

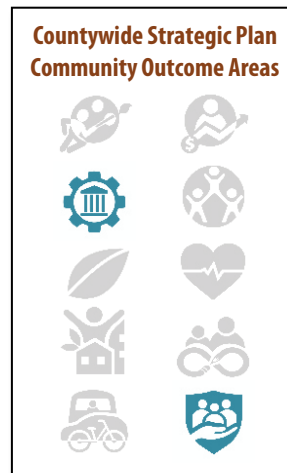
Fund 60000: County Insurance

Mission

To ensure the health and safety of County residents, employees, and public officials, and to protect the County's financial assets. The agency is committed to providing the highest quality customer service in managing the County's risks and exposures.

Connection to the Countywide Strategic Plan

The Fairfax County Board of Supervisors adopted the first-ever Countywide Strategic Plan on October 5, 2021. The Countywide Strategic Plan serves as a road map to help guide future work, focusing on the 10 Community Outcome Areas that represent the issues of greatest importance to the community, and uses our One Fairfax equity policy to invest in people and places that have limited access to opportunity. On February 20, 2024, the second Annual Report on the work of the strategic plan was released to the public. The report contains point-in-time progress highlights for each of the community outcome areas, plus three data dashboards and data stories that are being replicated across all of the outcome areas, and a number of additional initiatives to embed the elements of the plan within department-level work. The report also includes a Year Three Implementation Model, which will engage hundreds of County subject-matter experts to identify and champion the specific strategies that will move forward to implementation under the guidance of the Board of Supervisors. For more information on the Countywide Strategic Plan, please visit www.fairfaxcounty.gov/strategicplan. Fund 60000, County Insurance primarily supports the following Community Outcome Areas:



Community Outcome Area	Vision Statement
Effective and Efficient Government	<i>All people trust that their government responsibly manages resources, is responsive to their needs, provides exceptional services and equitably represents them.</i>
Safety and Security	<i>All people feel safe at home, school, work and in the community.</i>

Focus

Fairfax County has a statutory responsibility to provide Workers' Compensation benefits, including medical treatment and loss of wages due to related disability, to employees who sustain occupational injuries and illnesses. Fund 60000, County Insurance, was established to fulfill this obligation. The fund also provides for countywide commercial insurance and for self-insurance. The County self-insures automobile and general liability claims. Special commercial coverage is provided for aviation insurance on County helicopters, real property coverage, and Fire and Rescue Department vehicle damage insurance. Administrative expenses of risk management programs are paid through this fund.

Fund 60000: County Insurance

Fairfax County provides a wide range of services to its employees and residents, which in turn creates potential risks and exposures to the County. Some of these risks include injuries involving County employees or damage to County property; injuries to residents or damage to residents' property; automobile accidents; incidents arising from police activity; the actions of public officials; and the operation and maintenance of sewage and storm management systems.

The Risk Management division of the Department of Finance approaches its mission from both internal and external perspectives. Recognizing that an organization the size of Fairfax County will experience losses, Risk Management staff work to mitigate losses and manage financial liabilities. This is accomplished through both self-insurance (which generally applies to losses expected to occur regularly, such as Workers' Compensation, automobile and general liability, and police professional and public officials' liability) and commercial insurance (for losses which occur infrequently but tend to be large exposures, such as real property losses, aircraft liability, and damage to high-value vehicles). Recognizing the importance of prompt and fair resolution of claims against the County, claims administration uses both in-house staff and a contract claims administrator. Risk Management is committed to the prevention of injuries in the workplace and focuses on programs that address countywide injury prevention and reduction through training and awareness campaigns. Finally, Risk Management staff focuses on building and using partnerships with other County agencies, the community, and neighboring jurisdictions to mitigate risks and to ensure excellent communication with the residents of Fairfax County.

Budget and Staff Resources

Category	FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$1,245,137	\$1,976,976	\$1,976,976	\$2,059,248	\$2,059,248
Operating Expenses	28,298,980	33,478,764	45,036,187	33,415,764	33,415,764
Subtotal	\$29,544,117	\$35,455,740	\$47,013,163	\$35,475,012	\$35,475,012
Less:					
Recovered Costs	(\$1,965,020)	(\$210,000)	(\$210,000)	(\$310,000)	(\$310,000)
Total Expenditures	\$27,579,097	\$35,245,740	\$46,803,163	\$35,165,012	\$35,165,012
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	13 / 13	13 / 13	13 / 13	13 / 13	13 / 13

FY 2025 Funding Adjustments

The following funding adjustments from the FY 2024 Adopted Budget Plan are necessary to support the FY 2025 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 7, 2024.

Employee Compensation **\$82,272**
 An increase of \$82,272 in Personnel Services includes \$39,396 for a 2.00 percent market rate adjustment (MRA) for all employees and \$26,594 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2024. The remaining increase of \$16,282 is included for employee pay increases for specific job classes identified in the County's benchmark class survey of comparator jurisdictions.

Fund 60000: County Insurance

Reductions (\$163,000)

A decrease of \$163,000 reflects reductions utilized to balance the FY 2025 budget. The following table provides details on the specific reductions:

Title	Impact	Positions	FTE	Reduction
Realize Savings in Workers Compensation Insurance Premiums	As a result of workplace safety improvements and a national award recognizing the County's Risk Management program, savings of \$133,000 in Workers Compensation insurance premiums will be realized in FY 2025. While this will reduce the program's flexibility to address future premium increases, it is not expected that this reduction will have a negative impact on agency operations in FY 2025.	0	0.0	\$133,000
Realize Savings in the Automated External Defibrillator (AED) Program	The Automated External Defibrillators (AED) program plays a crucial role in providing lifesaving first aid to both County employees and residents visiting County facilities. The County has moved from a bulk purchasing model for AEDs to a just-in-time purchasing model. This has resulted in savings of \$25,000; therefore, it is not expected that this reduction will have a negative impact on the overall AED program.	0	0.0	\$25,000
Realize Contract Savings Associated with the Risk Management Information System	The Risk Management Information System (RMIS) contract expires at the end of FY 2024. The new contract, beginning in FY 2025, results in savings of \$5,000; therefore, it is not expected that this reduction will have a negative impact on agency operations.	0	0.0	\$5,000

General Fund Transfer

The FY 2025 budget for Fund 60000, County Insurance, requires a General Fund Transfer In of \$24,439,550, a net decrease of \$80,728 from the FY 2024 Adopted Budget Plan. The decrease is comprised of reductions totaling \$163,000 needed to balance the FY 2025 budget offset by an increase of \$82,272 to support employee compensation adjustments.

Changes to FY 2024 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2024 Revised Budget Plan since passage of the FY 2024 Adopted Budget Plan. Included are all adjustments made as part of the FY 2023 Carryover Review, FY 2024 Third Quarter Review, and all other approved changes through April 30, 2024.

Carryover Adjustments \$10,325,532

As part of the *FY 2023 Carryover Review*, the Board of Supervisors approved funding of \$10,325,532, primarily due to the appropriation of \$148,374 to fund outside counsel for ongoing litigation and \$10,161,982 for expenditures related to tax litigation refunds as a result of the Virginia Supreme Court ruling on the Business, Professional, and Occupational License (BPOL) tax. The remaining \$15,176 is included as encumbered carryover in Operating Expenses.

Third Quarter Adjustments \$1,231,891

As part of the *FY 2024 Third Quarter Review*, the Board of Supervisors approved funding of \$1,231,891 due to updated expenditure estimates related to tax litigation refunds as a result of the Virginia Supreme Court ruling on the Business, Professional, and Occupational License (BPOL) tax. Additionally, the Board of Supervisors approved a General Fund Transfer In of \$3,007,000 for accrued liability adjustments.

Position Detail

The FY 2025 Adopted Budget Plan includes the following positions:

COUNTY INSURANCE - 13 Positions			
1	Risk Manager	1	Loss Prevention Analyst II
1	Claims Specialist IV	1	Management Analyst II
1	Loss Prevention Analyst IV	1	Loss Prevention Analyst I
1	Claims Specialist III	1	Claims Specialist I
2	Loss Prevention Analysts III	1	Administrative Assistant V
1	Claims Specialist II	1	Administrative Assistant IV

Performance Measurement Results by Community Outcome Area

Effective and Efficient Government

Workers' Compensation costs are the single greatest challenge to the County Insurance Fund. A key factor in containing costs and expediting the return to work of injured employees is prompt and adequate medical evaluation. Understanding the County's programs coupled with efficient reporting systems, serves both employee and County interests. The Risk Management division continues to work with County agencies on the importance of prompt reporting. The reporting time changed from an average of five days in FY 2022 to an average of two days in FY 2023. In FY 2023, the program processed 98 percent of all claims within 30 business days from the date of incident.

Safety and Security

Driver safety and accident prevention programs remain a priority. The number of preventable accidents in FY 2023 was 290 based on the overall number of auto accidents reported. This is consistent with FY 2022. In addition, the overall rate of preventable accidents between FY 2022 and FY 2023 also decreased by 4.7 percent, resulting in a decrease in preventable accidents per 100,000 miles driven from 1.06 to 1.01, despite a 14.9 percent increase in miles driven. An analysis of these accidents indicates that there has been an overall decrease in losses resulting from collisions with other vehicles and fewer losses as a result of single vehicle incidents (e.g., collisions with fixed objects), and fewer accidents as a result of backing into vehicles or objects.

The commercial insurance portfolio is a key element in protecting the assets of the County against losses in a major event. It ensures that the County is not faced with major property, Workers' Compensation, and liability losses. While actual premiums increase, County staff continues to obtain low rates for those premiums. The ratio of premium paid to value of assets covered was 0.108 percent in FY 2023.

Community Outcome Area	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2023 Actual	FY 2024 Estimate	FY 2025 Estimate
Effective and Efficient Government						
Financial Sustainability and Trustworthiness						
Ratio of premium paid to value of assets covered	0.099%	0.143%	0.157%	0.108%	0.161%	0.146%
Customer Satisfaction with County Services						
Percentage of claims processed within 30 days	98%	98%	98%	98%	98%	98%
Safety and Security						
Safety-Related Prevention and Preparedness						
Preventable accidents per 100,000 miles driven	1.21	1.06	1.09	1.01	0.97	1.00

A complete list of performance measures can be viewed at <https://www.fairfaxcounty.gov/budget/fy-2025-adopted-performance-measures-pm>

Fund 60000: County Insurance

FUND STATEMENT

Category	FY 2023 Actual	FY 2024 Adopted Budget Plan	FY 2024 Revised Budget Plan	FY 2025 Advertised Budget Plan	FY 2025 Adopted Budget Plan
Beginning Balance	\$105,980,270	\$95,023,074	\$117,797,324	\$97,431,330	\$99,206,439
Revenue:					
Interest	\$1,797,299	\$50,000	\$50,000	\$50,000	\$50,000
Workers' Compensation ¹	611,418	525,000	525,000	525,000	525,000
Other Insurance	157,941	110,000	110,000	110,000	110,000
Total Revenue	\$2,566,658	\$685,000	\$685,000	\$685,000	\$685,000
Transfers In:					
General Fund (10001)	\$33,822,493	\$24,520,278	\$27,527,278	\$24,439,550	\$24,439,550
Total Transfers In	\$33,822,493	\$24,520,278	\$27,527,278	\$24,439,550	\$24,439,550
Total Available	\$142,369,421	\$120,228,352	\$146,009,602	\$122,555,880	\$124,330,989
Expenditures:					
Administration	\$1,552,270	\$2,336,740	\$2,351,916	\$2,414,012	\$2,414,012
Workers' Compensation ¹	15,573,357	20,545,000	20,545,000	20,575,000	20,575,000
Self-Insurance Losses	2,834,517	5,702,500	5,702,500	5,672,500	5,672,500
Litigation Expenses	129,212	0	11,542,247	0	0
Commercial Insurance Premium	4,334,980	6,336,500	6,336,500	6,203,500	6,203,500
Automated External Defibrillator	147,761	325,000	325,000	300,000	300,000
Total Expenditures	\$24,572,097	\$35,245,740	\$46,803,163	\$35,165,012	\$35,165,012
Expense for Net Change in Accrued Liability ¹	\$3,007,000	\$0	\$0	\$0	\$0
Total Disbursements	\$27,579,097	\$35,245,740	\$46,803,163	\$35,165,012	\$35,165,012
Ending Balance²	\$117,797,324	\$84,982,612	\$99,206,439	\$87,390,868	\$89,165,977
Restricted Reserves:					
Accrued Liability ¹	\$82,427,000	\$79,420,000	\$82,427,000	\$79,420,000	\$82,427,000
Litigation Reserve	13,629,134	3,307,132	2,086,887	3,318,778	2,086,887
Reserve for Catastrophic Occurrences	21,741,190	2,255,480	14,692,552	4,652,090	4,652,090

¹ FY 2023 actuals reflect an accrued liability adjustment of \$3,007,000 based on an annual independent actuarial valuation. This adjustment results in a corresponding adjustment to the FY 2023 Total Disbursements, total Accrued Liability Reserve, and Reserve for Catastrophic Occurrences, but it does not affect the cash balance or the Ending Balance, which is calculated using Total Available less Total Expenditures, not disbursements. In addition, audit adjustments of \$100 have been reflected as an increase to revenues and expenditures to accurately record revenue and expenditure reclassifications. The Annual Comprehensive Financial Report reflects all audit adjustments in FY 2023. Details of the audit adjustments were found in Attachment VI of the FY 2024 Third Quarter Package.

² Fluctuations in the Ending Balance are primarily the result of variations in litigation expenses.