


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: February 28, 2019

SUBJECT: Fiscal Impact Statement - Compensation Agreement between the
District of Columbia Department of Behavioral Health and District of
Columbia Nurses Association Approval Resolution of 2019

REFERENCE: Draft Resolution sent to the Office of Revenue Analysis on February 7,
2019

Conclusion

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the resolution. Approximately \$2.3 million in local funding will be needed to cover the cost of the agreement in fiscal year 2019, and \$7.7 million will be needed over the four-year budget and financial plan. Funding is available in the Workforce Investments Fund to cover these costs.

Background

The resolution approves a compensation agreement between the Department of Behavioral Health (DBH) and employees represented by the District of Columbia Nurses Association. The agreement covers fiscal years 2018 through 2020 and affects approximately 206 nurses.

The agreement provides a three percent salary increase in fiscal year 2018 (retroactively), a two percent increase in fiscal year 2019, and a three percent increase in fiscal year 2020. It also provides the following benefits:

- An increase in the monthly Metro benefit from \$25 to \$50;
- A payment for license renewal made by fiscal year 2020 that is equal to 0.5% of a nurse's fiscal year 2019 salary;
- A \$2 per hour increase in premium pay for charge nurses; and
- An annual affordable housing assistance fund payment equal to 0.25% of nurses' aggregate salaries.

The Honorable Phil Mendelson

FIS: "Compensation Agreement between the District of Columbia Department of Behavioral Health and District of Columbia Nurses Association Approval Resolution of 2019," Draft Resolution sent to the Office of Revenue Analysis on February 7, 2019.

DBH uses local funding to pay for 92 percent of the nurses' salaries and benefits. It pays the rest of the salaries and benefits using federal and other funds.

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the resolution. Approximately \$2.3 million in local funding will be needed to cover the cost of the agreement in fiscal year 2019, and \$7.7 million will be needed over the four-year budget and financial plan. Funding is available in the Workforce Investments Fund to cover these costs.

The total cost of the agreement will range from \$2.4 million in fiscal year 2019 to \$3.3 million in fiscal year 2022, with most of the costs coming from the salary increases. Retroactive costs from fiscal year 2018 and the beginning of fiscal year 2019 will need to be paid for entirely with local funds. For costs incurred moving forward, eight percent will be paid for with non-local funds, reducing the cost DBH needs to cover with local funding.

The table below provides a breakdown of the agreement's cost and the funding needed. Please note that the cost in fiscal year 2019 also includes the retroactive costs from fiscal year 2018.

Cost of the Compensation Agreement between the Department of Behavioral Health and the District of Columbia Nurses Association in Effect from October 1, 2017 through September 30, 2020					
	FY 2019^(a)	FY 2020	FY 2021	FY 2022	Four-Year Total
Salary increase ^(b)	\$2,084,211	\$2,174,369	\$2,675,796	\$3,185,998	\$10,120,374
Benefit and other (Metro, housing fund, license renewal, premium pay) ^(c)	\$306,430	\$251,806	\$152,562	\$152,562	\$863,360
Total cost increase	\$2,390,641	\$2,426,175	\$2,828,358	\$3,338,560	\$10,983,734
Local funding needed ^(d)	\$2,340,895	\$2,232,081	\$2,602,090	\$3,071,475	\$10,246,541
Funding available in financial plan ^(e)	\$0	(\$411,341)	(\$829,880)	(\$1,255,744)	(\$2,496,965)
Funding needed from Workforce Investment Fund	\$2,340,895	\$1,820,740	\$1,772,209	\$1,815,731	\$7,749,576

Table notes:

(a) Includes retroactive pay and benefits from fiscal year 2018

(b) Includes contract salary increases of 3 percent in fiscal year 2018, 2 percent in fiscal year 2019, and 3 percent in fiscal year 2020, along with assumed increases of 1.75% in fiscal year 2021 and 2022. We inflate the increase by 12.65 percent to account for increase in benefits tied to salary level. Salary costs include estimated cost of overtime and additional gross pay.

(c) Includes increases in monthly Metro benefit, affordable housing allowance, license renewal funding, and premium pay for charge nurses.

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(d) Assumes 92 percent of costs are paid with local funds and remainder of costs are paid with federal and other funds. Retroactive pay for fiscal year 2018 and the beginning of fiscal year 2019 must be paid entirely with local funds.

(e) The financial plan assumes a 1.75 percent annual increase in salaries.