

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



Fitzroy Lee
Acting Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Fitzroy Lee
Acting Chief Financial Officer

DATE: November 15, 2021

SUBJECT: Fiscal Impact Statement – Collective Bargaining Agreement between the Not-for-Profit Hospital Corporation and 1199 SEIU United Healthcare Workers East Approval Resolution of 2021

REFERENCE: Draft Introduction as provided to the Office of Revenue Analysis on November 12, 2021

Conclusion

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill. The resolution will cost approximately \$2.7 million in fiscal year 2022 and \$7.5 million over the four-year budget and financial plan. The Not-for-Profit Hospital, commonly known as the United Medical Center (UMC) has included these costs in its budget and financial plan within its current operating forecast. UMC is an independent instrumentality which funds its operations through operating revenue and subsidy from the District's Local Funds. The agreement's pay raises will go into effect consistent with provisions outlined in the ratified contract.

Background

The resolution approves a collective bargaining agreement between the Not-for-Profit Hospital/United Medical Center and 1199 SEIU United Health Care Workers East (union). The agreement covers approximately 310 FTEs, of various non-professional and technical positions, such as technicians in the various medical specialties, laboratory technicians, cashiers, various therapists and therapy assistants, clerks, cooks, food service workers, environmental service attendants, medical records analysts, medical secretaries, transcriptionists, surgical assistants and radiographers. The agreement is in effect from October 1, 2021 through September 30, 2024 or closure of the hospital, whichever occurs earlier.

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FIS: "Collective Bargaining Agreement between the Not-for-Profit Hospital Corporation and 1199 SEIU United Healthcare Workers East Approval Resolution of 2021," Draft Introduction as provided to the Office of Revenue Analysis on November 12, 2021

The agreement provides retroactive pay raises of 3.0 percent for each of fiscal years 2020 and 2021, plus ongoing annual raises of 3.0 percent for each of fiscal years 2022, 2023 and 2024. Each raise is contingent on anti-deficiency laws¹.

The agreement also includes a comprehensive list of benefits and working conditions for covered employees, most of which are clarifications of, or the same as, the prior agreement. New provisions are additional severance pay for employees with ten or more years of service (increasing from four weeks to seven weeks); pay premiums of \$1.50 per hour for employees assigned the role of Preceptor; up to 5 days of paid leave for union delegates attending union trainings or conferences; and Hospital contributions to the union's Hospital League/1199 SEIU Training and Upgrading Fund, in the monthly amount of 0.75% of bargaining unit payroll.

Financial Plan Impact

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill. The resolution will cost approximately \$2.7 million in fiscal year 2022 and \$7.5 over the four-year budget and financial plan. UMC has included these costs in its budget and financial plan within its current operating forecast. UMC is an independent instrumentality which funds its operations through operating revenue and subsidy from the District's Local Funds. The agreement's pay raises will go into effect consistent with provisions outlined in the ratified contract.

The costs come from the increase in compensation for approximately 310 FTE positions affected by the agreement and the hospital's contributions to the union's Training and Upgrading Fund.

Projected Cost Increase for the Compensation Agreement between UMC and 1199 SEIU United Healthcare Workers East					
	FY 2022	FY 2023	FY 2024	FY 2025 ^b	Four-Year Total
Retroactive 3% salary increases ^a applicable to FY20 and FY21	\$1,297,000	\$0	\$0	\$0	\$1,297,000
Remaining 3% annual salary increases ^a	\$1,323,000	\$1,790,000	\$2,272,000	\$568,000	\$5,954,000
Training and Upgrading Fund contribution	\$92,000	\$95,000	\$98,000	\$0	\$ 285,000
Total costs of agreement	\$2,712,000	\$1,885,000	\$ 2,370,000	\$568,000	\$7,535,000

¹ subject to the provisions of the federal Anti-Deficiency Act, 31 U.S.C. § 1341 et. seq., the District of Columbia Anti-Deficiency Act, D.C. Official Code § 47-355.01 et. seq., D.C. Official Code § 47-105; and D.C. Official Code §§ 1-204.24d and 1-204.46

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Table Notes

- a) Includes 27% fringe costs
- b) Costs shown through December 31, 2024 (hospital closure date for financial plan purposes)