February 8, 2017

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

Dear Mayor Bowser:

In light of the financial implications to the District of Columbia of recent presidential Executive Orders, we, the undersigned coalition of leaders in the District of Columbia business community, respectfully urge you to veto the deeply flawed and unnecessarily expensive Bill 21-415, the "Universal Paid Leave Amendment Act of 2016." We share your strong concern that the bill does not put DC residents first and given these new threats to the District's financial future, it would be imprudent to advance this legislation into law until more is known of the broader financial risks.

In just the first two weeks of the new Administration, the presidential Executive Orders on the Affordable Care Act, a freeze on federal hiring and the sanctuary jurisdictions mightily threaten the financial stability of the District of Columbia through the potential of multimillion dollar funding reductions.

As you know, President Trump and the Republican-controlled Congress vowed to repeal or significantly reduce the Affordable Care Act. The DC Auditor has estimated that the impact to the District would be serious and immediate – a loss of $563 million in FY 2018 alone and $1 billion annually by FY 2028. An additional $1.9 billion annually would be lost by 2028 through the conversion of Medicaid into a per capita allotment. Finally, $2.1 billion annually would be lost through the conversion of Medicaid into a block grant, leaving tens of thousands of District residents without insurance unless the District government can cover these costs.

Should President Trump and the Republican-controlled Congress restrict funding to the District of Columbia due to the District's status as a sanctuary jurisdiction, the District is in for even more shock. Councilmember Jack Evans, who chairs the Finance and Revenue Committee, estimates that the Presidential Executive Orders would diminish the District's $13 billion budget by an astounding $5.7 billion.

The time could not be worse for the confluence of these federal concerns to emerge. Now is not the time to implement this Universal Paid Leave bill. We believe that the significant financial challenges posed by the new Administration – in addition to the fact that the bill does not support District families first – are just a few reasons you must veto this bill.

Letting this bill become law is not in the best interest of the District and our residents. Attached you will find a summary of the additional reasons the undersigned have put on the record why the bill is flawed and unnecessarily expensive. Accordingly, we respectfully ask you to veto Bill 21-415 and work with the Council and all stakeholders to draft an alternative that is truly in the best interest of the District of Columbia.

Sincerely,

Lisa María Mallory, CEO
District of Columbia Building Industry Association

Jim Dinegar, President & CEO
Greater Washington Board of Trade

Anthony Williams, Chief Executive Officer and
Executive Director
Federal City Council

Dr. John C. Cavanaugh, President & CEO
Consortium of Universities of the Washington
Metropolitan Area

Solomon Keene, President & CEO
Hotel Association of Washington, DC

Vincent B. Orange, President & CEO
DC Chamber of Commerce

Kathy Hollinger, President & CEO
Restaurant Association Metropolitan Washington

Jacqueline D. Bowens, President & CEO
DC Hospital Association

Margaret O. Jeffers, Executive Vice President
Apartment and Office Building Association of
Metropolitan Washington

Debra Livingston, President & CEO
Associated Builder and Contractors (ABC) of Metro
Washington

John Graham, President & CEO
American Society of Association Executives

Angela Franco, President & CEO
Greater Washington Hispanic Chamber of
Commerce

Marty Janis, President
Washington Parking Association

Attachment 1

cc: John Falcicchio, Chief of Staff
HyeSook Chung, Deputy Mayor for Health & Human Services
Brian T. Kenner, Deputy Mayor for Planning and Economic Development
Beverly L. Perry, Senior Advisor
Rashad M. Young, City Administrator
Jeffrey S. DeWitt, Chief Financial Officer, Office of the Chief Financial Officer

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Attachment 1

Major Policy Flaws of Universal Paid Leave as Passed

1. ***The bill fails to put DC residents first. It sends $160 million dollars per year to Maryland and Virginia.***

According to the Bureau of Labor Statistics, there were 774,600 jobs in D.C. as of December 2015, whereas D.C.'s working-age resident population is only approximately 388,400. This illustrates a vast percentage of workers residing in Maryland and Virginia are working for D.C. employers. As currently written, the Universal Paid Leave bill is an approximately $250 million yearly tax on employers that takes three years to stand up and will yearly send the majority of these newly created DC government funds ($160 million) to Maryland and Virginia residents. The creation of this new bureaucracy fails to meet the goal of putting D.C. families first. Of the projected $81.5M available dollars from this fund which will be provided to District residents only $12.1M would go to residents of ward 7 and 8.

2. ***The bill makes it even more expensive and burdensome for an employer to create jobs in the District of Columbia.***

With the recent minimum wage increases, additional accrued sick and safe leave requirements, and added scheduling requirements, D.C. employers must constantly adapt to changing laws that have had an overall chilling effect on D.C. job growth. Our city's job growth currently stands at less than half a percent due to the relocation of D.C. employer operations to our neighboring states, where it is cheaper to do business. In addition to these new requirements, with this bill, D.C. businesses will now be taxed an additional $250 million annually to pay for benefits that are less generous than those many of us already provide, forcing employers to make very difficult decisions to reduce other benefits currently offered in competitive packages or creating fewer jobs.

3. ***The bill harms the DC economy by putting employers at a competitive disadvantage.***

As written, the bill creates an entirely new $250M dollar DC government administrative arm – the fifth largest agency in the city - through taxes and major startup costs placed on employers. It is also the first paid leave program in the country to be funded <u>solely</u> by employers. Since DC is the only jurisdiction to fund a paid leave program in this way, it will create a chilling effect on job growth and inevitably cause employers to slow hiring as well as shift more jobs outside of the District.

4. ***The bill will potentially promote widespread fraud and abuse.***

According to Department of Labor Statistics, D.C.'s government run unemployment insurance (UI) program has one of the highest rates of improper payments and fraud in the country, with an estimated improper payment rate exceeding 14%. The Universal Paid Leave is exceptionally vulnerable to fraud and abuse than UI because the bill does not have sufficient safeguards. For example, Bill 21-415 does not require an employee to provide any documentation from a medical or health care provider. As a result, the government will be forced to approve all applications for the paid leave benefit and will be unable to certify that the leave is medically necessary. Moreover, the legislation does not prohibit an employee from receiving paid leave benefits while working for an additional employer.