

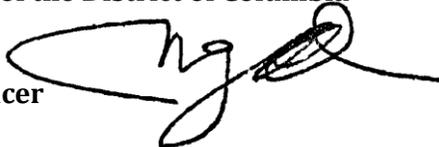
Government of the District of Columbia  
Office of the Chief Financial Officer



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

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

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** November 25, 2013

**SUBJECT:** Fiscal Impact Statement – “Earned Sick and Safe Leave Amendment Act of 2013”

**REFERENCE:** Bill 20-480, Draft Committee Print shared with the Office of Revenue Analysis on November 22, 2013

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**Conclusion**

Funds are not sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill.

Implementation of the bill will cost \$253,000 in FY 2014 and \$825,000 over the four year financial plan period. Implementation of the bill is subject to its inclusion in an approved budget and financial plan.

**Background**

Employers in the District of Columbia are required to provide their employees with paid sick and safe leave with a few exceptions.<sup>1</sup> The number of employees dictates how much sick and safe leave an employer must accrue for an employee. Current law<sup>2</sup> also establishes when an employee can access his or her leave, under what conditions it can be accessed, and protections for employees who attempt to access their leave or question their employer’s compliance with leave requirements.

The bill makes a number of changes to the existing sick and safe leave law, but the change imposing the most requirements on the Department of Employment Services (DOES) is the expansion of sick

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<sup>1</sup> Exceptions include independent contractors, students, premium pay program health care workers, and restaurant wait staff and bartenders (D.C. Official Code § 32-131.01(2)(B)).

<sup>2</sup> The Accrued Safe and Sick Leave Act of 2008, effective May 13, 2008 (D.C. Law 17-152; D.C. Official Code § 32-131.01 *et seq.*).

The Honorable Phil Mendelson

FIS: Bill 20-480, "Earned Sick and Safe Leave Amendment Act of 2013," Draft Committee Print shared with the Office of Revenue Analysis on November 22, 2013

and safe leave to tipped restaurant and bar employees. This population is currently excluded from receiving accrued leave. These employees will accrue leave of one hour for every forty-three hours worked. The value of that paid leave hour will be the equivalent of the regular minimum wage.<sup>3</sup>

The other important change impacting DOES is the institution of a public outreach campaign to inform employees of their rights related to sick and safe leave.

Other changes include requiring employers to accrue leave for the employees at the time they are hired, allowing access to the leave after ninety days, enhancing employee protections against employer retaliation, and setting a requirement of three years for employers to keep records of how they accrued leave for their employees. The bill also establishes the parameters for how employees leave accruals should be treated if they separate and are subsequently rehired by their employer or if they are transferred within a company.

### **Financial Plan Impact**

Funds are not sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill. Implementation of the bill will cost \$253,000 in FY 2014 and \$825,000 over the four year financial plan period.

Implementation will require DOES to hire additional personnel and fund a public outreach campaign. Two personnel will cost \$123,000 in FY 2014 and \$500,000 over the financial plan period. Public outreach will cost \$130,000 in FY 2014 and \$325,000 over the four year financial plan period.

Implementation of the bill is subject to its inclusion in an approved budget and financial plan.

<b>Fiscal Impact of the Earned Sick and Safe Leave Amendment Act of 2013</b>					
<b>Bill 20-480</b>					
<b>FY 2014 – FY 2017</b>					
	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>Total</b>
<b>Personnel</b> <sup>a</sup>	\$123,000	\$123,000	\$127,000	\$127,000	\$500,000
<b>Public Outreach</b> <sup>b</sup>	\$130,000	\$65,000	\$65,000	\$65,000	\$325,000
<b>Total</b>	<b>\$253,000</b>	<b>\$188,000</b>	<b>\$192,000</b>	<b>\$192,000</b>	<b>\$825,000</b>

Table Notes

<sup>a</sup> Personnel includes one compliance specialist and one administrative support employee.

<sup>b</sup> Assumes DOES will not need as robust a public outreach campaign after the first year.

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<sup>3</sup> This is currently \$8.25.