

# Employee Benefits

## Mission

To provide centralized budgetary and financial control over employee fringe benefits paid by the County.

## Focus

Agency 89, Employee Benefits, is a set of consolidated accounts that provide budgetary control for employee fringe benefits paid for all County employees of General Fund agencies.

### ◆ Group Health Insurance

Fairfax County Government offers its employees and retirees several health insurance alternatives, with the intent of offering options that are both comprehensive and cost effective. A self-insured open access plan (OAP) features a national network of providers with four levels of coverage. One level of coverage has a co-pay structure for office visits and other services, two levels of coverage include co-insurance and modest deductibles, and one level offers a consumer-directed health plan with a health savings account that is partially funded by the County. In addition, a fully-insured health maintenance organization (HMO) is available, featuring care centers located in communities throughout the area with a co-pay structure for office visits and other services.



All of the County's health insurance plans include self-insured vision benefits and offer eligible preventive care services on a zero-cost basis. In addition, the County offers a disease management program to detect chronic conditions early and provide assistance to those affected to help manage their diseases, resulting in healthier outcomes. The County's self-insured health insurance plans are consolidated under one network provider to control costs, improve analytical capabilities, and provide a high quality of care with an emphasis on wellness, prevention and better management of chronic conditions.

The self-insured health insurance plans are administered through Fund 60040, Health Benefits. For a more detailed discussion of the County's self-insured health fund, refer to Fund 60040 in Volume 2 of the FY 2019 Adopted Budget Plan.

### ◆ Dental Insurance

Fairfax County Government offers its employees and retirees a two-tiered dental insurance preferred provider organization (PPO) plan in order to provide a comprehensive plan with maximum flexibility. The plan includes the provision of a 50 percent employer contribution for all eligible active employees who elect dental coverage.

### ◆ Group Life Insurance

Basic group life insurance coverage at one times salary is funded for all County employees solely through an employer contribution. If employees choose to accept life insurance coverage above the basic amount, they are responsible for paying the additional cost based on an age-banded premium rating scale.

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### ◆ **Social Security and Medicare (FICA)**

Social Security and Medicare contributions represent the employer portion of Federal Insurance Contributions Act (FICA) tax obligations for Fairfax County employees. Social Security contributions are calculated by applying the Social Security portion of the FICA tax rate to salary up to a pre-determined wage base. The Medicare portion of the FICA tax rate is applied to total salary. Any change to the wage base or the FICA tax rate is announced in October/November and takes effect January 1 of the upcoming year.

### ◆ **Retirement**

Retirement expenditures represent the General Fund contribution to the three retirement systems as set by employer contribution rates. A corridor approach has been used to set employer contribution rates since it was adopted by the Board of Supervisors in FY 2002. The corridor approach was designed by the County's actuaries to set annual contributions at the level necessary to maintain strong funding ratios in each of the plans while reducing the volatility in the employer contribution rates that is typical for plans that are near fully-funded. In the corridor method of funding, a fixed contribution rate is assigned to each system and the County contributes at the fixed rate unless the system's funding ratio falls outside the pre-selected corridor of 90-120 percent or if benefit enhancements are approved. If the funding ratio falls below 90 percent, the unfunded actuarial accrued liability below 90 percent is amortized over a conservative 15-year period, and this amount is included in the annual employer contribution for each fund.

The corridor approach cushioned the County from dramatic rate adjustments for several years. However, the global financial crisis during FY 2009 resulted in significant losses in the value of the invested assets of all three retirement systems. Because only 90 percent of the unfunded liability was amortized and included in the employer contribution under the corridor approach, the funding ratios have improved, but at a slower pace than desired. As a result, the County has taken multiple steps, including increasing contribution levels and limiting increases in liabilities, to improve the financial position of the retirement systems. These changes have included adopting modifications to the retirement systems for new employees hired on or after January 1, 2013, tightening the requirements regarding the award of ad-hoc Cost-of-Living Adjustments (COLAs), and increasing contribution rates by adjusting the amortization level of the unfunded liability from 90 percent to 98 percent.

The County is committed to further strengthening the financial position of the systems, and has established a goal to reach a 90 percent funded status for all plans by FY 2025. In order to meet this goal, the County has established the following multi-year strategy:

- In FY 2019, the employer contribution rates will be increased to adjust the amortization level of the unfunded liability from 98 percent to 99 percent.
- Increases in the employer contribution rates will continue so that the County will include amortization of 100 percent of the unfunded liability in the actuarially determined contributions for all systems by FY 2020. The County will continue to use a conservative 15-year amortization period.
- Until each system reaches 100 percent funded status, employer contributions to that system will not be reduced. Various factors, such as the historical trend of the County's investment returns exceeding the assumed rate of 7.25 percent, could allow employer contribution rates to be reduced from current levels. However, the County is committed to maintaining the rates and redirecting any potential savings into further improvement in the systems' funded positions.

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- Any additional unfunded liability created as a result of approved benefit enhancements, such as ad-hoc COLAs, will be fully funded. It is the intent that no adjustments to benefit levels will reduce the funded status of any of the systems.

For a more detailed discussion of the County's retirement systems and its retirement funding policy, refer to the Employee Retirement Systems Overview in Volume 2 of the FY 2019 Adopted Budget Plan.

### ◆ **Virginia Retirement System (VRS)**

Beginning in FY 1996, VRS funding was provided in Agency 89 for 233 Health Department employees who were converted from state to County employment. Funding reflects required employer contributions paid by the County to VRS for retirement benefits provided to the converted employees. As these employees terminate service with the County, funding for VRS payments will be reduced.

In FY 2006, the Board of Supervisors approved two additional benefits for employees who remain in VRS. First, current and future retirees who participate in a County health plan are eligible to receive the differential between the County retiree health benefit subsidy for which the employee is eligible based on years of service and the subsidy provided by VRS. For a more detailed discussion of this benefit, refer to Fund 73030, OPEB Trust, in Volume 2 of the FY 2019 Adopted Budget Plan. Second, the County began allowing converted employees to use accrued sick leave to purchase additional service credit in VRS upon retirement. Thus, funding for VRS also includes these County payments made on behalf of the employees.

### ◆ **Line of Duty**

The Line of Duty Act provides benefits to employees and volunteers of state and local governments who serve in hazardous duty positions. The Act provides for health insurance coverage and a death benefit payment for service-connected death or disability. Prior to FY 2011, the state administered and funded the program. Beginning in FY 2011, the costs of the program were passed on to localities, although the state continues to administer the program.

### ◆ **Flexible Spending Accounts**

Health and Dependent Care Flexible Spending Accounts are funded through voluntary employee contributions. Funding in Agency 89 reflects the expense of administering Flexible Spending Accounts through a contract with an outside vendor.

### ◆ **Unemployment Compensation**

Unemployment Compensation payments reflect premiums paid to the state based on the actual number of former Fairfax County employees filing claims.

### ◆ **Capital Projects Reimbursements**

Capital Projects Reimbursements represent the reimbursable portion of Fringe Benefits for County employees of General Fund agencies who charge a portion of their time to capital projects.

### ◆ **Employee Assistance Program (EAP)**

Provision of EAP services, including assessment, intervention, diagnosis, referral, and follow-up for workplace issues as they arise, is provided through a contract with an outside vendor.

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### ◆ Employee Awards Program

Employees that are recognized with Outstanding Performance, Team Excellence, and Managerial Excellence Awards receive a net \$300 cash award, a certificate, and one day of administrative leave.

### ◆ Employee Development

General training centrally managed by the Organizational Development and Training Division includes all FOCUS training as well as courses related to the Employee Development and Learning Program. The foundation for the program is the Countywide Competency Map for Employee Development, which identifies competencies that promote leadership and learning for the entire County workforce. This map aligns training with required on-the-job skillsets at all levels of the organization. Developmental programs include offerings that build performance capacity in areas ranging from customer service and effective communication skills to conflict resolution and project management. Programs also focus on enhancing succession planning and management by developing current high-performing employees through training and mentoring opportunities.

Technology-related training is offered in recognition of the challenges associated with maintaining skills at the same pace as technology changes. As the County's workforce increasingly leverages information technology, training support has become more essential.

Additionally, in support of providing employees multiple venues for self-development, the County funds the employee tuition assistance (TAP) and language tuition assistance (LTAP) programs.

## Budget and Staff Resources

| Category                  | FY 2017<br>Actual    | FY 2018<br>Adopted   | FY 2018<br>Revised   | FY 2019<br>Advertised | FY 2019<br>Adopted   |
|---------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| <b>FUNDING</b>            |                      |                      |                      |                       |                      |
| <b>Expenditures:</b>      |                      |                      |                      |                       |                      |
| Fringe Benefits           | \$347,497,198        | \$370,918,880        | \$374,536,830        | \$389,922,233         | \$389,922,233        |
| Operating Expenses        | 1,417,742            | 1,387,850            | 1,844,923            | 1,387,850             | 1,387,850            |
| <b>Total Expenditures</b> | <b>\$348,914,940</b> | <b>\$372,306,730</b> | <b>\$376,381,753</b> | <b>\$391,310,083</b>  | <b>\$391,310,083</b> |

## FY 2019 Funding Adjustments

The following funding adjustments from the FY 2018 Adopted Budget Plan are spread across the fringe benefit categories detailed below. They are reported in summary here for clarification purposes:

### ◆ New Positions

**\$2,359,175**

An increase of \$2,359,175 in Fringe Benefits based on funding for new positions includes the following adjustments. In some cases, funding is required for the full-year impact of positions added in FY 2018 and is not associated with new FY 2019 positions. New positions funded by non-General Fund sources are not included in the list below.

- Agency 08, Facilities Management Department – \$0 and 1/1.0 FTE new position to assist with the infrastructure replacement and upgrade efforts at Fairfax Connector garage facilities. This net zero adjustment includes an expenditure increase of \$44,812, offset by a commensurate increase to Capital Project Reimbursements for no net impact to the General Fund.

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- Agency 25, Business Planning and Support – \$0 and 1/1.0 FTE new position to support ongoing oversight and maintenance for the Capital Project Information Management System (CPMIS), as well as a baseline adjustment associated with the Department of Public Works and Environmental Services reorganization approved as part of the *FY 2017 Carryover Review* to centralize IT and communications functions. This net zero adjustment includes an expenditure increase of \$538,514, offset by a commensurate increase to Capital Project Reimbursements for no net impact to the General Fund.
- Agency 26, Capital Facilities – \$0 and 4/4.0 FTE new positions to address the growing workload associated with planned projects in the Capital Improvement Plan. This net-zero adjustment includes an expenditure increase of \$221,872, offset by a commensurate increase to Capital Project Reimbursements for no net impact to the General Fund.
- Agency 31, Land Development Services – \$368,166 and 10/10.0 FTE new positions approved as part of the *FY 2017 Carryover Review* to address growing residential inspection workloads and enhance customer service as part of the Fairfax First initiative.
- Agency 40, Department of Transportation – \$0 and 1/1.0 FTE new position to support transit-related programs. This net zero adjustment includes an expenditure increase of \$42,572, offset by a commensurate increase to Capital Project Reimbursements for no net impact to the General Fund.
- Agency 67, Department of Family Services – \$349,784 and 11/11.0 FTE new positions approved as part of the *FY 2017 Carryover Review* to support additional positions in the Public Assistance program, as well as \$69,311 and 2/1.6 FTE new positions associated with the opening of two new SACC rooms at White Oaks Elementary School.
- Agency 71, Health Department – \$80,708 and 2/2.0 FTE new positions to expand the Nurse Family Partnership Program into the Herndon and Reston areas of the County and \$52,400 to help address the growing opioid crisis in Fairfax County.
- Agency 81, Juvenile and Domestic Relations District Court – \$61,440 and 2/2.0 FTE new positions to support the third year of the County’s successful Diversion First initiative.
- Agency 90, Police Department – \$718,947 and 17/17.0 FTE new positions to continue the process of staffing the South County Police Station; \$42,291 and 1/1.0 FTE new positions to support the third year of the County’s successful Diversion First initiative; \$42,291 and 1/1.0 FTE to support long-term complex investigations related to stolen property, narcotics, murder for hire, and document fraud in the Criminal Intelligence Division (CID); \$33,730 to support the County’s efforts to respond to and prevent gangs; and \$253,744 associated with the Board-directed consultant study recommendations related to uniformed Relief Sergeants staffing.
- Agency 91, Office of the Sheriff – \$124,551 and 3/3.0 FTE new positions to support the third year of the County’s successful Diversion First initiative.
- Agency 92, Fire and Rescue Department (FRD) – \$161,812 to support positions previously funded by a Staffing for Adequate Fire and Emergency Response (SAFER) grant which expired in FY 2018.

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### ◆ **Realignments** **(\$716,214)**

A net decrease of \$716,214 in Fringe Benefits based on realignments of existing positions includes the following adjustments.

- Agency 67, Department of Family Services – an increase of \$570,058 as a result of the realignment of the Infant and Toddler Connection (ITC) program from Fund 40040, Fairfax-Falls Church Community Services Board (CSB) to the General Fund.
- Agency 68, Department of Administration for Human Services – a decrease of \$1,286,272 as a result of the Health and Human Services realignment, which includes the net transfer of 39/39.0 FTE positions from the General Fund to Fund 40040, Fairfax-Falls Church Community Services Board (CSB).

### ◆ **Employee Compensation** **\$12,097,592**

An increase of \$12,097,592 in Personnel Services includes \$6,704,297 for a 2.25 percent market rate adjustment (MRA) for all employees and \$2,730,526 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2018; and \$2,662,769 for FY 2018 merit and longevity increases (including the full-year impact of FY 2018 increases) for uniformed employees awarded on the employees' anniversary dates.

*The following funding adjustments from the FY 2018 Adopted Budget Plan are necessary to support the FY 2019 program:*

### ◆ **Group Health Insurance** **\$867,325**

Health Insurance premiums total \$110,494,611, an increase of \$867,325, or 0.8 percent, over the FY 2018 Adopted Budget Plan. An increase of \$2,949,566 reflects the impact of projected premium increases of 5.5 percent for all health insurance plans, effective January 1, 2019. An increase of \$1,784,283 is based on the full-year impact of January 2018 premium adjustments. An additional net increase of \$679,820 is based on adjustments to reflect the inclusion of new positions and the realignment of programs within the Health and Human Services (HHS) system. These increases are partially offset by a decrease of \$4,546,344 based on year-to-date FY 2018 experience.

### ◆ **Dental Insurance** **\$98,298**

Dental Insurance premiums total \$4,299,408, an increase of \$98,298, or 2.3 percent, over the FY 2018 Adopted Budget Plan. An increase of \$104,334 reflects the impact of projected premium increases of 5.0 percent, effective January 1, 2019. An additional net increase of \$28,326 is based on adjustments to reflect the inclusion of new positions and the realignment of programs within the HHS system. These increases are partially offset by a decrease of \$34,362 based on year-to-date FY 2018 experience.

### ◆ **Group Life Insurance** **(\$56,461)**

Life Insurance premiums total \$2,286,929, a decrease of \$56,461, or 2.4 percent, from the FY 2018 Adopted Budget Plan. A decrease of \$123,886 based on year-to-date FY 2018 experience is partially offset by a net increase of \$11,868 based on adjustments to reflect the inclusion of new positions and the realignment of positions within the HHS system. An additional increase of \$55,557 is based on projected premium increases effective January 1, 2019.

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### ◆ **Social Security and Medicare (FICA)** **\$1,966,194**

Social Security and Medicare contributions total \$52,313,079, an increase of \$1,996,194, or 3.9 percent, over the FY 2018 Adopted Budget Plan. A net increase of \$231,270 is based on adjustments to reflect the inclusion of new positions and the realignment of programs within the HHS system. An increase of \$2,210,813 for employee compensation includes \$1,250,586 for a 2.25 percent MRA for all employees, \$600,786 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2018; and \$359,441 for FY 2019 merit and longevity increases (including the full-year impact of FY 2018 increases) for uniformed employees awarded on the employees' anniversary dates. These increases are partially offset by a decrease of \$475,889 that is attributable to anticipated savings based on year-to-date FY 2018 experience.

Note: The Social Security wage base is \$128,400 as of January 1, 2018, for the 6.20 percent base contribution rate. The wage base against which the 1.45 percent rate for Medicare is applied remains unlimited. The overall Social Security rate remained unchanged at 7.65 percent. The wage base and/or rate change for January 1, 2019 is not yet known; any subsequent adjustments to the Social Security wage base with a fiscal impact will be included at a quarterly review during FY 2019.

### ◆ **Retirement (Fairfax County Employees', Uniformed, Police Officers)** **\$16,939,761**

Employer contributions to the retirement systems total \$220,235,110, an increase of \$16,939,761, or 8.3 percent, over the FY 2018 Adopted Budget Plan. An increase of \$8,113,292 is based on projected increases in the employer contribution rates (*see discussion below for further details*). A net increase of \$1,539,627 is based on adjustments to reflect the inclusion of new positions and the realignment of positions within the HHS system. An increase of \$9,886,779 for employee compensation includes \$5,453,711 for a 2.25 percent MRA for all employees and \$2,129,740 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2018; and \$2,303,328 for FY 2019 merit and longevity increases (including the full-year impact of FY 2018 increases) for uniformed employees awarded on the employees' anniversary dates. These increases are partially offset by a decrease of \$2,599,937 based on year-to-date FY 2018 experience.

#### **Employer Contribution Rate Adjustments**

As a result of the County's policy to increase the employer contribution rates to include amortization of 100 percent of the unfunded liability in the actuarially determined contributions for each of the systems by FY 2020, the employer contribution rates for all three systems include the impact of a change to the amortization schedule to increase the amortization of the unfunded actuarial accrued liability from 98 percent to 99 percent. This change results in an increase in the employer contribution rate for the Employees' and Police Officers systems. However, savings resulting from FY 2017 experience fully offset the required increase from this change in the Uniformed system, resulting in no net increase in the employer contribution rates for that system.

In addition, this is the final year of a Board-directed 3-year plan to enhance benefits for service-connected disability retirees by eliminating the Social Security offset in the Employees' and Uniformed systems. The elimination of the 5 percent offset in FY 2019 will not impact the FY 2019 employer contribution rates. However, following Board of Supervisors policy to fully fund any increase in liability that results from a benefit enhancement in the year that the enhancement is approved, an increase of \$1.5 million was included as part of the *FY 2018 Third Quarter Review* to fund the increased liability resulting from this decrease in the Social Security offset for service-connected disability retirees.

## Employee Benefits

The following table shows the FY 2018 contribution rates and final rates for FY 2019, as well as the net General Fund impact based solely on the change in the rates.

| Fund         | FY 2018<br>Rates<br>(%) | FY 2019<br>Rates<br>(%) | Percentage<br>Point<br>Increase (%) | Reason for Increase  | General<br>Fund Impact |
|--------------|-------------------------|-------------------------|-------------------------------------|--|------------------------|
| Employees'   | 25.29                   | 27.14                   | 1.85                                | 1.18 percentage points due to valuation results based on FY 2017 experience and 0.67 percentage points based on the change in the amortization schedule.   | \$6,838,700            |
| Uniformed    | 38.84                   | 38.84                   | 0.00                                | No change is included as the required contribution rate including an increase in the amortization schedule is lower than the FY 2018 rate. As a result of the County's commitment to not reduce the contribution rate until the system reaches 100 percent funded status, no change is included. | \$0                    |
| Police       | 38.98                   | 40.10                   | 1.12                                | A net increase of 1.12 percentage points includes an increase of 1.31 points due to an increase in the amortization schedule, partially offset by a decrease of 0.19 points due to valuation results based on FY 2017 experience.  | \$1,274,592            |
| <b>Total</b> |                         |                         |                                     |  | <b>\$8,113,292</b>     |

For a more detailed discussion of the County's retirement systems, refer to the Employee Retirement Systems Overview in Volume 2 of the [FY 2019 Adopted Budget Plan](#).

◆ **Virginia Retirement System (VRS) (\$115,681)**

Virginia Retirement System contributions total \$493,323, a decrease of \$115,681, or 19.0 percent, from the [FY 2018 Adopted Budget Plan](#). This decrease is based on year-to-date FY 2018 experience. The number of employees covered by VRS has decreased from 233 in FY 1996 at the program's inception to an estimated 28 in FY 2019.

◆ **Line of Duty \$214,671**

Expenditures to fund benefits for County employees covered under the Line of Duty Act total \$1,675,352, an increase of \$214,671, or 14.7 percent, over the [FY 2018 Adopted Budget Plan](#). This increase is based on year-to-date FY 2018 experience.

◆ **Flexible Spending Accounts \$9,249**

Administrative expenses associated with the County's flexible spending account program total \$139,051, an increase of \$9,249, or 7.1 percent, over the [FY 2018 Adopted Budget Plan](#). This increase is based on year-to-date FY 2018 experience.

◆ **Unemployment Compensation (\$72,053)**

Unemployment Compensation expenditures total \$170,453, a decrease of \$72,053, or 29.7 percent, from the [FY 2018 Adopted Budget Plan](#). This decrease is based on year-to-date FY 2018 experience.

◆ **Capital Project Reimbursements (\$847,950)**

Capital Project reimbursements total \$2,794,868, an increase of \$847,950, or 43.6 percent, over the [FY 2018 Adopted Budget Plan](#). This increase includes \$309,565 based on projected reimbursements for new positions that will be charged to capital projects and \$538,385 to reflect a realignment of costs within the Department of Public Works.

## Employee Benefits

- ◆ **Employee Assistance Program (EAP)** **\$0**  
Employee Assistance Program expenditures total \$249,785, and remain unchanged from the FY 2018 Adopted Budget Plan.
- ◆ **Tuition Reimbursement** **\$0**  
Tuition Reimbursement expenditures total \$360,000, and remain unchanged from the FY 2018 Adopted Budget Plan. Funding includes \$300,000 for Tuition Assistance Program (TAP) reimbursements and \$60,000 for Language Tuition Assistance Program (LTAP) reimbursements.
- ◆ **Employee Awards Program** **\$0**  
Funding for cash awards for recipients of Outstanding Performance, Team Excellence, and Managerial Excellence Awards totals \$215,000 and remains unchanged from the FY 2018 Adopted Budget Plan.
- ◆ **Employee Development Initiatives** **\$0**  
Funding for employee development initiatives totals \$1,172,850, and remains unchanged from the FY 2018 Adopted Budget Plan.

FY 2018 funding includes the following:

- \$1,092,850 is included for General County Training programs including competency development courses offered using a framework targeted towards employee needs at each career stage as well as succession planning initiatives.
- \$50,000 is included for information technology training in recognition of the challenges associated with maintaining skills at the same pace as technology changes.
- \$30,000 is included for countywide initiatives including performance measurement training.

### **Changes to FY 2018 Adopted Budget Plan**

*The following funding adjustments reflect all approved changes in the FY 2018 Revised Budget Plan since passage of the FY 2018 Adopted Budget Plan. Included are all adjustments made as part of the FY 2017 Carryover Review, FY 2018 Third Quarter Review, and all other approved changes through April 30, 2018.*

- ◆ **Carryover Adjustments** **\$2,575,023**  
As part of the FY 2017 Carryover Review, the Board of Supervisors approved funding of \$2,575,023, including \$257,073 in encumbered funding in Operating Expenses and a net increase of \$717,950 in Fringe Benefits to support new positions in the Department of Family Services and Land Development Services. In addition, an increase of \$1,600,000 in unencumbered funding includes \$1,400,000 in Fringe Benefits for one-time employer contributions to the retirement systems as a result of a reduction in the Social Security offset for service-connected disability retirees from 10 percent to 5 percent and \$200,000 in Operating Expenses for a study regarding the compensation and organizational structure of the Fire and Rescue Department based on a comparison to other jurisdictions that was approved as part of the FY 2017 Third Quarter Review.

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### ◆ Third Quarter Adjustments

**\$1,500,000**

As part of the *FY 2018 Third Quarter Review*, the Board of Supervisors approved an increase of \$1,500,000 to fund the one-time increase in employer contributions to the retirement systems for the increased liability resulting from the elimination of the 5 percent Social Security offset for service-connected disability retirees. This is the final year of a Board-directed three-year plan to enhance benefits for service-connected disability retirees by eliminating the Social Security offset in the Employees' and Uniformed Retirement systems.

### Summary of Employee Benefit Costs by Category

| BENEFIT CATEGORY                 | FY 2017<br>Actual    | FY 2018<br>Adopted   | FY 2018<br>Revised   | FY 2019<br>Advertised | FY 2019<br>Adopted   | Amount<br>Inc/(Dec)<br>over<br>Adopted | % Inc/<br>(Dec)<br>over<br>Adopted |
|----------------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|--|------------------------------------|
| <b>FRINGE BENEFITS</b>           |                      |                      |                      |                       |                      |  |                                    |
| Group Health Insurance           | \$103,000,599        | \$109,627,286        | \$110,011,320        | \$110,494,611         | \$110,494,611        | \$867,325                              | 0.8%                               |
| Dental Insurance                 | 4,061,458            | 4,201,110            | 4,217,111            | 4,299,408             | 4,299,408            | 98,298                                 | 2.3%                               |
| Group Life Insurance             | 2,692,745            | 2,343,390            | 2,350,097            | 2,286,929             | 2,286,929            | (56,461)                               | (2.4%)                             |
| FICA                             | 47,442,558           | 50,346,885           | 50,544,195           | 52,313,079            | 52,313,079           | 1,966,194                              | 3.9%                               |
| Employees' Retirement            | 83,359,834           | 93,922,934           | 95,875,217           | 105,567,066           | 105,567,066          | 11,644,132                             | 12.4%                              |
| Uniformed Retirement             | 62,358,309           | 64,160,851           | 65,760,851           | 66,238,243            | 66,238,243           | 2,077,392                              | 3.2%                               |
| Police Retirement                | 43,111,062           | 45,211,564           | 45,211,564           | 48,429,801            | 48,429,801           | 3,218,237                              | 7.1%                               |
| Virginia Retirement System       | 588,781              | 609,004              | 609,004              | 493,323               | 493,323              | (115,681)                              | (19.0%)                            |
| Line of Duty                     | 1,310,478            | 1,460,681            | 1,460,681            | 1,675,352             | 1,675,352            | 214,671                                | 14.7%                              |
| Flexible Spending Accounts       | 131,518              | 129,802              | 129,802              | 139,051               | 139,051              | 9,249                                  | 7.1%                               |
| Unemployment Compensation        | 163,879              | 242,506              | 242,506              | 170,453               | 170,453              | (72,053)                               | (29.7%)                            |
| Capital Project Reimbursements   | (1,352,885)          | (1,946,918)          | (2,485,303)          | (2,794,868)           | (2,794,868)          | (847,950)                              | 43.6%                              |
| Employee Assistance Program      | 237,890              | 249,785              | 249,785              | 249,785               | 249,785              | 0                                      | 0.0%                               |
| Tuition Reimbursement            | 390,972              | 360,000              | 360,000              | 360,000               | 360,000              | 0                                      | 0.0%                               |
| <b>Total Fringe Benefits</b>     | <b>\$347,497,198</b> | <b>\$370,918,880</b> | <b>\$374,536,830</b> | <b>\$389,922,233</b>  | <b>\$389,922,233</b> | <b>\$19,003,353</b>                    | <b>5.1%</b>                        |
| <b>OPERATING EXPENSES</b>        |                      |                      |                      |                       |                      |  |                                    |
| Employee Awards Program          | \$164,926            | \$215,000            | \$215,000            | \$215,000             | \$215,000            | \$0                                    | 0.0%                               |
| Employee Development Initiatives | 1,252,816            | 1,172,850            | 1,629,923            | 1,172,850             | 1,172,850            | 0                                      | 0.0%                               |
| <b>Total Operating Expenses</b>  | <b>\$1,417,742</b>   | <b>\$1,387,850</b>   | <b>\$1,844,923</b>   | <b>\$1,387,850</b>    | <b>\$1,387,850</b>   | <b>\$0</b>                             | <b>0.0%</b>                        |
| <b>TOTAL EMPLOYEE BENEFITS</b>   | <b>\$348,914,940</b> | <b>\$372,306,730</b> | <b>\$376,381,753</b> | <b>\$391,310,083</b>  | <b>\$391,310,083</b> | <b>\$19,003,353</b>                    | <b>5.1%</b>                        |