

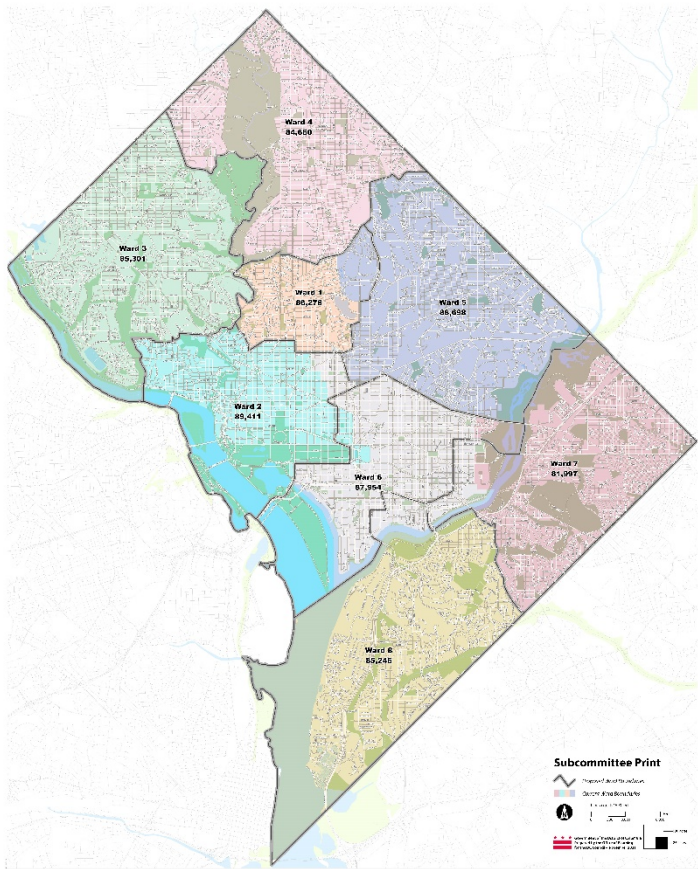


# Using Economic Analysis to Support Progressive Policymaking

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March 22, 2022

# About the District of Columbia



The District of Columbia operates as a unitary state government – state, city, and county governed by the Mayor and DC Council

- Operating budget for FY 2022 is \$18.4 billion operating and \$2.1 billion capital
- We do not receive “operating funds” from the federal government beyond what any other state receives in entitlements and grants.

DC’s residents pay more taxes than residents in 22 states and pay more per capita to the federal government than any state

## Strong fiscal health

- All pensions are funded over 100%
- 60 days of cash-on-hand
- Bond ratings remain AAA
- Revenues have recovered to pre-pandemic levels

Truth in Accounting, a nonprofit government finance watchdog group, found that DC has the second-best financial condition, when compared to other US cities

# Economic Analysis to Support Progressive Policymaking

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Economic analysis of a policy proposal helps elected officials make better decisions

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When deciding to support a policy proposal, elected officials must weigh the potential social benefits against potential negative impacts to the local economy

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If a particular proposal has a projected economic impact that outweighs the projected benefits, then the proposal can be modified to better meet the needs of a jurisdiction

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Using economic analysis provides peace of mind to legislators who may be generally supportive of a policy but worried about the impact of a large allocation of government resources or tax increase on the local economy

# Universal Paid Leave

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Economic Impact Statement on imposing a payroll tax on District employers to fund a universal paid leave program

Program would cover every employee who works in the District, featuring a high wage replacement rate and coverage for self care, family care and parental leave

The analysis showed that the benefits of the program offset the economic costs of instituting a new payroll tax

Demonstrating that the impact on private sector employment and GDP growth was relatively small, in concert with the empirical benefits of family leave such as greater workforce participation among women, narrowing the gender wage gap and lower infant and child mortality was sufficient to provide assurances to legislators to pass the measure

# Basic Income Tax Credit

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Economic Impact Statement on providing a minimum income in DC

- Option 1: a cash payment that would provide sufficient income to cover basic needs
- Option 2: a negative income tax that would bring every household's income up to 100% of Federal Poverty Level

The benefits of a minimum income—such as increased school attendance rates, reduction in hospital visits, improved mental health—were an effective counterweight to the potential costs of reduced employment and lower GDP associated with the cost of Option 2

The Basic Income Tax Credit (BITC) that was eventually passed and funded is more modest and costs 80% less than the program that was analyzed for the economic impact statement

The BITC is effective for tax year 2022 and will provide households with children a monthly tax refund equal to 100% of the federal Earned Income Tax Credit (EITC)

# Racial Equity Impact Analysis

The Council Office of Racial Equity's (CORE) mission is to eliminate racial disparities and achieve racial equity in the District of Columbia.

CORE creates training, tools, and processes for local officials, staff, and the community to intentionally identify and disrupt implicit biases and systemic inequities in policymaking.

Issue Racial Equity Impact Analyses (REIA) which examine how different racial and ethnic groups will likely be affected by a proposed bill or resolution.

# The office's budget and research resources can be found at [www.dccouncilbudget.com](http://www.dccouncilbudget.com)

## Budget Formulation and Approval

- All documents from [FY20](#), [FY21](#), [FY22](#), and [FY23](#) Council budget oversight

## Resources

- [Fiscal Impact Statements](#) issued by our office and a [FIS guide for Council Staff](#)
- [Subject to Appropriation Reports](#)
- [Brown bag presentations on topics of interest to Council staff](#)
- [Blog posts](#)

## Policy and Economic Research

- [Policy and Economic Impact Statements and other research issued by the office](#)

## Interactive Dashboards

- [FY23 Approved Budget](#)