

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



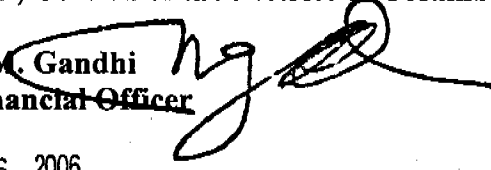
2006 JUL -6 PM 5:45

Natwar M. Gandhi
Chief Financial Officer

CHAIRMAN CROPP

MEMORANDUM

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

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: JUL -6 2006

SUBJECT: Fiscal Impact Statement: "Compensation Settlement for
Employees Represented by the Washington Teachers Union,
and the District of Columbia Public Schools Approval
Resolution of 2006"

REFERENCE: Draft Resolution to be Introduced – Number Not Available

Conclusion

Funds are sufficient in the FY 2006 and the proposed FY 2007 through FY 2010 budget and financial plan to implement the provisions of the proposed approval resolution. The fiscal effect, estimated to be \$159.9 million over five years, will be funded from existing resources found in District of Columbia Public School appropriations. No additional resources will be required.

Background

The proposed resolution would approve a settlement agreement recommended by the School Board and a majority approved referendum by the Washington Teachers Union. The compensation increases would affect 4,762 employees with an aggregate salary of approximately \$275 million through a collective bargaining agreement. Terms of the proposed agreement include:

- An increase to base salaries of 4 percent in FY 2006;
- An increase to base salaries of 6 percent in FY 2007;
- Longevity step increases in service years 17, 19, and 21 for teachers who achieve "meets expectations" in their performance reviews;

- A one-time \$4,000 incentive grant for teachers who earn National Board Certification; and
- Teachers may earn an incentive grant of \$1,500 for dual endorsement/certification in reading, mathematics, special education, physics, chemistry or English as a Second Language (ESL).

In addition, the proposed agreement provides a \$1,000 incentive for teachers who declare by April 1 of any year their intention of not returning to the system, and a \$1,000 sanction for making such a declaration and fail to vacate their position.

Financial Plan Impact

Funds are sufficient in the FY 2006 budget and the proposed FY 2007 through FY 2010 budget and financial plan to implement the proposed resolution. No additional staff or resource will be required.

The gross costs of implementing the agreement in FY 2006 are approximately \$13.26 million. The local portion of this amount is approximately \$12.17 million. The table in Figure 1 presents the personnel services costs¹ associated with implementing the provisions of the proposed agreement.

Figure 1.

Estimated Expenditure Impact to the Financial Plan					
(\$ in Millions)					
FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	5 - Year Total
\$12.17	\$35.48	\$36.44	\$37.41	\$38.40	\$159.90

¹ Figures include salary and benefits.