

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 [signature]
Chief Financial Officer

DATE: February 3, 2004

SUBJECT: Fiscal Impact Statement: “Operation Enduring Freedom and Operation Iraqi Freedom Active Duty Pay Differential Extension Emergency Act of 2004”

REFERENCE: Draft Legislation as Introduced – No Bill Number Available

Conclusion

Funds are not sufficient in the FY 2004 through FY 2007 budget and financial plan to implement the proposed legislation. The proposed legislation would result in District-wide agency costs of approximately \$1.07 million in FY 2004. **The Mayor has made a request for the use of FY 2003 unspent budgetary reserves to fund all payroll and agency costs associated with implementing the proposed legislation for the remainder of FY 2004. If the budget reserve funds are allocated for this purpose and approved by the Council and Congress, funds will be sufficient in the FY 2004 budget to temporarily continue the initiative.** In addition, funds are not sufficient in FY 2005 and subsequent fiscal years because additional resources will be required.

Anti-deficiency laws, 31USCA § 1341 (2000) and D.C. Official Code § 47-355.01 *et Sequitor* (2003), prohibit District officers and employees from exceeding agency appropriations in any fiscal year.

Background

Eligible employees may receive a payroll differential representing the difference between a District employee's salary and their military active duty pay if the latter is smaller. Eligibility requires participation in Operation Enduring Freedom or Operation Iraqi Freedom. The proposed legislation will extend the cessation provision of the District of Columbia Government Comprehensive Merit Personnel Act of 1978 Operation Enduring

Freedom Active Duty Pay Differential Temporary Act of 2001¹. The original pilot act expired on September 30, 2002 and the current extension will expire on March 1, 2004. Reservists reporting to active duty after that date would be ineligible for the District pay differential. Under the provisions of the proposed legislation the pay differential will expire on March 1, 2005.

Financial Plan Impact

The proposed legislation will result in District-wide agency costs of \$1.07 million in FY 2004 comprised of differential payments, overtime costs, and hiring to backfill positions vacated for extended periods of time. For these purposes the Mayor has requested unspent FY 2003 budget reserves to fund the remaining costs in FY 2004. Upon the allocation funds would be sufficient in the FY 2004 budget to provide for these additional costs. Funding for the pay differential will end on September 30, 2004. **The Mayor's proposed FY 2005 budget and financial plan does not include sufficient funding to continue the payroll benefit after the current fiscal year.**

If enacted, the proposed legislation will result in extending the original bill for more than two and one-half years.

¹ D.C. Official Code § 1-611.03(a). Original Council action was Bill 14-470; Law 14-116; effective December 18, 2001.