

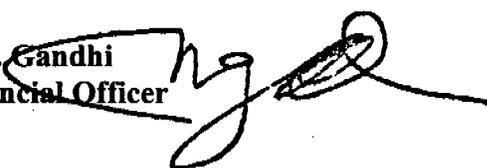
GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



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: MAR 17 2006

SUBJECT: Fiscal Impact Statement (REVISED): "Legal Service Non-Collective Bargaining Unit Employees Compensation System Changes Approval Resolution of 2006"

REFERENCE: Public Resolution 16-618 as Introduced

Conclusion

Funds are sufficient in the FY 2006 through FY 2009 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 4.5 percent increase in base salaries effective October 2, 2005, plus a 2 percent of base pay performance increase. A similar increase will subsequently occur on October 1, 2006. The compensation system changes will impact District employees who are among 24 District agencies and report to the Office of the Attorney General of the District of Columbia, or persons in the Office of Labor Relations and Collective Bargaining. Approximately 56 FTEs will be the beneficiaries of increases that result from the equity initiative to bring these employees in parity with the Union pay schedule. The current aggregate of their combined salaries is approximately \$5.0 million annually.

Financial Plan Impact

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan.

The proposed compensation system changes are:

- In FY 2006, a 4.5 percent increase to base pay effective October 2005;
- In FY 2006, a 2.0 percent performance bonus to persons who have had a performance evaluation that has resulted in a finding of "Exceeds Expectations" as a ratings;
- In FY 2007, a 4.5 percent increase to base pay effective October 2006; and
- In FY 2007, a 2.0 percent performance bonus to persons who have had a performance evaluation that has resulted in a finding of "Exceeds Expectations" as a ratings.

Benefits are estimated at 15 percent of base salary. The financial plan for the District assumes a 3 percent growth in FY 2008 and 2009. The gross costs for the proposed compensation system change are approximately \$607,000 in FY 2006¹. However, the local costs are approximately \$383,700². The table in Figure 1 presents the personnel service costs impacting the financial plan³.

Figure 1.

Expenditure Impact to the Local Financial Plan (\$ in 000s)				
FY 2006	FY 2007	FY 2008	FY 2009	4-Year Total
\$383.7	\$662.0	\$788.0	\$958.9	\$2,792.6

¹ Base salary and benefits expended against all funding sources.

² Base salary and benefits expended against local sources.

³ 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.