

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



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Kwame R. Brown  
Chairman, Council of the District of Columbia

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

**DATE:** February 2, 2012

**SUBJECT:** Fiscal Impact Statement - "Collective Bargaining Agreement between the District of Columbia and Compensation Unit 34 Approval Resolution of 2012"

**REFERENCE:** Draft Resolution shared with the Office of Revenue Analysis on January 31, 2012

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**Conclusion**

Funds are sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the resolution.

**Background**

The resolution authorizes the collective bargaining agreement with Compensation Unit 34, which consists of attorneys in the Office of the General Counsel at the Public Services Commission ("Commission"). The agreement provides for annual 3 percent salary increases for FY 2012, FY 2013 and FY 2014.

**Financial Plan Impact**

Funds are sufficient in the FY 2012 through FY 2015 budget and financial plan period to implement the provisions of the resolution. Approval of this resolution will increase salaries and benefits by \$421,000 in the FY 2012 through FY 2015 budget and financial plan period. The Public Services Commission can fund the salary and benefits increases by utilizing its current fund balance of \$600,000.

The Honorable Kwame R. Brown

FIS: "Collective Bargaining Agreement between the District of Columbia and Compensation Unit 34 Approval Resolution of 2012," as shared with the Office of Revenue Analysis on January 31, 2012

The Commission intends to increase assessments on utilities companies to pay for the necessary increases in its budget and will submit these increases in its FY 2013 budget request.<sup>1</sup> This will allow the Commission to fund these increases annually through its current revenues, and not through its fund balance. However, until its FY 2013 appropriation request is approved by Congress, these revenues cannot be expended. In the mean time, funds are sufficient in the Commission's current fund balance to cover these new salary and benefits increases until the new budget is authorized.

The current Public Services Commission budget and financial plan projection assumes salaries will remain the same (shown as "Baseline" in the chart below). This contract implements 3 percent salary increase in each of FY 2012, FY 2013 and FY 2014, but not FY 2015. Because benefits are calculated as a percentage of salary, the 3 percent annual salary increases cause benefits to increase as well.

<b>Projected Cost of Implementing Collective Bargaining Agreement between the District of Columbia and Compensation Unit 34 Approval Resolution of 2012</b>					
	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2012-2015</b>
Baseline	\$1,282,000	\$1,282,000	\$1,282,000	\$1,282,000	\$5,128,000
Salary Increase	\$38,000	\$78,000	\$119,000	\$121,000	\$356,000
Benefits Increase	\$7,000	\$14,000	\$22,000	\$22,000	\$65,000
<b>Total Cost over Baseline</b>	<b>\$45,000</b>	<b>\$92,000</b>	<b>\$141,000</b>	<b>\$143,000</b>	<b>\$421,000</b>

Source: Office of Budget and Planning

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<sup>1</sup> D.C. Official Code § 34-912 authorizes the Commission to change its annual assessment rate to cover its operating expenditures.