

**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 13 2006

SUBJECT: Fiscal Impact Statement: "Compensation Settlement Agreement Between the District Department of Mental Health and Psychologists Union of the D.C. Department of Mental Health, Local 3758, 1199 (NUHHCE) National Union of Hospital and Health Care Employees, (AFSCME) American Federation of State, County, and Municipal Employees AFL-CIO Approval Resolution of 2006"

REFERENCE: Draft Resolution to be Introduced – No Number Available

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 \$449,200 over four years, will be funded from existing resources found in the Workforce Investments fund.

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 42 employees who are clinical psychologists and psychology residents and interns at DMH through a modification of a current collective bargaining agreement. This population of employees have a \$2.53 million aggregate annual salary. Terms of the agreement include:

- In FY 2007 the subject population of employees will be converted from their current pay table to the D.C. Compensation Units 1 and 2 fiscal year 2006 pay table;
- Effective the first full pay period on or after January 1, 2007, the subject employees shall receive the same percentage rate increase as employees in D.C. Compensation Units 1 and 2;
- Employees who are at their maximum step within grade on October 1, 2006 shall receive a \$2,000 lump sum payment effective the first full pay period beginning on or after October 1, 2006; and
- Effective the first full pay period beginning on or after January 1, 2007 the psychology interns and residents shall receive a 3.5 percent increase to base pay.

The Collective Bargaining Agreement re-opener proposes a pay schedule that will require a step increase annually for Steps 1 through 4, and every two years for Steps 5 through 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 \$99,300. The local portion of this amount is approximately \$94,400. The following table presents the personnel services costs associated with implementing the provisions of the proposed agreement.

Expenditure Impact to the Financial Plan				
<small>(\$ in 000s)</small>				
FY 2007	FY 2008	FY 2009	FY 2010	TOTAL
\$94.4	\$114.8	\$118.2	\$121.8	\$449.2

Fringe benefits are assumed to be 15 percent of base wages. FY 2008 through FY 2010 costs assume a growth rate of 3.0 percent.