

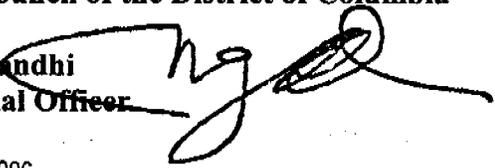
**Government of the District of Columbia
Office of the Chief Financial Officer**



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: "Compensation Settlement for Employees Represented by the American Federation of State, County, and Municipal Employees Local 2095 and the American Federation of Government Employees Local 383, and the District Department of Mental Health Approval Resolution of 2006"

REFERENCE: Draft Resolution to be Introduced – Number Not Available

Conclusion

Funds are sufficient in the FY 2006 and the proposed FY 2007 through FY 2010 budget and financial plan to implement the provisions of the proposed approval resolution. The fiscal effect, estimated to be \$9.78 million over five years, will be funded from existing resources found in Department of Mental Health (DMH) appropriations in FY 2006 and in Workforce Investments in FY 2007 through 2010.

Background

The proposed resolution would approve a settlement agreement recommended by the District Department of Mental Health (DMH) that re-opened the current agreement effective October 1, 2002 through September 30, 2007. The proposed contract amendments impact FY 2006 and FY 2007.

The compensation increases would affect 663 employees with an aggregate salary of approximately \$25.58 million through a collective bargaining agreement. Terms of the proposed agreement include:

- A compensation system initiative in FY 2006 merging the subject population of DMH FTEs to District pay scales;
- As a part of the pay scale merger initiative, those FTEs who are at the maximum of their respective grade and step will receive a one-time payment of \$750; and
- Effective October 1, 2006, a percentage increase identical to employees in D.C. Compensation Units 1 and 2.

Financial Plan Impact

Funds are sufficient in the FY 2006 budget and the proposed FY 2007 through FY 2010 budget and financial plan to implement the proposed resolution. Funds are available for the retroactive components of the collective bargaining agreement. No additional staff or resource will be required.

The gross costs of implementing the agreement in FY 2006 are approximately \$1.32 million. The local portion of this amount is approximately \$1.17 million. The table in Figure 1 presents the personnel services costs¹ associated with implementing the provisions of the proposed agreement.

Figure 1.

Estimated Expenditure Impact to the Financial Plan					
(\$ in Millions)					
FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	5 - Year Total
\$1.17	\$2.06	\$2.12	\$2.18	\$2.25	\$9.78

¹ Figures include salary and benefits.