

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:** SEP -6 2006

**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 2006"

**REFERENCE:** Draft Resolution to be Introduced – No Number Available

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**Conclusion**

Funds are sufficient in the FY 2007 through FY 2010 budget and financial plan to implement the provisions of the proposed approval resolution. The fiscal effect, estimated to be \$813,900 over four years will be funded from existing resources found in Workforce Investments.

**Background**

The proposed resolution would approve a settlement agreement re-opener recommended by the District Department of Mental Health (DMH). The compensation increases would affect 69 employees at DMH through a modification of a collective bargaining agreement. This population of employees have a \$4.6 million aggregate annual salary. Terms of the agreement include:

- In FY 2007 the Social Workers schedule will be commensurate with D.C. Compensation Units 1 and 2; and
- Scheduled step progressions shall be consistent with D.C. Compensation Units 1 and 2.

The current Collective Bargaining Agreement implemented a pay schedule that required a total of 18 years to progress from Step 1 to Step 10. The modification being proposed will reduce the numbers of years to 14 specifically shortening the number of years by 1 for Steps 4, 7, 8, and 9.

### **Financial Plan Impact**

Funds are sufficient in the FY 2007 through FY 2010 budget and financial plan to implement the provisions of the proposed approval resolution. No additional resources will be required to implement the provisions of the proposed resolution.

The gross costs of implementing the agreement in FY 2007 are approximately \$211,400. The local portion of this amount is approximately \$196,600. The following table presents the personnel services costs associated with implementing the provisions of the proposed agreement.

<b>Expenditure Impact to the Financial Plan</b>				
<b>(\$ in 000s)</b>				
<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>TOTAL</b>
\$196.6	\$201.2	\$205.7	\$210.4	<b>\$813.9</b>

Fringe benefits are assumed to be 15 percent of base wages and 8.0 percent of bonuses. FY 2008 through FY 2010 costs assume the financial plan growth rates.