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To the Citizens of Fairfax County:

I am pleased to present the Fiscal Year 2003 Adopted Budget Plan, which represents an extraordinary balancing act to address the needs of all Fairfax County residents—from the young to senior citizens. The challenges come from near and abroad, in ways we could not have anticipated even a year ago. As such, the budget that the Board of Supervisors adopted reflects our ongoing commitment to public education and safety, while providing tax relief that balances the need for a full array of quality services with property owners' desires for lower taxes. In adopting the budget for FY 2003, the Board had to address the following three disparate challenges:

- Residential assessments continued to rise as a result of high demand/low supply and extremely attractive mortgage rates. For FY 2003, Real Estate Taxes provide the sole source of County revenue increase while other sources declined, reflecting the ongoing weakness of the economy, which was exacerbated following the horrific acts of terrorism on September 11, 2001.
- The State's deficit and change in public education funding formula resulted in a \$46 million shortfall for the Fairfax County Public Schools (FCPS). Combined with other projected needs such as enrollment growth, the FCPS proposed budget's deficit grew to \$65 million beyond the County Executive's recommended school transfer increase of \$76 million.
- The events of September 11 underscored the need to expand public safety services. The ensuing anthrax scare also highlighted our requirement for a dedicated hazardous materials unit to improve emergency preparedness and response capabilities.

To address these three challenges and fund County priorities, the Board of Supervisors undertook an in-depth review of all County-funded activities, programs, and services. After careful evaluation of the impact on services, the Board eliminated 50 vacant positions and \$28.8 million in other areas of the County budget, while maintaining a safety net of services for those who need them most, particularly those affected by the economic downturn.

Those cuts made it possible to reduce the real estate tax rate for the first time since FY 1991 and to expand tax relief programs for the elderly and disabled. The real estate tax rate was reduced from \$1.23 per \$100 of assessed value to \$1.21, saving the average household \$55 annually. In addition, the allowable asset limit for Tax Relief for the Elderly and Disabled was increased from \$150,000 to \$160,000.

Those cuts also made it possible to provide an additional \$17.3 million to operate our schools. In FY 2003, County funding for FCPS totals \$1.28 billion. In fact, more than 52 percent of the County's General Fund is dedicated to FCPS—the largest portion in 20 years. In addition, \$46.2 million is provided in the County's budget in support of the Schools for programs and services such as school resource officers, crossing guards, school nurses, clinic room aides, and the School Age

Child Care Program (SACC), among others. With Fairfax County contributing approximately three-quarters of the funding for public education locally, we cannot overlook the fact that the State shortfall in education funding left a huge gap that the County cannot completely fill. To address the pressing need to accelerate school construction and renovation, this Board also increased school bond sales from \$100 million in FY 2001 to \$136.4 million in FY 2003.

While we live in an extremely safe community, the events of September 11th struck very close to home. Public safety continues to remain another top priority of the Board of Supervisors. To reflect that commitment, the Board approved 25 additional police officers for the new Sully Police Station, which will open in FY 2003. Remarkably, it is the first new policing district in Fairfax County in 26 years, and is necessary to address the population growth that has occurred in the western part of the County. Furthermore, based on the need we witnessed last fall during the anthrax scare, a new dedicated hazardous materials unit will be established in the Fire and Rescue Department with staffing of 23 additional firefighters. The November public safety bond referendum will also include facilities that will further enhance emergency preparedness and response in Fairfax County.

Despite the serious challenges we faced in adopting a budget for the upcoming fiscal year, the Board reprioritized funding to continue its focus on education as the top priority, in addition to ensuring enhanced public safety in the wake of 9-11 and providing much-needed tax relief. The budget for FY 2003 reflects broad-based community values and addresses the needs of all citizens.

I would be remiss if I did not note the ongoing necessity of continuing to carefully examine policies, practices, and programs to determine if additional efficiencies can be achieved in the future. Since the forecast for FY 2004 portends ongoing fiscal challenges, the Board of Supervisors has directed staff to review potential opportunities for savings in order to offer the level of service for which citizens are willing to pay. In addition, information on the FY 2004 revenue and economic outlook will be forwarded to the Board for discussion in Fall 2002 so that guidance to the County Executive regarding the tax rate as well as the transfer to the Schools can be provided by the Board. If Real Estate assessments continue to increase significantly, the Board will also direct the County Executive to develop a budget for FY 2004 that includes a reduction in the Real Estate Tax.

Recognizing those fiscal challenges and the reality we now face as a result of September 11th, I strongly believe in the ability of citizens, the Board of Supervisors, and County staff to work together to achieve our common vision of Fairfax County as a premier jurisdiction in which to live, work, and play. And based on Fairfax County's recognition by the Government Performance Project as the "Best Managed County" in their 2002 evaluation of counties, I am fully confident that we will be able to meet and successfully overcome the challenges we face.

Sincerely,



Katherine K. Hanley