

Response to Questions on the FY 2005 Advertised Budget Plan

Request By: Chairman Connolly

Question: Is the FCPS employee step increase, which was lost in 1992, included in the retirement benefit calculation in the County retirement system and the school retirement system? For those already retired, does the retirement calculation include the restoration of the step? If not, what would be the cost of restoring the step?

Response: The following response was prepared by Fairfax County Public Schools and County Retirement Administration.

Full time FCPS employees, including administrators, principals, teachers, office personnel, participate in the Virginia Retirement System (VRS) and Educational Employees' Retirement System (ERFC), and they do not currently have their 1992 lost step included in their retirement benefit calculation. No cost analysis has been done regarding current retirees who were impacted by the lost step. If the step is restored to salaries for current employees as proposed in the FY 2005 budget it would be included in the retirement calculation for all current FCPS employees who are eligible for the restoration. Note the cost to fund the lost step is \$2.3 million. There is no funding included in the FY 2005 budget for VRS or ERFC current retirees.

A number of FCPS employees are in the Fairfax County Employees' Retirement System (FCERS), including full time maintenance and custodian employees and part time employees. Retirement benefits provided to FCPS employees in the County retirement system are governed by the Fairfax County Employees' Retirement System. Section 3-2-1(d) of the Code of the County of Fairfax. Article 2 of the Code contains the provisions governing the Employees' Retirement System. This article was amended effective in 1991 as it applies to any deferral of merit increment after this point in time. In FY 1992 and FY 1993 merits for employees in Fairfax County Public Schools and Fairfax County Government were eliminated.

Fairfax County Code, Article 2 states, the retirement system may adjust the final average compensation to account for the loss of merit increments in FY 1992 and FY 1993 under the following assumptions:

- (1) If the employee was scheduled to receive a merit increment in Fiscal years 1992 and 1993, it is assumed that it was delayed
- (2) The employee received no promotions, demotions, reclassifications or regrades from the date of the delayed merit increment(s).
- (3) The employee moved through the steps as quickly as possible according to his or her respective pay plan.
- (4) The delayed merit increments and all future merit increments occurred on the day and the month which is the same day and month when the employee retires.

- (5) The employee is assumed to be in full employment each year if in full employment at the time of the delayed merit increment and also at the time of retirement.
- (6) A factor shall be derived utilizing assumptions (1) through (5) and said factor shall be used to calculate the increase if any in a member's final average compensation. If at the time of retirement, the employee has service credit for three years or more at the longevity step, then there shall be no adjustment to the member's average final compensation.

This amendment applies to all applications for allowances and benefits filed with the respective Boards of Trustees on or after July 13, 1991.