

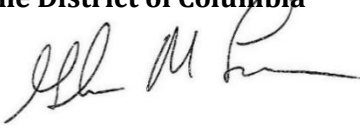
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

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

FROM: Glen Lee
Chief Financial Officer 

DATE: January 13, 2023

SUBJECT: Fiscal Impact Statement – Compensation and Working Conditions Agreement between the District of Columbia Public Schools and the Washington Teachers’ Union, Local #6 of the American Federation of Teachers Approval Resolution of 2023

REFERENCE: Draft resolution as provided to the Office of Revenue Analysis on January 12, 2023

Conclusion

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the resolution.

The resolution will approve pay increases and other compensation that will cost the District of Columbia Public Schools (DCPS) approximately \$171 million in fiscal year 2023 and a total of approximately \$449 million from fiscal year 2023 through fiscal year 2026. To fund this cost, DCPS requires additional funding of \$148 million in fiscal year 2023 and a total of \$346 million from fiscal year 2023 through fiscal year 2026. This funding is available from the Workforce Investments Fund and the American Recovery Plan Act (ARPA).

Background

The resolution approves a working conditions and compensation agreement between DCPS and the Washington Teachers’ Union (WTU), Local #6 of the American Federation of Teachers. It is in effect from October 1, 2019 through September 30, 2023. The agreement covers approximately 5,580 DCPS teachers, social workers, therapists, coaches, and other school personnel with an average salary of approximately \$91,200.

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Increases to Base Salary and Retention Bonus

Bargaining unit members will receive the following increases to base salary, effective October 1 of each of the following years:

- 2.0 percent in fiscal year 2020;
- 2.5 percent in fiscal year 2021;
- 3.5 percent in fiscal year 2022; and
- 4.0 percent in fiscal year 2023.

Retroactive payments will be made to current bargaining unit members as well as those who died or retired during the 2019 through 2022 school years.

Additionally, current members will receive a 4 percent retention bonus in fiscal year 2023 on top of the base salary increases.

Additional Pay

In addition to increases in base pay, members will be eligible for several types of additional pay that are either newly created by the contract or increased by the contract:

- "Hard to fill" positions retention bonus – a new type of pay that will give \$1,500 per year in school years 2022 through 2023 and 2023 through 2024 to members in "hard to fill" positions. Hard to fill positions are defined as Social Worker, Psychologist, Special Education, Math/Science, World Languages, Speech Pathologist, Occupational Therapist, Physical Therapist, and ESL/ESL Itinerant.
- Stipends for Special Education Designees, Local Education Agencies Representatives, and Case Managers – members in these positions will receive a stipend of \$1,500 per year in school years 2022 through 2023 and 2023 through 2024 for managing specialized duties related to legal compliance and service delivery. This stipend is new.
- Administrative Premium Pay – will be increased from \$40 per hour to \$60 per hour starting in the 2022 through 2023 school year. Administrative premium pay is given for summer school, Saturday school, after-school programs, class coverage, and other eligible activities approved by the supervisor or DCPS.
- Elementary Grade Chair – a new stipend of \$1,000 per year for elementary grade chairs starting in school year 2022 through 2023.
- Teacher and Athletic Trainer start-up allocation – the contract increases the start-up allocation for instructional supplies from \$200 to \$250 a year.

Benefits

The contract increases members' optical, dental, and legal benefits by the following amounts:

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- Optical: In calendar years 2022 and 2023 DCPS will contribute \$20.59 per month, and in 2024 DCPS will contribute \$21.62 per month. Currently DCPS contributes \$18.68 per month.
- Dental (self): In calendar years 2022, 2023, and 2024, DCPS will contribute \$41.22, \$43.69, and \$45.87 per month, respectively. Currently DCPS contributes \$36.30 per month.
- Dental (family): In calendar years 2022, 2023, and 2024, DCPS will contribute \$82.45, \$83.40, \$87.57 per month, respectively. Currently DCPS contributes \$72.60 per month.
- Legal: In fiscal years 2022, 2023, and 2024, DCPS will contribute \$16.50, \$17.50, and \$18.25 biweekly, respectively. Currently DCPS contributes \$13.50 biweekly.

No other provisions in the agreement have a fiscal impact.

Financial Plan Impact

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the resolution.

The resolution will approve pay increases and other compensation that will cost DCPS approximately \$171 million in fiscal year 2023 and a total of approximately \$449 million from fiscal year 2023 through fiscal year 2026. To fund this cost, DCPS requires additional funding of \$148 million in fiscal year 2023 and a total of \$346 million from fiscal year 2023 through fiscal year 2026. This funding is available from the Workforce Investments Fund and ARPA.

The majority of the cost of the agreement comes from the increases to base pay, which will total \$126 million in fiscal year 2023 (including retroactive amounts due for fiscal years 2020, 2021, and 2022¹), and \$378 million over the four-year budget and financial plan. The 4 percent bonus due at the beginning of fiscal year 2023 will cost nearly \$23 million.

Additional pay, in the form of bonuses for hard to fill positions, stipends, and premiums for additional duties, will be given to large numbers of teachers, and will total \$17 million in fiscal year 2023 (including retroactive amounts) and \$35 million over the four-year budget and financial plan. Our estimate of how many teachers will be given each form of pay is based on position and pay data from the Department of Human Resources (DCHR) and DCPS, as well as data from the Office of the State Superintendent of Education on school and grade counts. Our assumptions for these estimates are in the table below.

Increases in optical, dental, and legal benefits, and additional costs from the Medicare tax, will total approximately \$4 million in fiscal year 2023 (including retroactive amounts) and \$13 million over the four-year budget and financial plan.

¹ We estimate that the number of teachers owed retroactive payments are 3,729 teachers employed since at least school year 2019 through 2020, 428 teachers employed since school year 2020 through 2021, 585 teachers employed since school year 2021 through 2022, 190 teachers who retired during the 2019 through 2022 school years, and 14 teachers who died during the 2019 through 2022 school years.

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Pension payments due to union members upon retirement will increase due to the pay increases (excluding pay that is non-pensionable, such as the stipends for elementary grade chairs). Annual increases in pension payments are calculated in the actuarial valuation done for the District of Columbia Retirement Board and are based on assumptions of inflation, payroll growth, increases in pay based on years of service, and other factors.² The actuarial valuation, which is published annually, will be updated to include the terms of the new agreement, and any required increases to annual contributions must be reflected in the fiscal year 2024 through fiscal year 2027 proposed budget and financial plan.

Cost of the Compensation and Working Conditions Agreement between District of Columbia Public Schools and the Washington Teachers' Union, Effective FY 2020 - FY 2023 (\$ in thousands)					
	FY 2023^(a)	FY 2024^(b)	FY 2025^(c)	FY 2026^(d)	Four-Year Total
Base Salary Increases	\$126,008	\$73,812	\$84,008	\$94,382	\$378,212
4% Bonus in FY 2023	\$22,904	\$0	\$0	\$0	\$22,904
Additional Pay ^(e)	\$17,315	\$5,823	\$5,823	\$5,823	\$34,783
Benefits ^(f)	\$4,383	\$2,707	\$2,926	\$3,076	\$13,092
TOTAL COST	\$170,610	\$82,343	\$92,757	\$103,281	\$448,991
Local Portion of Total Cost ^(g)	\$170,195	\$81,766	\$92,107	\$102,558	\$446,627
Funding available in DCPS FY 2023 Budget and Financial Plan ^(h)	(\$22,125)	(\$24,062)	(\$26,004)	(\$27,954)	(\$100,145)
COST FUNDED BY WORKFORCE INVESTMENTS AND ARPA	\$148,070	\$57,705	\$66,103	\$74,605	\$346,482

Table Notes

(a) Includes retroactive amounts due for FY 2020, FY 2021, and FY 2022. Retroactive pay raises are due to teachers currently employed who were also employed during prior contract years as well as teachers who died or retired during school years 2019 through 2020 and 2021 through 2022.

(b) Assumes salaries increase by 1.75 percent.

(c) Assumes salaries increase by 1.75 percent.

(d) Assumes salaries increase by 1.75 percent.

(e) Includes pay for hard to fill positions (2,220 personnel paid \$1,500), specialized duty stipend (1,115 personnel paid \$1,500), elementary grade chairs (643 personnel paid \$1,000), teacher and athletic trainer start-up allocation (5,580 personnel with a \$50 increase in allocation), and administrative premium pay (a \$20 increase on a combined total of 245,036 hours of work). The timing of each type of pay over the duration of the contract varies based on contract language.

(Notes are continued on following page)

² See <https://dcrb.dc.gov/service/actuarial-valuations>

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(f) Includes increases in optical, dental, and legal benefits as well as a 1.45 percent Medicare tax on the base pay increases and bonus.

(g) 99.3 percent of teacher salaries are paid for with local funds. We assume non-local fund sources will be applied to the cost of the agreement for current and future costs but not retroactive costs.

(h) Includes the increases of 0.3 percent for salary and fringe benefits that are built into the FY 2024 through FY 2026 financial plan for DCPS and \$22.125 million a year that DCPS is able to absorb.