

**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: JUL 14 2005

SUBJECT: Fiscal Impact Statement (Revised): "Compensation Agreement Between the District of Columbia Nurses Association and the Government of the District of Columbia Compensation System Change Approval Resolution of 2005"

REFERENCE: Draft Resolution to be Introduced – No Number Available

Conclusion

Funds are sufficient in FY 2005 and the proposed FY 2006 through FY 2009 budget and financial plan as approved by the Mayor and the Council of the District of Columbia (Council). The provisions of the proposed approval resolution will require no additional resources.

Background

The proposed resolution would approve a compensation settlement agreement between the District of Columbia and 58 union personnel who are employees in collective bargaining unit #13. The union members are employees of the Office of the Chief Medical Examiner (OCME), the Department of Health (DoH), the Department of Human Services (DHS) and the Office of the Department of Corrections (DoC).

Financial Plan Impact

Funds are sufficient in the FY 2005 budget and the proposed FY 2006 through FY 2009 budget and financial plan. The compensation increases include the following provisions:

- A compensation reform¹ effective April, 2005;
- An increase to base wages of 3.00 percent effective October 2005;
- An increase to base wages of 3.00 percent effective October 2006;
- An increase to base wages of 3.00 percent effective October 2007; and
- An increase to base wages of 3.50 percent effective October 2009.

In addition, each employee is eligible for a continuing education expense of \$750 per year.

Benefits are estimated at 15 percent of base salary. Bonuses are estimated at 7.65 percent of base wages.² A 1 percent increment is added to project additional gross pay and steps. The table in Figure 1 presents the personnel service costs impacting the financial plan.

Figure 1.

Expenditure Impact to the Local Financial Plan					
<i>(S in 000s)</i>					
FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	5 -Year Total
\$40.2	\$106.7	\$161.3	\$218.8	249.7	\$776.7

¹ This is the movement to a new schedule. The average increase is 2.1 percent of base wages. The employee will receive a 1 percent bonus if movement to the new schedule is less than 1 percent, plus a 2.5 percent increase to the base salary effective April 2005.

² 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.