

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: September 15, 2003

SUBJECT: Fiscal Impact Statement: “Compensation Agreement Between the District of Columbia Government and Compensation Units 1 and 2, Compensation System Changes Approval Resolution of 2003”

REFERENCE: Draft Approval Resolution – No Number Available

Conclusion

Funds are sufficient in the FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia to implement the provisions of the proposed approval resolution. No additional resources will be required to approve and execute the proposed compensation agreement.

Background

The proposed legislation would approve a compensation settlement agreement between the District of Columbia and 7,864 union career service employees in collective bargaining units 1 and 2. These employees are found within many District agencies. In addition, for the first time, the proposed settlement agreement includes 78 members of AFSCME District Council 20, Local 2087 at the University of the District of Columbia (UDC). These employees have recently agreed that going forward they will bargain collectively with unit 1.

Financial Plan Impact

Funds are sufficient in the FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed resolution. The compensation increases include the following provisions:

- A classification/compensation reform increase of 0.25 percent effective October 1, 2003;
- An increase to base wages of 2.5 percent effective April 2004;
- A classification/compensation reform increase of 0.75 percent effective October 1, 2004;
- An increase to base wages of 3.5 percent effective January 2005;
- A classification/compensation reform increase of 0.75 percent effective October 1, 2005; and
- An increase to base wages of 4.0 percent effective October 2005.

The total cost of the pay agreement in FY 2004 for this population of employees is \$5.54 million of which \$4.15 million is financed by local funds. The remainder is financed by other fund sources, e.g., federal funds, grants and other non-governmental sources. The table in Figure 1 presents the local personnel services costs¹ associated with implementing the proposed compensation agreement.

Figure 1.

Expenditure Impact to the Financial Plan				
(\$ in millions)				
FY 2004	FY 2005	FY 2006	FY 2007	4-Year Total
\$4.15	\$17.22	\$33.79	\$43.73	\$98.89

Costs for benefits are assumed at 15 percent of base wages. Costs for wages are assumed to increase in FY 2007 by 3.2² percent. Costs associated with policy changes concerning overtime, administrative closings, call-back, call-in, night differentials, non-commuter parking expenses, and environment pay are limited by the agency's available resources.

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>.

¹ Figures include salary and benefits.

² This rate is consistent with the District's financial plan.