



County of Fairfax, Virginia

MEMORANDUM

DATE: March 29, 2016
TO: Board of Supervisors
FROM: Joseph M. Mondoro, Chief Financial Officer
SUBJECT: Responses to BOS Budget Questions – Package 3

Attached for your review is Package 3 of responses to Board questions on the FY 2017 budget. Please note that questions received as part of the LOBs process are being processed separately.

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 1-7 answered in package 1 dated 2/17/16</i>		<i>1-48</i>
	<i>Budget Questions 8-22 answered in package 2 dated 3/18/16</i>		<i>49-81</i>
Budget-23	Please provide additional information on polygraph-related positions. How many, and what types of staff are doing this work? Has it been outsourced in the past?	Herrity	82-83
Budget-24	Referencing slide 33, please provide the estimated premium adjustment provided in the annual budget compared to the actual premium adjustments required for the last five fiscal years data is available.	Foust	84-85
Budget-25	Please provide a list of all items funded in the <u>FY 2017 Advertised Budget Plan</u> that are one-time in nature.	Foust	86
Budget-26	What is the cost of a 15 percent salary supplement for Fairfax District Court employees?	Hudgins	87
Budget-27	Referencing Slide 27 of the County Executive's presentation of FY 2017 Advertised Budget showing that State funding on an inflation adjusted basis has decreased statewide from \$4,275 per pupil in FY 2009 to \$3,655 per pupil in FY 2015, what is the County funding per pupil to Fairfax County Public Schools (FCPS) over the same period?	Foust	88
Budget-28	Please provide information on the total number of tax exempt properties, trends over last decade and impact on lost property tax revenues.	Citizen Inquiry	89

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 2017 Budget

Request By: Supervisor Herrity

Question: Please provide additional information on polygraph-related positions. How many, and what types of staff are doing this work? Has it been outsourced in the past?

Response: The Fairfax County Police Department Polygraph Section is made up of a total of eight positions. Of this total, one is a civilian supervisor, three are civilian polygraph examiners and four are uniformed Police Officer II positions. It is important to note that 2/2.0 FTE positions have been included in the FY 2017 Advertised Budget Plan to support the polygraph section based on workload requirements. In addition, the Police Department is in the process of converting polygraph examiners from civilian to uniformed based on issues associated with retention. Civilian examiners have limited opportunities for growth within the Police Department while uniformed positions are able to utilize the experiences obtained in the Polygraph Section to further their career. The Polygraph Section is responsible for the following:

1. Pre-employment polygraph examinations to applicants applying for the position of Police Officer, Police Cadet, and other positions identified by the agency.
2. Examinations for all Sheriff's Office, Fire Department applicants, and applicants of outside agencies upon request.
3. Support to the Criminal Investigations Bureau and Criminal Investigations Section detectives, and patrol officers requesting criminal specific issue examinations.
4. Administration of specific issue examinations for the Internal Affairs Bureau upon request of the Chief of Police.
5. Additionally, Internal Affairs examinations are administered for outside agencies upon request by that agency's Chief of Police or appointed authority upon a formal request to the Fairfax County Chief of Police.

Examiners play a critical role in the process of identifying qualified applications as approximately 70 percent of all applicants that complete a polygraph exam are eliminated due to criminal and/or unacceptable behavior identified during the polygraph examination. Every individual hired for Police Officer/Cadet and specialty positions successfully complete a polygraph examination, as do all Office the Sheriff and Fire and Rescue Department hires.

In addition, examiners play a critical role in the prosecution of crimes as an estimated 90 percent of all cases where confessions are obtained through a polygraph examination could not have been successfully prosecuted without the confession. The majority of these cases are serious felony crimes such as homicides, child molestations, assaults, robberies, etc.

In FY 2015, the FCPD Polygraph Section performed approximately 2,000 polygraph tests at a cost of just over \$1 million. The Police Department has indicated that there are no known private polygraph examination businesses in this area that could handle this volume of examinations in a timely fashion. Most local organizations, such as the one

used by the Department of Public Safety Communications (DPSC), are staffed by a limited number of polygraph examiners and have limited capacity.

In addition, the Police Department feels there is significant value in having examiners (uniformed or civilian) exposed to the Police Department's interview schools, processes and techniques. Polygraph Examiners employed by the Fairfax County Police Department have a vested interest in ensuring that only the highest qualified applicants are hired as employees. It is important to note that nearly every surrounding jurisdiction utilizes in-house examiners versus contractors. The Police Department reviewed 17 departments – including Prince William, Arlington, Montgomery and the State of Virginia and Maryland – and only the Metro DC Police Department and the Metro Airport Police Department utilize an outside contractor to perform polygraphs.

Further, having in-house examiners is critical to the prosecution of crime as these examinations are often time-sensitive, requiring both immediate attention, and a high level of experience to properly administer. Having the scheduling flexibility of trained staff members always on call to perform an emergency exam, is critically important to the Department.

As noted above, the Department of Public Safety Communications (DPSC) utilizes outsourced polygraph examiners in its hiring process based primarily on the backlog within the Police Department's Polygraph Section. DPSC utilizes a local organization, Northern Virginia Polygraph, to perform approximately 70 examinations annually at cost of approximately \$15,000.

Response to Questions on the FY 2017 Budget

Request By: Supervisor Foust

Question: Referencing slide 33, please provide the estimated premium adjustment provided in the annual budget compared to the actual premium adjustments required for the last five fiscal years data is available.

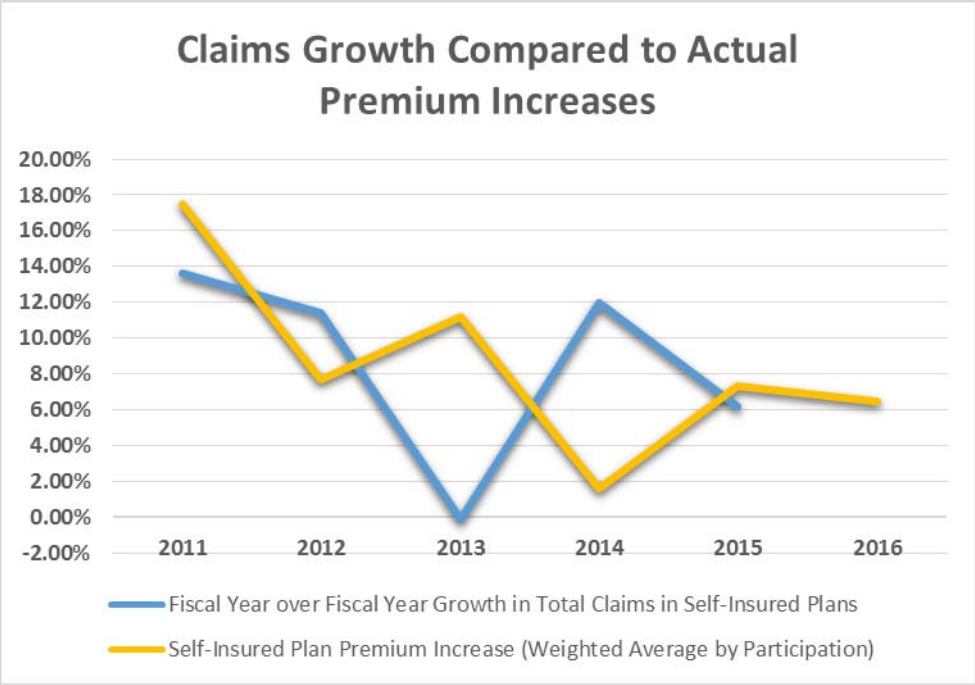
Response: The table below provides a five-year history of the budgeted premium increases included in the Advertised and Adopted budgets as well as the actual premium increases for each plan.

	2012	2013	2014	2015	2016
Advertised Budget Plan	10.0%	10.0%	8.0%	8.0%	10.0%
Adopted Budget Plan	10.0%	8.0%	7.0%	6.0%	10.0%
Self-Insured Plans					
Cigna Co-Pay Plan	10.0%	13.6%	2.0%	8.0%	7.0%
Cigna 90% Coinsurance Plan	N/A	N/A	N/A	5.5%	4.0%
Cigna 80% Coinsurance Plan	(15.0%)	11.2%	(2.0%)	5.5%	7.0%
CareFirst POS Plan	5.0%	6.8%	N/A	N/A	N/A
Weighted average by participation	7.7%	11.2%	1.6%	7.3%	6.5%
Fully-Insured Plan					
Kaiser HMO	4.9%	8.6%	2.5%	5.6%	0.0%

The actual premium increase of the Cigna Co-Pay Plan, the plan with the highest enrollment, was equal to or greater than the estimated premium increase included in the Advertised Budget Plan in three of the five years. The average budgeted premium increase included in the Advertised budget over the five-year period was 9.2 percent, while the five-year average in the Adopted budget was 8.2 percent. Meanwhile, the average increase of the self-insured plans (weighted by enrollment) over the five-year period was 6.9 percent. It should be noted that the County's health plans experienced exceptionally low claims growth in 2013 as a result of several high-utilization brand name drugs coming off of patent, which in turn allowed 2014 premiums to be set with minimal increases or slight decreases.

As General Fund fringe benefits are budgeted centrally in Agency 89, the savings that result from setting actual premium increases below the budgeted amount are not available for any agency to spend. These savings fall to balance at the end of the fiscal year and are available for appropriation by the Board as part of the Carryover Review. Any savings from lower than budgeted premium increases in the current fiscal year are also taken into account for the following fiscal year. When actual premium increases are greater than the budgeted amount, the half-year impact in the current fiscal year and full-year impact in the following fiscal year may necessitate a budget increase if the increased expenditure level cannot be absorbed through savings in other benefit categories.

The chart below shows claims growth in the self-insured plans in comparison to the weighted average by participation of actual premium increases. Claims growth in the chart is based on the increase in total claims in one fiscal year (July to June) over the prior fiscal year. Meanwhile, premium increases are determined in the fall and go into effect the following plan year (January to December). Therefore, the claims growth and final results of each fiscal year are the most recent historical experience available when determining the premium increases for the following January. As shown in the chart, claims growth has been highly erratic, as it exceeded 10 percent in three of the past five years but was essentially flat in FY 2013. Premium increases have generally followed the same pattern as claims growth, though they have lagged based on the timing of premium decisions.



The FY 2017 Advertised Budget Plan includes projected premium increases of 7 percent for January 2017. This budgeted premium increase is an estimate based on the assumption that cost growth will continue at a level similar to the 6.2 percent growth experienced in FY 2015. Deviations from this level of cost growth, plan design changes, and other factors will impact the actual premium increase when it is set in the fall. In addition, the actual premium increases of individual plans will vary based on the actual experience of each plan.

Response to Questions on the FY 2017 Budget

Request By: Supervisor Foust

Question: Please provide a list of all items funded in the FY 2017 Advertised Budget Plan that are one-time in nature.

Response: Two items funded as part of the FY 2017 Advertised Budget Plan, totaling \$2.99 million, are one-time adjustments:

- \$1,000,000 in the Office of Elections is funded for the upcoming 2016 Presidential election. Funding is included to support additional election officers, staff overtime and limited-term personnel as well as to cover costs associated with a countywide mailing, additional ballots, postage, paper and other miscellaneous requirements associated with the election.
- \$1,990,000 in Employee Benefits is included to fund the increase in the unfunded actuarial accrued liability resulting from the reduction in the Social Security offset for service-connected disability retirees from 15 percent to 10 percent in the Employees' and Uniformed Retirement systems.

Both of these items could be funded using available one-time balances as part of the *FY 2016 Third Quarter Review*, making available \$2.99 million in recurring resources for utilization as part of the FY 2017 budget.

Response to Questions on the FY 2017 Budget

Request By: Supervisor Hudgins

Question: What is the cost of a 15 percent salary supplement for Fairfax District Court employees?

Response: The cost to provide a 15 percent salary supplement to the 81 eligible General District Court (GDC) employees is \$535,000. The cost to provide a 15 percent salary supplement to the 34 eligible Juvenile and Domestic Relations District Court (JDRDC) employees is \$196,836.

It should be noted that as part of the FY 2017 Advertised Budget Plan, the County Executive has included a placeholder of \$7.5 million to begin funding the recommendations of the Ad Hoc Police Practices Commission/Diversion First. The Board will identify priorities and make the final determination for allocating these funds; however, staff recommendations for allocating these funds include funding \$1,201,948 for salary supplements for GDC and JDRDC at the 15 percent level noted above as well as \$470,112 for the Office of the Public Defender (OPD) to raise their salaries to a level consistent with their counterparts at the Office of the Commonwealth's Attorney.

Response to Questions on the FY 2017 Budget

Request By: Supervisor Foust

Question: Referencing Slide 27 of the County Executive’s presentation of FY 2017 Advertised Budget showing that State funding on an inflation adjusted basis has decreased statewide from \$4,275 per pupil in FY 2009 to \$3,655 per pupil in FY 2015, what is the County funding per pupil to Fairfax County Public Schools (FCPS) over the same period?

Response: The bullet on Slide 27 of the County Executive’s presentation of FY 2017 Advertised Budget referenced by the question shows state funding per pupil statewide in FY 2001 inflation adjusted dollars. To provide a corresponding comparison of the County’s per pupil funding for FY 2009 and FY 2015, staff similarly inflation adjusted the numbers in FY 2001 dollars.

The County per pupil funding is based on the County’s General Fund transfer to the Schools Operating Fund divided by the number of students. The table below shows that when adjusted for inflation in FY 2001 dollars, the County per pupil funding was down 10.2 percent in FY 2015 compared to FY 2009.

COUNTY PER PUPIL FUNDING TO FAIRFAX COUNTY PUBLIC SCHOOLS (FCPS)

Fiscal Year	Student Enrollment	County General Fund Transfer	County Per Pupil Funding	% Change	County \$ Per Pupil in FY 2001 \$	% Change
FY09 Actual	169,538	\$1,626,600,722	\$9,594		\$7,550	
FY15 Actual	185,914	1,768,498,393	9,512	-0.9%	6,776	-10.2%

Response to Questions on the FY 2017 Budget

Request By: Response provided to the Board based on citizen inquiry

Question: Please provide information on the total number of tax exempt properties, trends over last decade and impact on lost property tax revenues.

Response: In 2006 (FY 2007), tax exempt real estate represented 5.32 percent of the total real estate tax base, compared to 6.97 percent in 2016 (FY 2017). In each year, the majority comes from property owned by federal, state, regional, and local governments.

Since the Virginia Constitution changed in 2003, the Board of Supervisors has had a self-imposed moratorium on granting new exemptions. The moratorium only pertains to charitable, non-profit exemptions by designation. The moratorium does not pertain to properties that are automatically exempt by classification, such as churches and non-profit hospitals - entities over which the Board has no control over their exempt status. The category of "Charitable/Other" is less than 1 percent of the total real estate tax base in each year (0.33 percent in 2006; 0.73 percent in 2016).

Real Estate Exemption Category	2006			2016			2006 Exempt Taxes at \$0.89	2016 Exempt Taxes at \$1.13 (Proposed)
	Parcel Count	Assessed Value	% of Total	Parcel Count	Assessed Value	% of Total		
Federal	103	\$2,869,262,748	1.24%	108	\$4,434,299,240	1.77%	\$25,536,438	\$50,107,581
State	241	\$359,602,678	0.16%	259	\$437,136,740	0.17%	\$3,200,464	\$4,939,645
Regional	166	\$1,207,259,411	0.52%	184	\$1,345,231,580	0.54%	\$10,744,609	\$15,201,117
Local	<u>3,456</u>	<u>\$5,789,421,513</u>	<u>2.50%</u>	<u>3,689</u>	<u>\$7,577,828,890</u>	<u>3.02%</u>	<u>\$51,525,851</u>	<u>\$85,629,466</u>
Subtotal, Governmental Property	3,966	\$10,225,546,350	4.41%	4,240	\$13,794,496,450	5.50%	\$91,007,363	\$155,877,810
Religious	790	\$1,056,795,165	0.46%	860	\$1,525,204,110	0.61%	\$9,405,477	\$17,234,806
Charitable/Other	566	\$764,872,483	0.33%	1,553	\$1,832,951,200	0.73%	\$6,807,365	\$20,712,349
Private Educational	<u>72</u>	<u>\$271,171,165</u>	<u>0.12%</u>	<u>90</u>	<u>\$332,445,730</u>	<u>0.13%</u>	<u>\$2,413,423</u>	<u>\$3,756,637</u>
Subtotal, Non-governmental Property	1,428	\$2,092,838,813	0.90%	2,503	\$3,690,601,040	1.47%	\$18,626,265	\$41,703,792
Grand Total Exempt Property:	5,394	\$12,318,385,163	5.32%	6,743	\$17,485,097,490	6.97%	\$109,633,628	\$197,581,602
Taxable Property:	<u>344,601</u>	<u>\$219,405,403,770</u>	<u>94.68%</u>	<u>353,736</u>	<u>\$233,373,141,270</u>	<u>93.03%</u>		
Combined Tax Base:	349,995	\$231,723,788,933	100.00%	360,479	\$250,858,238,760	100.00%		

Note: "Charitable/Other" includes non-profit charitable organizations exempt by designation or classification under the Code of Virginia. This category also includes exempt non-profit entities such as lodges, cemeteries, volunteer fire departments, disabled veterans, spouse of KIA veterans, Reston Interfaith, Robert Pierre Johnson Housing, private parkland, and foreign governments exempt by treaty.