

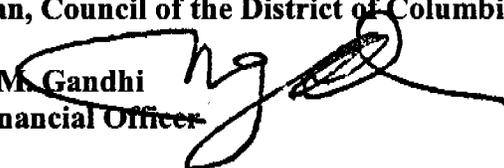
GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



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 10 2006

SUBJECT: Fiscal Impact Statement (Revised): "University of the District of Columbia and Compensation Unit 10 Faculty Members Emergency 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 to implement the proposed compensation system changes.

Background

The proposed resolution would approve compensation system changes recommended by the Board of Trustees of the University of the District of Columbia for the Step Based Faculty compensation system. The compensation system impacts approximately 246 faculty positions. The current aggregate of their combined salaries is over \$16.54 million annually.

Terms of the related agreement include:

- A 5 percent retroactive increase effective October 1, 2004;
- A 4 percent retroactive increase effective October 1, 2005;
- A 4 percent increase effective October 1, 2006; and
- A 3 percent increase effective October 1, 2007.

In addition, terms of the Collective Bargaining Agreement includes a merit pool of funds the terms of which include:

- A 1 percent of faculty salary effective October 1, 2006; and
- A 2 percent of faculty salary effective October 1, 2007.

Financial Plan Impact

Funds are sufficient in the FY 2006 Budget and the proposed FY 2007 through FY 2010 budget and financial plan. The FY 2006 costs reflect retroactive provisions of the Agreement. The compensation system changes will be funded by a combination of District Workforce Investment funds and prior year budgeted reserves. The table in Figure 1 presents the personnel service costs impacting the financial plan.¹ Figures include estimates for the compensation system changes, merit pay provisions of the agreement, one-time bonuses and estimated benefit contributions.

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
\$2.93	\$2.80	\$3.74	\$4.11	\$4.24	\$17.82

¹ 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.