

Response to Questions on the FY 2007 Advertised Budget Plan

Request By: Multiple

Question: Discuss and compare the proposed compensation adjustments for both the County and Schools by category of employee (County non-public safety, County public safety, teacher and School non-teacher) including percentage increase and costs by category.

Response: There are different compensation proposals for each of the four categories of employees for the County and Schools (County non-public safety, County public safety, teacher and School non-teacher). The basic breakdown of percentage increase and cost are provided in the following table. The percentage increase is the average for the employees in each category. The details of the compensation adjustments and who is eligible are included below. The cost is the projected FY 2007 impact of the compensation adjustment and associated fringe benefit adjustments. In addition those compensation adjustments that occur on an employee's anniversary date as opposed to the beginning of the fiscal year will have a higher full year cost.

Compensation Adjustment Summary

| Category of Employee | Percentage Increase | Cost |
|-----------------------------------|---------------------|----------------|
| County non-public safety | 4.31% | \$10.8 million |
| County public safety ¹ | 6.50% | \$17.6 million |
| Teacher ² | 6.62% | \$47.8 million |
| School non-teacher ² | 5.85% | \$18.3 million |

¹ It should be noted that the 2 percent across the board increase for Fire and Rescue is not included in the percentage and cost data for Public Safety.

² It should be noted that the Initiative for Excellence which equates to 0.77 percent for teachers at a cost of \$16.0 million and 0.25 percent of the market scale adjustment for all School employees at a cost of \$4.0 million is part of the School Board's Tier IV budget request but is included in the percentage increase and cost above. In addition, the impact of the Schools assuming funding for an additional 0.5 percent of the employee portion of contributions to the Virginia Retirement System (VRS) at a cost of \$5.6 million, resulting in an increase in take home pay for eligible FCPS.

Compensation Adjustment Detail

County non-public safety: Since FY 2001, pay increases for non-public safety employees have been based on Pay for Performance. The current range of pay for performance increases is from 0 percent to 6 percent (0.0, 1.7, 2.1, 2.6, 3.0, 3.4, 3.9, 4.3, 4.7, 5.1, 5.6 and 6.0). The average that is anticipated for non-public safety employees is 4.31 percent to be received by employees on their review dates throughout the year.

For FY 2007, funding of \$8.8 million is included for General Fund agencies in addition to \$2.0 million for General Fund-supported agencies for a total of \$10.8 million for Pay for Performance.

The historical distribution of pay for performance, compiled by pay grade grouping as follows:

| Pay Grades | Average Pay Award FY 2005 (0.0% to 6.0%) | Average Pay Award FY 2004 (0.0% to 7.0% then discounted by 25%) | Average Pay Award FY 2003 (0.0% to 7.0%) | Average Pay Award FY 2002 (0.0% to 7.0%) | Average Pay Award FY 2001 (0.0% to 7.0%) |
|-------------------|---|--|---|---|---|
| Grades 1–12 | 4.1% | 3.9% | 5.0% | 4.8% | 4.7% |
| Grades 13-20 | 4.2% | 3.9% | 5.2% | 5.1% | 4.9% |
| Grades 21-25 | 4.4% | 4.1% | 5.4% | 5.3% | 5.1% |
| Grades 26-40 | 4.7% | 4.3% | 5.7% | 5.6% | 5.6% |

In order to ensure that pay scales remain competitive with the market, County non-public safety pay scales are increased in accordance with the annual market index, which is calculated based on data from the Consumer Price Index; the Employment Cost Index, which includes private sector, state and local government salaries; and the Federal Wage Adjustment. This is designed to keep County pay scales from falling below the marketplace, requiring a large-scale catch-up every few years. In FY 2007, the non-public safety pay scales will be adjusted 4.25 percent based on the current market index. However, it is important to note that employees do not receive this adjustment as they did in the past through a cost-of-living increase.

County public safety: Uniformed public safety employees do not participate in the Pay for Performance program. Their increases are based on the market rate adjustment effective the first full pay period in July and step increments on their review date. For FY 2007, funding of \$2.0 million has been included for those eligible to receive public safety merit increments of 2.25 percent (assuming approximately 45 percent are eligible for the step increase which is on average 5 percent).

In addition, \$15.6 million is included to provide a 4.25 percent market rate adjustment for uniformed public safety employees. As described above, the market index is the County's tool to ensure that salaries remain competitive. Unlike for non-public safety employees for whom the market index is applied to the pay scales but not individual salaries, the County has applied the market index to the salaries of public safety employees to ensure that actual employees keep pace with the market and to support the County's public safety priorities. This increase is received on the first full pay period of the fiscal year.

It should be noted that FY 2008 funding of \$3.4 million is also included for a 2 percent across the board adjustment for all Fire and Rescue classes to provide for market competitiveness of these positions (this funding is not included in the table above). Each year, the Department of Human Resources conducts a market pay study to compare specific core and supplemental position classes to the local and regional employment market. In addition, the range of public safety position classes is reviewed. This proposed increase is based on a review of these public safety classes in comparison to those in surrounding jurisdictions. This increase is also received on the first full pay period of the fiscal year. A number of other public safety classes are adjusted as well including Police Majors and Deputy Chiefs of Police and Police Medics who will receive an increased stipend aligning their Advanced Life Support (ALS) certification pay with that of Fire and Rescue ALS providers.

A number of other adjustments to compensation are included in the FY 2007 Advertised Budget Plan for County employees. Shift differential for those who provide essential services 24 hours a day, seven days a week. This includes Police, Fire, Sheriff, E-911, Elderly Housing, and Fairfax-Falls Church Community Services Board personnel among others, and brings these rates and practices more in line with neighboring jurisdictions. The shift differential rates will increase from \$0.85 to \$0.90 per hour for the evening shift, and from \$1.10 to \$1.30 per hour for the midnight shift. In addition, adjustments to the holiday pay policies will provide compensation to employees who are required to work on the actual

holiday when that differs from the County-observed holiday (New Year's Day, 4th of July, Veteran's Day, Christmas Eve or Christmas Day). Employees will now also receive hour-for-hour compensation for call-back and mandated overtime hours worked (not to exceed the employee's normal scheduled work hours) when the holiday (actual and observed) falls on a scheduled day off. Additionally, holiday policy will be revised to clarify that employees will receive hour-for-hour holiday compensation on holidays (actual and observed) that fall on their scheduled work day in situations where the employee does not work, consistent with their scheduled hours.

Teacher: Fairfax County Public Schools (FCPS) teachers are eligible for compensation increases in FY 2007 totaling \$47.8 million. These include a market scale adjustment of 3.25 percent with a cost of \$32.8 million, an average step increase of 2.6 percent with a cost of \$1.5 million net of salary lapse, and the Initiative for Excellence item adjusting the teacher's scale to provide an increase to starting teachers and to those with master's degrees, at a cost of \$13.5 million, which translates to an average increase of approximately 0.77 percent. It should be noted that the Initiative for Excellence and 0.25 percent of the market scale adjustment is part of the School Board's Tier IV budget request but is included in the percentage increase and cost above.

School non-teacher: The non-teachers market scale adjustment is 3.25 percent with a cost of \$17.6 million. The average step increase of 2.6 percent costs \$0.7 million net of salary lapse. It should be noted that 0.25 percent of the market scale adjustment is part of the School Board's Tier IV budget request but is included in the percentage increase and cost above.

Not included in the table above but included in the compensation request is the cost to fund an additional 0.5 percent of the employee portion of contributions to the Virginia Retirement System (VRS) at a cost of \$5.6 million, resulting in an increase in take home pay for eligible FCPS employees.