

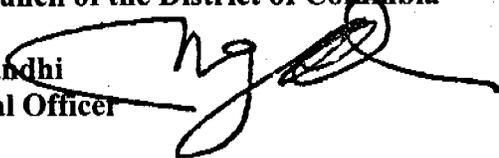
**Government of the District of Columbia
Office of the Chief Financial Officer**



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: JUN 16 2006

SUBJECT: Fiscal Impact Statement (2nd Revised): "Career Service, Legal Service, Excepted Service, and Management Supervisory Service Non-Collective Bargaining Unit Employees Pay Equity Compensation System Change Approval Resolution of 2006"

REFERENCE: Draft Resolution to be Introduced – No Number Available

Conclusion

Funds are sufficient in the FY 2006 Budget and the proposed FY 2007 through FY 2010 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 3.0 percent increase in base salaries for certain Career Service, Legal Service, Excepted Service, and Management Supervisory Service employees in FY 2007. The compensation system changes will impact District employees throughout the government and the Council. Approximately 4,468 FTEs will be beneficiaries. The current aggregate of their combined salaries is over \$286.46 million annually.

The proposed resolution approves a 4.5 percent increase in base wages to non-union Legal Service attorney managers, Senior Executive Attorney Service (SEAS), and non-SEAS Legal Service attorney managers in agencies other than the District Office of the Attorney General of the District of Columbia (OAG) in FY 2007.¹

¹ This population will exclude those attorneys in agencies not covered by collective bargaining.

Terms of the related agreement include an adjustment of rates of pay for grade levels 1 through 14 on the general Career Service (CS) schedule. It also establishes a new combined open range system for grade levels 15 through 18 on the general CS schedule. Effective April 2, 2006. It will adjust the current rates of pay for the Excepted Service (ES) schedule effective on April 2, 2006.

The proposed resolution is not applicable to employees of the District of Columbia Board of Education or the Board of Trustees of the University of the District of Columbia.

Financial Plan Impact

Funds are sufficient in the FY 2006 Budget and the proposed FY 2007 through FY 2010 budget and financial plan. The provisions of the proposed approval resolution will require no additional resources.

Benefits are estimated at 15 percent of base salary. The gross costs for the proposed compensation system change are approximately \$20.7 million in FY 2007.² However, the local costs are approximately \$14.5 million.³ The FY 2006 costs reflect mid-year implementation. The table in Figure 1 presents the personnel service costs impacting the financial plan.⁴

Figure 1.

Expenditure Impact to the Local Financial Plan					
<i>(S in Millions)</i>					
FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	5 -Year Total
\$3.3	\$14.5	\$14.9	\$15.4	\$15.8	\$63.9

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.