

# Economic Impact Statement

Office of Legislative Oversight

## Expedited Bill 34-21

## Personnel and Human Resources – COVID-19 Vaccination Required

### SUMMARY

The Office of Legislative Oversight (OLO) anticipates that enacting Expedited Bill 34-21 would have an insignificant impact on economic conditions in the County. However, OLO believes it is worth noting that because the County to date has achieved the highest rate of adult (age 18+) residents fully vaccinated against COVID-19 compared to surrounding jurisdictions, County residents may be more likely to replace employees residing in other jurisdictions who would be terminated from County employment for refusing to comply with the COVID-19 vaccination requirement. Increasing the share of County employees based within the County would reduce capital outflow in the form of employee compensation spent outside the County.

### BACKGROUND

If enacted, Expedited Bill 34-21 would require all County employees to be vaccinated against COVID-19. The Bill would also permit medical accommodations to the COVID-19 vaccination requirements and exempt the vaccination requirements from collective bargaining.<sup>1</sup>

### METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

OLO believes that enacting Expedited Bill 34-21 may have an *indirect* impact on economic conditions in the County by reducing capital outflow in the form of County employee spending in other jurisdictions. To date, the County has achieved the highest rate of adult (age 18+) residents fully vaccinated against COVID-19 compared to surrounding jurisdictions. See **Table 1**. County residents therefore may be more likely to replace individuals residing in other jurisdictions who would be terminated from County employment for refusing to comply with the COVID-19 vaccination requirement. This outcome would be beneficial for County economic conditions for two reasons. First, given the strong relationship between proximity to home and transaction location,<sup>2</sup> County employees who reside locally are more likely to patronize County-based businesses. Second, locally-based employees contribute to the stimulating effects of County government expenditure by paying local taxes.

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<sup>1</sup> Montgomery County Code, Expedited Bill 34-21, Personnel and Human Resources – COVID-19 Vaccination Required, Introduced on September 28, 2021.

<sup>2</sup> Agarwal, Jensen, and Monte, “Consumer Mobility and the Local Structure of Consumption Industries.”

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**Table 1. Vaccination Rates Among Adults (Age 18+) by Jurisdiction**

Jurisdiction	Pct. Fully Vaccinated
Montgomery	91%
Howard	88%
Fairfax	81%
Frederick	80%
Arlington	78%
Loudon	76%
Prince George's	74%
District of Columbia	68%
Alexandria	64%

Source: Nytimes.com, "[See How Vaccinations Are Going in Your County and State](#)," *New York Times*, accessed on October 16, 2021.

OLO does not expect however that enacting Expedited Bill 34-21 would result in a positive economic impact of significant magnitude. The reason being that it is doubtful the number of County residents who would replace non-resident employees terminated for refusing to comply with the vaccination requirement would be sufficiently large for the Bill to significantly reduce capital outflow from the County.

The claims made in subsequent sections are based on the potential for enacting Expedited Bill 34-21 to have a positive, albeit marginal, impact on local economic conditions.

## VARIABLES

The primary variable that would affect the economic impacts of enacting Expedited Bill 34-21 is the following:

- Total employee salaries of County residents who would replace non-resident employees terminated for refusing to comply with the COVID-19 vaccination requirement.

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## IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

### Businesses, Non-Profits, Other Private Organizations

OLO anticipates that enacting Expedited Bill 34-21 would have insignificant impacts on private organizations in the County in terms of the Council’s priority indicators.<sup>3</sup> However, OLO notes that some businesses would benefit from the potential increase in the share of County employees who reside locally given their higher likelihood to patronize locally-based businesses.<sup>4</sup>

### Residents

As previously discussed, OLO anticipates that enacting Expedited Bill 34-21 may have indirect economic impacts on a small number of County residents. County residents who may replace non-residents terminated from County employment may experience a net increase in household income. It is also worth noting that any household with a member who would otherwise refuse to take the COVID-19 vaccination without the requirement may experience fewer economic disruptions associated with contracting the disease.

## DISCUSSION ITEMS

Not applicable.

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<sup>3</sup> Montgomery County Code, Sec. 2-81B, Economic Impact Statements.

<sup>4</sup> Agarwal, Jensen, and Monte, “Consumer Mobility and the Local Structure of Consumption Industries.”

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## WORKS CITED

Agarwal, Sumit, J. Bradford Jensen, and Ferdinando Monte. "[Consumer Mobility and the Local Structure of Consumption Industries](#)." National Bureau of Economic Research, 2017.

Montgomery County Council. [Expedited Bill 34-21, Personnel and Human Resources – COVID-19 Vaccination Required](#), Introduced on September 28, 2021.

Montgomery County Code. [Sec. 2-81B, Economic Impact Statements](#).

Nytimes.com. "[See How Vaccinations Are Going in Your County and State](#)." *New York Times*. Accessed on October 16, 2021.

## CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the Bill under consideration

## CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.