


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: July 9, 2018

SUBJECT: Fiscal Impact Statement – Changes to District Government Employee
Pay Schedules Approval Resolution of Fiscal Year 2019

REFERENCE: Draft Resolution sent to the Office of Revenue Analysis on June 28,
2018

Conclusion

Funds are sufficient in the fiscal year 2018 budget and fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the resolution.

The resolution approves a two percent pay raise in fiscal year 2019 for non-union employees, which will cost approximately \$17.1 million in fiscal year 2019 and \$70.3 million over the four-year budget and financial plan. Of this amount, approximately \$13.9 million in fiscal year 2019 and \$57.3 million over the four-year budget and financial plan must be paid for with local funds.¹ The local portion of the cost will be covered by the Workforce Investments Fund; this will only be available if an affected agency cannot absorb the local portion of the cost. The non-local portion of the cost will be covered by federal funds, private funds, special purpose revenue, or absorbed by agencies.

Background

The resolution gives² a two percent pay increase in fiscal year 2019 to non-union District government employees in the following service categories:

- Career;

¹ Not included in the cost of the agreement is the cost for D.C. Public Schools, which will total about \$2 million a year over the four-year budget and financial plan. DCPS will absorb these costs.

² Pursuant to Sections 858, 956, 1052, 1105, 1106, and 1111 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 §§ 1-608.58, 1-609.56, 1-610.52, 1-611.05, 1-611.06, and 1-611.11).

The Honorable Phil Mendelson

FIS: "Changes to District Government Employee Pay Schedules Approval Resolution of 2018," Draft Resolution sent to the Office of Revenue Analysis on June 28, 2018

- Excepted;
- Management Supervisory;
- Legal;
- Executive Service;
- Educational Service employees of the Office of the State Superintendent of Education;
- Non-instructional employees of the District of Columbia Public Schools (DCPS); and
- "When Actually Employed" instructional Educational Service employees of DCPS.

A total of 8,845 employees will receive the increase.

Excluded from the raise are former employees and employees of the Board of Trustees of the University of the District of Columbia.

The salary increase will take effect October 1, 2018.

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the resolution.

The resolution approves a two percent pay raise in fiscal year 2019 for non-union employees, which will cost approximately \$17.1 million in fiscal year 2019 and \$70.3 million over the four-year budget and financial plan. Of this amount, approximately \$13.9 million in fiscal year 2019 and \$57.3 million over the four-year budget and financial plan must be paid for with local funds.³ The local portion of the cost will be covered by the Workforce Investments Fund; this will only be available if an affected agency cannot absorb the local portion of the cost. The non-local portion of the cost will be covered by federal funds, private funds, special purpose revenue, or absorbed by agencies.

The one-time pay increase will affect 7,710 employees at multiple District agencies with an average salary of \$98,598 and an additional 1,135 employees at DCPS. The table below excludes the cost of the DCPS employees since DCPS will absorb the cost of the increase.

The cost of the increase includes a cost for the fringe benefits that change with salary level.

The funding available in Workforce Investments can be provided to agencies that require additional funding to cover the portion of the salary increases funded with local funds. For personnel funded with federal funding or special purpose revenue, agencies will either pass along increased costs to their funding sources or absorb the cost.

³ Not included in the cost of the agreement is the cost for D.C. Public Schools, which will total about \$2 million a year over the four-year budget and financial plan. DCPS will absorb these costs.

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Cost of "Changes to District Government Employee Pay Schedules Approval Resolution of Fiscal Year 2019", Fiscal Years 2019 - 2022					
	FY 2019	FY 2020	FY 2021	FY 2022	Four-Year Total
Total cost (all funding sources)	\$17,126,321	\$17,426,032	\$17,730,987	\$18,041,280	\$70,324,620
Local portion of costs	\$13,944,050	\$14,188,071	\$14,436,362	\$14,688,999	\$57,257,483
Funding already available in the financial plan	\$0	\$10,830,850	\$21,851,240	\$33,064,486	\$65,746,576
Cost to be covered by Workforce Investments funds	\$13,944,050	\$3,357,221	\$0	\$0	\$17,301,272

Assumptions

- The cost of the salary increase is inflated by 12.65 percent to account for increases in fringe benefits affected by salary levels.
- Local funds cover 81.4 percent of the compensation costs of FTEs affected by the contract. The remainder of the cost will be covered by federal funds, private funds, special purpose revenue, or absorbed by agencies.
- The table does not include the cost of the increase for DCPS, which total about \$2 million a year. DCPS will absorb these costs.