



**AGENCY LOCATOR**

*Non-Departmental*

*Unclassified Administration*

# Non-Departmental/Unclassified Administration

## Expenditure and Revenue Summary

	FY 03	FY 03	FY 04	FY 05	% Change
Expenditure by Program	Approp	Actual	Adopted	Adopted	Adopt 04/ Adopt 05
Administration	\$6,943,152	\$6,372,691	\$10,837,276	\$11,996,312	10.69%
Medical Insurance - (Internal Serv.)	\$14,251,000	\$14,829,920	\$17,343,000	\$23,735,000	36.86%
<b>Total Expenditures</b>	<b>\$21,194,152</b>	<b>\$21,202,611</b>	<b>\$28,180,276</b>	<b>\$35,731,312</b>	<b>26.80%</b>
<b>Expenditure by Classification</b>					
Personal Services	\$155,139	\$26,121	\$942,742	\$625,969	-33.60%
Fringe Benefits	\$10,150	\$3,677	\$508,580	\$877,743	72.59%
Contractual Services	\$735,000	\$986,538	\$963,000	\$1,069,000	11.01%
Internal Services	\$1,207,089	\$983,150	\$9,128,667	\$10,363,628	13.53%
Other Services	\$13,570,888	\$13,687,239	\$16,637,287	\$22,794,975	37.01%
Transfers	\$5,515,886	\$5,515,886	\$0	\$0	—
<b>Total Expenditures</b>	<b>\$21,194,152</b>	<b>\$21,202,611</b>	<b>\$28,180,276</b>	<b>\$35,731,315</b>	<b>26.80%</b>
<b>Funding Sources</b>					
Other Local Taxes	\$1,597,500	\$1,282,124	\$1,894,500	\$1,592,768	-15.93%
Rev From Use of Money & Property	\$39,000	\$147,918	\$109,000	\$100,000	-8.26%
Charges for Services	\$14,205,000	\$15,103,957	\$17,234,000	\$21,083,000	22.33%
Miscellaneous Revenue	\$3,632,343	\$3,650,698	\$1,867,535	\$5,624,539	201.17%
Rev From Other Localities	\$0	\$75,000	\$0	\$0	—
Rev From Commonwealth	\$50,000	\$0	\$50,000	\$0	-100.00%
Transfers	\$4,363,889	\$4,363,889	\$825,323	\$879,518	6.57%
<b>Total Design Funding Sources</b>	<b>\$23,887,732</b>	<b>\$24,623,586</b>	<b>\$21,980,358</b>	<b>\$29,279,825</b>	<b>33.21%</b>
<b>Net General Tax Support</b>	<b>(\$2,693,580)</b>	<b>(\$3,420,975)</b>	<b>\$6,199,918</b>	<b>\$6,451,490</b>	<b>4.06%</b>

## PROGRAM LOCATOR

*Non-Departmental*

*Unclassified Administration*

**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 greatly 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 becomes very difficult to compare different fiscal year totals. The items in the Fiscal 05 Adopted Budget for Unclassified Administrative are discussed below:
  
- B. Data Processing Support - \$5,926,941** - 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. The FY 03 Transfer of \$3,555,343 Under The Expenditures By Classification Area** - was the one-time transfer of Proffer Revenues and has been removed from the FY 05 Budget. The majority of the funds were transferred to the Schools Construction Fund (\$2,250,000), the Capital Projects Fund (\$625,374) and Fire and Rescue Companies (\$332,594).
  
- D. Self-Insurance Support - \$3,344,279** - The Unclassified Administrative area includes funds to support the internal service fund of the Prince William County Self-Insurance Group. Included in this group are the Self-Insurance Workers Compensation, and the Self-Insurance Casualty Pool. The FY 05 Adopted Budget increases by \$815,321 from the FY 04 Adopted level of \$2,528,958. The additional funding is required for the County to procure insurance policies which will reduce the County’s liability and to transfer risk to insurance carriers. The \$815,321 is added to the Self-Insurance Workers Compensation (\$487,467) and Self-Insurance Casualty Pool (\$327,854) programs of the Prince William County Self Insurance Group (PWSIG). Additional information on these funds can be found in the Self-Insurance departmental budget.
  
- E. Transient Occupancy Tax for Tourism - \$1,592,768** - The portion of the County’s Transient Occupancy Tax revenue designated to support tourism-related expenditures (60 percent of the total) is included under Other Local Taxes within the Funding Sources area. Existing Board of County Supervisors policy (reenacted by Board Resolution No. 01-405) allocates 75 percent of these revenues, less the amount committed for the acquisition of Rippon Lodge, to the operating transfer to the Convention and Visitors Bureau (CVB). The policy allocates the remaining 25 percent of the revenue for grants and matching funds for other tourism-related purposes. For FY 05, designated Transient Occupancy Tax funds are allocated as follows (by purpose, agency/program responsible for expenditures, and amount):

**Allocation of 75 Percent of the Designated Transient Occupancy Tax Revenues for Tourism:**

<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	<u>\$1,003,952</u>
<b>Subtotal</b>		<b>\$1, 194,576</b>

## Non-Departmental/Unclassified Administration

### I. Major Issues (continued)

#### Allocation of 25 Percent of Designated Transient Occupancy Tax Revenues for Tourism:

<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	<u>\$146,592</u>
<b>Subtotal</b>		<b>\$398,192</b>
<b>Total Designated Transient Occupancy Tax Revenues for Tourism</b>		<b>\$1,592,768</b>

The Board of County Supervisors will authorize the transfer of the \$146,592 set aside under Non-Departmental to support public events at historic properties as opportunities emerge during the fiscal year.

- F. Fleet Maintenance Support - \$1,092,405** - 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.
- G. Transfer from Adult Detention Center Fund - \$879,518** - The transfer of \$879,518 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.
- H. Retiree Health Care Benefits - \$770,489** - 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 the new program all full-time employees and existing retirees with a minimum of 15 years of County service will 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. This is a substantial increase from the \$45 maximum per month currently offered.
- I. 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.

**I. Major Issues (continued)**

**J. Employee Wellness Program - \$100,000** - Seed money is included in the FY 05 budget to develop an Employee Wellness Program. The objectives of the program are:

- Identify cost savings for employees and PWC
- Contain long-term health plan costs
- Decrease absenteeism
- Increase productivity
- Decrease Worker’s Compensation and disability claims

**K. Classification And Compensation Adjustments Of Targeted Series - \$100,000** - Funding is included to continue the Board of County Supervisors direction to eliminate the salary “lag” between Prince William and the other Northern Virginia jurisdictions. These funds will target individual series of classifications for review and adjustment during FY 05. The targeted series which are proposed to be evaluated during FY 05 are:

- Inspection Series
- Labor & Trades Series

**L. Properties Receiving Tax Reimbursement - \$28,383** - Funds are included in the Fiscal 05 Adopted Budget to relieve the following non-profit organizations of the burden of tax year 2004 real estate taxes.

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▪ Good Shepherd Housing Foundation	\$12,527
▪ Northern Virginia Family Service	<u>\$15,856</u>
<b>Total:</b>	<b>\$28,383</b>

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**II. Base Budget Savings Initiative**

As part of the FY 05 budget development process, County agencies joined together to examine and reduce the base budget. Executive Management staff facilitated this process through regular management staff meetings involving County agency directors and their key budget staff, with analytical support from the Budget Office. In addition to ongoing budget adjustments described above, this new budget process initiative produced the following base budget savings.

**A. Grant Application Program Budget for Future Grant Funding Removed From FY 05 Base Budget (\$50,000)** - A total of \$50,000 of expenditure and revenue budgets was budgeted for FY 04 in Non-Departmental for mini-grants, specifically for Police and Aging. In the past these funds have not been required and the agencies have gone forward on their own to procure grant funding.

**III. 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/Reclassifications**

Total Cost-	\$4,080,398
Supporting Revenue-	\$431,194
Total PWC Cost-	\$3,649,204

**1. Market Pay Adjustment - \$4,007,245**

This funding is included and discussed in each agencies supplemental budget and provides for a 2.0%, 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 - \$52,427**

This funding is included and discussed in each agencies supplemental budgets which pay out Sunday and Holiday Pay and provides for a 2.0% increase. This is necessitated by increasing the pay plan through the market pay adjustment.

**3. County’s Annual Benchmark Survey - \$20,726** - The annual survey showed that some positions were still below comparable salaries in the other jurisdictions.

**4. Five-Year Plan Impact** - The Five-Year Plan includes the following market pay adjustments.

	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>	<b>FY 09</b>
▪ Market Pay Adjustments	2.0%	2.0%	2.5%	2.5%	2.5%

**III. Compensation Budget Adjustments (continued)**

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	\$61,439,221
▪ Sunday and Holiday Pay Increase	\$ 750,029
▪ Reclassifications in FY 05	<u>\$ 107,859</u>
<b>TOTAL</b>	<b>\$62,297,109</b>

**B. Merit Pay Increase**

Total Cost-	\$2,109,533
Supporting Revenue-	\$245,232
Total PWC Cost-	\$1,864,301

**1. Three Step Merit Pay Increase- \$2,109,533** - These funds are included and discussed in each agencies supplemental budget.

- The County’s pay for performance system was established in 1981 and allows managers to reward employee performance by giving a merit pay increase (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 three-step merit pay increase for eligible employees. The budgeted three step average merit provides a 2.4% increase to employees in the bottom half of their salary range and a 1.9% increase in the top half of the salary range.

**2. Compensation “Roll-Over” - \$1,593,711** - These funds have been added to the base 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 merit pay increases necessary because all employees do not receive their merit increases at the beginning of the fiscal year. Therefore, a merit 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 merit pay increase to all employees.

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

▪ Merit Pay Increase	\$33,730,721
▪ Compensation Roll-Over	<u>\$19,708,125</u>
<b>TOTAL</b>	<b>\$53,438,846</b>

**C. Virginia Retirement System (VRS) and Group Life Insurance Rate Increases**

Total Cost-	\$12,868,038
Supporting Revenue-	\$1,533,783
Total PWC Cost-	\$11,334,255

**1. VRS Increase - \$10,947,937** - This funding request is included and discussed in each agencies supplemental budget. The VRS actuary has recently completed a valuation of political subdivisions using data as of June

## III. Compensation Budget Adjustments (continued)

30, 2003. As a result of these valuations the Prince William County contribution rate for FY 05 was increased from 6.12% to 12.62% effective July 1, 2004.

2. **Group Life Insurance Increase - \$1,920,101** - This funding request is included and discussed in each agencies supplemental budget. For the past two Fiscal Years (FY 03 and FY 04) there has been a premium holiday from VRS for Group Life Insurance. This resulted in the Group Life Insurance percent paid by Prince William County for FY 03 and FY 04 being set at 0.0%. For FY 05 VRS has notified Prince William that the Group Life Insurance rate will be 1.14% effective July 1, 2004.
3. **Reasons For Increases** - The retirement increases can be attributed to the following primary factors:
  - The VRS rate increase for Prince William County is primarily due to the market performance of assets which affects the actuarial value of assets and the unfunded actuarial liability dictating the contribution of the County.
4. **Five-Year Plan Impact** - The total Five-Year Cost for the VRS and Group Life Insurance increase is as follows:

▪ VRS Increase	\$50,486,655
▪ Group Life Increase	<u>\$ 8,854,584</u>
<b>TOTAL</b>	<b>\$59,341,239</b>

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

Total Cost-	\$969,490
Supporting Revenue-	\$115,505
Total PWC Cost-	\$853,985

1. **Description** - This County funding increase of \$969,490 is included and discussed in each agencies supplemental budget. Two years ago the County moved primarily to self-insurance for Health Insurance. The FY 05 total funding for Medical Insurance Self Insurance is \$23,735,000. This is an increase of \$6,392,000 from the FY 04 amount of \$17,343,000. The \$6,392,000 increase is due to two components. First, the FY 04 Adopted Budget was increased by \$2,100,000 to balance the Medical Insurance budget to equal the FY 04 health insurance expenditure budgets in the General Fund and other funds. This action was directed by BOCS Resolution in August 2003. The remaining \$4,292,000 represents rate increases and employee population growth for both the employer and employee share of the cost increases.
2. **For FY 05** - an additional \$969,490 County contribution to the Medical Insurance Self Insurance account is requested to maintain the stability of the County's self-insurance fund. This increase amounts to approximately a 7.1% average increase over the prior year budgeted amount for the County's Health Insurance.
3. **Five-Year Plan Impact** - The total Five-Year Cost for the County's Health Insurance is \$35,638,549



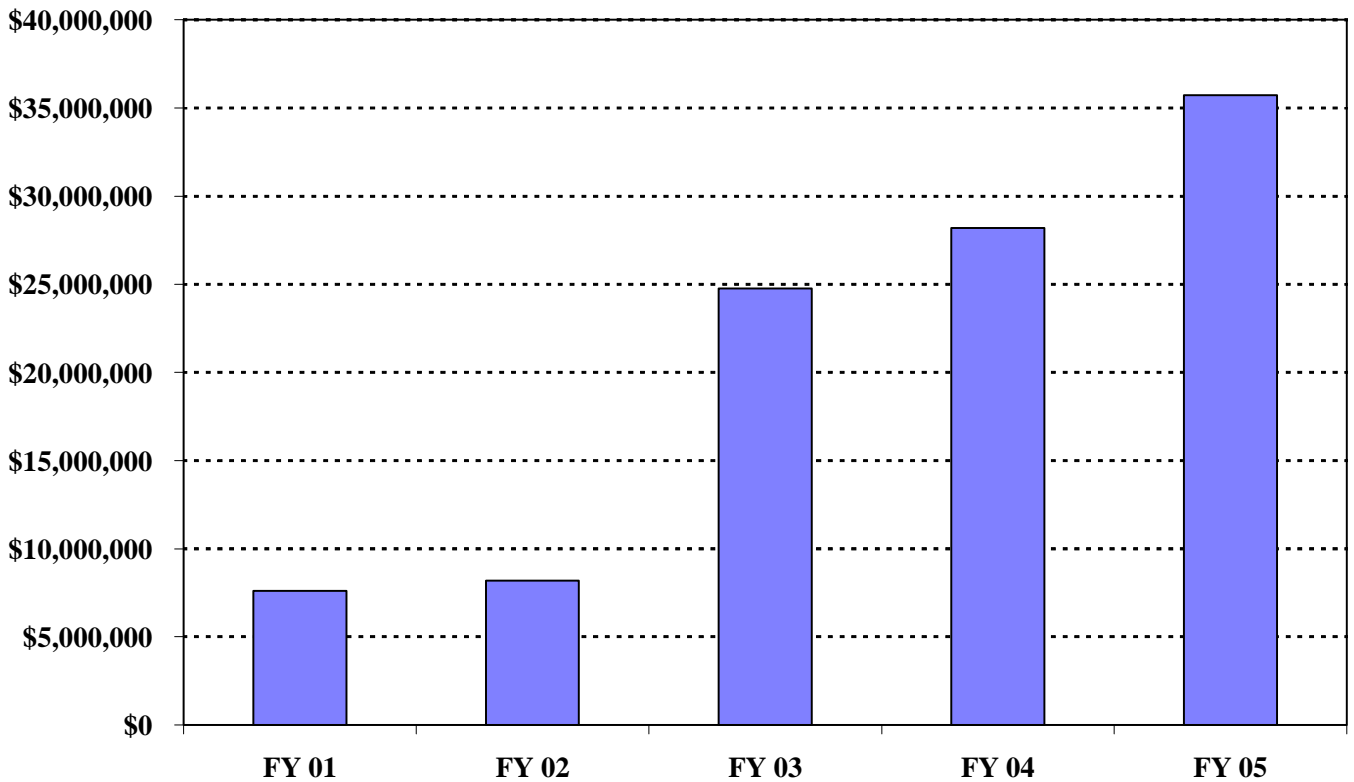
**IV. Other Proposed Supplemental Budget Adjustments**

**A. County Proffers**

Total Cost-	\$5,624,539
Supporting Revenue-	\$5,624,539
Total PWC Cost-	\$0

- Description** - Funding from proffer accounts are budgeted to support the transfer of \$5,624,539 to Capital Project accounts for FY 05. These funds are identified in the FY 05 CIP and additional detail concerning these transfers can be found in the Capital Improvements Program section of the budget.

**Expenditure and Revenue Summary**



Note: All Years Adopted

