

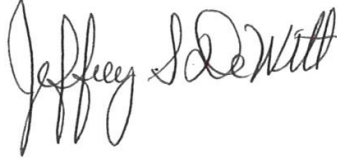
Government of the District of Columbia
Office of the Chief Financial Officer



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 1, 2019

SUBJECT: Fiscal Impact Statement – Fiscal Year 2020 District Government
Employee Pay Schedules Emergency Approval Resolution of 2019

REFERENCE: Draft Resolution sent to the Office of Revenue Analysis on June 13,
2019

Conclusion

Funds are sufficient in the fiscal year 2019 budget and the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the resolution.

The resolution approves a pay raise in fiscal year 2020 for most non-union employees, which will cost \$24.9 million in fiscal year 2020 and \$102.2 million total through fiscal year 2023. Of this amount, \$17.9 million in fiscal year 2020 and \$73.4 million through fiscal year 2023 must be paid for with local funds. Funding to cover the local portion of the cost is available in the Workforce Investments Fund, which will be used 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 gives¹ a three percent pay increase in fiscal year 2020 to non-union District government employees in the following service categories:

- Career;
- Excepted;
- Management Supervisory;
- Legal;

¹ 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).

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FIS: "Fiscal Year 2020 District Government Employee Pay Schedules Emergency Approval Resolution of 2019," Draft Resolution sent to the Office of Revenue Analysis on June 13, 2019

- 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.

In addition to the three percent pay increase, non-union medical officers of psychiatry at the Department of Behavioral Health will receive an increase of 15 percent for pay parity.

Approximately 7,675 employees will receive the pay increase.

Former employees and employees of the Board of Trustees of the University of the District of Columbia are excluded from the pay raise.²

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 budget and the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the resolution.

Increasing the pay rate for 7,675 employees across multiple District agencies will cost \$24.9 million in fiscal year 2020 and \$102.2 million total through fiscal year 2023. This cost includes corresponding increases in fringe benefits spending. Of this amount, \$17.9 million in fiscal year 2020 and \$73.4 million through fiscal year 2023 must be paid for with local funds. Funding is available in the Workforce Investments Fund to cover the remaining local portion of the cost if an affected agency cannot absorb it. The non-local portion of the cost will be covered by federal funds, private funds, and special purpose revenue.

The costs in the table below account for funding in fiscal years 2021 through 2023 already included in the financial plan, which assumes salaries grow at 1.75 percent a year.

Cost of the Pay Increase Granted by the Fiscal Year 2020 District Government Employee Pay Schedules Emergency Approval Resolution of 2019						
(\$ in thousands)						
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total
Total cost of salary increase ^(a)	\$0	\$24,938	\$25,330	\$25,747	\$26,170	\$102,185
Local Cost (71.8% of total), funding for which is available in Workforce	\$0	\$17,913	\$18,194	\$18,494	\$18,798	\$73,400

² Also not covered by the resolution, though not explicitly mentioned as excluded, are employees of the Office of the Chief Financial Officer (OCFO). Should the OCFO decide to give a 3 percent raise to its non-union employees, the raise will cost approximately \$3 million a year. Funding is available in the Workforce Investments Fund to cover this cost.

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Investments Fund^(b)						

Table Notes

(a) Costs include the fiscal year 2020 pay increases granted by the resolution (3 percent for covered non-union employees, and an additional 15 percent for DBH medical officers), with a fringe benefits rate of 12.65 percent applied to the increase to account for benefits that increase with pay. From fiscal year 2021 to fiscal year 2023 we assume salaries increase 1.75 percent a year, based on financial plan assumptions. The total cost takes into account money already included in the financial plan based on fiscal year 2020 salaries before the raise.

(b) Local funds cover approximately 71.8 percent of the compensation costs of FTEs affected by the resolution. The remainder of the cost will be covered by federal funds, private funds, special purpose revenue, or absorbed by agencies.