

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



Natwar M. Gandhi
Chief Financial Officer

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CHAIRMAN CROPP

MEMORANDUM

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

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: OCT -7 2005

SUBJECT: Fiscal Impact Statement: "Office of the Attorney General of the District of Columbia Legal Service Non-Collective Bargaining Employees Compensation System Changes Approval Resolution of 2005"

REFERENCE: Draft Resolution to be Introduced – No Number Available

Conclusion

Funds are sufficient in 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 4.5 percent increase in base salaries effective October 2, 2005, plus a 2 percent of base pay performance increase.¹ The compensation system changes will impact District employees who are among 24 District agencies and report to the Office of the Attorney General of the District of Columbia, or persons in the Office of Labor Relations and Collective Bargaining. Approximately 65 FTEs will be the beneficiaries of increases that result from the equity initiative to bring these employees in parity to the Union pay schedule. The current aggregate of their combined salaries is over \$5.4 million annually.

¹ Deal points for the proposed compensation system changes proposed by the District Office of Personnel are similar to those proposed by the Office of Labor Relations and Collective Bargaining for unionized legal service employees in Collective Bargaining Unit 33 to be considered under a separate action.

Financial Plan Impact

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

The proposed compensation system changes are:

- In FY 2006, a 4.5 percent increase to base pay effective October 2005;
- In FY 2006, a 2.0 percent performance bonus to persons who have had a performance evaluation that has resulted in a finding of "Exceeds" as a rating;
- In FY 2007, a 4.5 percent increase to base pay effective October 2006; and
- In FY 2007, a 2.0 percent performance bonus to persons who have had a performance evaluation that has resulted in a finding of "Exceeds" as a rating.

Benefits are estimated at 15 percent of base salary and 7.65 percent for bonuses. The financial plan for the District assumes a 3 percent growth in FY 2008 and 2009. The gross costs for the proposed compensation system change are approximately \$1.08 million in FY 2006.² However, the local costs are approximately \$765,900.³ The table in Figure 1 presents the personnel service costs impacting the financial plan.⁴

Figure 1.

| Expenditure Impact to the Local Financial Plan (\$ in Millions) | | | | | |
|--|---------|---------|---------|---------|---------------|
| FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | 5 -Year Total |
| \$0.00 | \$0.77 | \$1.03 | \$1.05 | \$1.10 | \$3.95 |

² Base salary and benefits expended against all funding sources.

³ Base salary and benefits expended against local sources.

⁴ 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.