

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi [signature]
Chief Financial Officer

DATE: October 25, 2004

SUBJECT: Fiscal Impact Statement (Revised): “Unemployment
Compensation Funds Appropriation Authorization Act of
2004”

REFERENCE: Bill Number 15-276 from the September 27, 2004 Committee
Print

Conclusion

The proposed legislation will not impact the District's FY 2005 through FY 2008 budget and financial plan. The bill appropriates \$14.841 million of an existing \$25.8 million distribution of Reed Act funds to the District, and dedicates the use of those funds. The proposed legislation makes permanent temporary legislation currently in effect.¹

Background

The proposed legislation authorizes the appropriation of \$7.6 million to be used for the following:

- 1) Parallel training of the staff of the Department of Employment Services (DOES) to replace the expert contractor staff currently maintaining the unemployment compensation tax and benefit systems;
- 2) Funding for the maintenance of the information technology systems supporting the Unemployment Compensation Program and the Virtual One-Stop Career Center System and the development of a system for the direct deposit of unemployment compensation benefit payments;

¹ Law 15-081, “Unemployment Compensation Funds Appropriation Authorization Temporary Act of 2003”; enacted November 25, 2003; effective March 10, 2004.

- 3) Promotions for certain career ladder staff in the Office of Unemployment Compensation and Employment Services at DOES; and
- 4) Funding the implementation of a system to improve the integrity of the Unemployment Compensation program and to reduce the level of overpayments, particularly those attributable to fraud or abuse of the program.

This part of the proposed legislation has been implemented as a temporary measure. The proposed legislation makes that measure permanent.

In addition, the proposed legislation authorizes the appropriation of \$7.241 million to be used for the following:

- 1) Parallel training of the staff of the Department of Employment Services (DOES) to replace the expert contractor staff currently maintaining the unemployment compensation tax and benefit systems;
- 2) Conversion of the Automated Benefit System from the present mainframe platform to a Web-based environment which offers greater flexibility in service;
- 3) Installation of the Benefit Audit, Recovery and Tracking System (BARTS) which will support the auditing of Unemployment Compensation benefit payments to verify that payments were made accurately, identify improperly paid claims and facilitate recapture of overpaid benefits;
- 4) Install Unemployment Insurance (UI) systems for the Educational Stepladder program as required by the Fiscal Year 2005 Budget Support Act of 2004;²
- 5) Provide UI customers not enrolled in direct deposit program debit cards to access benefits;
- 6) Provide residents with access to thousands of untapped job listings by "spydering" association and corporate web pages;
- 7) Provide for the exchange of data via a common database between the Web-enabled Benefits Services (WEBS) benefit payment system and the Virtual One-Stop re-employment services;
- 8) Install an automated customer service UI help desk;
- 9) Change the Unemployment Compensation Benefit and Tax Systems Mainframe programming language from COBOL II to COBOL 390 as mandated by the Office of the Chief Technology Officer;
- 10) Provide for changes to the automated tax system that are required by recently enacted federal legislation to detect and prevent State Unemployment Tax dumping, known as SUTA, a manipulation by employers to inappropriately lower their UI tax rate; and

² Bill 15-768 as Enrolled, Act 15-847, "FY 2005 Budget Support Act of 2004"; Title I, "Government Direction and Support"; Subtitle N, "Educational Stepladder Act of 2004"; Enacted August 2, 2004.

- 11) To provide for the support of the Information Technology Support Center (ITSC) in Remote Distant Development.

Financial Plan Impact

Funds are sufficient in the budget and financial plan to implement the proposed legislation. The aggregate \$14.841 million appropriation must be used to fund any additional administrative or operational costs associated with implementing the provisions of the proposed legislation.

Federal and District anti-deficiency laws³ prohibit District officers and employees from exceeding appropriations in any fiscal year. For subsequent years, the additional expenditures must be included in the budget and financial plan.

³ 31 U.S.C.A. § 1341 (2000) and D.C. Official Code § 47-355.01 *et sequitor* (2003).