

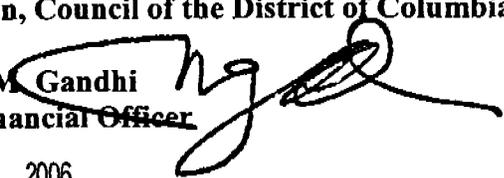
**Government of the District of Columbia
Office of the Chief Financial Officer**

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 -7 2006

SUBJECT: Fiscal Impact Statement: "Memorandum of Agreement Between the District of Columbia Public Schools and the Teamsters, Local 639 and Local 730, Approval Resolution of 2006"

REFERENCE: Public Resolution 16-662

Conclusion

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan to implement the proposed resolution. No additional staff or resources will be required to approve and execute the proposed compensation agreement.

Background

The proposed legislation would approve a compensation settlement agreement between the District of Columbia Board of Education and 1,387 union wage grade employees that support operations in the District of Columbia Schools System (DCPS). These employees are members of the Teamsters Union Locals 630 and 730. These employees perform services as operating engineers, custodians, warehouse workers, transportation operations, cafeteria and food service.

Financial Plan Impact

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan to implement the proposed resolution. Retroactive pay increases in the collective bargaining agreement for FY 2004 and FY2005 will be covered by DCPS's FY 2005 year-end accrual of \$1.83 million. While the agreement for FY 2006 through FY 2008 has not yet been finalized, a minimum commitment

exists in the Memorandum of Agreement. FY 2009 has not been addressed by the parties, but a baseline cost is reflected in the table below.

The compensation increases include the following provisions:

- An increase to base wages of 2.00 percent effective October 2003;
- No change in 2005;
- An increase to base wages of 2.00 percent effective October 2006;
- An increase to base wages of 3.00 percent effective October 2007; and
- An increase to base wages of 3.00 percent effective October 2008.

The FY 2005 local costs (for FY 2004 and FY 2005) of implementing the agreement total approximately \$1.83 million which will be covered by the DCPS FY 2005 year-end accrual. Benefits are estimated at 16 percent of the base salary costs. Projected minimum commitment costs for FY 2006 through FY 2009 are shown in the table below.

Figure 1.

Expenditure Impact to the Local Financial Plan (S in Millions)					
FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	5-Year Total
\$1.83	\$1.85	\$3.28	\$4.76	\$4.76	\$16.48