



# County of Fairfax, Virginia

## MEMORANDUM

**DATE:** January 18, 2017  
**TO:** Board of Supervisors  
**FROM:** Joseph M. Mondoro, Chief Financial Officer  
**SUBJECT:** Responses to BOS Budget Questions – Package 2

Attached for your review is Package 2 of responses to Board questions on the FY 2018 budget. If you have any questions or need additional information, please do not hesitate to contact me. The following responses are included in this package:

| Question Number | Question  | Supervisor | Pages |
|-----------------|---|------------|-------|
|                 | <i>Budget Questions 1-5 answered in package 1 dated November 18, 2016</i>     |            | 1-7   |
| Budget-6        | How does the County generate savings from position turnover?                  | Bulova     | 8     |
| Budget-7        | Provide a detailed County organization chart including LOB level information. | Foust      | 9     |

### Attachment

cc: Edward L. Long Jr., County Executive  
Patricia Harrison, Deputy County Executive  
David J. Molchany, Deputy County Executive  
David M. Rohrer, Deputy County Executive  
Robert A. Stalzer, Deputy County Executive

## Response to Questions on the FY 2018 Budget

**Request By:** Chairman Bulova

**Question:** How does the County generate savings from position turnover?

**Response:** Position turnover is a negative amount included in most agencies' budgets that reduces the overall Personnel Services budget for the agency. Prior to reductions that were taken after the Great Recession, position turnover was utilized to represent the normal savings that occurs in budgets as a result of the time a position remains vacant after an incumbent leaves and before a new employee is hired. It should be noted that agencies with a small number of personnel are typically excluded.

In FY 2005, budgeted position turnover for the General Fund was \$15.58 million, resulting in an overall position turnover rate of 2.9 percent. This meant that, on average, agencies were expected to "save" at least 2.9 percent of their Personnel Services budgets through vacancy savings.

After the recession, as the County implemented budgetary reductions in order to balance the budget each year, position turnover rates were gradually increased as a means of generating additional savings. By FY 2017, budgeted position turnover in the General Fund was \$63.80 million – a rate of 8.0 percent. As a result, agencies often leave positions vacant for extended periods of time in order to generate the necessary savings.

Each year, as compensation increases are approved, position turnover budgets are increased at commensurate levels as salary budgets. When the costs of salary increases are cited in budget documents, they have already been offset by increased position turnover savings. The detailed costs associated with the FY 2017 Market Rate Adjustment, which had a net cost of \$15.38 million, are provided below as an example.

|                      |                 |
|----------------------|-----------------|
| Regular Salaries     | \$11.56 million |
| Limited-Term Support | \$0.31          |
| Position Turnover    | (\$0.94)        |
| Extra Pay            | \$0.61          |
| Fringe Benefits      | <u>\$3.84</u>   |
| <b>Total</b>         | <b>\$15.38</b>  |

As a result, position turnover rates remain relatively steady. The overall General Fund position turnover rate has held at around 8.0 percent for the past 5 years.

In addition to adjustments made to position turnover, overall agency personnel services budgets are routinely examined to determine if recurring savings are available based on the specific agency's staffing trends. Flexibility may exist, for example, if incumbents paid near the top of the pay scale retire and are replaced with new employees paid at lower salaries. In the past two years, over \$1.5 million (\$150,000 in FY 2017 and \$1.39 million in FY 2016) has been taken in reductions based on flexibility in personnel budgets as a result of historical savings and staffing levels. In many cases, these reductions were taken as reductions in regular salaries, rather than as increases in position turnover, resulting in a negligible impact to the overall position turnover rate.

## Response to Questions on the FY 2018 Budget

**Request By:** Supervisor Foust

**Question:** Provide a detailed County organization chart including LOB level information.

**Response:** <http://www.fairfaxcounty.gov/dmb/lob/2016/org-chart-by-lob.pdf>

The County organization chart at the address noted above displays each line of business (LOB) within the appropriate department or agency. Budgeted expenditures and positions for each LOB are shown in the chart as of the FY 2016 Adopted Budget Plan. Links have been embedded in the chart to provide access to the 2016 Lines of Business narrative for each agency and individual LOB.