

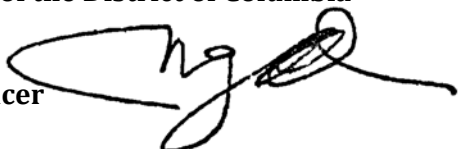
Government of the District of Columbia  
Office of the Chief Financial Officer



**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:** May 23, 2013

**SUBJECT:** Fiscal Impact Statement - "Compensation Agreement Between the District of Columbia Government and Compensation Agreement Units 1 and 2, FY 2013-2017 Emergency Approval Resolution of 2013"

**REFERENCE:** Proposed Resolution 20-263, As Introduced

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**Conclusion**

Funds are sufficient in the FY 2013 budget and the proposed FY 2014 through FY 2017 budget and financial plan to implement the proposed resolution.

The resolution approves a collective bargaining agreement ("Agreement") between the District of Columbia Government and Compensation Units 1 and 2. The Agreement covers the period starting on the first day of the first full pay period on or after April 1, 2013 through FY 2017 and will require additional funds of \$7.8 million in FY 2013, and \$207.4 million over the contract term. These additional funds are necessary to cover the cost of the wage increases, benefits and other terms agreed to in the Agreement. These funds are available in the District's workforce investment fund and have been appropriated in the Mayor's proposed FY 2014 through FY 2017 budget and financial plan for this purpose.

Additionally, the proposed Agreement requires University of District of Columbia (UDC) to commit additional resources of \$215,814 in FY 2013 and \$5.58 million over the contract term. UDC is able to support this additional cost within its existing budget.

**Background**

The proposed Agreement between the District of Columbia Government and its employees comprising Compensation Units 1 and 2 would be effective the first full pay period beginning on or after April 1, 2013 and run through September 30, 2017. Compensation Units 1 and 2 include approximately 8,747 employees under the Mayor's direct personnel authority, and 180 UDC employees.

The Honorable Phil Mendelson

FIS: Proposed Resolution 20-263, "Compensation Agreement Between the District of Columbia Government and Compensation Agreement Units 1 and 2, FY 2013-2017 Emergency Approval Resolution of 2013," As Introduced.

The proposed Agreement provides employees in Compensation Units 1 and 2 with a retroactive three percent wage increase beginning the first day of the first full pay period beginning on or after April 1, 2013. This adjustment will be followed by a three percent increase on October 1, 2014, three percent increase on October 1, 2015, and a three percent increase on October 1, 2016.

In FY 2014, the Agreement also to set aside an amount equivalent to 1.5 percent of the total salaries for Compensation Units 1 and 2, as of November 19, 2012, to be used to implement any compensation adjustment required by the Classification and Compensation and Reform Project.

Additionally, the proposed Agreement requires that the District commit \$500,000 for the Negotiated Employee Assistance Home Purchase (NEAHP) program over the course of the contract. (There is a re-opener clause if \$500,000 is spent before the contract term is over). The Agreement also increases the amount the District contributes towards the pre-paid legal services plan provided for each employee from \$5 to \$10. Other benefits, such as health, dental, retirement and overtime, continue under the same conditions as under the prior agreement.

The members of this collective bargaining unit (excluding UDC employees) represented an annual gross salary of approximately \$468 million in FY 2013. Of this, approximately \$341.1 million were supported by local General Fund, and the remaining through other resources available to agencies, such as special purpose revenue, federal funds, and private funds. For the same year, the gross salary of 180 UDC employees covered under the proposed Agreement was \$12.6 million.

### Financial Plan Impact

Funds are sufficient in the FY 2013 budget and the proposed FY 2014 through FY 2017 budget and financial plan to implement the proposed resolution. To support the terms of the proposed Agreement, the Mayor has allocated funds from the District's workforce investment fund to cover the additional \$7.8 million in FY 2013, and \$207.4 million over the FY 2014 through FY 2017 contract term period.

Additionally, UDC is able to commit additional resources of \$215,814 in FY 2013 and \$5.58 million over the contract term. The Mayor's FY 2013 supplemental budget allocated an additional \$9.8 million to UDC, which will be used to fund this Agreement. The tables below detail the cost of the Agreement over the FY 2013 through FY 2017 contract period.

**Estimated Cost of PR20-263, Compensation Agreement between the District of Columbia and Compensation Units 1 & 2 , FY 2013- FY 2017 (\$ in millions)**

	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total Cost</b>
Salaries and Benefits	\$7.8	\$23.6	\$40.0	\$56.8	\$74.2	\$202.4
NEAHP	-	\$0.5	-	-	<b>\$0.0</b>	\$0.5
Increase in Pre-paid legal contribution	\$0.0	\$1.1	\$1.1	\$1.1	\$1.1	\$4.5
<b>Total Negative Fiscal Impact</b>	<b>\$7.8</b>	<b>\$25.2</b>	<b>\$41.1</b>	<b>\$58.0</b>	<b>\$75.3</b>	<b>\$207.4</b>

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<b>Estimated Cost of PR20-263, Compensation Agreement between the District of Columbia and Compensation Units 1 &amp; 2 for UDC, FY 2013- FY 2017</b>						
<b>(\$ in millions)</b>						
	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
Salaries and Benefits	\$0.22	\$0.65	\$1.09	\$1.54	\$1.99	\$5.48
NEAHP <sup>1</sup>	-	-	-	-	-	-
Increase in Pre-paid legal plan	-	\$0.02	\$0.02	\$0.02	\$0.02	\$0.09
<b>Total</b>	<b>\$0.22</b>	<b>\$0.67</b>	<b>\$1.11</b>	<b>\$1.56</b>	<b>\$2.01</b>	<b>\$5.58</b>

<sup>1</sup> Given the small number of UDC employees, it is assumed the UDC would not contribute towards the NEAHP program