


**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:** June 24, 2008

**SUBJECT:** Fiscal Impact Statement: "Compensation Settlement Between the Transportation Administrator for the Division of Transportation for the District of Columbia Public Schools and the International Brotherhood of Teamsters, Local 639, October 1, 2006 – September 30, 2009, Approval Resolution of 2008"

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

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**Conclusion**

Funds are sufficient in the FY 2008 budget and the proposed FY 2009 through FY 2012 budget and financial plan to implement the proposed resolution. The compensation settlement agreement will be funded with existing resources.

**Background**

The proposed resolution would approve a compensation settlement agreement ("Settlement") that is the result of a negotiation between the Transportation Administrator for the Division of Transportation for the District of Columbia Public Schools ("Transportation Administrator") and the Teamsters Local 639, affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America ("Teamsters"). The increases would affect 107 employees – vehicle operators and attendants – represented by the Teamsters. The members of this collective bargaining unit represent an annual gross salary of approximately \$4.4 million. The transportation employees covered by Teamsters Local 639 that are affected by this agreement will move from DCPS to the Special Education Transportation Agency (SETA), which is managed by the Office of the State Superintendent of Education (OSSE) starting in FY 2009.

Provisions of the Settlement include:

- Retroactive to the first day of the first full pay period beginning on or after October 1, 2006 a 3.0 percent increase to baseline compensation;
- Retroactive to the first day of the first full pay period beginning on or after October 1, 2007 a 4.0 percent increase to baseline compensation;
- Effective the first day of the first full pay period beginning on or after October 1, 2008 a 3.5 percent increase to baseline compensation.

In addition, the Settlement provides for a one-time bonus payment of \$1,000 for each employee covered by the Settlement who was employed at the date of execution of the Settlement and is employed at the time of payment. The Settlement stipulates that in exchange for this bonus payment, the Teamsters Local 639 will not seek to enforce the contested arbitration award and will not otherwise seek payment associated with that award.

### **Financial Plan Impact**

Funds are sufficient in the FY 2008 and the proposed FY 2009 through FY 2012 budget and financial plan. The fiscal effect is approximately \$2.98 million in the FY 2008 through FY 2012 budget and financial plan period. The estimated cost in FY 2008 includes retroactive provisions.<sup>1</sup> The Settlement will result in expenditures of \$629,531 in FY 2008, which includes FY 2007 compensation increases.<sup>2</sup> In FY 2009, the Settlement will result in expenditures of \$561,214.

The fiscal effects of the FY 2007 and FY 2008 increases will be funded by allocations from the Workforce Investment funds added through the supplemental appropriation for FY 2008. The fiscal effects of the FY 2009 increases will be funded by both Workforce Investment funds and agency resources included in the FY 2009 Budget and Financial plan of the District of Columbia.<sup>3</sup>

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

<sup>2</sup> The FY 2008 figure represents the estimated cost impact of the Settlement, using the FY 2006 pay tables. However, it should be noted that the employees covered by the Settlement are already on the FY 2007 pay tables that were effective November 1, 2006. When the retroactive payroll is calculated, the actual total for FY 2008 (includes FY 2007 and FY 2008) will be less than the amount estimated here.

<sup>3</sup> The Transportation Administrator has the authority to manage the costs of the Settlement within the FY 2009 Budget and Financial Plan of the District.

Table 1 presents the personnel service costs impacting the financial plan.<sup>4</sup>

Table 1. Estimated Expenditure Impact to the Financial Plan of the Compensation Settlement Agreement Between the Transportation Administrator and Teamsters Local 639					
FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	5 – Year Total
\$629,531	\$561,214	\$578,051	\$595,392	\$613,254	\$2,977,442

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<sup>4</sup> The estimated costs for FY 2010 through FY 2012 reflect a trend rate of 3% growth per year applied to the sum of the salary increases in FY 2007 through FY 2009 (the period that the Settlement covers). This is a standard assumption used by OBP to estimate outyear costs and was provided to ORA as part of the fiscal impact estimate.