

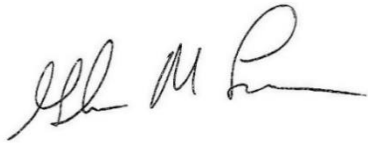
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

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

FROM: Glen Lee
Chief Financial Officer 

DATE: December 3, 2024

SUBJECT: Fiscal Impact Statement – Working Conditions and Compensation Agreement between the District of Columbia Public Schools and the Washington Teachers’ Union, Local #6 of the American Federation of Teachers Approval Resolution of 2024

REFERENCE: Draft Resolution provided to the Office of Revenue Analysis on November 6, 2024

Conclusion

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the resolution.

The resolution will approve pay increases and other compensation that will cost the District of Columbia Public Schools (DCPS) approximately \$52.1 million in fiscal year 2025 and a total of approximately \$238.9 million from fiscal year 2025 through fiscal year 2028. To fund this cost, DCPS requires additional funding of \$30.4 million in fiscal year 2025 and a total of \$161.7 million from fiscal year 2025 through fiscal year 2028. This funding is available from the Workforce Investments Account.

Background

The resolution approves a working conditions and compensation agreement between DCPS and the Washington Teachers’ Union (WTU), Local #6 of the American Federation of Teachers. It is in effect from October 1, 2023 through September 30, 2028. The agreement covers approximately 5,776 active DCPS Teachers, Social Workers, Therapists, Coaches, and other school personnel with an average salary of approximately \$105,272. New with this contract, Athletic Trainers are included as part of the bargaining unit.

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FIS: "Working Conditions and Compensation Agreement between the District of Columbia Public Schools and the Washington Teachers' Union, Local #6 of the American Federation of Teachers Approval Resolution of 2024," Draft Resolution provided to the Office of Revenue Analysis on November 6, 2024.

Increases to Base Salary and Retention Bonus

Bargaining unit members will receive the following increases to base salary, effective October 1 of each of the following years:

- 2.0 percent in fiscal year 2025;
- 3.0 percent in fiscal year 2026;
- 3.0 percent in fiscal year 2027; and
- 4.0 percent in fiscal year 2028.

Additionally, all members active in fiscal year 2024, including those who died or retired, will receive a four percent bonus on fiscal year 2024 earnings.

Additional Pay

English as a Second Language (ESL), Special Education, and Co-Teachers will be eligible for three hours of administrative premium pay per day when they are required to provide instructional coverage for an absent Teacher's class. If that coverage leaves a reduction in instructional support in their originally assigned classroom, the impacted teacher in that second classroom will also be eligible for three hours of administrative premium pay. Lastly, when the ESL, Special Education, or Co-Teacher loses their planning period due to this coverage, they will be eligible to receive administrative premium pay for that planning period, up to 90 minutes.

Benefits

The contract increases members' optical, dental, and legal benefits by the following amounts:

- Optical: In calendar year 2025, DCPS will contribute \$22.27 per month, an increase of \$0.65 over calendar year 2024. Contributions will increase annually and be \$24.33 by 2028.
- Dental (self): In calendar year 2025, DCPS will contribute \$48.39 per month, an increase of \$2.52 over calendar year 2024. Contributions will increase annually and be \$56.82 by 2028.
- Dental (family): In calendar year 2025, DCPS will contribute \$92.39 per month, an increase of \$4.82 over calendar year 2024. Contributions will increase annually and be \$108.48 by 2028.
- Legal: In calendar year 2025, DCPS will contribute \$19.75 per month, an increase of \$1.50 over calendar year 2024. Contributions will increase annually and be \$22.75 by 2028.

Financial Plan Impact

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the resolution.

The resolution will approve pay increases and other compensation that will cost DCPS approximately \$52.1 million in fiscal year 2025 and a total of approximately \$238.9 million from fiscal year 2025 through fiscal year 2028. To fund this cost, DCPS requires additional funding of \$30.4 million in fiscal

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year 2025 and a total of \$161.7 million from fiscal year 2025 through fiscal year 2028. This funding is available from the Workforce Investments Account.

The agreement's increases to base pay will total \$12.2 million in fiscal year 2025 and \$169.1 million over the four-year budget and financial plan. The four percent bonus on fiscal year 2024 salary will be paid out in fiscal year 2025 at a cost of \$23.9 million.

DCPS estimates that 20 percent of substitute requests, or about 17,930 requests are covered by ESL, Special Education, and Co-Teachers. For each of these requests, we estimate a cost of about \$420 in administrative premium pay will be paid under the new contract, costing \$7.6 million in fiscal year 2025 and \$7.6 million in fiscal year 2024 retroactive premium pay, for a total of \$39.1 million over the four-year budget and financial plan.

Increases in optical, dental, and legal benefits, and additional Medicare tax costs, will total approximately \$506,000 in fiscal year 2025 and \$6.5 million over the four-year budget and financial plan.

The agreement will not cause the District's annual actuarially determined contribution to the Teacher's Retirement Fund to increase beyond estimates currently allocated in the financial plan. Actuarial assumptions for annual salary increases were sufficient for the agreement's increases.

| Cost of the Compensation and Working Conditions Agreement between District of Columbia Public Schools and the Washington Teachers' Union, Effective FY 2024 - FY 2028 | | | | | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------|
| (\$ in thousands) | | | | | |
| | FY 2025^(a) | FY 2026^(b) | FY 2027^(c) | FY 2028^(d) | Four-Year Total |
| Base Salary Increases | \$12,161 | \$30,767 | \$49,932 | \$76,251 | \$169,111 |
| 4 Percent Bonus in FY 2024 | \$23,854 | \$0 | \$0 | \$0 | \$23,854 |
| Additional Pay ^(e) | \$15,280 | \$7,793 | \$7,949 | \$8,108 | \$39,129 |
| Benefits ^(f) | \$506 | \$1,272 | \$1,942 | \$2,728 | \$6,448 |
| Other NPS (AEDs and ice machines) | \$336 | \$34 | \$34 | \$34 | \$438 |
| | | | | | |
| TOTAL COST | \$52,137 | \$39,866 | \$59,856 | \$87,121 | \$238,980 |
| Local Portion of Total Cost ^(g) | \$51,802 | \$39,610 | \$59,472 | \$86,562 | \$237,446 |
| Funding available in DCPS FY 2023 Budget and Financial Plan ^(h) | (\$21,437) | (\$15,519) | (\$17,498) | (\$21,304) | (\$75,759) |

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| Cost of the Compensation and Working Conditions Agreement between District of Columbia Public Schools and the Washington Teachers' Union, Effective FY 2024 - FY 2028 (\$ in thousands) | | | | | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------|
| | FY 2025^(a) | FY 2026^(b) | FY 2027^(c) | FY 2028^(d) | Four-Year Total |
| COST FUNDED BY WORKFORCE INVESTMENTS ACCOUNT (UPO) | \$30,365 | \$24,091 | \$41,974 | \$65,257 | \$161,687 |

Table Notes

- (a) Includes 4 percent bonus pay due for FY 2024 for all active members during that year, and 2 percent salary increase for FY 2025 retroactive to 10/1/2024.
- (b) Salaries increased by 3 percent.
- (c) Salaries increased by 3 percent.
- (d) Salaries increased by 4 percent.
- (e) Includes new administrative premium pay category, retroactive to FY 2024.
- (f) Includes increases in optical, dental, and legal benefits as well as a 1.45 percent Medicare tax on the base pay increases and FY 2024 bonus.
- (g) 99.4 percent of costs are paid with local funds.
- (h) Includes inflationary factor and 0.3 percent growth rate built into the FY 2025 – FY 2028 financial plan, and an additional \$39.3 million that DCPS will absorb over the plan.