

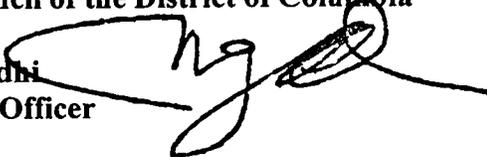
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: JAN 17 2006

SUBJECT: Fiscal Impact Statement: Schwartz Amendment #1 to "Way to Work Amendment Act of 2006"

REFERENCE: Bill Number 16-286

Conclusion

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan to implement the proposed legislation. The amendment would result in annual savings compared to estimates based on a single-tier living wage rate.

Background

This amendment would reinstate the provision in the introduced version of Bill 16-286 that would allow employers to receive a credit of \$1.25 per hour if they provided health insurance for their employees. The amendment would establish a living wage rate of \$11.75 per hour if health benefits are not provided by the employer and \$10.50 per hour if health benefits are provided by the employer. In order to qualify for the lower rate, an employer would be required to furnish proof of the health care benefit plan.

Financial Plan Impact

The amendment would reduce the District Government costs because the lower rate would apply to the District as an employer offering employee health care benefits. The amendment would also result in a reduction of contract costs since a large percentage of District employers offer health benefit plans to their employees. The table below estimates the savings in District personal services costs and contract costs compared to estimates based on a single-tier living wage rate of \$11.75 per hour.

Estimated Savings to the Financial Plan					
(S in Millions)					
Item	FY 2006	FY 2007	FY 2008	FY 2009	4 - Year Total
PS Costs ¹	\$0.6	\$1.3	\$1.3	\$1.3	\$4.5
Contract Costs ²	0.3	0.5	0.5	0.5	1.8
Net Annual Impact	\$1.0	\$1.9	\$1.9	\$1.9	\$6.3

¹ Effective date of March 1, 2006

² Adjusted for partial year implementation