

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

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

DATE: June 27, 2003

SUBJECT: Fiscal Impact Statement (Revised): "Compensation Settlement Agreement for the Collective Bargaining Unit for the Doctors Council of the District of Columbia (CBA) Compensation System Changes Approval Resolution of 2003"

REFERENCE: Proposed Resolution 15-226 as Introduced

Conclusion

Funds are not sufficient in the FY 2003 budget and the FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. **Implementing the proposed compensation agreement will cause costs of \$0.54 million in FY 2003 and \$4.97 million in FY 2003 through FY 2007.**

Anti-deficiency laws, 31 USCA § 1341 (2000) and D.C. Official Code § 47-355.01 *et sequitur* (2003), prohibit District officers and employees from exceeding agency appropriations in any fiscal year. Should the District Department of Mental Health determine that funding is available to absorb the additional costs in FY 2003, then the fiscal impact would be zero. For subsequent years, the additional expenditures must be included as budgeted expenditures.

Background

The proposed resolution approves a settlement agreement recommended by the District's Department of Mental Health. The compensation increases would affect 84 employees who are dentists, physicians, psychiatrists and podiatrists at the Department of Mental Health through a collective bargaining agreement. Terms of the agreement include:

- An increase of 8 percent to base wages retroactive to October 1, 2002;
- An increase of 5 percent effective July 1, 2003;

- The psychiatrists¹ move from Grade 4 to Grade 5 effective October 2003; and
- An increase of 2 percent effective July 1, 2004.

Financial Plan Impact

Funds are not sufficient in the FY 2003 budget and the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed resolution. Retroactive components of the collective bargaining agreement would need to be expended from the current fiscal year funds. The Department of Mental Health has accrued funds to offset some of these costs.

Agency costs of the agreement includes the following assumptions:

- An increase of 3 percent to base wages effective July 1, 2005; and
- An increase of 3 percent effective July 1, 2006.

The total cost of the pay agreement is \$843,000 of which \$540,000 is financed by local funds. The remainder is financed by other fund sources, e.g., federal funds, grants and other non-governmental sources. The table in Figure 1 presents the local personnel services costs² associated with implementing the proposed compensation agreement.

Figure 1.

Expenditure Impact to the Financial Plan					
(\$ in millions)					
FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	TOTAL
\$0.54	\$0.98	\$1.11	\$1.15	\$1.19	\$4.97

The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.

¹ Approximately 60 percent of this bargaining unit's members are psychiatrists.

² Figures include salary and benefits.