

**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:** DEC 21 2005

**SUBJECT:** Fiscal Impact Statement: "Excepted Service Schedule  
Compensation System Changes Approval Resolution of 2005"

**REFERENCE:** Draft Resolution to be Introduced – No Number Available

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**Conclusion**

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan. District agencies will be required to remain within their existing resources when applying the compensation system changes to personnel decisions.

**Background**

The proposed resolution would approve compensation system changes recommended by the District of Columbia Office of Personnel. The proposed resolution will increase the maximum amounts for Excepted Service Compensation over time. The proposal will increase these amounts assuming merit-based increases of 3 percent every year for FY 2006 through FY 2009.

**Financial Plan Impact**

Funds are sufficient in 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 \$0.7 million in FY 2006.<sup>1</sup> However, the local costs are approximately \$0.5 million.<sup>2</sup> The table in Figure 1 presents the personnel service costs

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<sup>1</sup> Base salary and benefits expended against all funding sources.

<sup>2</sup> Base salary and benefits expended against local sources.

impacting the financial plan.<sup>3</sup> These figures are being provided to illustrate the aggregate local expenditure impact to all eligible District agencies. District agencies will be required to absorb all costs associated with implementing the proposed schedule change.

*Figure 1.*

<b>Expenditure Impact to the Local Financial Plan</b>				
<b>(S in Millions)</b>				
<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>4 -Year Total</b>
\$0.5	\$1.1	\$1.6	\$2.2	\$5.4

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<sup>3</sup> 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.