

# **COUNTY STAFF PRESENTATION TO THE BOARD OF SUPERVISORS**

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***Budget Workshop***

***Historical Context: FY 2001 – FY 2008***

***March 8, 2008***

# General Fund Revenue Growth FY 2001 to FY 2008

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## ■ General Fund Revenue

- Increase of \$1.15 billion
- Growth of 54%
- Average Annual Increase = 6%

## ■ Real Estate Tax Revenue

- Increase of \$0.89 billion
- Growth of 82%
- Average Annual Increase = 9%
- 77% of overall growth in General Fund Revenue came from Real Estate Taxes

# Growth in Assessed Values and Taxes FY 2001 to FY 2008

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## ■ Residential Taxes Paid

- Assessed Values increase 161% or 15% annually
- Tax Increase of 89% or 9% annually

## ■ Nonresidential Taxes Paid

- Assessed Values increase 97% or 10% annually
- Tax Increase of 43% or 5% annually

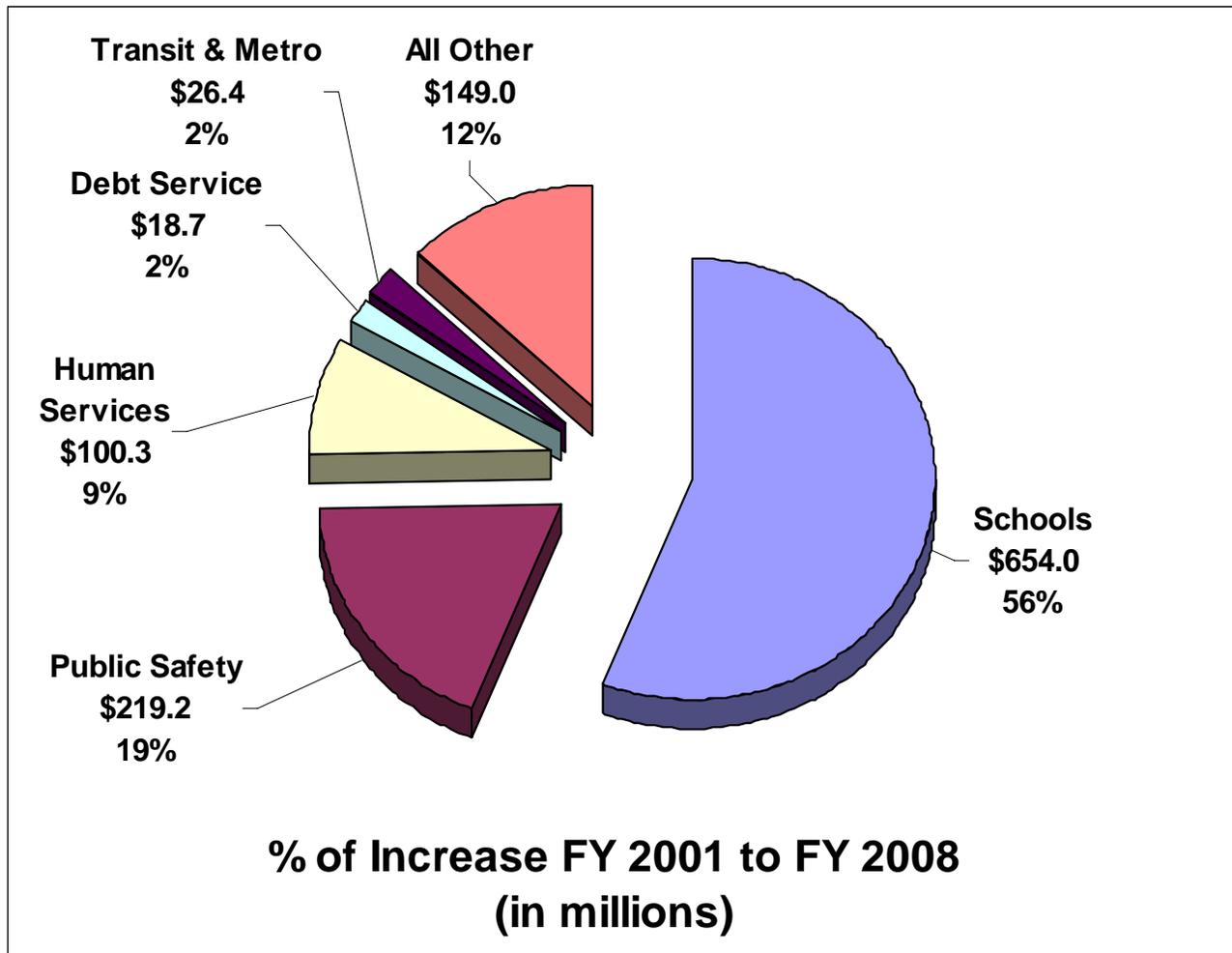
# General Fund Disbursement Growth FY 2001 to FY 2008

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- **General Fund Disbursements**
  - Overall growth of \$1.17 billion or 54%
  - Average Annual Increase = 6%
  
- School Transfers = \$654 million or an increase of 61%
  - **Schools growth is 56% of the total increase**
  - Average Annual Increase = 7%
  
- County Disbursements = \$514 million or an increase of 48%
  - **County growth is 44% of the total increase**
  - Average Annual Increase = 6%

# General Fund Disbursement Growth FY 2001 to FY 2008 Pie Chart

## Contributors to Overall Disbursement Increase



# General Fund Disbursement Growth FY 2001 to FY 2008 – Primary Drivers

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- *Of the overall increase between FY 2001 and FY 2008*

- *Schools (Operating & Debt Service)*

- *56% of the increase*
- *Average annual increase = 7%*

- *Public Safety*

- *19% of the increase*
- *Average annual increase = 8%*

- *Human Services*

- *9% of the increase*
- *Average annual increase = 4%*

Schools &  
Public Safety =  
75% of the total

Schools,  
Public Safety  
& Human  
Services =  
84% of the  
total

# General Fund Disbursement Growth FY 2001 to FY 2008 – Schools

- **Schools (Operating & Debt Service)**

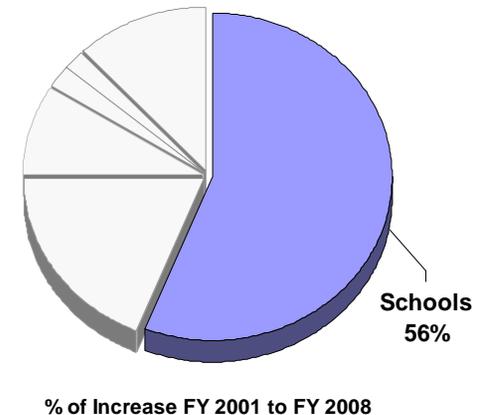
- 56% of the overall increase
- Increased \$654.0 million or 61%
- Average annual increase = 7%

- **Operating (51.5% of the increase) – Increased \$601.4 million with an average annual increase of 7%**

- Total Membership increased over 8,265 students from 158,331 to 166,596
- Special Education Level 2 and Preschool increased over 29%
- Students receiving ESOL services increased over 40%
- Students eligible for free and reduced-price meals increased over 14%
- Full-day kindergarten increased from 39 to 94 schools
- Opened 8 new schools
- Teacher Scale enhancements of \$28.2 million

- **Debt (4.5% of the increase) – Increased \$52.6 million with an average annual increase of 6.5%**

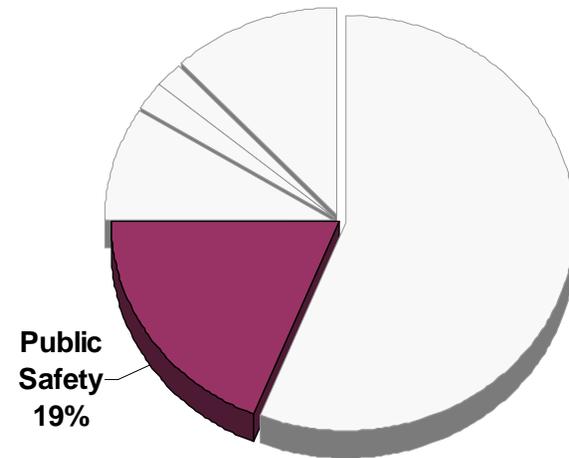
- Bond sale allocations grew from \$130 million in FY 2001 to \$155 million currently



# General Fund Disbursement Growth FY 2001 to FY 2008 – Public Safety

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- **Public Safety** - Includes Police, Fire & Rescue, Sheriff, E-911, Juvenile & Domestic Relations District Court
  - 19% of the overall increase
  - Increased \$219.2 million or 72%
  - Average annual increase = 8%
  - 475 positions added for public safety



% of Increase FY 2001 to FY 2008

# General Fund Disbursement Growth FY 2001 to FY 2008 – Public Safety

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- **Police** - Increased from \$126.3 million to \$210.2 million an \$83.9 million or 66% increase
  - New police officers were added to provide additional patrol resources throughout the County in FY 2006 and FY 2007 (37 positions)
  - Additional Police Officers for the Gang Investigations Unit in an effort to keep up with the increased number of gang-related crimes, as well as the community's interest in local gang awareness and prevention/intervention measures. (4 positions)
  - Staffing for the Sully Police Station, the first new policing district in 26 years (25 positions)
  - COPS grants
    - (104 new positions) (includes additional support for the new Sully Police Station. Note: COPS grants were added in FY 2001, FY 2002, FY 2003, FY 2004 and FY 2005. County funding started at approximately 75% with Federal funding of 25% with gradual ramp up to 100% County funding in year 3 and after)
    - COPS in Schools/School Resource Officers (SROs) for all County High Schools and Middle Schools (20 positions)
  - Animal Control Officers (3 positions)
  - Domestic Violence Detectives (8 positions)
- **Sheriff** - Increased from \$32.4 million to \$50.9 million an \$18.5 million or 57% increase
  - Based on inmate population increases, changes in state law mandating incarceration for DUI conviction, and minimum staffing requirements, we have added additional positions to staff expansion of the Adult Detention Center (72 positions)

# General Fund Disbursement Growth FY 2001 to FY 2008 – Public Safety

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- **Fire & Rescue** - Increased from \$112.3 million to \$209.6 million or \$97.3 million or 87% increase
  - Two additional fire stations have been opened in this timeframe; Fairfax Center and Crosspointe (74 positions)
  - Creation of a 7th Battalion to ensure appropriate oversight, management and control of the increasing complement of field personnel and lower the station-to-battalion ratio, both of which have grown since the creation of the 6th Battalion in FY 1996 (8 positions)
  - Rescue Company Safe Staffing – the addition of a fourth person to each of the department's Rescue Companies. (32 positions)
  - Advanced Life Support/Emergency Medical Services positions, training and quality assurance (68 positions)
  - Fire and Rescue Department staffing for the Gunston, Great Falls and Clifton areas to provide EMS staffing and support for tanker units in non-hydrant areas where water supply can be an issue for fire incidents (9 positions)

# General Fund Disbursement Growth FY 2001 to FY 2008 – Public Safety

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## ■ Other New Facilities/Programs

- McConnell Public Safety Transportation & Operations Center (MPSTOC)
- Public Safety Communications Center staffing and resources
- New HazMat Team
- Criminal Investigations

# General Fund Disbursement Growth FY 2001 to FY 2008 – Public Safety

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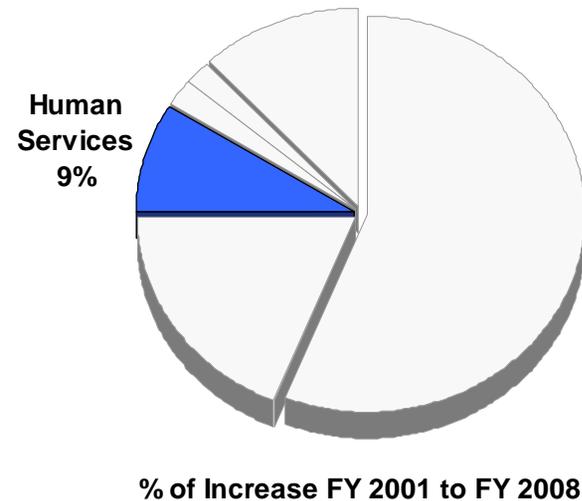
## ■ Annual Personnel Services Increases:

- Merit Increments for eligible Public Safety
- Pay for Performance for S-scale employees
- Overtime
- FLSA requirements
- Holiday Pay
- Shift Differential
- New Positions
- Market Rate Adjustments
- Across the Board adjustments for Public Safety based on market review:
  - FY 2002 – focused adjustments for certain classes in Police, Fire and Rescue & Sheriff. 4% Fire and Rescue increase effective 3rd Quarter
  - FY 2003 - focused/phased in adjustments for Fire and Rescue.
  - FY 2005 - phased in adjustment for Fire and Rescue: 2.5% effective the first full pay period in July 2004; an additional 2.5% effective the first full pay period of Jan 2005; and an additional 2.25% effective the first full pay period in April
  - FY 2006 - 4% for Police & Fire and Rescue only effective July 1, 2005.
  - FY 2007 - 2% for Fire and Rescue only effective July 1, 2006

# General Fund Disbursement Growth FY 2001 to FY 2008 – Human Services

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- Human Services - Includes DFS, CSB, Health, Aging, Funding Pool
  - Increased \$100.3 million or 34%
  - Average annual increase = 4%
  - 9% of the overall increase
  - 138 positions were added for human services



# General Fund Disbursement Growth FY 2001 to FY 2008 – Human Services

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- **Department of Family Services** - Increased from \$164.4 million to \$205.3 million a \$40.9 million or 25% increase
  - 40 new/expanded School-Age Child Care (SACC) rooms were added to address a need for safe before- and after-school child care. (119 positions)
    - It should be noted that SACC room costs are significantly offset by revenue.
    - Despite these increases, there are still over 3,000 children on the waiting list to receive SACC services across all 133 schools and centers with a SACC program.
    - Currently there are 6 elementary schools that have no SACC program.
  - 12 additional beds for a total of 29 beds added for the Domestic Violence Shelter
  - Opening of the Katherine K. Hanley Family Shelter
    - Services focus on assisting homeless families in crisis to stabilize and obtain self-sufficiency through employment, stable housing and successful family functioning. With the opening of the Katherine K. Hanley Family Shelter there are a total of 6 shelters in the county.

# General Fund Disbursement Growth FY 2001 to FY 2008 – Human Services

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- **Community Services Board (CSB)** - Increased from \$65.8 million to \$101.1 million a \$35.3 million or 54% increase
  - Youth Crisis Care
    - An eight-bed facility providing mental health intervention and stabilization services for youth ages 12 to 17 that are in crisis, with a goal to move them to a less restrictive environment within 45 days. The facility opened in FY 2007 and is operated through a contract.
  - MR Graduates (over 500 additional participants) (5 positions)
    - Since FY 2005, the CSB has served all new consumers needing MR Day Support Services with no additional County funding specifically for new special education graduates; however, contract rate adjustments were provided during that time. This was primarily achieved through transitioning individuals from the more expensive Individual Supported Employment Program to the less expensive Cooperative Employment Program, one-time NVTC revenue, receiving additional Medicaid waiver slots, increased Medicaid rates, and underspending in contracts.
  - Leadership & Resiliency/Student Assistance Programs (5 positions)
    - Expansion to a total of 12 Fairfax County public high schools.
    - LRP is a school- and community-based substance abuse and violence prevention program for high school students.
    - SAP is a school-based alcohol and drug screening, assessment and early intervention program.
  - MH Services for Children & Youth

# General Fund Disbursement Growth FY 2001 to FY 2008 – Human Services

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- **Health** - Increased from \$39.6 million to \$55.7 million a \$16.1 million or 41% increase
  - Clinic Room Aides & Public Health Nurses (17 positions)
    - Added Public Health Nurses and Clinic Room Aides at new County elementary and secondary schools.
    - Supplemental Public Health Nurses for School Health Services due to the growing number of students requiring health plans be in place, and the increased complexity and scope of procedures performed in the school setting
    - Additional Public Health Nurses were included to improve the ratio of nurses to students and the rate at which health plans are implemented
  - Bioterrorism/Chemical Hazard Response/Communicable Disease/Medical Reserve (7 positions)
    - Communicable Disease Unit funding and positions to address the increasing demand for investigation and surveillance of diseases and outbreak and provide education to the public regarding bioterrorism preparedness, communicable disease prevention, and Medical Reserve Corps Training.
    - Chemical Hazard Response funding and positions associated with the reestablishment of a chemical hazard response capability within the Health Department. These positions will provide the initial industrial hygiene expertise needed to collaborate more effectively with the Fire and Rescue Department to mitigate incidents involving chemical hazards. This expertise is critical to monitoring and preventing public health exposures and environmental contamination to ground water.
  - Braddock Glen Adult Day Health Care Center (9 positions)
    - The facility has the capacity to serve 35 clients per day to promote the health and independence of frail elderly and adults with disabilities as an alternative to more costly nursing home placement and to provide a respite for family caregivers.

# General Fund Disbursement Growth FY 2001 to FY 2008 – Human Services

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## ■ Annual Personnel Services Increases:

- Pay for Performance
- Limited Term
- Overtime
- Shift Differential
- New Positions

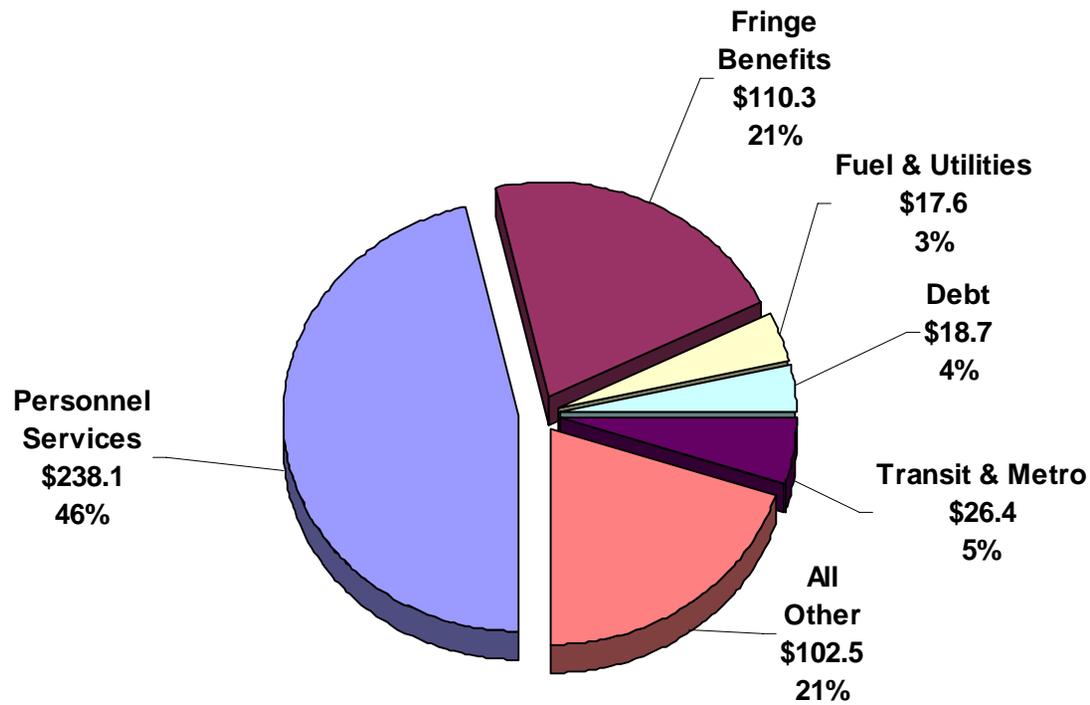
# **General Fund Disbursement Growth FY 2001 to FY 2008**

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## **A Different Perspective: County Disbursements**

# County Only Disbursements Primary Drivers of Growth FY 2001 to FY 2008

County Disbursements increased from \$1.07 billion to \$1.58 billion or \$514 million and the increase is divided into the following categories:



**% of County Only Disbursement Increase  
FY 2001 to FY 2008  
(in millions)**

## Position Growth in the County

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- **Between FY 2001 and FY 2008 County positions grew by a net of 766 positions or 6.8% from 11,240 to 12,006**
- **Between FY 2001 and FY 2008 County Population grew by 68,046 or 7.0% from 977,058 to 1,045,104**
- **As a result the Ratio of County Positions per 1,000 Citizens declined slightly from 11.50 to 11.49**
  - Public Safety increased slightly
  - All other categories combined decreased slightly

## Position Growth in the County

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- **Of the 766 Net Positions added between FY 2001 and FY 2008**

- A net increase of 475 or 62% were for public safety
- A net increase of 138 or 18% were for human services

*\* Details on the positions added during the period FY 2001 to FY 2008 are included in the Overview Volume of the County budget.\**

## Position Growth in the County

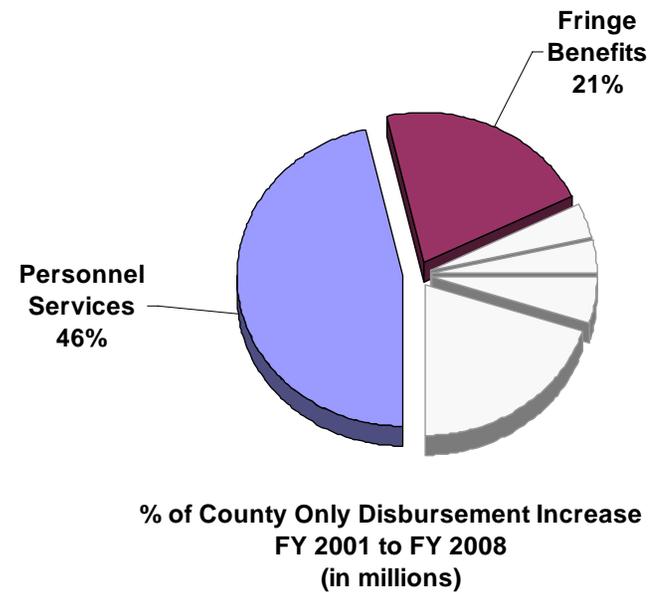
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- **During the longer period FY 1992 to FY 2008 the ratio of County Positions per 1,000 Citizens declined from 13.57 to 11.49**
- **County Positions from FY 1992 and FY 2008 grew by 882 positions:**
  - Public Safety positions increased by a net 1,030 from 3,293 to 4,323 resulting in a ratio increase from 3.96 to 4.14
  - Human Services positions increase by a net of 356 from 2,694 to 3,050 however the ratio decreased from 3.24 to 2.92
  - All Other Categories positions decreased by a net of 504 from 5,137 to 4,633 resulting in a ratio decrease from 6.37 to 4.43

# County Disbursement Growth Personnel Services & Fringe Benefits

- **Personnel Services - General Fund** increased from \$457.9 million to \$696.1 million, an increase of \$238.2 million or 52%

- 46% of the County only disbursement increase
- Average annual increase = 6%
- Includes compensation increases (PFP, merit, MRA), shift differential, new positions, overtime



- **Fringe Benefits - General Fund** increased from \$115.9 million to \$226.3 million, an increase of \$110.4 million or 95%

- 21% of the County only disbursement increase
- Average annual increase = 10%
- Includes worker's compensation/self insurance, retiree health, OPEB contributions and employer contributions for health insurance, dental insurance, life insurance, FICA and retirement

# County Disbursement Growth FY 2001 to FY 2008 – Personnel Services

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- **Pay for Performance (PFP) based on evaluation and effective on anniversary date – Increase of \$115 million from FY 2001 to FY 2008**
  - Implemented the PFP in FY 2001 with average awards since ranging from 4.03% to 5.30% with current year projected at 5%
  - Current scale allows for increases between 0% and 6% based on performance
    - In FY 2001 the scale was 0%, 3%, 5% and 7%
    - The scale was expanded to multiple options in FY 2002 ranging from 0% to 7%
    - The pay award was discounted by 25% in FY 2004
    - Scale changed to 0% to 6% in FY 2005

# County Disbursement Growth FY 2001 to FY 2008 – Personnel Services

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- **Merit Increments – Increase of \$23.7 million from FY 2001 to FY 2008**
  - Public safety pay scales on grade and step system with 5% increase on anniversary date
  - Step holds on certain steps
  - On average between 40% and 50% of Public Safety employees receive a merit increment in a given year

# County Disbursement Growth FY 2001 to FY 2008 – Personnel Services

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- **Market Rate Adjustment – Increase of \$70.0 million from FY 2001 to FY 2008**
  - It is important to understand that the Market Rate Adjustment
    - Adjusts pay **scales** for all employees
    - Adjusts **pay** for Public Safety employees

# County Disbursement Growth FY 2001 to FY 2008 – Personnel Services

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- **Across the Board adjustments for Public Safety based on market review – Increase of \$24.2 million from FY 2001 to FY 2008 based on the following actions:**
  - FY 2002 – focused adjustments for certain classes in Police, Fire and Rescue & Sheriff. 4% Fire and Rescue increase effective 3rd Quarter
  - FY 2003 - focused/phased in adjustments for Fire and Rescue.
  - FY 2005 - phased in adjustment for Fire and Rescue: 2.5% effective the first full pay period in July 2004; an additional 2.5% effective the first full pay period of Jan 2005; and an additional 2.25% effective the first full pay period in April
  - FY 2006 - 4% for Police & Fire and Rescue only effective July 1, 2005
  - FY 2007 - 2% for Fire and Rescue only effective July 1, 2006

# County Disbursement Growth FY 2001 to FY 2008 – Fringe Benefits

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- **Health Insurance** - Increased from \$29.0 million to \$62.5 million, an increase of \$33.5 million or 115%
  - Average annual increase = 11.6%
  - County pays 85% for individual and 75% for two-party/family (no change)
  - Premiums increased over 100% based on cost growth & in line with nationwide trends
  - County Initiatives to restrain cost growth include:
    - Established 3 tier co-pay structure for prescription drugs
    - Reviewed co-pays and coinsurance for doctor's visits
    - Self-Insured plan - created a premium stabilization reserve in FY 2005. This reserve allows the County to maintain premium increases at manageable levels and smooth out the employer and employee impact of dramatic cost growth swings.

# County Disbursement Growth FY 2001 to FY 2008 – Fringe Benefits

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- **Retirement** - Increased from \$47.5 million to \$88.1 million, an increase of \$40.6 million or 86%
  - In FY 2003 the County implemented a corridor approach to employer contribution setting to add stability to the contribution rate while adequately funding the systems. Adjustments are made only if the system's funding ratio falls outside of the corridor of 90% to 120% or benefit enhancements are awarded.
  - **FY 2003 Benefit Enhancements**
    - Uniformed system added pre-social security multiplier of 0.3 for Plans C/D and 0.2 for Plans A/B
  - **FY 2004 Benefit Enhancements**
    - Average 12% benefit enhancement for Uniformed retirees
    - Deferred Retirement Option Plans (DROP) was added as a benefit enhancement for Police & Uniformed (cost neutral)
    - Elective COLAs for all three systems
  - **FY 2005 Corridor Adjustment**
    - Employees System falls to 85.0% or 5 percentage points below the 90% corridor
  - **FY 2006 Corridor Adjustment & Benefit Enhancements**
    - Employees System falls to 84.4% or 0.6 percentage points further outside the 90% corridor
    - Deferred Retirement Option Plan (DROP) added as a benefit enhancement for General County Employees (cost neutral)
    - Allowed Department of Public Safety Communications Center staff to join the Uniformed system
    - 1% Elective COLA for Police

# County Disbursement Growth FY 2001 to FY 2008 – Fringe Benefits

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## ■ Retirement (con't)

### □ FY 2007 Corridor Adjustment & Benefit Enhancements

- Impact of 5 year experience study on actuarial valuation assumptions
- 1% Elective COLA for Police

### □ FY 2008 Corridor Adjustment & Benefit Enhancements

- Employees System outside the corridor
- Phased in decrease in the employee contribution rate for Police Officers to make Police benefits package more competitive with surrounding jurisdictions (FY 2008 = 12% to 11%) (Note: FY 2009 = 11% to 10%)
- Reduction in the Social Security offset from 64% to 40% for Service Connected Disability Benefits for the Uniformed and Employees system
- 1% Elective COLA for Police

# County Disbursement Growth FY 2001 to FY 2008 – Fringe Benefits

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## ■ Dental Insurance

- Implemented a 50% Employer Contribution in FY 2005 for all active employees.
- FY 2008 cost of \$3.2 million

## ■ OPEB

- Governmental Accounting Standards Board issues statement requiring change in accounting treatment for Other Post Employment Benefits beginning in FY 2008.
- County required to disclose unfunded actuarial accrued liability and show progress towards funding
- Liability as of July 1, 2007 equals \$380 million
- County set aside funding of \$48.2 million based on savings and General Fund contributions from FY 2006 to FY 2008.
- Includes General Fund Transfers of \$8.2 million per year in FY 2007 and FY 2008

## ■ Retiree Health

- Increased from \$1.9 million to \$4.6 million an increase of \$2.7 million or 143%

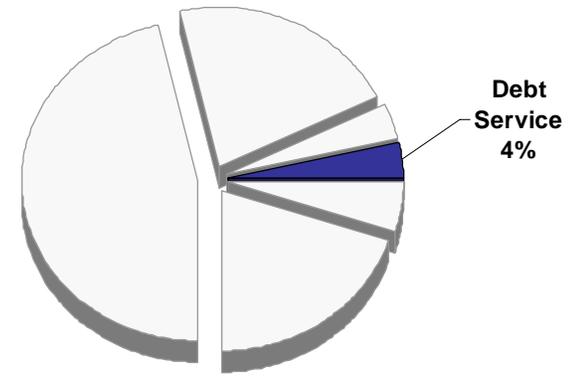
## ■ Workers Compensation & Self Insurance

- Increased from \$7.0 million to \$13.1 million an increase of \$6.1 million or 89% based on actual requirements

# County Disbursement Growth FY 2001 to FY 2008 – County Debt Service

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- **County Debt Service** - Increased from \$94.7 million to \$113.4 million an increase of \$18.7 million or 20%
  - 4% of the County only disbursement increase
  - In FY 2001 County Debt Service was allocated \$50 million of the \$150 million total authorized sales limit
  - County Debt Service is currently allocated \$120 million of the \$275 million total authorized sales limit



% of County Only Disbursement Increase  
FY 2001 to FY 2008  
(in millions)

# County Disbursement Growth

## FY 2001 to FY 2008 – County Transit & Metro

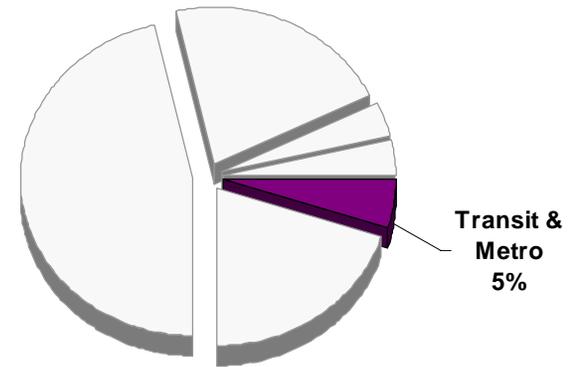
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- **County Transit & Metro** - Increase of \$26.4 million or 92%.

- 5% of the County only disbursement increase

- **County Transit**

- Increased from \$15.9 million to \$34.7 million an increase of \$18.8 million or 118%
  - Average annual increase = 11.8%
  - As a result of:
    - Implementation of a Bus Replacement Reserve in FY 2003 to replace 15 buses per year = \$5.1 million
    - Contractual increases for VRE = \$2.5 million
    - Increases in bus service contracts, expansion of service (includes increase in South County associated with REX service), and fuel costs



% of County Only Disbursement Increase  
FY 2001 to FY 2008  
(in millions)

- **Metro**

- Increased from \$12.7 million to \$20.3 million an increase of \$7.6 million or 60%
  - Average annual increase = 7.0%
  - Reflects annual subsidy requirements for Metro after taking into account Metro budget estimates offset by State Aid, Gas Tax and available balances.

# County Disbursement Growth FY 2001 to FY 2008 – Fuel, Replacement & Utilities

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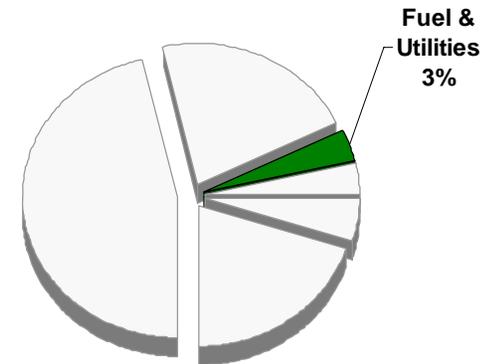
- **Fuel, Vehicle Replacement and Utilities -**  
Represent 3% of the County only disbursement increase

- **Fuel & Vehicle Replacement**

- Increased from \$18.2 million to \$30.0 million an increase of \$11.8 million or 65%
- Price per Gallon increased from \$0.97 to \$2.42
- Implementation of Ultra Low Sulfur Diesel

- **Utilities**

- Increased from \$13.7 million to \$19.5 million an increase of \$5.8 million or 43%
- Cost per square foot increased from \$1.61 to \$2.14
- Square footage increased from 6,586,977 to 7,815,329



% of County Only Disbursement Increase  
FY 2001 to FY 2008  
(in millions)

# County Disbursement Growth FY 2001 to FY 2008 – Other Requirements

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- **21% of the County only disbursement increase includes:**
  - Contributions to other organizations
  - Technology Costs
  - Lease Costs
  - Paydown
  - New Facility costs
  - Other Costs driven by Inflationary and Workload Factors:
    - County Population (Average Annual Increase = 1%)
      - From 977,058 to 1,045,104, growth of 68,046
    - Inflation - Washington/Metropolitan Area CPI-U (Average Annual Increase = 3%)
    - Health Care Inflation (Average Annual Increase = 11.6%)
    - Prescription Drugs (Average Annual Increase = 3.7%)
    - Postage (Average Annual Increase = 3.4%)