

**Government of the District of Columbia
Office of the Chief Financial Officer**



CHARLES J. JOSEPH

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MEMORANDUM

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

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: SEP 20 2005

SUBJECT: Fiscal Impact Statement: "Career Service, Excepted Service,
and Management Supervisory Service Non-Bargaining Unit
Employees Pay Equity Compensation System Change
Approval Resolution of 2005"

REFERENCE: Draft Resolution to be Introduced – No Number Available

Conclusion

Funds are sufficient in the FY 2005 Budget and the FY 2006 through FY 2009 budget and financial plan. The provisions of the proposed approval resolution will require no additional resources.

Background

The proposed resolution would approve compensation system changes recommended by the District of Columbia Office of Personnel. The recommendation is a 4 percent increase in base salaries effective October 2, 2005. The compensation system changes will impact District employees throughout the government and the Council. Approximately 3,727 FTEs will be beneficiaries with 2,457 in the Career Service and 1,270 in the Management Supervisory Service.

Financial Plan Impact

Funds are sufficient in the FY 2005 budget and the FY 2006 through FY 2009 budget and financial plan.

Benefits are estimated at 15 percent of base salary. The gross costs for the proposed compensation system change are approximately \$10.3 million in FY 2006.¹ However, the local costs are approximately \$6.59 million.² The table in Figure 1 presents the personnel service costs impacting the financial plan.³

Figure 1.

Expenditure Impact to the Local Financial Plan					
(S in Millions)					
FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	5 -Year Total
\$0.00	\$6.59	\$6.79	\$7.00	\$7.21	\$27.59

¹ Base salary and benefits expended against all funding sources.

² Base salary and benefits expended against local sources.

³ The D.C. Retirement Board determines local funding requirements periodically through an actuarial study. Adjustments are a funding requirement to the third subsequent fiscal year following implementation to maintain an account's full funding status.