

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

**Natwar M. Gandhi**  
Chief Financial Officer



CHAIRMAN CROPP

2005 MAR 24 AM 10: 53

RECEIVED

**MEMORANDUM**

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

**FROM: Natwar M. Gandhi  
Chief Financial Officer** 

**DATE: March 24, 2005**

**SUBJECT: Fiscal Impact Statement: "Compensation Settlement Agreement Between the District Department of Mental Health and Service Employees International Union District 1199 E-DC Approval Resolution of 2004"**

**REFERENCE: Draft Resolution to be Introduced**

**Conclusion**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed approval resolution. The fiscal effect, estimated to be \$295,700 over four years, will be funded from existing resources found in Department of Mental Health (DMH) appropriations and District Workforce investments. DMH will re-allocate funding from vacant positions to fund FY 2005 costs.

**Background**

The proposed resolution would approve a settlement agreement recommended by the District Department of Mental Health (DMH). The compensation increases would affect 78 employees at DMH through a collective bargaining agreement. This population of employees have a \$5 million aggregate annual salary. Terms of the agreement include:

- In FY 2005, Grades 9 and 11 move to the District salary schedule effective October 1, 2004;
- If moving to the new schedule does not yield an increase greater than 2 percent, the employee will receive an additional 1 percent bonus;
- If moving to the new schedule does not yield an increase greater than 1 percent, the employee will receive an additional 2 percent bonus;

- In FY 2005 Grade 12 will receive a 3 percent bonus;
- In FY 2006 all grades will move to District salary schedule effective October 1, 2005;
- If moving to the new schedule does not yield an increase greater than 2 percent, the employee will receive an additional 2 percent bonus; and
- If moving to the new schedule does not yield an increase greater than 1 percent, the employee will receive an additional 3 percent bonus.

### Financial Plan Impact

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed approval resolution. No additional staff or resources will be required to implement the provisions of the proposed resolution.

The gross costs of implementing the agreement in FY 2005 are approximately \$163,800. The local portion of this amount is approximately \$74,000. The following table presents the personnel services costs associated with implementing the provisions of the proposed agreement.

Expenditure Impact to the Financial Plan (S in 000s)				
FY 2005	FY 2006	FY 2007	FY 2008	TOTAL
\$74.0	\$101.4	\$59.3	\$61.0	\$295.7

The District Chief Financial Officer (CFO) is assuming that the District salary schedule that these employees are moving to is the "X02" schedule. The agreement did not specify. The FY 2005 terms do not clearly specify the salary schedule's effective date so the CFO is assuming the January 1, 2005 effective date. Fringe benefits are assumed to be 15 percent of base wages and 7.65 percent of bonuses. FY 2007 through FY 2009 costs assume a growth rate of 2.9, 3.0, and 3.0 percent respectively.