



Response to Questions on the 2016 LOBs

Request By: Supervisor Foust

Relevant LOB(s): N/A

Question: Provide additional context on the data shown on slide 3 of the Compensation LOBs presentation, including position changes and trends in other funds.

Response:

As shown on slide 3 of the Compensation LOBs presentation (<http://www.fairfaxcounty.gov/dmb/lob/2016/lobs-compensation-presentation.pdf>), since FY 2007 (through the FY 2017 Adopted Budget Plan), funding for Employee Pay and Benefits, including Retiree Health, has increased 3.0 percent annually on average in the General Fund. When all appropriated funds are examined, the trend is similar, with compensation and benefits increasing 3.1 percent a year on average (see following table).

Employee Pay and Benefits - Summary
FY 2007 – FY 2017

TOTAL APPROPRIATED FUNDS	FY 2007 Adopted (millions)	FY 2017 Adopted (millions)	% Annual Increase
Employee Pay	\$821.81	\$1,001.29	2.0%
Employee Benefits	\$229.97	\$429.46	6.4%
Total Employee Compensation	\$1,051.78	\$1,430.75	3.1%
Retiree Health	\$12.27	\$17.10	3.4%
Total Employee Compensation and Retiree Health	\$1,064.05	\$1,447.85	3.1%

Most of these increases are attributable to Market Rate Adjustment (MRA), performance, and merit pay increases; health insurance premium adjustments; and increases in employer contributions for retirement and retiree health. In addition, there has been some growth in County positions during this timeframe. County positions have increased by 521, to a total of 12,438 in FY 2017. This equates to an average annual increase of 0.4%. Of this increase, 400 additional positions were the result of the conversion of positions to merit status in FY 2011-12 to meet Internal Revenue Service regulations and provisions of the Affordable Care Act. These conversions also increased benefits expenses as more employees became eligible for full benefits.

While trends in the General Fund mirror those seen in funds overall, there are some differences in trends among the General Fund, General Fund Supported Funds, and Other Funds. The table below provides the average annual increase in compensation funding and positions for these groupings of funds.



**Employee Pay and Benefits by Fund Type
FY 2007 – FY 2017**

	% Annual Increase in Compensation Funding	% Annual Increase in Positions
General Fund	3.0%	0.2%
General Fund Supported Funds	0.8%	(0.5%)
Other Funds	7.9%	4.4%
All Appropriated Funds	3.1%	0.4%

There have been adjustments that have impacted these trends by moving positions between the General Fund, General Fund Supported Funds, and Other Funds. For example, in FY 2010, 139 positions were transferred from the Stormwater Management Agency in the General Fund to a new Stormwater Services fund (now Fund 40100) in the Other Funds classification. Additionally, in FY 2015, Fund 40090, E-911, was reclassified from a General Fund Supported Fund to an Other Fund as a result of eliminating the General Fund transfer to the fund and posting Communication Sales and Use Tax revenues directly to Fund 40090. This also resulted in the movement of 205 positions.