

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: August 28, 2002

SUBJECT: Fiscal Impact Statement: "District of Columbia
Comprehensive Merit Personnel Act of 1978 Operation
Enduring Freedom Active Duty Pay Differential Act of 2002"

REFERENCE: Draft Legislation as Introduced – No Bill Number Available

Conclusion

Funds are sufficient for the number of current recipients of the Operation Enduring Freedom pay differential. Sufficient appropriations are available in the FY 2003 through FY 2006 budget and financial plan as currently agreed to by the Mayor and the Council of the District of Columbia (Council). The proposed legislation will not result in any unplanned expenditures for the existing population of eligible employees.

The District does not have the resources to extend this benefit to additional personnel when they are called-up for active duty in Operation Enduring Freedom. The Metropolitan Police Department (MPD) does not have the funding resources to provide compensation differentials for additional eligible personnel. The resulting additional staffing reductions will also increase operational pressures that MPD's FY 2003 personnel services and overtime budgets cannot fully fund. Potential FY 2003 costs of up to \$2.03 million are unbudgeted. In addition, four-year expenditure impacts of from \$4.22 to \$13.01 million are not budgeted in the District's FY 2003 through FY 2006 financial plan.

Anti-deficiency laws, 31USCA § 1341 (2000), prohibit District officers and employees from exceeding agency appropriations in any fiscal year. Should the MPD determine that funding is available to absorb the additional costs in FY 2003, then the fiscal impact

would be zero. For subsequent years, the additional expenditures must be included as budgeted expenditures.

Background

Eligible employees may receive a payroll differential representing the difference between a District employee's salary and their military active duty pay. Eligibility requires participation in Operation Enduring Freedom. The proposed legislation will extend the cessation provision of the District of Columbia Government Comprehensive Merit Personnel Act of 1978 Operation Enduring Freedom Active Duty Pay Differential Temporary Act of 2001¹. The proposed legislation is an amendment to remove the September 30, 2002 expiration and make the payroll benefit permanent. Under the provisions of the proposed legislation the pay differential will continue until the person's release from active duty.

Financial Plan Impact

Funds are sufficient in the FY 2003 through FY 2006 budget and financial plan. Currently, 27 individuals receive the pay differential that is the subject of the proposed legislation. The total annual expenditure is approximately \$980,000². The majority of the funding offsets are a requirement on MPD. The remaining District agencies absorb the funding requirement for 6 individuals. MPD overtime is appropriated in the FY 2003 through FY 2006 budget and financial plan and will absorb operational pressures caused by the staffing reductions. Approved compensation system changes for Units 1, 2, 3, and 4 have been factored into projected personnel services expenditures beginning in FY 2003. The table in figure 1 presents the costs to local funds.

Figure 1.

Estimated Expenditure Impact to the Financial Plan					
(\$ in millions)					
Employee Population	FY 2003	FY 2004	FY 2005	FY 2006	4-Year Total
Metropolitan Police Department	\$0.61	\$0.65	\$0.68	\$0.70	\$2.64
All Other Agencies ³	0.37	0.39	0.40	0.42	\$1.58
Current Obligation	\$0.98	\$1.04	\$1.08	\$1.12	\$4.22
Potential Requirement ⁴	2.03	2.18	2.25	2.33	\$8.79
Estimated Net Annual Impact	\$3.01	\$3.22	\$3.33	\$3.45	\$13.01

¹ D.C. Official Code § 1-611.03(a). Original Council action was Bill 14-470; Law 14-116; effective December 18, 2001.

² Approximately \$28,941 per individual average in FY 2003 for MPD and \$17,727 for non-MPD. This will increase to \$33,265 for MPD and \$19,762 for non-MPD by FY 2006.

³ Figure excludes MPD obligation.

⁴ Figure includes MPD obligation.

In addition to those who have recently been called to active service in the military, almost 70 individuals employed by the District are currently subject to call-up for military active duty. Based on the observed one-year funding trend, this benefit has the potential of costing the District an additional \$2.03 million in FY 2003. Funds are not sufficient in the FY 2003 budget to provide for additional pay differential costs or offset the agency operational and overtime pressures due to an increase in staffing reductions.

To date only 1 individual has been called to active duty, fulfilled their obligation and returned to their position with the District government.

The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.