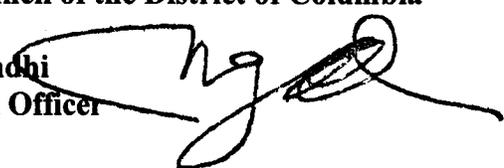


**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: May 30, 2008

SUBJECT: Revised cost estimates: "Paid Sick and Safe Days Act of 2007"

REFERENCE: B17-197 Enrolled, February 6, 2008

Preamble

On May 6, 2008, the Committee on Workforce Development and Government Operations requested a revised cost estimate for B17-197, Paid Sick and Safe Days Act of 2007, which incorporates in the fiscal impact estimates one major amendment that was introduced on the dais. This amendment made eligibility for paid sick leave contingent upon completion of one full year of work during which the employee has worked at least 1000 hours.

This amendment reduces the impact of B17-197 on the budget and financial plan by lowering the number of When Actually Employed ("WAE") employees who would be eligible for the paid sick leave benefit upon implementation of the legislation.

Conclusion

The revised cost estimate for the implementation of impact of this requirement is \$98,063 for FY 2008 and \$529,122 for the FY 2009 through FY2012 period.

Background

B17-197, the Paid Sick and Safe Days Act of 2007 would require that District employers offer one hour of paid leave for every 37 to 87 hours depending on the size of the firm to every employee who has worked for at least 1000 hours and have been employed for a 12 month period by the same employer. Employees would be able to use their leave benefits for physical or mental illness, preventive medical care, family care, and parental leave. The legislation also provides for paid time off to cover for absences associated with

domestic or sexual violence or abuse. Finally, the legislation provides guidelines for administering this policy.

Financial Plan Impact

District government employees hired under the WAE provisions (governed by section 824 of the District Manual) are not eligible for benefits, but would be so when Bill 17-197 takes effect. These positions are intended to fill a temporary need or temporarily fill a permanent need. The maximum contract term for a WAE position is one year, but no limitations exist on renewals.

According to the data obtained from the District of Columbia Department of Human Resources (DCHR), the District government has 698 employees that do not currently receive any benefits but could be eligible to receive them under the new law.¹ Of this group, 179 are expected to work enough days and hours to qualify for paid sick leave benefit in FY 2009.² For every fiscal year between 2010 and 2012, 186 employees are expected to qualify.

Each eligible employee is expected to work 1649 hours in FY 2009, and thus accumulate 44.5 hours of sick leave that year.³ Since employees could access their benefits 90 days after they start accruing it, each employee can claim only three quarters of these benefits in FY 2009. The average hourly salary among these employees for FY 2009 is expected to be \$14.77. Thus the total paid sick leave for this year is estimated at \$88,345. The cost of this benefit to the DC Government is \$98,063.

Table 1 provides the fiscal impact estimates (based on the number of hours worked by and the salaries paid to these employees) for the FY 2009 Budget and FY 2009 through FY 2012 financial plan period.

¹ 412 of these employees are employed by the University of District of Columbia (UDC), and they include faculty and instructor positions that are not for a full year, and are often offered through non-WAE contracts. The OCFO did not receive detailed information on the pay structure of these employees. We eliminated from the analysis teaching and tutoring positions, but kept in the potentially eligible list other positions that might be year around jobs, based on the job title.

² Prior to the amendment of the bill, 578 employees were expected to qualify.

³ To reiterate, this group includes 66 UDC employees that are potentially eligible for the benefits. Because no data exists on their current working arrangements other than what had been provided by the DCHR in February (positions and salaries), the paid benefit calculations for these employees are assumed to be similar to other entities of the DC Government.

Table 1. Fiscal Impact of Bill 17-197

	FY2009	FY2010	FY2011	FY2012	Total
Total WAE Employees	698	698	698	698	
Eligible employees	179	186	186	186	
Average hours worked	1649	1608	1608	1608	
Average hourly salary ^a	\$14.77	\$15.36	\$15.97	\$16.61	
Average benefit hours	44.56	43.46	43.46	43.46	
Total Sick pay estimate	\$88,345	\$124,939	\$129,119	\$134,284	\$476,687
Taxes ^b	\$9,718	\$13,743	\$14,203	\$14,771	\$52,436
Net Fiscal Impact	\$98,063	\$138,682	\$143,322	\$149,055	\$529,122

^a A 4 percent cost of living adjustment is included in the analysis.

^b It is assumed that the payroll taxes are 11 percent of base salary.