

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Fitzroy Lee
Acting Chief Financial Officer

March 1, 2022

The Honorable Muriel Bowser
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW, Suite 306
Washington, DC 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW, Suite 504
Washington, DC 20004

RE: Projected Annual Revenues and Expenditures for the Universal Paid Leave Fund

Dear Mayor Bowser and Chairman Mendelson:

Pursuant to D.C. Official Code § 32-541.04a(b)(1), every March 1, the Office of the Chief Financial Officer (OCFO) is required to provide a projection of annual revenues and expenditures for the Universal Paid Leave Fund¹ (“Fund”) for the duration of the financial plan at the existing employer contribution rate². The OCFO must also certify the availability of funding for any paid-leave benefit expansions authorized by law, and any adjustments to the employer contribution rate (below the maximum rate of 0.62 percent of wages) that can be made without impacting Fund solvency.

Based on the above, the OCFO has determined there is sufficient funding to enact the maximum level of benefits authorized by current law (12 weeks for qualifying parental, medical and family leave and 2 weeks for pre-natal leave), and to lower the employer contribution rate to 0.26 percent, without affecting solvency of the Fund during the current four-year financial plan period. Funding for the benefit expansion and the reduced employer contribution rate are therefore certified effective July 1, 2022³. The employer contribution rate will be re-evaluated in March 2023.

¹ D.C. Official Code § 32-551.02.

² D.C. Official Code § 32-541.03(a).

³ The Department of Employment Services is determining how quickly it can implement the certified benefit and contribution rate changes, which may be later than the fiscal certification date.

Universal Paid Leave Fund March 2022 Certification Summary \$ in 000s					
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Starting Fund Balance ^a	\$285,423				
Revenues at Current Tax Rate (0.62%)	\$324,537	\$347,904	\$369,091	\$390,628	\$399,039
Benefits Expenditures at Current Law Benefit Levels ^b	(\$59,304)	(\$57,068)	(\$60,455)	(\$63,949)	(\$67,462)
Administration Expenses	(\$15,199)	(\$16,719)	(\$17,221)	(\$17,737)	(\$18,269)
Required Reserve (9 months of next year's benefits)	(\$42,801)	(\$2,541)	(\$2,620)	(\$2,635)	(\$1,518)
Annual Surplus Under Current Law	\$492,656	\$271,576	\$288,795	\$306,306	\$311,790
Cost of Expanding to 12 Weeks (7/1/2022 start)	(\$7,163)	(\$60,574)	(\$65,797)	(\$ 69,687)	(\$ 73,409)
Additional Reserve Required	(\$45,430)	(\$3,918)	(\$2,917)	(\$2,792)	(\$2,753)
Surplus with Expanded Benefits	\$440,063	\$207,085	\$220,081	\$ 233,828	\$ 235,628
Revenue reduction with tax rate lowered to 0.26% (7/1/22 start)	(\$47,110)	(\$202,001)	(\$214,311)	(\$226,815)	(\$231,700)
Surplus at lowered tax rate with Expanded Benefits	\$392,953	\$5,076	\$5,769	\$7,012	\$3,927

Table Notes

^a The Starting Fund balance takes the FY 2021 Annual Consolidated Financial Report Fund Balance of \$457.19 million and subtracts the authorized FY 2022 transfer of \$171.46 million to local funds, completed in January 2022.

^b Benefit costs under current law decrease from Fiscal Year 2022 to Fiscal Year 2023 due to the fact that the current maximum medical benefit of 6 weeks expires in Fiscal Year 2023.

Please contact me at (202) 727-2476 should you have any questions.

Sincerely,



Fitzroy Lee

cc: Councilmember Anita Bonds (At-Large)
Councilmember Elissa Silverman (At-Large)
Councilmember Robert White (At-Large)
Councilmember Christina Henderson (At-Large)
Councilmember Brianne Nadeau (Ward 1)
Councilmember Brooke Pinto (Ward 2)
Councilmember Mary Cheh (Ward 3)
Councilmember Janeese Lewis George (Ward 4)
Councilmember Kenyan McDuffie (Ward 5)
Councilmember Charles Allen (Ward 6)
Councilmember Vincent Gray (Ward 7)
Councilmember Trayon White (Ward 8)
Kevin Donahue, City Administrator
John Falcicchio, Chief of Staff, Executive Office of the Mayor
Dr. Unique Morris-Hughes, Director, Department of Employment Services
Jennifer Reed, Director, Mayor's Office of Budget and Performance Management
Jennifer Budoff, Budget Director, Council of the District of Columbia
Kathy Patterson, District of Columbia Auditor