

# Non-Departmental



## Agency & Program

**Non-Departmental**

*Unclassified Administration*

# Expenditure and Revenue Summary

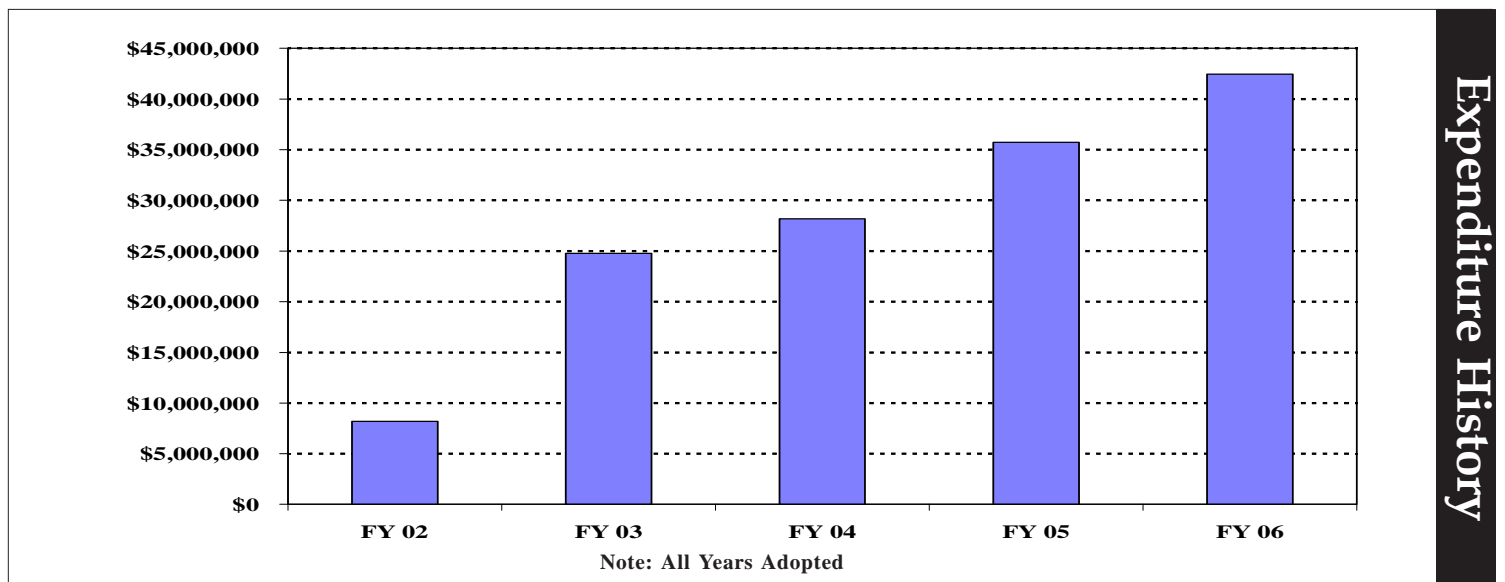
Expenditure by Program	FY 04 Approp	FY 04 Actual	FY 05 Adopted	FY 06 Adopted	% Change Adopt 05/ Adopt 06
Administration	\$10,930,848	\$10,140,454	\$11,996,312	\$13,451,981	12.13%
Medical Insurance - (Internal Serv.)	\$19,443,000	\$15,845,814	\$23,735,000	\$29,009,000	22.22%
<b>Total Expenditures</b>	<b>\$30,373,848</b>	<b>\$25,986,268</b>	<b>\$35,731,312</b>	<b>\$42,460,981</b>	<b>18.83%</b>

## Expenditure by Classification

Personal Services	\$387,244	\$46,734	\$625,969	\$554,862	-11.36%
Fringe Benefits	\$758,580	(\$31,040)	\$877,743	\$3,902	-99.56%
Contractual Services	\$963,000	\$882,297	\$1,069,000	\$1,715,000	60.43%
Internal Services	\$241,001	\$252,601	\$10,363,625	\$12,670,052	22.26%
Other Services	\$18,618,494	\$15,430,147	\$22,794,975	\$27,517,165	20.72%
Transfers	\$9,405,529	\$9,405,529	\$0	\$0	—
<b>Total Expenditures</b>	<b>\$30,373,848</b>	<b>\$25,986,268</b>	<b>\$35,731,312</b>	<b>\$42,460,981</b>	<b>18.83%</b>

## Funding Sources

Other Local Taxes	\$1,894,500	\$1,414,450	\$1,592,768	\$1,840,889	15.58%
Rev From Use of Money & Property	\$109,000	\$111,561	\$100,000	\$200,000	100.00%
Charges for Services	\$19,334,000	\$19,366,693	\$21,083,000	\$23,934,000	13.52%
Miscellaneous Revenue	\$6,385,382	\$6,393,772	\$5,624,539	\$11,267,078	100.32%
Rev From Other Localities	\$0	\$20,000	\$0	\$0	—
Rev From Commonwealth	\$50,000	\$19,762	\$0	\$0	—
Rev From Federal Govt	\$0	\$90,029	\$0	\$0	—
Non-Revenue Receipts	\$606,000	\$599,361	\$0	\$0	—
Transfers	\$1,526,295	\$1,526,295	\$879,518	\$941,911	7.09%
<b>Total Design Funding Sources</b>	<b>\$29,905,177</b>	<b>\$29,541,923</b>	<b>\$29,279,825</b>	<b>\$38,183,878</b>	<b>30.41%</b>
<b>Net General Tax Support</b>	<b>\$468,671</b>	<b>(\$3,555,655)</b>	<b>\$6,451,487</b>	<b>\$4,277,103</b>	<b>-33.70%</b>



## I. Major Issues

- A. General Overview Of Unclassified Administrative** - The Unclassified Administrative area of the budget includes those budget areas representing general expenditures which cannot be assigned appropriately to specific agency budgets. During the course of the fiscal year, many of these dollars are allocated against agency budgets to properly account for where the expenditures actually occur. Actual expenditure for the previous year in Unclassified Administrative will always be less than the next years proposed budget because the previous years expenditures have been reallocated to other departmental areas. As a program becomes established, it will often be assigned to an agency on a permanent basis. The funds, once established, would then be transferred from Unclassified Administrative to the agency budget on a permanent basis. Due to the many items coming into and out of the Unclassified Administrative budget area between budget years, it is difficult to compare different fiscal year totals. The items in the FY 06 Adopted Budget for Unclassified Administrative are discussed below:
- B. Data Processing Support - \$7,153,052** - The Data Processing Internal Service Fund budget, which is part of the Office of Information Technology, requires general fund support for general governmental and unanticipated data processing applications, as well as major capital and program expansions not associated with a particular agency. Additional information on these funds can be found in the Office of Information Technology departmental budget.
- C. Self-Insurance Support - \$3,814,279** - The Unclassified Administrative area of the General Fund includes funds to support the internal service fund of the Prince William County Self-Insurance Group (PWSIG). Included in this group are the Self-Insurance Workers Compensation, and the Self-Insurance Casualty Pool. The FY 06 Adopted Budget increases by \$470,000 from the FY 05 Adopted level of \$3,344,279. PWSIG Premium Increases of \$450,000 will provide adequate liability and workers' comp insurance coverage for PWC. An additional \$20,000 will provide support for Workers Compensation claims that existed prior to the creation of PWSIG. Additional information on these funds can be found in the Self-Insurance departmental budget.
- D. Transient Occupancy Tax for Tourism - \$1,840,889** - For FY 06, designated Transient Occupancy Tax fund allocation is shown below (by purpose, agency/program responsible for expenditures, and amount). The FY 06 operating transfer to the Convention and Visitor's Bureau increases \$153,000 from the FY 05 Adopted funding level of \$1,003,952 to \$1,156,952, after review of the CVB marketing plan by the BOCS. For further explanation of CVB funding, refer to the CVB, Major Budget Issues.

<u>Purpose</u>	<u>Agency/Program</u>	<u>Amount</u>
Rippon Lodge Acquisition	General Debt	\$190,624
Operating Transfer to CVB	Convention and Visitors Bureau	\$1,156,952
<b>Subtotal</b>		<b>\$1,347,576</b>
<u>Purpose</u>	<u>Agency/Program</u>	<u>Amount</u>
Grants and Matching Funds:		
Weems-Botts Museum	Public Works/Historic Preservation	\$35,000
Occoquan Mill House Museum	Public Works/Historic Preservation	\$5,000
Brentsville Historic Centre	Capital Improvements Program	\$50,000
Ben Lomond Manor House	Public Works/Historic Preservation	\$50,000
Other Capital Improvement Grants	Public Works/Historic Preservation	\$14,340
Advertising and Promotions Grants	Convention and Visitors Bureau	\$97,260
Public Events at Historic Properties	Non-Departmental	\$241,713
<b>Subtotal</b>		<b>\$493,313</b>
<b>Total Designated Transient Occupancy Tax Revenues for Tourism</b>		<b>\$1,840,889</b>

The Board of County Supervisors will authorize the transfer of the \$241,713 set aside under Non-Departmental to support public events at historic properties as opportunities emerge during the fiscal year.

## I. Major Issues (continued)

- E. Fleet Maintenance Support - \$1,702,721** - The Fleet Maintenance Internal Service Fund budget, which is part of the Department of Public Works, requires Non-Departmental General Fund support for expenditures not associated with a particular agency when the budget is adopted. Over the course of the year the funds are allocated against agency budgets to properly account for where the expenditures actually occur. The funds primarily support fleet maintenance and gasoline expenditures. Additional information concerning the Fleet Maintenance Program budget can be found in the Public Works departmental budget.
- F. Transfer from Adult Detention Center Fund - \$941,911** - The transfer of \$941,911 to the General Fund from the Adult Detention Center (ADC) is required to compensate the general fund for the cost of implementing the LEOS retirement program for Jail Officers and the Jail Superintendent. The funds show up under Transfers within the Funding Sources area. Additional information concerning the ADC LEOS retirement program can be found in the Major Issues section of the ADC departmental budget.
- G. Pay Plan Market Adjustment Implementation Date - \$122,576** - Funding is included to implement the Pay Plan Market Adjustment at the beginning of the pay period in which July 1 falls.
- H. Employee Wellness Program - \$100,000** - The County has analyzed our historical health insurance claims experience and in FY 06 will launch a wellness program designed to improve the health and productivity of employees and their family members. Research clearly supports a relationship between modifiable health risk factors and the overall costs of health insurance and absenteeism. The objectives of the program are:
- **Decreased health care utilization/claims**
  - **Reduction in health risks**
  - **Reduction of absenteeism**
  - **Improved employee satisfaction toward County**
  - **Decreased Worker's Compensation and Disability claims**
  - **Management of Chronic Medical Conditions**
- I. Shift Funding For Classification And Compensation Adjustments Of Targeted Series To OEM; Human Resources for a Human Resources Analyst II Position - \$74,698** - Included in the FY 05 Adopted Budget was \$100,000 to continue the Board of County Supervisors direction to eliminate the salary "lag" between Prince William and the other Northern Virginia jurisdictions and to target individual series of classifications for review and adjustment. For FY 06 \$74,698 of the \$100,000 is shifted to OEM; Human Resources for a Human Resource Analyst II position to do Compensation and Classification Studies. The remaining \$25,302 will remain in Non-Departmental. Additional detail concerning this shift can be located within the OEM; Human Resources section of the FY 06 Adopted Fiscal Plan.
- J. Properties Receiving Tax Reimbursement - \$35,452** - Funds are included in the FY 06 Adopted Budget to relieve the following non-profit organizations of the burden of tax year 2005 real estate taxes.
- |                                    |                 |
|------------------------------------|-----------------|
| ▪ Good Shepherd Housing Foundation | \$18,985        |
| ▪ Northern Virginia Family Service | <u>\$16,467</u> |
| <b>Total</b>                       | <b>\$35,452</b> |

## II. Compensation Budget Adjustments

### ATTRACTING AND RETAINING QUALITY COUNTY EMPLOYEES

- **Prince William County Compensation Policy** - The compensation policy is as follows:

Prince William County will have a combination of salaries, benefits, employee development, and workplace environment that will attract and retain the most qualified employees in order to implement our vision. To accomplish this, the County recognizes the importance of maintaining salaries that are competitive with other Northern Virginia jurisdictions. Our success in implementing this strategy will be measured by our ability to attract quality applicants, our ability to retain quality employees, and our ability to maintain employee satisfaction.

To implement this compensation policy, we will make every effort, within our position classification structure, to maintain salaries comparable to salaries of similar positions in Fairfax and Arlington counties and the City of Alexandria. The County will annually benchmark its starting salaries with the average starting salaries for these three jurisdictions. Since the County's pay grades are built off of the starting salary figure, increases in the starting salary will result in increases throughout the pay grade.

- **Implementing the Compensation Policy** - The County's policy will be implemented through the following

#### A. Market Pay Adjustment

Total Cost-	\$6,917,726
Supporting Revenue-	\$783,647
Total PWC Cost-	\$6,134,079

#### 1. Market Pay Adjustment - \$6,828,792

These funds are included and discussed in each agency budget and provides for a 3.0%, across-the-board market pay adjustment for all County employees. This adjustment will continue to maintain salaries that are competitive between Prince William and the other Northern Virginia jurisdictions.

#### 2. Sunday and Holiday Pay Increase - \$88,934

These funds are included and discussed in each agency budget which pay out Sunday and Holiday Pay and provides for a 3.0% increase. This is necessitated by increasing the pay plan through this year's and subsequent year's market pay adjustment.

#### 3. Five-Year Plan Impact - The Five-Year Plan includes the following market pay adjustments.

	FY 06	FY 07	FY 08	FY 09	FY 10
▪ Market Plan Adjustment	3.0%	2.5%	2.5%	2.5%	2.5%

Market pay adjustments are a moving target, however, and may need to be adjusted based on actions taken by other Northern Virginia jurisdictions. The total Five-Year Cost for these salary initiatives is as follows:

▪ Market Pay Adjustment	\$86,223,107
▪ Sunday and Holiday Pay Increase	\$ 1,084,095
<b>Total</b>	<b>\$87,307,202</b>

## II. Compensation Budget Adjustments (continued)

### B. Pay for Performance Increase

Total Cost-	\$2,660,035
Supporting Revenue-	\$276,964
Total PWC Cost-	\$2,383,071

1. **Pay for Performance Increase - \$2,660,035** - These funds are included and discussed in each agency budget. The County's pay for performance system was established in 1981 and allows managers to reward employee performance by giving a pay for performance increase from 1-7 steps (a step is 1% of the base pay within an employee's pay grade) each year until an employee reaches the maximum salary for his/her grade. This funding supports an average four-step increase for eligible employees. However, on-average, County employees receive 4.5 steps. This 4.5 step increase provides a 3.6% increase to employees in the bottom half of their salary range and a 2.9% increase in the top half of the salary range.

2. **Compensation "Roll-Over" - \$1,052,348** - These funds have been added to the budget, and have been spread to agency budgets, due to the following:

- Each year the County's budget funds the roll-over of compensation actions in the current year into the next budget year. Primarily, this is due to pay for performance increases necessary because all employees do not receive their pay for performance increases at the beginning of the fiscal year. Therefore, a pay for performance increase given half-way through a fiscal year needs to be funded for the entire next fiscal year. This roll-over increases the cost of providing a pay for performance increase to all employees.

3. **Five-Year Plan Impact** - The total Five-Year Cost for annual pay for performance and compensation roll-over is as follows:

▪ Pay for Performance Increase	\$36,960,167
▪ Compensation Roll-Over	\$19,105,475
<b>Total</b>	<b>\$56,065,642</b>

### C. County Health Insurance / Delta Dental Rate Increase

Total Cost-	\$942,222
Supporting Revenue-	\$113,692
Total PWC Cost-	\$828,530

1. **Description** - The County employer contributions to the Medical Insurance Self Insurance Internal Service account for Health Insurance and Delta Dental increases by \$942,222 and is included and discussed in each agency budget. Three years ago the County moved primarily to self-insurance for Health Insurance with the creation of a new County Wide Medical Insurance Self Insurance Internal Service account. The Adopted FY 06 amount for the Medical Insurance Self Insurance Internal Service account is \$29,009,000. This is an increase of \$5,274,000 from the FY 05 amount of \$23,735,000. The \$5,274,000 increase is due to four components.

- a. First, the Park Authority has requested that they be included in the Medical Insurance Self Insurance Fund as part of the Anthem Health coverage for FY 06. The Medical Insurance Self Insurance Fund increases by \$1,319,000 for FY 06 with the projected payments from the Park Authority to the Medical Insurance Self Insurance Fund.



## II. Compensation Budget Adjustments (continued)

- b. Second, Retiree Health will increase the Medical Insurance Self Insurance Fund for FY 06 by \$904,000. In the FY 05 Adopted Budget the Retiree Health funds were budgeted only in the General Fund portion of Non-Departmental. For FY 06 Retiree Health will be budgeted in the Medical Insurance Self Insurance Internal Service Fund as well as in the agency budgets which receive the benefit.
- c. Third, increased health rates from Anthem, Kaiser and Delta Dental require a combined increase of employer and employee contributions of \$1,929,000.
- d. Fourth, a budget increase of \$1,122,000 is required to cover the FY 06 Anthem “Maximum Exposure” budget total of \$3,672,000. The County currently establishes the self-insured Anthem rates at the actuarially determined “Expected Rates”. The expected rates are the rates that actuaries predict will generate sufficient revenue to offset claims based on the County’s past history of claims. However, because the plan is self-insured the County is potentially liable for claims exposure up to the “Maximum Exposure” amount. The Maximum Exposure amount is the amount budgeted due to the potential use of net assets from setting rates at the expected liability versus the maximum liability level. The County has now fully funded the maximum exposure and has fully reserved for the maximum exposure.
- e. **For FY 06** - An additional \$942,222 County employer contribution to the Medical Insurance Self Insurance Internal Service account was approved to maintain the stability of the County’s self-insurance for Health Insurance. This increase amounts to approximately a 6.45% average increase for the County’s Health Insurance.
- f. **Five-Year Plan Impact** - The total Five-Year Cost for the County’s employer contribution for Health Insurance is \$36,169,876.

### D. Increase 401a Money Purchase Plan Contribution from 1.25% to 1.50%

Total Cost-	\$418,133
Supporting Revenue-	\$47,007
Total PWC Cost-	\$371,126

- 1. **Description** - The 401a Money Purchase Plan is a supplemental retirement plan introduced in FY 1998 to encourage employees to save for their retirements. Currently participating employees make bi-weekly contributions of 1.25% of their base salary, which is matched by the County. Employees select their own investment options. All contributions are made on a pre-tax basis and are not subject to federal and state income taxes. Employees are not taxed on earnings until they are withdrawn, usually at retirement when individuals are usually in a lower tax bracket. The FY 06 adopted increase of 0.25% by the employee and employer over time will make a valuable contribution to employees’ retirement security and encourage employees to make additional contributions to the 457 deferred compensation plan. Funds to support the Money Purchase Plan increase are included and discussed in each agency budget.
- 2. **Five-Year Plan Impact** - The total Five-Year Cost to increase the 401a Money Purchase Plan Contribution from 1.25% to 1.50% is \$1,950,759.

## II. Compensation Budget Adjustments (continued)

### E. Increase Retiree Health Care Benefits Over The Benefits Approved For FY 05

Total Cost-	\$257,000
Supporting Revenue-	\$16,681
Total PWC Cost-	\$240,319

1. **Description** - For FY 2005 the BOCS approved a new County Retiree Health Credit Program that is applicable to employees upon separation and retirement from County service. This Retiree Health Credit Program is separate from and in addition to the existing VRS Health Credit Program, which is also totally funded by County contributions. Under this program all full-time employees and existing retirees with a minimum of 15 years of County service can receive \$3.50 per month for each year of PWC service, up to a maximum of \$105 per month for 30 years of County service. When the \$45 maximum per month currently offered as part of the State VRS is added, the maximum for 30 years of County service increases to \$150 per month. The \$647,000 required to maintain this FY 05 Approved level of Retiree Health benefit is included in the FY 06 Adopted budget. For FY 06 the Retiree Health Care budget is spread to agency budgets in order to allocate the budget where the expenditures will occur.

a. An increase of Retiree Health Care Benefits over the \$647,000 level approved in FY 05 is adopted for FY 06 at a projected additional cost of \$257,000 for a total cost including the existing FY 05 Approved benefit of \$904,000. With this addition, all full-time employees and existing retirees with a minimum of 15 years of County service can receive \$5.50 per month for each year of PWC service, up to a maximum of \$165 per month for 30 years of County service. When the \$45 maximum per month currently offered as part of the State VRS is added, the maximum for 30 years of County service increases to \$210 per month. The maximum for 25 years of County Service, including the State VRS amount will be \$175 per month which is equal to the \$175 per month offered by Fairfax County with 25 years of service.

2. **Five-Year Plan Impact** - The total Five-Year Cost to increase the Retiree Health Care Benefits over the benefits approved for FY 05 is \$1,392,000.

## III. Other Budget Adjustments

### A. County Proffers

Total Cost-	\$9,948,078
Supporting Revenue-	\$9,948,078
Total PWC Cost-	\$0

1. **Description** - Funding from proffer accounts are budgeted to support the transfer of \$9,948,078 to Capital Project accounts for FY 06. These funds are identified in the FY 06 CIP and additional detail concerning these transfers can be found in the Capital Improvements Program section of the budget.

2. **Five-Year Plan Impact** - The total Five-Year projection for funding from proffer accounts is shown below.

<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>Total</u>
\$9,948,078	\$7,106,394	\$6,198,980	\$4,881,632	\$7,220,420	\$34,121,206