


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: January 23, 2020

SUBJECT: Fiscal Impact Statement – Interest Arbitration Award and Collective Bargaining Agreement between the District of Columbia Public Schools and Office of the State Superintendent of Education and American Federation of State, County and Municipal Employees, District Council 20, Local 2921, AFL-CIO Emergency Approval Resolution of 2020

REFERENCE: Draft Resolution provided to the Office of Revenue Analysis on January 2, 2020

Conclusion

Funds are sufficient to implement the resolution. The resolution approves an interest arbitration award and collective bargaining agreement based on that award that will cost \$11.4 million in fiscal year 2020 and a total of \$49.3 million through fiscal year 2023. Because the costs of the resolution are the result of an arbitration award, the District can use its settlement authority¹ to pay the costs until they are incorporated in a revised budget and financial plan. Since the arbitration award was decided prior to the completion of the fiscal year 2019 year-end closing process, the costs can be funded from excess fund balance from fiscal year 2019.

Background

The resolution approves a compensation and working conditions agreement between the Office of the State Superintendent of Education (OSSE), District of Columbia Public Schools (DCPS), and the American Federation of State, County and Municipal Employees (AFSCME) 2921, which will affect approximately 1,583 positions, primarily at DCPS. Affected positions include educational aides, program support assistants, behavior technicians, clerks, and recreational specialists. Over two-thirds of the positions are less than full-time.

¹ An Act Authorizing the Commissioners of the District of Columbia to settle claims and suits against the District of Columbia, approved February 11, 1929 (45 Stat. 1160; D.C. Official Code § 2-402).

The Honorable Phil Mendelson

FIS: "Interest Arbitration Award and Collective Bargaining Agreement between the District of Columbia Public Schools and Office of the State Superintendent of Education and American Federation of State, County and Municipal Employees, District Council 20, Local 2921, AFL-CIO Emergency Approval Resolution of 2020," Draft Resolution provided to the Office of Revenue Analysis on January 2, 2020

The agreement will be retroactive to fiscal year 2018 and be effective through September 30, 2021. It includes the following items:

- **Salary increases** of 3 percent in fiscal year 2018; 2 percent in fiscal year 2019; 8 percent in fiscal year 2020, and 5 percent in fiscal year 2021.
- **One-time longevity bonus.** Beginning in fiscal year 2021, employees with at least seven years of employment in the bargaining unit are eligible for a one-time longevity bonus. The bonus varies depending on tenure, as follows:

Tenure in years	Bonus amount
7 - 9	\$600
10 - 14	\$1,200
15 - 19	\$1,800
20 - 24	\$2,400
25 - 29	\$3,000
30+	\$3,500

- **Optical coverage** – The District will offer a new option of self and family coverage and a \$0.23 increase in pay period contributions toward self-plans.
- **Dental coverage** – The District will increase its contributions per pay period by \$2 (for self-coverage) or \$1 (for self and family coverage).

Financial Plan Impact

Funds are sufficient to implement the resolution. Because the costs of the resolution are the result of an arbitration award, the District can use its settlement authority² to pay the costs until they are incorporated in a revised budget and financial plan. Since the arbitration award was decided prior to the completion of the fiscal year 2019 year-end closing process, the costs can be funded from excess fund balance from fiscal year 2019.

The salary increases will increase the compensation of approximately 1,583 employees with an average base salary of about \$31,600. In fiscal year 2021, up to 700 employees could be eligible for the one-time longevity bonus, totaling approximately \$1.1 million of bonus payments. The additional cost of dental and optical benefits is estimated at \$117,000 each fiscal year. After fringe benefits and overtime pay are included, the cost of the salary increases will total \$11.4 million in fiscal year 2020 (including retroactive increases), and that amount will grow to \$13.5 in fiscal year 2023.

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Projected Cost of the Collective Bargaining Agreement between DCPS, OSSE and AFSCME Local 2921 \$ in 000s					
	FY 2020	FY 2021	FY 2022	FY 2023	Total
Cost of salary increase ^{(a),(b)}	\$11,326 ^(c)	\$10,869	\$12,108 ^(d)	\$13,358 ^(d)	\$47,660
Cost of longevity bonus ^(b)	\$0	\$1,139	\$0	\$0	\$1,139
Cost of increased dental and optical benefit	\$117	\$117	\$117	\$117	\$468
Total cost	\$11,443	\$12,125	\$12,225	\$13,475	\$49,267

Table notes:

(a) Includes overtime and additional pay.

(b) Includes fringe rate of 12.65 percent.

(c) Includes retroactive increases for fiscal year 2018 and fiscal year 2019.

(d) Assumes salaries increase by 1.75 percent growth included in the financial plan.