

General Fund Statement

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General Fund Statement

(in millions of dollars)

The FY 2001 Adopted Budget Plan includes General Fund disbursements (i.e., the sum of the direct expenditures and transfers) of \$2,149,826,592, an increase of 6.24 percent over the FY 2000 Revised Budget Plan level of \$2,023,598,020. This amount includes a transfer of \$985,231,488 to Fund 090, Public School Operating, an increase of 9.79 percent over the FY 2000 Revised Budget Plan level of \$897,412,605. In addition, General Fund direct expenditures are \$819,452,610, an increase of \$34,672,488 or 4.42 percent over the FY 2000 Revised Budget Plan level of \$784,780,122. Detailed fund statements are included on the pages that follow.

	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan	FY 2001 Adopted Budget Plan ¹	Increase (Decrease)	Percent Inc/(Dec)
Beginning Balance	\$84.41	\$52.12	\$95.15	\$40.11	\$55.77	(\$39.37)	-41.38%
Revenues	\$1,856.12	\$1,946.67	\$1,982.71	\$2,111.95	\$2,135.37	\$152.66	7.70%
Transfers In	\$4.21	\$1.52	\$1.52	\$1.68	\$1.68	\$0.16	10.76%
Total Available	\$1,944.73	\$2,000.31	\$2,079.37	\$2,153.74	\$2,192.82	\$113.45	5.46%
Direct Expenditures	\$693.85	\$754.98	\$784.78	\$807.59	\$819.45	\$34.67	4.42%
Transfers Out							
School Transfer	\$852.13	\$897.41	\$897.41	\$960.23	\$985.23	\$87.82	9.79%
School Debt Service	82.98	88.26	89.46	95.25	95.25	5.79	6.47%
Subtotal Schools	\$935.10	\$985.67	\$986.87	\$1,055.48	\$1,080.48	\$93.61	9.49%
Metro	\$11.15	\$7.05	\$7.05	\$12.67	\$12.67	\$5.63	79.87%
Community Services Board	52.49	57.68	58.68	65.13	65.77	7.09	12.08%
County Transit Systems	20.92	18.78	18.78	15.65	15.90	(2.87)	-15.31%
Capital Paydown	14.61	17.46	23.36	18.57	19.42	(3.94)	-16.87%
Information Technology	16.08	15.34	15.84	18.39	18.39	2.56	16.13%
County Debt Service	94.67	95.81	94.61	96.43	94.67	0.06	0.06%
Other Transfers	10.72	8.33	33.63	18.66	23.07	(10.56)	-31.41%
Subtotal County	\$220.64	\$220.44	\$251.95	\$245.50	\$249.89	(\$2.05)	-0.82%
Total Transfers Out	\$1,155.74	\$1,206.11	\$1,238.82	\$1,300.98	\$1,330.37	\$91.56	7.39%
Total Disbursements	\$1,849.59	\$1,961.09	\$2,023.60	\$2,108.57	\$2,149.83	\$126.23	6.24%
Ending Balance	\$95.15	\$39.22	\$55.77	\$45.17	\$43.00	(\$12.78)	-22.91%
Less:							
Managed Reserves	\$37.60	\$39.22	\$40.47	\$42.17	\$43.00	\$1.70	4.20%
Set Aside Reserve	\$14.32	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Reserve pending State allocation for Foster Care/CSA/CCAP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-
Total Available	\$43.22	\$0.00	\$15.30	\$3.00	\$0.00	(\$14.48)	-

**FY 2001 ADOPTED GENERAL FUND STATEMENT
FUND 001, GENERAL FUND**

	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan	FY 2001 Adopted Budget Plan	Increase (Decrease) Over Revised	% Increase (Decrease)
Beginning Balance	\$84,412,029	\$52,122,630	\$95,145,739	\$40,108,059	\$55,773,938	(\$39,371,801)	-41.38%
Revenue							
Real Property Taxes	\$943,374,446	\$996,712,840	\$998,624,189	\$1,084,001,493	\$1,082,151,493	\$83,527,304	8.36%
Personal Property Taxes ¹	367,914,532	391,352,200	331,219,707	293,271,337	293,271,337	(37,948,370)	-11.46%
General Other Local Taxes	317,892,559	328,692,378	342,768,266	360,943,366	356,920,431	14,152,165	4.13%
Permit, Fees & Regulatory Licenses	32,873,856	31,419,336	33,468,051	33,076,597	34,124,718	656,667	1.96%
Fines & Forfeitures	7,139,633	8,085,598	7,647,456	10,669,251	11,243,340	3,595,884	47.02%
Revenue from Use of Money & Property	48,008,060	42,426,437	50,915,813	55,660,663	63,208,651	12,292,838	24.14%
Charges for Services	30,792,411	30,396,785	30,569,539	31,888,318	32,150,968	1,581,429	5.17%
Revenue from the Commonwealth ¹	72,247,281	81,637,316	148,584,082	205,381,208	210,753,094	62,169,012	41.84%
Revenue from the Federal Government	31,201,261	30,863,116	33,727,946	31,407,745	39,956,110	6,228,164	18.47%
Recovered Costs/Other Revenue	4,671,091	5,081,181	5,180,890	5,649,640	11,585,244	6,404,354	123.61%
Total Revenue	\$1,856,115,130	\$1,946,667,187	\$1,982,705,939	\$2,111,949,618	\$2,135,365,386	\$152,659,447	7.70%
Transfers In							
105 Cable Communications	\$1,476,000	\$1,520,280	\$1,520,280	\$1,683,800	\$1,683,800	\$163,520	10.76%
503 Department of Vehicle Services	2,200,000	0	0	0	0	0	-
504 Document Services	529,764	0	0	0	0	0	-
Total Transfers In	\$4,205,764	\$1,520,280	\$1,520,280	\$1,683,800	\$1,683,800	\$163,520	10.76%
Total Available	\$1,944,732,923	\$2,000,310,097	\$2,079,371,958	\$2,153,741,477	\$2,192,823,124	\$113,451,166	5.46%
Direct Expenditures							
Personnel Services	\$383,968,340	\$421,162,410	\$419,002,004	\$457,886,581	\$457,918,182	\$38,916,178	9.29%
Operating Expenses	245,791,003	259,926,000	290,585,575	273,480,976	290,942,532	356,957	0.12%
Recovered Costs	(27,681,074)	(28,933,462)	(29,734,931)	(31,401,545)	(43,335,651)	(13,600,720)	45.74%
Capital Equipment	6,218,874	8,037,554	12,083,415	6,138,769	6,862,754	(5,220,661)	-43.21%
Fringe Benefits	85,549,953	94,784,582	92,844,059	101,485,347	107,064,793	14,220,734	15.32%
Total Direct Expenditures	\$693,847,096	\$754,977,084	\$784,780,122	\$807,590,128	\$819,452,610	\$34,672,488	4.42%

**FY 2001 ADOPTED GENERAL FUND STATEMENT
FUND 001, GENERAL FUND**

	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan	FY 2001 Adopted Budget Plan	Increase (Decrease) Over Revised	% Increase (Decrease)
Transfers Out							
002 Revenue Stabilization	\$0	\$0	\$17,963,684	\$0	\$0	(\$17,963,684)	-100.00%
090 Public School Operating	852,127,830	897,412,605	897,412,605	960,231,488	985,231,488	87,818,883	9.79%
100 County Transit System	20,917,278	18,776,920	18,776,920	15,652,018	15,902,018	(2,874,902)	-15.31%
103 Aging Grants & Programs	831,101	1,010,061	1,010,061	1,737,647	1,259,286	249,225	24.67%
104 Information Technology	16,081,878	15,337,435	15,838,243	18,393,266	18,393,266	2,555,023	16.13%
106 Community Services Board	52,490,698	57,684,038	58,679,618	65,125,476	65,768,003	7,088,385	12.08%
110 Refuse Disposal	0	0	1,500,000	0	0	(1,500,000)	-100.00%
118 Community-Based Agency Funding Pool	4,887,260	5,146,285	5,146,285	5,269,796	5,820,176	673,891	13.09%
119 Contributory Fund	0	0	0	5,492,620	6,021,696	6,021,696	-
120 E-911	0	0	0	0	1,912,445	1,912,445	-
141 Housing Programs for the Elderly	1,263,871	1,332,125	1,332,125	1,359,404	1,359,404	27,279	2.05%
144 Housing Trust Fund	0	0	0	0	1,900,000	1,900,000	-
200 County Debt Service	94,672,914	95,812,350	94,612,350	96,428,219	94,667,437	55,087	0.06%
201 School Debt Service	82,975,729	88,259,914	89,459,914	95,250,687	95,250,687	5,790,773	6.47%
300 Countywide Roadway Improvement	0	0	2,300,000	0	0	(2,300,000)	-100.00%
302 Library Construction	0	0	0	240,000	240,000	240,000	-
303 County Construction	8,180,936	10,243,438	11,193,438	14,646,319	14,646,319	3,452,881	30.85%
304 Primary & Secondary Road Bond Constr	0	0	1,167,400	0	0	(1,167,400)	-100.00%
307 Sidewalk Construction	2,000,000	1,000,000	1,100,000	0	300,000	(800,000)	-72.73%
308 Public Works Construction	3,699,232	2,463,000	2,963,000	903,724	903,724	(2,059,276)	-69.50%
309 Metro Operations and Construction	11,151,056	7,045,830	7,045,830	12,673,283	12,673,283	5,627,453	79.87%
311 County Bond Construction	0	3,200,000	4,087,000	1,130,000	1,130,000	(2,957,000)	-72.35%
313 Trail Construction	407,000	50,000	50,000	150,000	150,000	100,000	200.00%
340 Housing Assistance Program	320,000	500,000	500,000	1,500,000	2,048,750	1,548,750	309.75%
500 Retiree Health	759,690	837,245	1,479,425	1,896,000	1,896,000	416,575	28.16%
503 Department of Vehicle Services	2,000,000	0	5,200,000	0	0	(5,200,000)	-100.00%
504 Document Services Division	0	0	0	2,900,000	2,900,000	2,900,000	-
505 Technology Infrastructure Services	973,615	0	0	0	0	0	-
Total Transfers Out	\$1,155,740,088	\$1,206,111,246	\$1,238,817,898	\$1,300,979,947	\$1,330,373,982	\$91,556,084	7.39%
Total Disbursements	\$1,849,587,184	\$1,961,088,330	\$2,023,598,020	\$2,108,570,075	\$2,149,826,592	\$126,228,572	6.24%
Total Ending Balance	\$95,145,739	\$39,221,767	\$55,773,938	\$45,171,402	\$42,996,532	(\$12,777,406)	-22.91%
Less:							
Managed Reserve	\$37,604,634	\$39,221,767	\$40,471,960	\$42,171,402	\$42,996,532	\$2,524,572	6.24%
Set Aside Reserve	14,317,996	0	0	0	0	0	-
Reserve pending State allocation for Foster Care/CSA/CCAP	0	0	0	3,000,000	0	0	-
Total Available	\$43,223,109	\$0	\$15,301,978	\$0	\$0	(\$15,301,978)	-100.00%

¹Personal Property Taxes that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Revenue from the Commonwealth category in accordance with guidelines from the State Auditor of Public Accounts.

FY 2001 ADOPTED SUMMARY GENERAL FUND EXPENDITURES

#	Agency Title	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan ¹	FY 2001 Adopted Budget Plan ²	Increase (Decrease) Over Revised	% Increase (Decrease)
Legis - Exec Functions/Central Svcs								
01	Board of Supervisors	\$3,342,226	\$3,619,477	\$3,615,731	\$3,708,150	\$3,800,655	\$184,924	5.11%
02	Office of the County Executive	3,828,981	4,911,067	5,350,037	5,300,489	5,478,469	128,432	2.40%
04	Department of Telecommunications and Consumer Services	1,292,315	1,526,251	1,576,916	1,628,151	1,657,494	80,578	5.11%
06	Department of Finance	3,912,176	4,909,380	4,980,034	5,700,302	5,780,958	800,924	16.08%
11	Department of Human Resources	5,142,313	5,339,608	5,841,449	5,772,735	5,865,962	24,513	0.42%
12	Department of Purchasing and Supply Management	2,874,146	3,192,938	3,208,466	3,472,446	3,537,258	328,792	10.25%
13	Office of Public Affairs	635,394	688,255	689,969	687,317	699,215	9,246	1.34%
15	Electoral Board and General Registrar	1,528,742	1,843,548	1,879,072	3,221,024	3,285,734	1,406,662	74.86%
17	Office of the County Attorney	4,318,696	5,286,462	5,486,294	5,223,554	5,320,889	(165,405)	-3.01%
20	Department of Management and Budget	2,508,633	2,778,823	2,808,101	2,890,880	2,954,698	146,597	5.22%
37	Office of the Financial and Program Auditor	152,458	158,611	161,011	166,006	169,959	8,948	5.56%
41	Civil Service Commission	157,085	175,063	173,692	176,336	179,603	5,911	3.40%
57	Department of Tax Administration	16,851,883	17,593,917	17,627,155	18,351,180	18,756,020	1,128,865	6.40%
70	Department of Information Technology	12,318,171	14,364,083	15,357,299	17,648,862	17,944,223	2,586,924	16.84%
88	Contributory Agencies	1,395,056	1,481,611	1,481,611	0	0	(1,481,611)	-100.00%
Total Legis - Exec Functions/Central Services		\$60,258,275	\$67,869,094	\$70,236,837	\$73,947,432	\$75,431,137	\$5,194,300	7.40%
Judicial Administration								
80	Circuit Court and Records	\$6,897,671	\$7,487,974	\$7,871,678	\$8,097,968	\$8,261,350	\$389,672	4.95%
82	Office of the Commonwealth's Attorney	1,468,563	1,836,596	1,858,995	1,857,450	1,901,733	42,738	2.30%
85	General District Court	1,206,960	1,455,665	1,627,273	1,493,770	1,523,560	(103,713)	-6.37%
91	Office of the Sheriff	9,429,451	10,262,251	10,439,057	10,495,256	10,814,475	375,418	3.60%
Total Judicial Administration		\$19,002,645	\$21,042,486	\$21,797,003	\$21,944,444	\$22,501,118	\$704,115	3.23%
Public Safety								
04	Department of Telecommunications and Consumer Services	\$728,745	\$862,602	\$957,988	\$846,483	\$900,201	(\$57,787)	-6.03%
31	Land Development Services	0	0	0	0	9,278,491	9,278,491	-
32	Office of Building Code Services	8,101,918	8,949,518	9,033,550	9,090,889	0	(9,033,550)	-100.00%
81	Juvenile and Domestic Relations District Court	13,547,657	14,609,447	14,871,972	15,744,315	16,069,265	1,197,293	8.05%
88	Contributory Agencies	301,057	70,225	120,225	0	0	(120,225)	-100.00%
90	Police Department	96,679,810	108,540,630	109,536,610	113,361,786	104,604,253	(4,932,357)	-4.50%
91	Office of the Sheriff	22,511,340	25,113,849	26,088,192	26,330,092	27,184,771	1,096,579	4.20%
92	Fire and Rescue Department	79,393,860	88,725,799	89,838,849	90,538,895	93,566,898	3,728,049	4.15%
96	Animal Shelter	0	676,223	699,350	816,590	850,640	151,290	21.63%
Total Public Safety		\$221,264,387	\$247,548,293	\$251,146,736	\$256,729,050	\$252,454,519	\$1,307,783	0.52%

FY 2001 ADOPTED SUMMARY GENERAL FUND EXPENDITURES

#	Agency Title	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan ¹	FY 2001 Adopted Budget Plan ²	Increase (Decrease) Over Revised	% Increase (Decrease)
Public Works								
08	Facilities Management Division	\$24,325,784	\$27,417,499	\$30,815,147	\$29,619,264	\$29,799,865	(\$1,015,282)	-3.29%
22	Project Engineering Division	564,323	523,796	572,326	594,527	0	(572,326)	-100.00%
25	Business Planning and Support	268,141	382,685	382,938	262,767	2,932,990	2,550,052	665.92%
26	Capital Facilities	845,955	912,779	923,299	673,581	8,008,390	7,085,091	767.37%
28	Utilities Planning and Design Division	6,195,481	6,494,981	6,551,768	7,017,052	0	(6,551,768)	-100.00%
29	Stormwater Management	5,389,341	5,937,182	6,392,074	6,326,737	7,093,189	701,115	10.97%
33	Land Acquisition Division	122,871	146,962	158,666	154,165	0	(158,666)	-100.00%
87	Unclassified Administrative Expenses	64,395	47,942	74,510	211,138	211,138	136,628	183.37%
	Total Public Works	\$37,776,291	\$41,863,826	\$45,870,728	\$44,859,231	\$48,045,572	\$2,174,844	4.74%
Health and Welfare								
05	Office for Women	\$304,890	\$331,982	\$334,819	\$361,046	\$369,567	\$34,748	10.38%
67	Department of Family Services	129,422,778	133,159,278	145,806,419	135,832,716	152,723,364	6,916,945	4.74%
68	Department of Administration for Human Services	9,205,754	9,429,635	9,699,916	10,803,169	11,110,304	1,410,388	14.54%
69	Department of Systems Management for Human Services	3,027,290	4,097,416	4,206,349	4,857,221	4,754,847	548,498	13.04%
71	Health Department	28,782,394	30,888,228	32,612,906	33,649,513	34,324,160	1,711,254	5.25%
88	Contributory Agencies	647,673	776,584	926,584	0	0	(926,584)	-100.00%
	Total Health and Welfare	\$171,390,779	\$178,683,123	\$193,586,993	\$185,503,665	\$203,282,242	\$9,695,249	5.01%
Parks, Recreation and Cultural								
50	Department of Community and Recreation Services	\$11,428,223	\$13,694,693	\$14,064,996	\$13,485,766	\$14,082,564	\$17,568	0.12%
51	Fairfax County Park Authority	18,019,671	18,175,142	18,752,981	19,355,607	19,715,737	962,756	5.13%
52	Fairfax County Public Library	25,071,104	24,521,887	25,433,823	26,025,720	26,786,707	1,352,884	5.32%
88	Contributory Agencies	1,907,503	2,384,150	2,384,150	0	0	(2,384,150)	-100.00%
	Total Parks, Recreation and Cultural	\$56,426,501	\$58,775,872	\$60,635,950	\$58,867,093	\$60,585,008	(\$50,942)	-0.08%
Community Development								
16	Economic Development Authority	\$6,435,095	\$5,304,059	\$6,533,762	\$6,667,086	\$6,713,330	\$179,568	2.75%
30	Environmental Services Administration Division	2,214,816	2,610,973	2,605,362	2,612,045	0	(2,605,362)	-100.00%
31	Land Development Services	7,128,958	7,615,313	7,959,605	7,862,122	8,406,406	446,801	5.61%
35	Department of Planning and Zoning	7,372,540	7,779,217	7,906,486	8,079,794	8,257,918	351,432	4.44%
36	Planning Commission	509,086	540,741	533,955	523,100	592,661	58,706	10.99%
38	Department of Housing and Community Development	3,555,770	3,872,882	4,234,400	4,712,952	4,775,592	541,192	12.78%
39	Office of Human Rights	849,480	1,001,148	1,083,372	1,052,379	1,116,893	33,521	3.09%
40	Department of Transportation	2,500,961	2,805,169	3,792,643	5,080,802	5,615,339	1,822,696	48.06%
88	Contributory Agencies	660,961	686,072	686,072	0	0	(686,072)	-100.00%
	Total Community Development	\$31,227,667	\$32,215,574	\$35,335,657	\$36,590,280	\$35,478,139	\$142,482	0.40%

FY 2001 ADOPTED SUMMARY GENERAL FUND EXPENDITURES

#	Agency Title	FY 1999 Actual	FY 2000 Adopted Budget Plan	FY 2000 Revised Budget Plan	FY 2001 Advertised Budget Plan ¹	FY 2001 Adopted Budget Plan ²	Increase (Decrease) Over Revised	% Increase (Decrease)
Non-Departmental								
87	Unclassified Administrative Expenses	\$2,911,710	\$3,975,206	\$4,599,551	\$18,508,794	\$5,330,290	\$730,739	15.89%
88	Contributory Agencies	20,000	20,000	30,000	0	0	(30,000)	-100.00%
89	Employee Benefits	93,568,841	102,983,610	101,540,667	110,640,139	116,344,585	14,803,918	14.58%
	Total Non-Departmental	\$96,500,551	\$106,978,816	\$106,170,218	\$129,148,933	\$121,674,875	\$15,504,657	14.60%
	Total General Fund Expenditures	\$693,847,096	\$754,977,084	\$784,780,122	\$807,590,128	\$819,452,610	\$34,672,488	4.42%

¹ Beginning in FY 2001 Agency 88, Contributories will no longer be included in the General Fund. All Contributory payments will be funded through a General Fund transfer to the newly created Fund 119, Contributory Fund.

² As outlined in the FY 2001 Advertised Budget Plan, another stage in the Department of Public Works and Environmental Services (DPWES) reorganization is occurring in FY 2001. The reorganization includes the consolidation of functions and the transfer of funding and positions between agencies. There is no net General Fund impact. For more information on the specific actions taken please refer to the individual agency narratives in the FY 2001 Adopted Budget Plan, Volume 1.

FY 2001 Adopted Budget Plan: Overview Volume

PROPOSED FY 2001 COMPENSATION SYSTEM

In FY 2001, a new compensation system, linked to a new performance management system, is proposed for all County employees on the S and L Pay Scales. Approximately 7,600 of the County's 11,000 employees are on the S and L Scales and would participate in Pay for Performance. The L Scale includes lawyers in the County Attorney's Office. For FY 2001, the new compensation system will not apply to uniformed public safety employees who will remain on separate step-based pay plans but continue to review pay for performance for application to their systems.

The new performance-based compensation system was developed by an employee task force that began work in May 1998. The system was designed using input gathered from meetings with employees throughout the County with the assistance of the Hay Group, an international human resources consulting firm.

Pay adjustments proposed as a result of the Market Pay and Benefits Study, conducted in conjunction with implementation of the new compensation system, and pay increases associated with Pay for Performance are funded within the Budget Guidelines adopted by the Board of Supervisors. Funding has been allocated to agencies for pay increases associated with Pay for Performance, using historical rating patterns within agencies. Additional funding has been set aside in Agency 87, Unclassified Administrative Expenses, for re-allocation by the Department of Management and Budget to agencies in the event that the assumptions based on historical rating patterns require modification for Pay for Performance increases or bonuses based on actual experience.

Market Pay and Benefits Study

To attract and retain qualified employees and to ensure that County salaries and benefits are competitive with comparable organizations (public and private) in the surrounding market, a contract was awarded by the Board of Supervisors in June 1998 to Deloitte & Touche LLP to undertake the first comprehensive review of the County's pay and benefits conducted in the past decade for which pay changes are recommended. Approximately 700 job classes were reviewed and approximately 100 of those classes were specifically benchmarked to similar jobs in comparable organizations. The results of the market study indicated the following:

- Approximately 40% of employees (in 258 job classes) should remain in their current pay grade but receive a 2.5% pay adjustment that includes both a cost of living adjustment (COLA) and a market rate adjustment (MRA) to remain competitive;
- Approximately 40% of employees (in 271 job classes) were behind the market and should move up one pay grade and receive a 2% pay increase in addition to the 2.5% COLA/MRA; and,
- Approximately 20% of employees (in 165 job classes) were well behind the market and should move two to four grades and receive a 4% pay increase in addition to the 2.5% COLA/MRA.

New Structure: Steps have been eliminated in the new pay system for S and L Scale employees and will be replaced with pay scales that reflect a salary range and show a minimum, midpoint and maximum for each pay grade. Existing Personnel Regulations and related Fairfax County Code language will be recommended for amendment by July 1, 2000, to reflect the new compensation and evaluation system. Pay steps, and all existing rules for promotion, demotion, reclassification and regrades, will be retained for Public Safety employees.

Other Adjustments

Catch-Up Provisions: In FY 2001 only, employees who would have completed the second or third year of a Hold Step will receive an additional one percent (1%) pay increase at the time of their annual review. Also, employees entering longevity who would have been eligible for an automatic 5% longevity increment in FY 2001 and who are rated Satisfactory, resulting in a 3% pay increase, will receive an additional 1% pay increase at their annual review.

Compensatory Time Payout: Beginning the first full pay period in July, 2000, a 240-hour cap will be placed on compensatory time payouts for employees leaving County service (through separation, retirement, etc.).

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Promotions/Within Grade Adjustments: Under the new system, promotions will provide employees a ten percent increase in pay. To add flexibility to internal rules, and to make offers competitive with new hires, department heads may request within grade adjustments greater than ten percent, subject to County Executive approval.

Demotions: Save Pay for incumbents who are demoted or are in positions which have been downgraded will not expire after two years. Instead, their pay will be maintained at the current level with no eligibility for additional pay increases until they are moved to a higher level position or until their salary falls within the maximum for their pay grade. This policy also applies to employees demoted as a result of a Reduction in Force.

Regrades: Employees who are regraded or reclassified upward will be moved to the correct class and/or grade but will retain their current pay. No pay increase would be given at the time of the regrade/reclass; however, by moving to the higher class/grade, the employee gains enhanced earnings opportunity over the span of his/her career with the County in the new, higher pay scale.

New Performance Management System

Pay for Performance will more closely link employee pay with their performance, holding employees accountable for their performance, and rewarding employees who are top performers and are contributing to the continuous improvement of our organization. The new system will replace the current evaluation system which is essentially a pass/fail system lacking a direct link between pay and individual job performance. The current system is also structured so that in any given year approximately 60 percent of employees were ineligible for merit increases either due to longevity restrictions or Hold Steps (two to three year gaps between merit raises). Finally, merit increments under the current system are a flat five-percent whether the employee performs at a satisfactory level or is a top performer.

Under Pay for Performance, employees would be eligible for variable pay raises of 0%, 3%, 5% or 7% based on the numerical score they receive at their annual evaluation up to the maximum pay for their grade. Those employees who are already at the top of the pay scale for their grade would be able to earn a bonus of 3% or 5%, with a Superior or Exceptional performance rating at their annual evaluation. Hold Steps would be eliminated, thereby providing incentives to all employees to excel every year.

A 15-member employee Technical Review Panel has been established to monitor the consistent application and implementation of Pay for Performance across the County.

An essential part of this new compensation system is the new evaluation system, which is intended to foster open communication between supervisors and their employees in a way that is not happening consistently in the current system. Training has been held for supervisors and is underway with all employees to introduce the four-part, year-round process that is the foundation of the new performance management system: Planning, Coaching, Reviewing and Rewarding performance.

- **Planning:** At the beginning of the year, supervisors will sit down with employees to set goals and discuss performance elements and Countywide behaviors.
- **Coaching:** Ongoing all year. A continuous dialogue between the employee and supervisor to provide the employee with feedback, note accomplishments and deal with problems as they may arise.
- **Reviewing:** At the end of the year, the supervisor reviews the employee's actual performance against expectations to identify strengths to build on and areas for improvement in the next performance year.
- **Rewarding:** 0%, 3%, 5% or 7% merit raise (or 3% or 5% lump sum bonus) awarded annually based on performance rating received. **Pay Increases:** 0% = Unsatisfactory performance; 3% = Satisfactory performance; 5% = Superior performance; 7% = Exceptional performance; **Lump Sum Bonuses:** 3% = Superior performance and 5% = Exceptional performance.

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Bonuses: An employee at the top of pay scale who receives a Satisfactory performance rating would not be eligible for a bonus. Bonuses must be re-earned annually, based on achieving a Superior or Exceptional rating for the rating period. Bonuses are not added to base pay or considered in calculating retirement benefits. The minimum bonus for qualified employees is \$1,000. Employees who hold more than one County position will be eligible for bonus consideration in their primary position, which is defined as the job that is higher paid or involves the most regularly-scheduled hours.

Exempt Status Employees: Exempt limited term and exempt part-time employees will not be eligible for bonuses under Pay for Performance. Pay for Performance increases are at the discretion for the department head.

Evaluation System: A single standard evaluation form will be replaced by new forms developed at the agency level reflecting the different types of work done in each agency. To support consistency in the new system, there are four common components in each evaluation form: Performance Elements, Goals, Behaviors and a Development/Training section.

- **Performance Elements** are tailored to the employee's class or function, focus on results and are stable parts of each employee's job that do not change from year to year. Performance elements include measures for quality, quantity, timeliness, method and/or cost.
- **Goals** are tailored to the individual and are specific results or outcomes desired from the employee. Goals are likely to change annually and may need to be revised during the year. Supervisors are trained to develop S.M.A.R.T. goals: specific, measurable, attainable, relevant and time-based. Goals will not be rated the first year, as employees will be developing their goals during that time.
- **Behaviors** are "How" employees do their jobs and the process by which results are achieved. The behaviors will reinforce the values, culture, and mission of the County. All evaluation forms will list the same set of Countywide behaviors: Initiative, Respecting Differences, Accepting Responsibility, Service Motivation, and Adaptability.
- **Development/Training.** Employees will not be rated in this section. This part of the evaluation is designed to provide an opportunity for an employee to sit down and discuss career development with his or her supervisor – what training may be needed to improve work or increase skills, to help advance his/her career.

The new evaluation system also features a Self-Assessment to be completed by employees and used as a starting point for the performance review discussion with their supervisors.

Funding: Funding for Pay for Performance has been allocated to agencies based on a review of past rating patterns in each agency. To assure employees that sufficient funding is available for performance pay increases and bonuses for all qualified employees, additional funding has been allocated to Agency 87 Unclassified Administrative Expenses. This funding could be reallocated within the total funding level approved by the Board of Supervisors at the discretion of the County Executive and/or the Chief Financial Officer.

The Appeals Panel

In conjunction with the implementation of the new Pay for Performance system, a new Appeals Panel option will be established as a simple, informal and timesaving process for employees who wish to contest their performance rating and the corresponding performance award level they receive. The Appeals Panel was recommended by the employee task force as a less formal and faster alternative to the Civil Service and Alternative Dispute Resolution processes currently available for employees. The Appeals Panel will be administered by the Office of Equity Programs, which is part of the Office of the County Executive.

Mission: The Appeal Panel's sole duty is to review those instances where an employee is contesting the final numerical rating, and the appeal, if successful, may result in a change in the percentage salary increase.

Eligibility for Appeals Process: Employees who have successfully completed their one-year probationary period may request an appeal. Probationary employees and limited term employees cannot appeal their ratings. Employees

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can appeal the annual evaluation and the review received at the end of the 120-day work improvement period, which replaces the 10-week advance notice provision under the current system.

Appeal Process: Employees have 10 working days from the date the employee receives his/her evaluation to request in writing an appeal hearing. If the Appeals Panel finds sufficient reason to change a rating an employee has received, and this change affects pay, the Panel will request the resulting pay increase be made effective retroactive to the employee's anniversary date. The Panel may not lower an employee's final rating. As a final step, the Panel will provide the same form to the employee and the supervisor indicating the panel's decision. Information about the vote of individual panel members will not be provided to either side nor will there be an indication of the vote total (e.g. 2-1 or 3-0). If an employee is not satisfied with the Appeals Panel decision, he/she may still utilize the grievance process. A grievance must be filed within 20 business days of the Appeals Panel decision.

Panel Composition: The panel will include three merit County employees, a chair and two panel members who have volunteered and were subsequently selected jointly by the County Executive and the chair of the Employees Advisory Council to participate. The chairs will serve one month each on a rotational basis. Panel members will be selected from a pool of volunteers. The employee requesting the appeal will choose one panel member and the rating supervisor will also choose one panel member from the same pool.

Senior Management Compensation System

Effective July 1, 2000, Senior Managers will no longer be assigned pay grades or steps on the general salary schedule (or S Plan). Compensation will be based on an annual market analysis and individual performance. Senior Managers include department heads and Assistants to the County Executive, all of whom serve without the protections of the merit system.

- **Salary:** Senior Managers will participate in Countywide market adjustments, Pay for Performance increases (0-7%) or bonuses (0-5%), similar to general County employees. Each position's pay scale will be capped at 25% above the mid-point, consistent with the County's basic S pay scale. For fiscal year 2001, Senior Managers will receive the across the board adjustment of 2.5% and be eligible for performance-based increases of up to 7%. The County Executive will meet with Senior Managers in July and August to review performance in conjunction with the agency's budget and performance measures for the previous fiscal year. All Senior Manager performance pay increases would become effective the first full period in September each year.
- **Benefits:**
 - Medical Insurance and Retirement: Senior Managers will continue to participate in the employees' health/medical plans and retirement plans.
 - Leave Accrual: Senior Managers will be credited with 26 days of annual leave and 13 days of sick leave at the beginning of the leave year each January. Leave for new hires in this category will be prorated on a case-by-case basis depending on date of appointment. Senior Managers are not eligible to accrue compensatory time.
 - Severance Benefits: Because Senior Managers do not have the same job protections as merit employees, a severance package would be provided to Senior Managers who are separated by administrative action and not dismissed for cause. This package would include: up to 16 weeks of severance pay, as determined by the County Executive on a case-by-case basis; payment for any unused leave; and continuation of health/insurance benefits with the same employer/employee contribution rates for up to six months or until the employee finds another job with health benefits, whichever occurs first. After six months, they would be eligible to continue medical insurance as provided under COBRA, assuming the full cost of the premium.
 - An individual who leaves the County voluntarily is not eligible for any severance benefits but is eligible to be paid for unused leave.