


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



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: January 29, 2020

SUBJECT: Fiscal Impact Statement – Collective Bargaining Fair Compare
Amendment Act of 2020

REFERENCE: Bill 23-531, Committee Print as circulated on January 29, 2020

Conclusion

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. The bill changes the basis upon which the District of Columbia and its employee unions may negotiate to determine that employees are competitively compensated. Although available data does not indicate the bill has a cost, the final outcome of union labor negotiations, including the result of any potential arbitration, will depend on a number of factors and therefore the cost of the bill could vary from this estimate.

Background

The bill changes¹ what is considered to be competitive compensation for District government employees. Compensation for District employees will be considered competitive if it falls within the range of public employee compensation in jurisdictions with a similar cost-of-living and similar working conditions. This is a change from current practice, which specifies salaries are to be compared to jurisdictions within the Washington metropolitan region,² except in specific instances. With the change, the District and its unions will be expected to enter bargaining negotiations with compensation, working condition, and cost of living data from jurisdictions deemed similar and not constrained to the region.

¹ By amending Section 1103(a)(1) of the District of Columbia Government Comprehensive Merit Personnel Act of 1978, effective March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-611.03(a)(1)).

² Washington-Arlington-Alexandria standard metropolitan statistical area (Washington MSA).

The bill affects nineteen unions employing District workers, and all collective bargaining agreements in the District expire in either fiscal year 2020 or fiscal year 2021.

Financial Plan Impact

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill.

The Office of Revenue Analysis (ORA) conducted an analysis of salaries in comparable jurisdictions to determine if District government salaries were competitive and to see if expanding external comparators to jurisdictions beyond the Washington MSA would cause a financial impact. ORA used a set of criteria to narrow the list of potential comparators to metropolitan statistical areas (MSAs) that have: 1. An urban environment; 2. Populations of over 350,000; and 3. A regional price parity (RPP)³ within +/- 6 percentage points of the District. Using these parameters, the following MSAs were selected as comparators:

List of Metropolitan Statistical Areas Selected as Comparators

Metropolitan Statistical Area	Bureau of Economic Analysis 2017 RPP	% RPP difference with DC	2018 Census Population Estimate
Urban Honolulu	124.7	5.3%	980,080
New York-Newark-Jersey City	122.3	3.3%	19,979,477
Bridgeport-Stamford-Norwalk	119.1	0.6%	943,823
Washington-Arlington-Alexandria	118.4	N/A	6,249,950
Los Angeles-Long Beach-Anaheim	117.1	-1.1%	13,291,486
San Diego-Chula Vista-Carlsbad	116.0	-2.0%	3,343,364
Boston-Cambridge-Newton	111.8	-5.6%	4,875,390
Seattle-Tacoma-Bellevue	111.8	-5.6%	3,939,363
Trenton-Princeton	111.6	-5.7%	369,811

Sources: Bureau of Economic Analysis, U.S. Census Bureau.

ORA then collected average salary data from the District of Columbia Department of Human Resources (DCHR), the Bureau of Labor Statistics (BLS), and the U.S. Census Bureau to determine if salaries among the District Government's largest collective bargaining units (CBUs)—Firefighters and Police Officers, Compensation Units 1 and 2, and Teachers—fell within the range of the average salaries for these comparable jurisdictions. ORA found that average salaries for Firefighters, Fire Supervisors, Police Officers, Police Supervisors, and representative positions within Compensation Units 1 and 2 fall within the range of average salaries in comparable jurisdictions, and that the average salary for District of Columbia Public School (DCPS) teachers is higher than teacher salaries in each comparable jurisdiction.

Comparison of Comparator Average Salary Ranges by Collective Bargaining Unit

³ Regional price parities are regional price levels expressed as a percentage of the overall national price level for a given year. The price level is determined by the average prices paid by consumers for the mix of goods and services consumed in each region. See: <https://www.bea.gov/data/prices-inflation/regional-price-parities-state-and-metro-area>

The Honorable Phil Mendelson

FIS: Bill 23-531, "Collective Bargaining Fair Compare Amendment Act of 2020," Draft Committee Print as circulated on January 29, 2020

Fire		Police	
Firefighter Minimum	\$65,441	Police Minimum	\$74,451
FEMS Grades 1 and 2	\$76,922	MPD Grades 0 and 1	\$80,926
Firefighter Maximum	\$99,993	Police Maximum	\$108,441
Fire Supervisor Minimum	\$91,358	Police Supervisor Minimum	\$101,970
FEMS Grades 3, 4, 5, 6, and 7	\$110,645	MPD Grades ⁴ 3, 4, 5 and 7	\$102,332
Fire Supervisor Maximum	\$184,140	Police Supervisor Maximum	\$171,385

Teachers		Compensation Units 1 and 2	
Teacher Minimum	\$58,327	Similar Public Positions Minimum ⁵	\$52,924
Teacher Maximum	\$86,174	DC Comp 1 and 2	\$72,668
DCPS Average Teacher	\$90,213	Similar Public Positions Minimum	\$91,131

Sources: DCHR, Bureau of Labor Statistics, U.S. Census Survey of Public Employment & Payroll.

Risk of costs

The actual outcome of labor negotiations over nineteen unions is unknown. Additional jurisdictions could be deemed comparable for working conditions, and the cost of particular components in the District's cost-of-living could be deemed more relevant than the weighting in the price parity index. Future salary negotiations in comparator jurisdictions will change the level of competitive salary. Negotiations could emphasize salaries at particular tenure levels or particular position categories that lag even if union averages do not lag. Benefits and non-salary components of compensation could also lag comparator jurisdictions.

Some of these risks may be reflected in disparities between average salaries for the District and average salaries for the comparator jurisdictions. While salaries for Firefighters, Fire Supervisors, and Police Officers fall within the range of comparator salaries, each is below the average of all comparator jurisdictions. To the extent new collective bargaining agreements are decided in line with such averages, there could be a cost to the bill.

Comparison of DC Fire and Police Average Salaries vs. Comparable MSAs			
Fire		Police	
FEMS Grades 1 and 2	\$76,922	MPD Grades 0 and 1	\$80,926
Comparator Average	\$77,609	Comparator Average	\$84,588
Difference	\$686	Difference	\$3,663
% Difference	0.9%	% Difference	4.5%
FEMS Grades 3, 4, 5, 6, and 7	\$110,645	MPD Grades 3, 4, 5 and 7	\$102,332
Comparator Average	\$118,763	Comparator Average	\$129,763
Difference	\$8,118	Difference	\$27,431
% Difference	7.3%	% Difference	26.8%

Sources: DCHR, Bureau of Labor Statistics.

⁴ Only Grade 3 Detectives and Grade 4 Sergeants are in the Police Collective Bargaining Unit. Grades 5 and 7 were included to make a comparison consistent with Bureau of Labor Statistics data.

⁵ Positions related to corrections, transportation, housing, libraries, public welfare, parks and recreation, solid waste management, and other government administration.