

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: January 23, 2003

SUBJECT: Fiscal Impact Statement: “Compensation Settlement between the AFL-CIO Local #64, NCFO, SEIU Local #572, PSE Union, the Committee of Interns and Residents, and Social Workers with the Department of Mental Health for Compensation System Changes Council Approval Resolutions of 2003”

REFERENCE: Draft Resolutions as Introduced – No Numbers Available

Conclusion

Funds are sufficient in the FY 2003 through FY 2006 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia (Council). Funds have been allocated to the Department of Mental Health (DMH) for fiscal year 2002 pay increases on an accrual basis, plus fiscal year 2003 appropriations. Implementing the proposed resolution will not require any additional resources or impact local General Fund revenue.

Background

The proposed resolutions would approve three collective bargaining agreements recommended by DMH. The increases would affect 81 members of the Washington Area Metal Trades Union AFL-CIO Local #64, the National Conference of Fireman and Oilers (NCFO), the Service Employees International Union (SEIU), and the Public Service Employees Union¹ (PSE) Local #572. In addition, the proposed resolutions would approve a second agreement for 56 interns and residents of DMH and a third agreement for 71 DMH social workers. All will receive similar increases.

¹ An affiliate of the Labors International Union of North America.

Provisions of the collective bargaining agreements include:

- An increase of 3 percent to base wages retroactive to July 1, 2002;
- An increase of 3 percent effective July 1, 2003; and
- An increase of 2 percent effective July 1, 2004.

Additionally, the Committee on Interns and Residents union receives a \$56,000 pool of funds to cover "On-call" allowances for FY 2003 and FY 2004.

Financial Plan Impact

Funds are sufficient in the FY 2003 through FY 2006 budget and financial plan because no additional staff or resources will be required to implement the proposed approval resolutions. This initiative will have no impact on local General Fund revenue. DMH has carried forward FY 2002 appropriations as an accrual to accommodate the agreed upon retroactive increases. The FY 2003 budget as agreed upon by the Council and the Mayor includes sufficient resources to accommodate increases effective this fiscal year. The financial plan has sufficient resources to fund future increases.

Agency costs beyond the sunset provisions of the agreements include the following assumptions:

- An increase of 3 percent to base wages retroactive to July 1, 2005;
- An increase of 3 percent effective July 1, 2006; and
- A \$56,000 per year "On-call" allowance for the Committee on Interns and Residents union.

The following table presents the funding requirements associated with the proposed increases.

Estimated Cost of Increases Above Current Costs						
(\$ in 000's)						
Item	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	4-Year Total
Metal Trades, <i>et al</i>	\$16.2	\$81.5	\$143.1	\$195.0	\$265.7	\$701.5
Interns and Residents	8.1	77.1	108.1	134.2	169.7	497.2
Social Workers	24.7	124.1	217.8	296.8	404.4	1,067.8
Net Annual Increase	\$49.0	\$282.7	\$469.0	\$626.0	\$839.8	\$2,266.5

The three-year agreements were negotiated to end on June 30, 2005.

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>.