

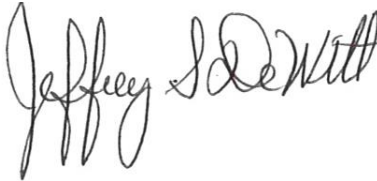
Government of the District of Columbia  
Office of the Chief Financial Officer



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:** April 3, 2019

**SUBJECT:** Fiscal Impact Statement - Compensation Agreement between the  
District of Columbia Department of Behavioral Health and Doctors'  
Council of the District of Columbia Approval Resolution of 2019

**REFERENCE:** Draft Resolution sent to the Office of Revenue Analysis on March 19,  
2019

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**Conclusion**

Funds are sufficient in the fiscal year 2019 budget and proposed fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the agreement approved by the resolution. Approximately \$3.0 million will be needed to cover the cost of the agreement in fiscal year 2019, \$2.7 million in fiscal year 2020, and a total of \$14.0 million will be needed through fiscal year 2023. 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 Doctors' Council of the District of Columbia, NUHHCE, AFSCME, AFL-CIO. The agreement covers fiscal years 2017 through 2020 and affects approximately 56 medical officers, 46 of whom specialize in psychiatry.

The agreement provides the following salary increases:

	Medical Officers, Psychiatry	All Other Medical Officers
FY 2017 (retroactive)	0%	2%
FY 2018 (retroactive)	3%	3%
FY 2019	\$50,000 per officer	2%
FY 2020	3%	3%

The Honorable Phil Mendelson

FIS: "Compensation Agreement between the District of Columbia Department of Behavioral Health and Doctors' Council of the District of Columbia Approval Resolution of 2019," Draft Resolution sent to the Office of Revenue Analysis on March 19, 2019.

In addition to the salary increases the agreement increase employees' monthly metro benefit from \$25 to \$50 per month.

DBH uses local funding to pay for 81 percent of the medical officers' 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 budget and proposed fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the agreement approved by the resolution. Approximately \$3.0 million will be needed to cover the cost of the agreement in fiscal year 2019, \$2.7 million in fiscal year 2020, and a total of \$14.0 million will be needed through fiscal year 2023. Funding is available in the Workforce Investments Fund to cover these costs.

The full cost of the salary and benefit increases provided for in the agreement are \$3.3 million in fiscal year 2019, \$3.6 million in fiscal year 2020, and a total of \$18.4 million through fiscal year 2023. Of this cost, local funds will be needed to cover \$3.0 million in fiscal year 2019, \$2.7 million in fiscal year 2020, and a total of \$15.2 million through fiscal year 2023. Retroactive increases in fiscal years 2017, 2018, and 2019 must be paid entirely with local funds, even though approximately 19 percent of the salaries affected by the agreement are paid with non-local funds. Once the agreement is approved, presumably mid-way through fiscal year 2019, non-local funds can be used to cover 19 percent of the cost of the agreement, which reduces the portion that needs to be paid for with local funds.

Offsetting part of the local cost is funding already included in the financial plan. The financial plan assumes an annual salary growth of 1.75 percent.

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 years 2017 and 2018.

<b>Cost of the Compensation Agreement between the Department of Behavioral Health and the Doctors' Council of the District of Columbia, October 1, 2016 through September 30, 2020</b>						
	<b>FY 2019<sup>(a)</sup></b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>Total</b>
Salary increase <sup>(b)</sup>	\$3,300,000	\$3,335,000	\$3,610,000	\$3,890,000	\$4,175,000	\$18,310,000
Metro benefit increase <sup>(c)</sup>	\$8,000	\$17,000	\$17,000	\$17,000	\$17,000	\$76,000
<b>Total cost increase</b>	<b>\$3,308,000</b>	<b>\$3,352,000</b>	<b>\$3,627,000</b>	<b>\$3,907,000</b>	<b>\$4,192,000</b>	<b>\$18,386,000</b>
Local funds portion <sup>(d)</sup>	\$3,033,000	\$2,712,000	\$2,935,000	\$3,162,000	\$3,392,000	\$15,234,000

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Funding available in financial plan <sup>(e)</sup>	\$0	\$0	(\$204,000)	(\$411,000)	(\$622,000)	(\$1,237,000)
<b>Cost to be covered by Workforce Investments</b>	<b>\$3,033,000</b>	<b>\$2,712,000</b>	<b>\$2,731,000</b>	<b>\$2,751,000</b>	<b>\$2,770,000</b>	<b>\$13,997,000</b>

Table notes:

(a) Includes retroactive pay and benefits from FY 2017 and FY 2018.

(b) Includes contract salary increases for Medical Officers in Psychiatry of 0 percent in FY 2017, 3 percent in FY 2018, \$50,000 per officer in FY 2019, and 3 percent in FY 2020; and increases for all other Medical Officers of 2 percent in FY 2017, 3 percent in FY 2018, 2 percent in FY 2019, and 3 percent in FY 2020. We assume additional increases of 1.75 percent in FY 2021 through FY 2023. We inflate the total amount of the salary increases by 6.45 percent to account for increases in benefits tied to salary level. Salary costs include estimates for overtime and additional gross pay.

(c) Metro benefits will increase from \$25 per month to \$50 per month once the contract is approved.

(d) Assumes 81 percent of costs are paid with local funds and the remainder of costs are paid with federal and other funds. Retroactive pay for FY 2017, FY 2018, and the first half of FY 2019 must be paid entirely with local funds.

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