

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 three levels of coverage. 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) plan is available, featuring care centers located in communities throughout the area with a co-pay structure for office visits and other services. Two Medicare Advantage Plans are also offered to provide additional options for Medicare-eligible retirees.

All the County's health insurance plans include self-insured vision benefits and offer eligible preventive care services at no cost. In addition, the County offers a disease management program aimed at early detection of chronic conditions and providing assistance to individuals for effective disease management, leading to improved health outcomes. These self-insured health insurance plans are strategically consolidated to control costs, improve analytical capabilities, and deliver high-quality 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 2025 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 a 50 percent employer contribution for all eligible active employees who elect dental coverage.

Group Life Insurance

Basic group life insurance coverage equals annual salary rounded to the next higher thousand and is funded for merit employees solely through an employer contribution. If employees elect life insurance coverage above the basic amount, they are responsible for paying the additional cost based on an age-banded premium rating scale.

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. The County is committed to strengthening the financial position of its retirement 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 Board of Supervisors approved, as part of the adoption of the FY 2016 Adopted Budget Plan, the following multi-year strategy:

- The employer contribution rates will be increased 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 return, 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.
- Any additional unfunded liability created as a result of approved benefit enhancements, such as ad-hoc Cost-of-Living Adjustments (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.

The County has also taken multiple steps to limit increases in liabilities. These changes have included tightening the requirements regarding the award of ad-hoc COLAs, adopting modifications to the retirement systems for new employees hired on or after January 1, 2013, and again for new employees hired on or after July 1, 2019, as well as increasing contribution rates by adjusting the amortization level of the unfunded liability to 100 percent beginning in the FY 2020 Adopted Budget Plan.

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 2025 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 2025 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.

Deferred Compensation Plan

In addition to defined benefit plans, the County offers a deferred compensation plan under section 457(b) of the Internal Revenue Code to help employees plan for a financially secure retirement. The plan is fully funded by employees with no employer match.

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 Line of Duty 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.

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 in the Department of Human Resources 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.

Budget and Staff Resources

Category	FY 2023 Actual	FY 2024 Adopted	FY 2024 Revised	FY 2025 Advertised	FY 2025 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$415,787,040	\$492,763,206	\$479,622,828	\$549,657,641	\$549,657,641
Operating Expenses	3,603,785	4,299,718	4,426,792	4,277,255	4,277,255
Subtotal	\$419,390,825	\$497,062,924	\$484,049,620	\$553,934,896	\$553,934,896
Less:					
Recovered Costs	(\$2,094,251)	(\$2,835,000)	(\$2,835,000)	(\$1,761,120)	(\$1,761,120)
Total Expenditures	\$417,296,574	\$494,227,924	\$481,214,620	\$552,173,776	\$552,173,776

FY 2025 Funding Adjustments

The following funding adjustments from the FY 2024 Adopted Budget Plan are spread across the fringe benefit categories detailed below. They are reported in summary here for clarification purposes:

New Positions **\$2,887,001**

An increase of \$2,887,001 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 2024 and is not associated with new FY 2025 positions. New positions funded by non-General Fund sources are not included in the list below.

- Agency 11, Department of Human Resources – \$128,337 associated with positions approved as part of the *FY 2023 Carryover Review* to support collective bargaining.
- Agency 15, Office of Elections – \$85,460 and 2/2.0 FTE new positions to bolster IT support within the agency and enhance voter services.
- Agency 17, Office of the County Attorney – \$33,886 and 1/1.0 FTE new position to support the growing case load handled in the department; and \$140,861 associated with positions approved as part of the *FY 2023 Carryover Review* to support collective bargaining.
- Agency 20, Department of Management and Budget – \$120,125 associated with positions approved as part of the *FY 2023 Carryover Review* to support collective bargaining.
- Agency 38, Department of Housing and Community Development – \$289,931 and 5/5.0 FTE new positions to support the creation, rehabilitation, and preservation of affordable housing throughout Fairfax County.
- Agency 51, Fairfax County Park Authority – \$186,703 and 4/4.0 FTE new positions, as well as non-merit support for the Zero Waste Initiative pilot program, and the full year impact of positions approved as part of the FY 2024 Adopted Budget Plan for the mobile nature center program.
- Agency 57, Department of Tax Administration – \$348,731 and 7/7.0 FTE new positions to support business tax audit and compliance enhancement initiatives.
- Agency 67, Department of Family Services – \$29,887 associated with a position transferred from Fund 40045, Early Childhood Birth to 5, in FY 2024.

- Agency 71, Health Department – \$364,823 associated with Health Laboratory positions that were approved as part of the *FY 2020 Carryover Review* and initially funded through a COVID-19 Health Department Lab – PPP and Health Care Enhancement Act grant awarded by the state with the understanding that General Fund resources would be needed once grant funding expired.
- Agency 79, Department of Neighborhood and Community Services – \$198,015 and 6/4.8 FTE new positions associated with the opening of two School Age Child Care (SACC) rooms at Louise Archer Elementary School.
- Agency 85, General District Court – \$178,962 and 4/4.0 FTE new positions to support the growing number of non-violent offenders experiencing a mental health crisis who are being diverted from incarceration to treatment.
- Agency 90, Police Department – \$120,904 and 4/4.0 FTE new positions associated with the next phase of staffing at the South County Police Station; and \$282,995 associated with positions approved as part of the *FY 2024 Third Quarter Review* to support collective bargaining.
- Agency 91, Office of the Sheriff – \$59,466 and 1/1.0 FTE new position to support the agency's wireless network infrastructure systems.
- Agency 92, Fire and Rescue Department – \$288,181 associated with positions approved as part of the *FY 2024 Third Quarter Review* to support collective bargaining.
- Agency 93, Department of Emergency Management and Security – \$29,734 to support year two of a two-year phase-in to replace Urban Areas Security Initiative (UASI) grant funding which expired in December 2023.

Employee Compensation

\$29,441,371

An increase of \$29,441,371 in Personnel Services includes \$13,310,413 for a 2.00 percent market rate adjustment (MRA) for all employees, and additional adjustments associated with wage-provisions impacted by the two collective bargaining agreements, such as Cost of Living Adjustments (COLA), pay scale adjustments above 2.00 percent and placement on the FY 2025 pay plans; and \$3,776,083 for performance-based and longevity increases for non-uniformed merit employees, all effective July 2024. Also included is \$8,724,805 attributed to the full-year impact of FY 2024 merit and longevity increases for uniformed employees, which were approved before the collective bargaining agreements took effect, as well as FY 2025 merit and longevity increases for uniformed employees. Uniformed merit and longevity increases are awarded on the employees' anniversary date. The remaining increase includes \$2,645,354 to support employee retention and recruitment efforts that will align the County's pay structures with the market based on benchmark data, and \$984,716 for additional benefits to support non-wage provisions specified in the two collective bargaining agreements.

It should be noted that, included in these amounts, is an increase of \$15,290,832 due to the impacts of collective bargaining agreements with the Southern States Police Benevolent Association (SSPBA) and the International Association of Fire Fighters (IAFF) Local 2068. Including new positions noted above that were added as part of the *FY 2024 Third Quarter Review* in the Police Department and Fire and Rescue Department, the total FY 2025 impact of these contracts on Agency 89 is \$15,862,008. This amount includes Fringe Benefits associated with wage provisions outlined in the agreements, including pay scale adjustments (including COLA adjustments, if applicable),

merit and longevity increases, and transitions from current pay scales to new pay scales. Moreover, additional Fringe Benefits are allocated to support non-wage provisions specified in the agreements, including union activities, pay supplements or stipends, and extra benefits for leave and half-days on holidays. Both collective bargaining agreements are posted on the Department of Human Resources website and can be found at <https://www.fairfaxcounty.gov/hr/collective-bargaining>.

The following funding adjustments from the FY 2024 Adopted Budget Plan are necessary to support the FY 2025 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 7, 2024.

Group Health Insurance **\$207,030**

Health Insurance premiums total \$115,009,232, a net increase of \$207,030, or 0.2 percent, over the FY 2024 Adopted Budget Plan. An increase of \$2,614,345 reflects the impact of projected premium increases of 5.0 percent for all health insurance plans, effective January 1, 2025. An increase of \$473,306 is based on the full-year impact of January 2024 premium adjustments. An additional net increase of \$655,985 is based on adjustments to reflect the inclusion of new positions. The increases are partially offset by savings of \$3,536,606 based on year-to-date FY 2024 experience as well as FY 2025 anticipated requirements based on the current projected vacancy rate.

Dental Insurance **(\$36,551)**

Dental Insurance premiums total \$4,162,417, a net decrease of \$36,551, or 0.9 percent, from the FY 2024 Adopted Budget Plan. An increase of \$25,142 is based on adjustments to reflect the inclusion of new positions. The increase is offset by savings of \$61,693 based on year-to-date FY 2024 experience as well as FY 2025 anticipated requirements based on the current projected vacancy rate.

Group Life Insurance **\$221,112**

Life Insurance premiums total \$2,026,981, an increase of \$221,112, or 12.2 percent, over the FY 2024 Adopted Budget Plan. An increase of \$9,889 is based on adjustments to reflect the inclusion of new positions and an increase of \$211,223 is based on year-to-date FY 2024 experience as well as FY 2025 anticipated requirements based on the current projected vacancy rate.

Social Security and Medicare (FICA) **\$3,820,156**

Social Security and Medicare contributions total \$67,956,210, a net increase of \$3,820,156, or 6.0 percent, over the FY 2024 Adopted Budget Plan. Funding includes increases of \$395,319 based on adjustments to reflect the inclusion of new positions; \$1,668,526 for a 2.00 percent MRA for all employees, and any additional adjustments associated with wage-provisions impacted by the two collective bargaining agreements, such as COLA, pay scale adjustments above 2.00 percent and placement on the FY 2025 pay plans; and \$679,629 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2024. Also included is \$801,844 attributed to the full-year impact of FY 2024 merit and longevity increases for uniformed employees, which were approved before the collective bargaining agreements took effect, as well as FY 2025 merit and longevity increases for uniformed employees. Uniformed merit and longevity increases are awarded on the employees' anniversary date. The remaining increases include \$492,354 for employee pay for specific job classes identified in the County's benchmark class survey of comparator jurisdictions, and \$71,414 for additional benefits to support non-wage provisions specified in the two collective bargaining agreements. The increases are partially offset by savings of \$288,930 based on year-to-date FY 2024 experience as well as FY 2025 anticipated requirements based on the current projected vacancy rate.

Note: The Social Security wage base is \$168,600 as of January 1, 2024, 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 remains unchanged at 7.65 percent. The wage base and/or rate change for January 1, 2025, is not yet known; any subsequent adjustments to FICA with a fiscal impact will be included at a quarterly review during FY 2025.

Retirement (Fairfax County Employees, Uniformed, Police Officers) \$52,702,868

Employer contributions to the retirement systems total \$360,256,690, a net increase of \$52,702,868, or 17.1 percent, over the FY 2024 Adopted Budget Plan. An increase of \$31,129,244 is based on the actuarial valuation resulting from employer contribution rate increases. An increase of \$1,800,666 is based on adjustments to reflect the inclusion of new positions. An increase of \$11,641,887 is included for a 2.00 percent MRA for all employees, and any additional adjustments associated with wage-provisions impacted by the two collective bargaining agreements, such as COLA, pay scale adjustments above 2.00 percent and placement on the FY 2025 pay plans; and \$3,096,454 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2024. Also included is \$7,922,961 attributed to the full-year impact of FY 2024 merit and longevity increases for uniformed employees, which were approved before the collective bargaining agreements took effect, as well as FY 2025 merit and longevity increases for uniformed employees. Uniformed merit and longevity increases are awarded on the employees' anniversary date. The remaining increases include \$2,153,000 for employee pay increases for specific job classes identified in the County's benchmark class survey of comparator jurisdictions, and \$913,302 for additional benefits to support non-wage provisions specified in collective bargaining agreements. These increases are partially offset by savings of \$5,954,646 based on year-to-date FY 2024 experience as well as FY 2025 anticipated requirements based on the current projected vacancy rate.

Employer Contribution Rate Adjustments

Following the County's policy, contribution rates are only adjusted to maintain amortization of 100 percent of the unfunded liability, to fund approved benefit enhancements, or to acknowledge changes in actuarial assumptions. Based on FY 2023 experience, the required FY 2025 contribution rates have increased over the FY 2024 contribution rates. The FY 2025 employer contribution rates for each of the three retirement systems are as follows:

	FY 2024 Rates (%)	FY 2025 Rates (%)	Percentage Point Change (%)	General Fund Impact* (in millions)
Employees'	30.07	32.58	2.51	\$11.91
Uniformed	46.79	52.58	5.79	\$10.25
Police Officers	50.87	57.57	6.70	\$8.97
Total				\$31.13

* The General Fund impact reflected in the table is based solely on rate changes and does not include other adjustments, including the impact of new positions, employee pay increases, or year-to-date experience.

For a more detailed discussion of the County's retirement systems, refer to the Employee Retirement Systems Overview in Volume 2 of the FY 2025 Adopted Budget Plan.

Employee Benefits

Virginia Retirement System (VRS) (\$20,180)

Virginia Retirement System contributions total \$246,111, a decrease of \$20,180, or 7.6 percent, from the FY 2024 Adopted Budget Plan. This decrease is based on year-to-date FY 2024 experience. The number of employees covered by VRS has decreased from 233 in FY 1996 at the program's inception to an estimated nine in FY 2025.

Line of Duty (\$78,235)

Expenditures to fund benefits for County employees covered under the Line of Duty Act total \$1,883,353, a decrease of \$78,235, or 4.0 percent, from the FY 2024 Adopted Budget Plan. This decrease is based on year-to-date FY 2024 experience.

Flexible Spending Account Program (\$22,645)

Administrative expenses associated with the County's flexible spending account program total \$63,507, a decrease of \$22,645, or 26.3 percent, from the FY 2024 Adopted Budget Plan. This decrease is based on year-to-date FY 2024 experience.

Unemployment Compensation (\$30,474)

Unemployment Compensation expenditures total \$94,946, a decrease of \$30,474, or 24.3 percent, from the FY 2024 Adopted Budget Plan based on year-to-date FY 2024 experience.

Capital Project Reimbursements \$1,073,880

Capital Project reimbursements total \$1,761,120, a decrease of \$1,073,880, or 37.9 percent, from the FY 2024 Adopted Budget Plan based on year-to-date FY 2024 experience.

Employee Assistance Program \$23,891

Employee Assistance Program expenditures total \$352,599, an increase of \$23,891, or 7.3 percent, over the FY 2024 Adopted Budget Plan. This increase is based on year-to-date FY 2024 experience.

Tuition Reimbursement \$0

Tuition Reimbursement expenditures total \$460,000 and remain unchanged from the FY 2024 Adopted Budget Plan. Funding includes \$400,000 for Tuition Assistance Program (TAP) reimbursements and \$60,000 for Language Tuition Assistance Program (LTAP) reimbursements.

Employee Awards Program \$85,000

Funding for cash awards for recipients of Outstanding Performance, Team Excellence, and Managerial Excellence Awards totals \$300,000, an increase of \$85,000, or 39.5 percent, over the FY 2024 Adopted Budget Plan based on actual experience.

Employee Development Initiatives \$0

Funding for other employee development initiatives totals \$1,122,850 and remains unchanged from the FY 2024 Adopted Budget Plan. FY 2025 funding includes the following:

- \$1,092,850 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.
- \$30,000 for countywide initiatives including performance measurement training.

Changes to FY 2024 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2024 Revised Budget Plan since passage of the FY 2024 Adopted Budget Plan. Included are all adjustments made as part of the FY 2023 Carryover Review, FY 2024 Third Quarter Review, and all other approved changes through April 30, 2024.

Carryover Adjustments \$412,798

As part of the *FY 2023 Carryover Review*, the Board of Supervisors approved funding of \$412,798, including \$153,250 in encumbered carryover and \$259,548 in Fringe Benefits to support collective bargaining.

Third Quarter Adjustments (\$13,426,102)

As part of the *FY 2024 Third Quarter Review*, the Board of Supervisors approved a decrease of \$13,426,102 to reflect fringe benefit savings based on year-to-date experience primarily due to position vacancies. It should be noted that \$3,626,102 of the savings is redirected to partially offset pay adjustments required to support employee retention efforts that will reduce pay compression and to maintain the Hiring Incentive Bonus program reserve.

SUMMARY OF EMPLOYEE BENEFIT COSTS BY CATEGORY

Benefit Category	FY 2023 Actual	FY 2024 Adopted Budget Plan	FY 2024 Revised Budget Plan	FY 2025 Advertised Budget Plan	FY 2025 Adopted Budget Plan
FRINGE BENEFITS					
Group Health Insurance	\$108,795,755	\$114,802,202	\$110,791,925	\$115,009,232	\$115,009,232
Dental Insurance	4,102,065	4,198,968	4,201,332	4,162,417	4,162,417
Group Life Insurance	1,620,300	1,805,869	1,806,845	2,026,981	2,026,981
FICA	55,606,267	64,136,054	62,675,325	67,956,210	67,956,210
Employees' Retirement	123,374,981	144,317,565	144,471,927	168,103,542	168,103,542
Uniformed Retirement	66,839,766	90,880,070	84,680,070	103,494,563	103,494,563
Police Retirement	55,259,208	72,356,187	70,856,187	88,658,585	88,658,585
Virginia Retirement System	235,447	266,291	266,291	246,111	246,111
Line of Duty	1,806,975	1,961,588	1,961,588	1,883,353	1,883,353
Flexible Spending Accounts	104,999	86,152	86,152	63,507	63,507
Unemployment Compensation	112,605	125,420	125,420	94,946	94,946
Capital Project Reimbursements	(2,094,251)	(2,835,000)	(2,835,000)	(1,761,120)	(1,761,120)
Employee Assistance Program	286,167	328,708	328,708	352,599	352,599
Tuition Reimbursement	414,829	460,000	460,000	460,000	460,000
Total Fringe Benefits	\$416,465,113	\$492,890,074	\$479,876,770	\$550,750,926	\$550,750,926
OPERATING EXPENSES					
Employee Awards Program	\$274,516	\$215,000	\$215,000	\$300,000	\$300,000
Employee Development Initiatives	556,945	1,122,850	1,122,850	1,122,850	1,122,850
Total Operating Expenses	\$831,461	\$1,337,850	\$1,337,850	\$1,422,850	\$1,422,850
TOTAL EMPLOYEE BENEFITS	\$417,296,574	\$494,227,924	\$481,214,620	\$552,173,776	\$552,173,776