

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

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CHARLENE CROPP



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer  
OCT -7 2005

**DATE:**

**SUBJECT:** Fiscal Impact Statement: "Agreement Between the American Federation of Government Employees, Local 1403, AFL-CIO and the Office of the Attorney General, the Government of the District of Columbia Approval Resolution of 2005"

**REFERENCE:** Draft Resolution to be Introduced – No Number Available

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**Conclusion**

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan. The provisions of the proposed approval resolution will require no additional resources.

**Background**

The proposed resolution would approve compensation system changes recommended by the District of Columbia Office of Labor Relations and Collective Bargaining. The recommendation is a 4.5 percent increase in base salaries effective October 2, 2005, plus a 2 percent of base pay performance increase. The compensation system changes will impact District employees in the Office of the Attorney General of the District of Columbia. Approximately 21 FTEs will be the beneficiaries of increases that result from movement to the Union pay schedule. The current aggregate of their combined salaries is over \$1.6 million annually.

**Financial Plan Impact**

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan.

Benefits are estimated at 15 percent of base salary and 7.65 percent for bonuses. The financial plan for the District assumes a 3 percent growth in FY 2008 and 2009. The

gross costs for the proposed compensation system change are approximately \$425,000 in FY 2006.<sup>1</sup> However, the local costs are approximately \$233,400.<sup>2</sup> The table in Figure 1 presents the personnel service costs impacting the financial plan.<sup>3</sup>

*Figure 1.*

<b>Expenditure Impact to the Local Financial Plan</b>					
<b>(\$ in 000s)</b>					
<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>5 -Year Total</b>
\$0.00	\$233.4	\$286.8	\$282.3	\$290.8	\$1,093.3

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<sup>1</sup> Base salary and benefits expended against all funding sources.

<sup>2</sup> Base salary and benefits expended against local sources.

<sup>3</sup> The D.C. Retirement Board determines local funding requirements periodically through an actuarial study. Adjustments are a funding requirement to the third subsequent fiscal year following implementation to maintain an account's full funding status.