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

Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: **The Honorable Vincent C. Gray**
Chairman, Council of the District of Columbia

FROM: **Natwar M. Gandhi**
Chief Financial Officer

DATE: JAN -3 2008

SUBJECT: **Fiscal Impact Statement: "Corrections Officer's Easy-out Retirement Act of 2007"**

REFERENCE: **Bill Number 17-59 – As Introduced**

Conclusion

Funds are not sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. Implementation of the proposed legislation would result in a cost of approximately $300,000 in FY 2008 and $1.2 million over the FY 2008 through FY 2011 period. The Department of Corrections (DOC) can absorb the cost of implementing the proposed legislation in FY 2008 with existing resources, barring unforeseen overtime spending needs, but would require additional funding to implement the proposed legislation in FY 2009 through FY 2011. The minimum net *unbudgeted* cost of implementing the proposed legislation would be $900,000 over the FY 2008 through FY 2011 period.

Background

The proposed legislation would establish an Easy Out retirement incentive program in the Department of Corrections (DOC) to officers who retire under the voluntary easy out provisions of 5 U.S.C. § 8336(c)(1).[1] The Easy Out Program would offer a retirement incentive of 50 percent of an employee's annual rate of basic pay from the salary or pay

[1] 5 U.S.C. § 8336(c)(1) states that "An employee who is separated from the service after becoming 50 years of age and completing 20 years of service as a law enforcement officer, firefighter, nuclear materials courier, or any combination of such service totaling at least 20 years, is entitled to an annuity."

schedule in effect October 1, 2006. This amount would not exceed $30,000 and is only to be paid at the point of the employee's separation from District service. An employee who receives an incentive payment under the Easy Out Program would not be eligible for re-employment with the District government as a corrections officer.

The retirement incentive payment would not be considered basic pay for the purposes of computing retirement, insurance, any category of premium pay lump-sum leave, or any other entitlement that is computed on an employee's rate of basic pay.

Financial Plan Impact

Funds are not sufficient in the FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. Implementation of the proposed legislation would result in a cost of approximately $300,000 in FY 2008 and $1.2 million over the FY 2008 through FY 2011 period. The Department of Corrections (DOC) can absorb the cost of implementing the proposed legislation in FY 2008 with existing resources, barring unforeseen overtime spending needs, but would require additional funding to implement the proposed legislation in FY 2009 through FY 2011. The minimum net *unbudgeted* cost of implementing the proposed legislation would be $900,000 over the FY 2008 through FY 2011 period.

Fiscal Impact to the Budget and Financial Plan					
	FY 2008	**FY 2009**	**FY 2010**	**FY 2011**	**4-Year Total**
Cost	($300,000)	($300,000)	($300,000)	($300,000)	($1.2m)
Existing DOC Funding*	$300,000	$0	$0	$0	$300,000
Minimum Net Unbudgeted Cost	**$0**	**($300,000)**	**($300,000)**	**($300,000)**	**($900,000)**

* Object class 12 funds (Personnel Services), barring unforeseen overtime spending needs.

Assumptions

- Easy Out payments would be capped at $30,000 each.
- Approximately 100 eligible officers would retire under the Easy Out Program and receive an incentive payment in each of the next four fiscal years.
- Eligible officers receiving an incentive payment would have an annual salary in effect October 1, 2006 at, above, or near $60,000; therefore, this estimation assumes that each officer receiving an incentive would receive the maximum allowable incentive-- $30,000.