


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: January 29, 2020

SUBJECT: Fiscal Impact Statement – Supporting Essential Workers
Unemployment Insurance Amendment Act of 2020

REFERENCE: Bill 23-133, Draft Committee Print provided to the Office of Revenue
Analysis on January 28, 2020

Conclusion

Funds are not sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. The bill establishes a new Supporting Essential Workers Special Fund (Fund) and allows for the payment of benefits to essential federal workers who work without pay during a federal lapse in appropriations (shutdown). The bill requires one-time funding in fiscal year 2021 of \$4.98 million to pay for expected benefits and administrative costs for a partial shutdown lasting four weeks. Since Congress has approved appropriations authority for fiscal year 2020¹, this funding is not required until fiscal year 2021.

Background

Federal government workers whose place of employment is in the District and who are furloughed due to a lapse in appropriations authority may receive unemployment insurance benefits from the District's Unemployment Insurance Trust Fund, which is subject to federal regulation. Federal government workers who are deemed essential and are required to continue to report to work during a shutdown, despite a lapse in pay, are not considered by the federal government to be unemployed and are therefore not eligible to receive unemployment benefits from state unemployment insurance trust funds.

¹ See Consolidated Appropriations Act, 2020, approved Dec. 20, 2019 (P.L. 116-93) and Further Consolidated Appropriations Act, 2020, approved December 20, 2019 (P.L. 116-94).

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FIS: "Supporting Essential Workers Unemployment Insurance Amendment Act of 2020," Draft Committee Print provided to the Office of Revenue Analysis on January 28, 2020

The bill establishes a new Supporting Essential Workers Special Fund (Fund) separate from the Unemployment Insurance Trust Fund. The bill also amends the District of Columbia Unemployment Compensation Act² to expand the definition of unemployment to include federal essential workers who are working without pay. Workers who have been notified by their agency that they are excepted from a furlough and required to continue to report to work without pay during a federal lapse in appropriations may then apply to the District for unemployment insurance benefits. Such benefits will only be available to the extent the Department of Employment Services (DOES) determines funding is available in the Fund. DOES may pay benefits either weekly or biweekly, and it shall pay them in the order that DOES determines claimants qualify.

The bill does not change the existing requirement that workers' place of employment is in the District. The bill requires workers receiving unemployment benefits from the Fund to repay such benefits when federal appropriations authority is restored and the workers receive their back pay, unless the Director of DOES waives such requirement for good cause. The Fund receives any such repayments.

Following enactment of the bill, the DOES Director must promulgate rules with the criteria that an individual must satisfy to establish that the individual qualifies as a furlough-excepted federal employee eligible for the benefits established under the bill. Such rules must be established within 120 days of the effective date of the act, or within 15 days of a federal shutdown, whichever comes first. Unemployment insurance benefit payments must be calculated as per existing provisions of the unemployment compensation law. Currently, the maximum weekly benefit an unemployed worker may receive is \$444.

The Fund is non-lapsing and may receive any funds appropriated in a budget or transferred by the Mayor. If the Mayor requests a transfer from the contingency cash reserve for the Fund, the Fund can be used to repay the contingency cash reserve.³

Financial Plan Impact

Funds are not sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. The bill requires initial funding of \$4.98 million to pay for expected benefits and administrative costs for a partial shutdown lasting four weeks. Since Congress has approved appropriations authority for fiscal year 2020, this funding is not required until fiscal year 2021.

The Office of Revenue Analysis (ORA) estimates that there could be up to 25,000 federal essential employees working in the District who upon another federal shutdown would become eligible for unemployment insurance benefits under the bill, primarily in the Department of Justice and Department of Homeland Security. ORA further estimates that approximately 2600 such workers will apply for benefits during a four-week shutdown⁴. Total benefit payments are estimated at the current maximum weekly benefit of \$444 per week, for a total need of \$4.77 million. DOES also requires \$187,000 for ten employees over ten weeks, which includes the expected time period to receive and reconcile post-shutdown repayments. Associated supplies and equipment will cost \$21,000.

² Approved August 28, 1935 (49 Stat. 946; D.C. Official Code § 51-101 *et seq.*).

³ See also D.C. Official Code § 1-204.50a(b).

⁴ Based on the estimated rate of federal furloughed workers who applied for District unemployment benefits during the December 2018 – January 2019 shutdown.

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Bill 23-133					
Supporting Essential Workers Unemployment Insurance Amendment Act of 2019					
Total Cost					
	FY 2020	FY 2021	FY 2022	FY 2023	Total
Benefit Payments	\$0	\$4,773,000	\$0	\$0	\$4,773,000
Administrative Personnel ^(a)	\$0	\$187,000	\$0	\$0	\$187,000
Supplies and equipment	\$0	\$21,000	\$0	\$0	\$21,000
Total costs	\$0	\$4,981,000	\$0	\$0	\$4,981,000

Table Notes

(a) Includes salary, overtime and fringe costs for seven Grade 7, one Grade 9, and two Grade 11 personnel.

DOES will use the Fund established under the bill to make and administer the benefit payments. Due to guidance received from the Department of Labor, the Unemployment Insurance Trust Fund is not an available source of funding for the cost of the bill.

To the extent beneficiaries receive their back pay and re-pay their benefits, the Fund could be available for benefits during shutdowns in subsequent fiscal years or the Fund could be used to re-pay any cash contingency funds the Mayor might request for the Fund. The cost of the bill includes all of the initial funding required to make benefit payments and associated administrative costs extending six weeks beyond the four-week shutdown scenario. To the extent that federal workers do not repay their benefit payments in a timely manner, DOES may incur additional administrative costs associated with collecting debt.