

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



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

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

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** April 30, 2013

**SUBJECT:** Fiscal Impact Statement – “Teachers’ Retirement Amendment Act of 2013”

**REFERENCE:** Bill 20-64 – Committee Print, shared with the Office of Revenue Analysis on April 26, 2013

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**Conclusion**

Funds are sufficient in the approved FY 2013 budget, and the Mayor’s proposed FY 2014 through FY 2017 budget and financial plan to implement the bill.

**Background**

Under the 2007 through 2013 Washington Teacher’s Union Collective Bargaining Agreement<sup>1</sup>, an excess<sup>2</sup> permanent status teacher effectively has two options. (A third option is outlined in the agreement, but is not currently funded.) The teacher may either select a buy-out option and receive a cash payment removing themselves from the system, or seek to secure placement in a different position within the school system.

Currently, a teacher that is involuntarily separated, and meets additional requirements, may qualify for involuntary retirement.<sup>3</sup> However, because an excess teacher has the option to seek placement elsewhere, he or she is not considered involuntarily separated. The bill adds to the definition of involuntarily separated an excess, permanent teacher who is unable to find a permanent placement within 60 days following the date of excess, and whose most recent

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<sup>1</sup> Section 4.5.5 of the Collective Bargaining Agreement between the Washington Teachers Union Local #6 of the American Federation of Teachers AFL-CIO and the District of Columbia Public Schools for 2007-2013.

<sup>2</sup> An excess is an elimination of a Teacher’s position at a particular school due to a decline in student enrollment, a reduction in the local school budget, a closing or consolidation, a restructuring, or a change in the local school program, when such an elimination is not a reduction in force or abolishment.

<sup>3</sup> D.C. Official Code § 38-2021.03(b).

The Honorable Phil Mendelson

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evaluation score is "effective" or higher. This will permit some excessed teachers to retire under the involuntary retirement provisions.

**Financial Plan Impact**

Funds are sufficient in the approved FY 2013 budget, and the Mayor's proposed FY 2014 through FY 2017 budget and financial plan to implement the bill.

An actuarial analysis provided to the District of Columbia Retirement Board on April 17, 2013 indicates that the bill will likely cause very little if any increase in the liability of the Teachers' Retirement Plan.