

**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: DEC 11 2006

SUBJECT: Fiscal Impact Statement: "Compensation Agreement Between American Federation of Government Employees, Local 1403, AFL-CIO And The Office of the Attorney General of the District of Columbia Approval Resolution of 2006"

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

Conclusion

Funds are sufficient in the FY 2007 through FY 2010 budget and financial plan to implement the provisions of the proposed approval resolution. Implementing the compensation agreement will not require any additional resources.

Background

The proposed resolution would approve a settlement agreement recommended by the District's Office of the Attorney General of the District of Columbia. The compensation increases would affect 216 union employees in the Office of the Attorney General of the District of Columbia (OAG) through a collective bargaining agreement. The population of employees impacted by the proposed agreement have a current aggregate annual salary of \$20.1 million. The agreement includes the following provisions:

- An increase of 4.0 percent to baseline wages effective October 1, 2007;
- An increase of 4.0 percent to baseline wages effective October 1, 2008; and

- An increase of 4.0 percent to baseline wages effective October 1, 2009.

Non-union employees serving in the capacity of Office of the Attorney General “line” attorneys as a population are coupled to the compensation of the union attorneys. The non-union will be eligible for the proposed pay increase. Supervisory Attorneys will not be eligible.

Financial Plan Impact

Funds are sufficient in the FY 2007 through FY 2010 budget and financial plan to implement the provisions of the proposed resolution. OAG combined with allocations from the District’s Workforce Investments have sufficient funds for the purposes of the proposed agreement and no additional resources will be required. The first fiscal year impacted by the proposed resolution is FY 2008.

The FY 2008 gross costs of implementing the agreement are approximately \$1.14 million. The local portion of this amount is approximately \$0.88 million.¹ The table in Figure 1 presents the personnel services costs associated with implementing the provisions of the proposed agreement.

Figure 1.

Expenditure Impact to the Financial Plan				
(\$ in millions)				
FY 2007	FY 2008	FY 2009	FY 2010	TOTAL
\$0.00	\$0.88	\$1.64	\$2.43	\$4.95

Benefits are assumed at 17 percent. The cost impacts factor in a 2 percent performance bonus and it is assumed that 50 percent of the employees impacted by the proposed agreement will achieve eligibility for a performance bonus.

All attorneys² in the District of Columbia government are part of the Legal Service according to Title 1 § 608.51 of Chapter 6, Subchapter VIII-B of the D.C. Code. The D.C. Code also stipulates that the compensation of all other Legal Service Attorneys shall be competitive with that provided by the Federal General Schedule for attorneys in the Washington metropolitan area having comparable duties, responsibilities, qualifications, and experience (§ 1-609.58). This was ultimately the decision of the Spring 2004 arbitration award for the unionized attorneys and reported in a study by the D.C. Office of Personnel in August 2004.

¹ Impacts to the District's pay and retirement system will be incurred during the first year of implementation. Determining retirement costs will require an actuarial study that will be performed by the Pay and Retirement Board for the FY 2008 budget call.

² A Series 905 attorney; acting in the capacity of representational and legal services.

As the non-union attorneys are coupled to the union, a group of 81 attorneys will become eligible for the proposed increases. This population of non-union employees impacted by the implementation of the proposed agreement have a current aggregate annual salary of \$8.2 million.

The FY 2008 gross costs for increases to non-union attorneys by implementing the agreement are approximately \$0.47 million. The local portion of this amount is approximately \$0.36 million.³ The table in Figure 2 presents the personnel services costs associated with non-union pay increases.

Figure 2.

Expenditure Impact to the Financial Plan (S in millions)				
FY 2007	FY 2008	FY 2009	FY 2010	TOTAL
\$0.00	\$0.36	\$0.67	\$0.99	\$2.02

Benefits and performance bonus assumptions are estimated at the same rates as the union analysis.

Non-union Supervisory Attorneys will not be eligible for the proposed compensation increases when approving this initiative. Supervisory Attorneys will require a separate action to make a compensation system change.

³ Impacts to the District's pay and retirement system will be incurred during the first year of implementation. Determining retirement costs will require an actuarial study that will be performed by the Pay and Retirement Board for the FY 2008 budget call.