ability of the program to sustain itself. In the event of continued loss of customers to less expensive alternatives, long-term program operations will not be sustainable.

BUDGET HIGHLIGHTS

◆ Computer Depreciation Schedule Adjustment

In accordance with assessment principles and the *Code of Virginia*, which require that property is taxed at fair market value, the Department of Tax Administration (DTA) annually reviews the depreciation rate schedule for computer hardware due to the speed with which computer values change. The computer depreciation schedule was adjusted in each year from FY 1999 to FY 2001. It was not necessary to change the depreciation schedule in FY 2002. Based on current trends, however, the computer depreciation schedule for equipment purchased one to three years prior will be adjusted in FY 2003. This change to the computer depreciation schedule is anticipated to reduce Personal Property revenue by approximately \$5.0 million.

Financial Forecast

The Financial Forecast for FY 2004 reflects a deficit of approximately \$24 million. In accordance with the Board's Budget Guidelines, increases in County expenditures and the transfer to the Schools have been limited to match the revenue growth rates which is anticipated to be 6.68 percent in FY 2004, a rate consistent with the overall revenue growth rate in FY 2003. As a result, County spending levels are suppressed in order to fit within the scope of the projected revenue growth. Increases associated with our growing population as well as pressures placed on County services from business expansion, State mandates, and other factors cannot easily be accommodated within this level of revenue growth. The County will continue to be challenged in order to balance these increasing service requirements and infrastructure needs within the constraints of projected revenue growth. Details of this growth are included in the "Financial Forecast" section of this *Overview* volume.

Performance Measurement

For FY 2003, we will continue the efforts initiated in FY 1998 to ensure greater accountability to the citizens of Fairfax County. The County's performance measurement model places a strong emphasis on quantified objectives linked to a Family of Measures, first introduced in the FY 1999 Advertised Budget Plan. The Family of Measures includes output, efficiency, service quality and outcome indicators. Outcome is particularly important as it reflects the benefit County services offer to customers, whether they are internal – County agencies, or external – citizens. The objectives and indicators shown for the agencies in the FY 2003 Adopted Budget Plan reflect improvements made since the first time the Family of Measures methodology was introduced.

Government Performance Project

Fairfax County is "one of the best-managed jurisdictions in America" according to the evaluation results announced on January 29, 2002 by *Governing* magazine and the Government Performance Project (GPP). Fairfax County received an overall grade of "A-," one of only two jurisdictions to receive the highest grade awarded in the comprehensive study, which looked in-depth at management practices in 40 counties nationwide.

The Government Performance Project evaluated management practices in five areas: Financial Management, Capital Management, Human Resources Management, Information Technology Management, and Managing for Results, which includes both strategic planning and performance measurement. Fairfax County was the only jurisdiction out of the 40 surveyed to receive a grade of "A-" or better in all five areas evaluated. The report applauded the County's efforts at decentralization of functions and efforts to increase flexibility for managers at the agency level.

BUDGET HIGHLIGHTS

Fairfax County's grades in the five management areas studied are as follows: Fairfax County earned an "A" in **Information Technology Management**, one of only two counties in the survey to earn the top score in that area. In **Financial Management**, the County received an "A-," one of only four counties to earn the highest grade awarded in this category. Fairfax County topped the competition in **Human Resources Management**, achieving the only "A-," the highest grade awarded in the category. In **Capital Management**, the County was one of only three counties to earn an "A-," scoring high marks for its long-term capital planning. In **Managing for Results**, the County received an "A-," one of only three awarded in this category which looked at strategic planning and performance measurement. The entire Government Performance Report for counties, including evaluations of all 40 counties surveyed, can be viewed at *Governing* magazine's website: <http://www.maxwell.syr.edu/gpp>.

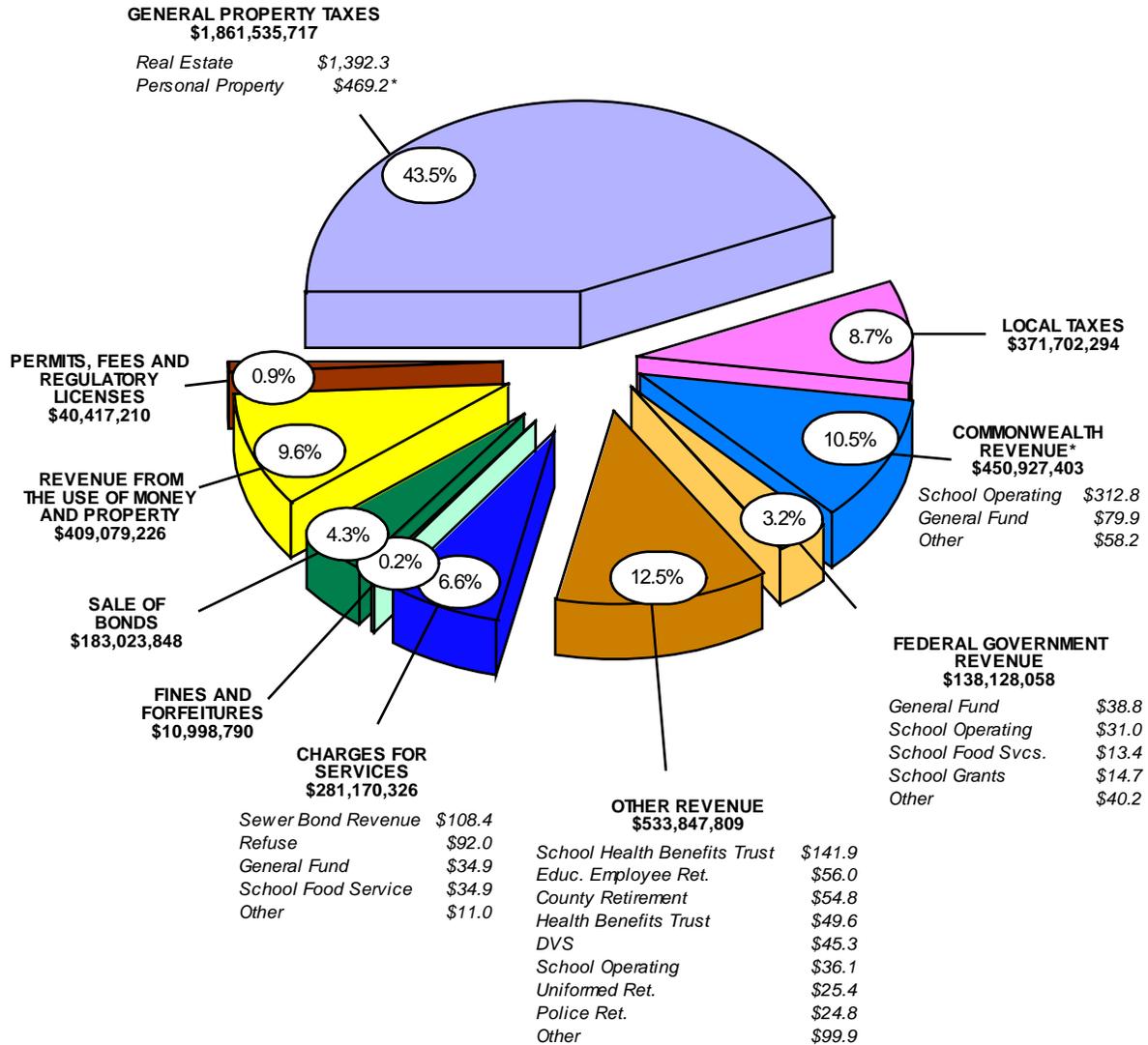
Fairfax County Economic Index

The *Fairfax County Economic Index*, developed by economist Dr. Stephen Fuller of George Mason University, provides current information by which the performance of Fairfax County's economy can be evaluated. The *Index* provides a framework for analyzing the County's economy by tracking the strength of current conditions using the Coincident Index, and by forecasting future changes in the economy using the Leading Index. The *Fairfax County Economic Index*, which is published monthly, is available on the Department of Management and Budget's website at: <http://www.fairfaxcounty.gov/dmb>.

BUDGET HIGHLIGHTS

FY 2003 REVENUE ALL FUNDS

(subcategories in millions)

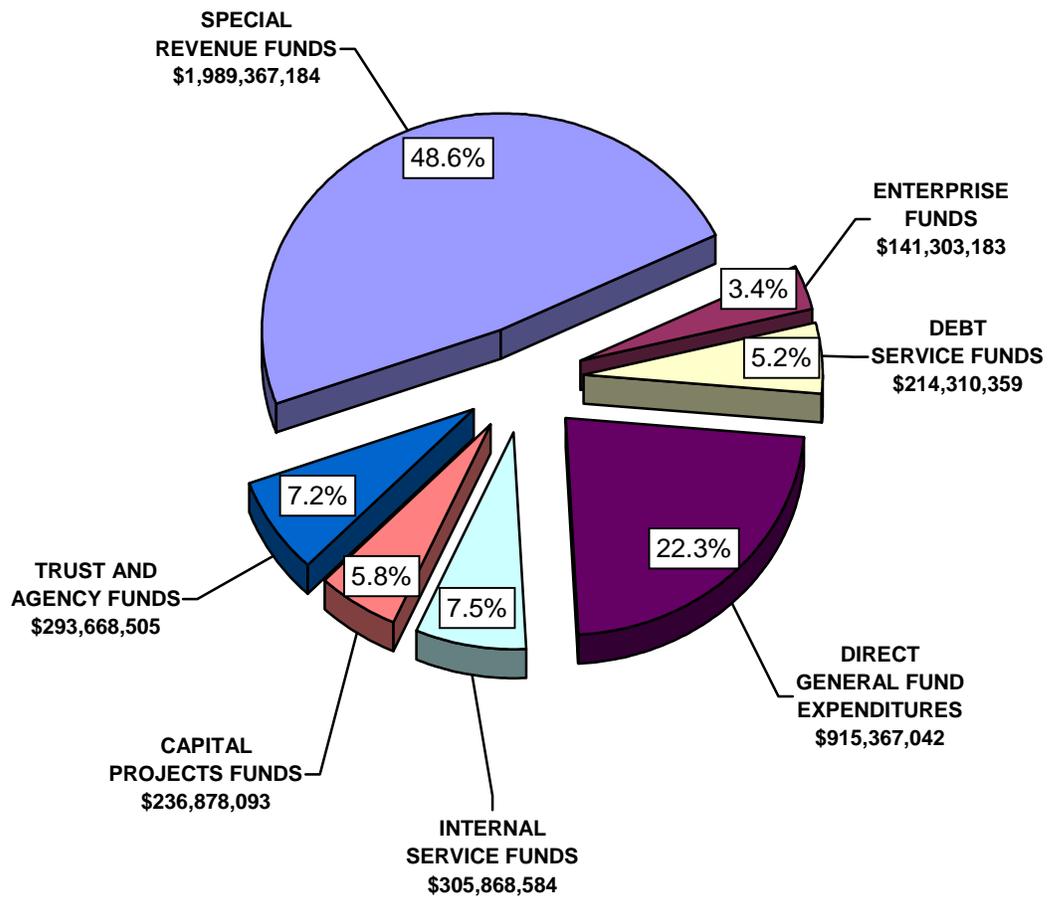


TOTAL REVENUE = \$4,280,830,681

* For presentation purposes, Personal Property Taxes that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Personal Property Taxes category.

BUDGET HIGHLIGHTS

FY 2003 EXPENDITURES ALL FUNDS



TOTAL EXPENDITURES = \$4,096,762,950