



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

717 14TH STREET N.W., SUITE 900

WASHINGTON, D.C. 20005

TEL. 202-727-3600 • FAX: 202-724-8814

Deborah K. Nichols
District of Columbia Auditor
003:06:CMF:gk

**Letter Report: Auditor's Identification of
District Government Employees Earning Annual
Salaries of At Least \$90,000 But Less than
\$100,000 During Fiscal Years 2001 Through 2004**

November 21, 2005



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

717 14TH STREET N.W., SUITE 900

WASHINGTON, D.C. 20005

TEL. 202-727-3600 • FAX: 202-724-8814

Deborah K. Nichols
District of Columbia Auditor
003:06:CMP:gk

The Honorable Carol Schwartz
Councilmember
Council of the District of Columbia
1350 Pennsylvania Avenue, NW, Suite 404
Washington, D.C. 20004

Letter Report: Auditor's Identification of District Government Employees Earning Annual Salaries of At Least \$90,000 But Less than \$100,000 During Fiscal Years 2001 Through 2004

Dear Councilmember Schwartz:

Pursuant to your request¹ and the authority vested in the District of Columbia Auditor (Auditor) by section 455 of the District of Columbia Home Rule Act,² as amended, I conducted an examination of District of Columbia (District) government employees earning \$90,000 but less than \$100,000 during fiscal years 2001 through 2004. Specifically, you expressed concern that District agencies might be paying District employees salaries at levels just below \$100,000 to "escape Council and public scrutiny." The Office of the District of Columbia Auditor did not find any evidence supporting your concern that salary levels were intentionally set to avoid scrutiny by the public or the Council of the District of Columbia (Council). In this letter report, I have provided the number of District employees earning salaries of at least \$90,000 but less than \$100,000 and a listing of significant factors, both District-wide and agency-specific, that have contributed to employee compensation in the \$90,000 to \$99,999 salary range.

¹See Letter dated May 16, 2003, from Councilmember Carol Schwartz to Ms. Deborah K. Nichols, District of Columbia Auditor, requesting salary information for fiscal years 2001 through 2003. The Auditor has provided information through fiscal year 2004.

²See the District of Columbia Home Rule Act, as amended, 87 Stat. 790, approved December 24, 1973, Pub. L. No. 93-198, section 455 (b), D.C. Code §1-204.55 (b): "The District of Columbia Auditor shall each year conduct a thorough audit of the accounts and operations of the government of the District in accordance with such principles and procedures and under such rules and regulations as he [she] may prescribe." See also, the District of Columbia Home Rule Act, as amended, Pub. L. No. 93-198, section 455 (c), D.C. Code §1-204.55 (c): "The Auditor shall have access to all books, accounts, records, reports, findings and all other things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit."

In conducting the review, the Auditor examined payroll and other relevant data and records obtained from the District's Office of Personnel (DCOP), as well as listings of District employees in 63 agencies who earned between \$90,000 and \$99,999 during fiscal years 2001 through 2004.

In addition, the Auditor reviewed personnel files, reports, testimony, correspondence, and referenced the District of Columbia Comprehensive Merit Personnel Act of 1978 (CMPA),³ as amended, the District Personnel Manual (DPM), and other relevant D.C. Code provisions. The Auditor also interviewed officials from each of the 10 agencies with the highest number of employees in the specified salary range regarding their views on this matter.

BACKGROUND

The provisions of the CMPA govern compensation of District employees. Generally, the legislative branch has the responsibility for reviewing and approving changes to pay schedules recommended by the executive branch. The executive branch is responsible for determining the salary and position title of District employees under the personnel authority of the Mayor. DCOP has long been engaged in the process of reforming the District's personnel and compensation systems in several ways including the legislative process, implementation of strategic goals, and issuance of administrative orders. The District's personnel and compensation systems are currently being streamlined to promote accountability, encourage employee performance and professional development, and address pay parity issues.

³See the District of Columbia Comprehensive Merit Personnel Act of 1978, as amended, effective March 3, 1979, D.C. Law 2-139, D.C. Code § 1-601.01 *et seq.*

FINDINGS

Based upon our analysis of payroll data and other relevant information, the Auditor found the number of employees earning salaries between \$90,000 and \$99,999 significantly increased between fiscal years 2001 and 2004, as indicated in Table I below.

TABLE I
Total Number of District Government Employees
Earning Salaries Between \$90,000 and \$99,999

Fiscal Year	Total Number of Employees in the Subject Salary Range
2001	470
2002	481
2003	526
2004	718

Source: DCOP database

During fiscal year 2004, approximately 63 District government agencies accounted for the 718 employees earning salaries between \$90,000 and \$99,999. Table II, on the following page, presents the 10 agencies with the highest number of employees earning between \$90,000 and \$99,999 during fiscal year 2004. Table II also presents the percentage of employees in these agencies earning salaries between \$90,000 and \$99,999 as compared to the total appropriated full-time equivalent positions allotted to each of these agencies.

Table II
Top 10 District Agencies Paying Salaries
of \$90,000 to \$99,999 in Fiscal Year 2004

Agency	Number of Employees in Salary Range in Fiscal Year 2004	Fiscal Year 2004 Appropriated Full-Time Equivalent Positions	% Of Total Full-Time Equivalent Employees in Salary Range
D.C. Public Schools (DCPS)	171	10,814	1.6%
Office of the Chief Financial Officer (OCFO)	63	930	6.8
D.C. Fire and Emergency Medical Services (FEMS)	40	2,110	1.9
Office of the Attorney General (OAG)	45	535	8.4
Department of Health (DOH)	43	1,468	2.9
Office of the Chief Technology Officer (OCTO)	27	135	20
Metropolitan Police Department (MPD)	26	4,602	.6
Department of Mental Health Services (DMHS)	26	1,925	1.4
Department of Human Services (DHS)	28	246	11.4
Council of the District of Columbia (Council)	16	163	9.8
Total	485	22,928	2.1

Source: DCOP database and FY 2005 Proposed Budget for the District of Columbia

The Auditor found several factors, both District-wide and agency specific, that contributed to the growth in number of employees earning salaries in the \$90,000 to \$99,999 range. These factors are briefly addressed below.

District-Wide Factors:

- **Salary Increases for Union Employees:** Salaries of union employees increased during the period under review as a result of the implementation of compensation rate increases under approved labor agreements. Agencies affected by provisions of labor union agreements included, but were not limited to, DCPS, MPD, OCFO, and OAG. New pay rates, in some cases, boosted the salary of certain employees to the \$90,000 to \$99,999 range.
- **Base Pay Adjustments:** Several changes to District pay schedules during the review period raised the salaries of certain non-union Career Service, Excepted Service, Management Supervisory Service, and Legal Service employees to the \$90,000 to \$99,999 salary range.
- **Employee Conversions to the Management Supervisory Service (MSS):** The MSS was established by the Omnibus Personnel Reform Amendment Act of 1998 (“Act”) as an “at will” merit based senior management service. A significant number of career service managers and supervisors converted to the MSS. These career service managers and supervisors who converted to the MSS were accorded higher salaries which ranged from 11.96% to 23.45%. The higher MSS salaries increased the number of employees earning between \$90,000 and \$99,999.
- **Within Grade Step Increases:** All full-time employees in the Career Service, Excepted Service, Legal Service, and MSS, are entitled to within grade salary increases at predetermined intervals, providing that their annual performance rating is at least satisfactory. The Auditor found that long-term tenure with the District government coupled with within grade and cost of living increases over the time period increased the salary of some employees to the \$90,000 to \$99,999 range.

Agency Specific Factors:

Agency specific factors contributing to the increased number of employees earning salaries of \$90,000 to \$99,999, during the review period, included:

- **The Office of the Chief Financial Officer (OCFO):** The primary OCFO factors for the increase included: (1) implementation of a series of base pay adjustments between fiscal years 2001 and 2004 ; (2) the unionization of certain OCFO employees that, in some cases,

resulted in salary increases to the \$90,000 to \$99,999 range and above; and (3) the implementation of the Chief Financial Officer's "pay harmonization" program.

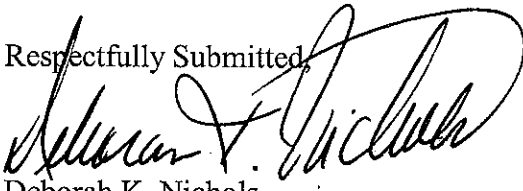
- **The Office of the Chief Technology Officer (OCTO):** The primary factor contributing to the rise in the number of OCTO employees earning salaries of \$90,000 to \$99,999 was the conversion of contractors to full-time District employees earning salaries within and above the \$90,000 to \$99,999 range.

SUMMARY

In an effort to become more competitive with other jurisdictions, the District government has begun to reform its compensation and personnel systems. These reform efforts have begun to improve the quality of service delivery in certain areas of the District government; modernized and streamlined pay and personnel evaluation systems; and simplified some pay schedules to facilitate administrative efficiency.

As previously stated, the Office of the District of Columbia Auditor did not find evidence supporting your concern that salary levels of District employees were intentionally set just below \$100,000 to avoid scrutiny by the public or the Council. As you know, the grade and salary of all District employees must be made available upon request for public disclosure and review. Further, during the budget review and approval process, the names and salaries of employees occupying positions in the District government at all grade levels are presented in the Schedule A of the budget or are available to the Council upon request⁴ to the Office of Personnel or Office of Budget and Resource Management.

As always, please do not hesitate to contact me at 202/727-3600 should you have any other questions regarding this matter.

Respectfully Submitted,

Deborah K. Nichols
District of Columbia Auditor

⁴ See DPM § 3102.1 which states that: "It shall be the policy of the District Government to make personnel information in its possession or under its control available upon request to appropriate personnel. . . ."