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: MAY 16 2006

SUBJECT: **Fiscal Impact Statement (Revised): "Psychologists Union Local 3758, 1198 (NUHHCE) National Union of Hospital and Health Care Employees, American Federation of State, County, and Municipal Employees, AFL-CIO and the Department of Mental Health Compensation Settlement Agreement Approval Resolution of 2006"**

REFERENCE: **Public Resolution 16-775 as Introduced**

Conclusion

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan as introduced by the Mayor to the Council of the District of Columbia (Council). Implementing the provisions of the related compensation settlement agreement will require no additional resources.

Background

The proposed resolution would approve a settlement agreement recommended by the District Department of Health (DMH). The increases would affect 44 current and 5 former members of the Psychologists Union Local 3758, 1198 National Union of Hospital and Health Care Employees, AFSCME, AFL-CIO. The current members of this collective bargaining unit represent an annual gross salary of approximately $2.8 million.

Financial Plan Impact

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan. No additional resources will be required.

Provisions of the collective bargaining agreements include:

- A one-time bonus of 2.5 percent retroactive to October 1, 2004; and
- A one-time bonus of 2.5 percent retroactive to October 1, 2005.

The local costs are approximately $144,490 in FY 2006 because included are the retroactive provisions of the proposed agreement.[1] The financial plan for the District assumes a 3.5 percent growth in FY 2007 through 2009. The table in Figure 1 presents the personnel service costs impacting the financial plan.[2]

Figure 1.

Expenditure Impact to the Local Financial Plan ($ in 000s)				
FY 2006	**FY 2007**	**FY 2008**	**FY 2009**	**4 -Year Total**
$144.5	$71.6	$74.1	$76.7	**$366.9**

Only individuals who are members of the collective bargaining unit as of October 1, 2005 are eligible for the provisions of the agreement that discuss a 2.5 percent bonus in FY 2006. During FY 2005 there were 49 FTEs. In FY 2006 there are now 44 FTEs.

[1] Base salary and benefits expended against local sources.
[2] 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.