

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



Natwar M. Gandhi  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** JUL -6 2007

**SUBJECT:** Fiscal Impact Statement: "Compensation Settlement for Employees Represented by the American Federation of State, County, and Municipal Employees Local 2095 and the American Federation of Government Employees Local 383, and the District Department of Mental Health Approval Resolution of 2007"

**REFERENCE:** Draft Resolution to be Introduced – Number Not Available

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**Conclusion**

Funds are sufficient in the FY 2007 and the proposed FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed approval resolution. The fiscal effect, estimated to be \$12.5 million over four years, will be funded from existing resources found in Department of Mental Health (DMH).

**Background**

The proposed resolution would approve a settlement agreement recommended by the District Office of Labor Relations and Collective Bargaining (OLRCB) on behalf of the District Department of Mental Health (DMH). The compensation increases would affect 675 employees with an aggregate salary of approximately \$28 million through a collective bargaining agreement.

Terms of the proposed agreement include:

- A 3.25 percent increase to base pay effective October 1, 2007;
- A 4.0 percent increase to base pay effective October 1, 2008; and

- A 4.0 percent increase to base pay effective October 1, 2009.

In addition, the proposed agreement also includes \$25 per month for transit passes for personal use effective October 1, 2007.

### Financial Plan Impact

Funds are sufficient in the FY 2007 budget and the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. No additional staff or resource will be required. The local portion of the provisions of the agreement is approximately \$1.4 million beginning in FY 2008.<sup>1</sup> The table in Figure 1 presents the personnel services costs<sup>2</sup> associated with implementing the provisions of the proposed agreement.<sup>3</sup>

Figure 1.

Estimated Expenditure Impact to the Financial Plan (\$ in millions)					
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	5 – Year Total
\$0.0	\$1.4	\$2.8	\$4.1	\$4.2	\$12.5

<sup>1</sup> Base salary and benefits expended against local sources.

<sup>2</sup> Figures include salary and benefits.

<sup>3</sup> 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.