

**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:** July 9, 2004

**SUBJECT:** Fiscal Impact Statement: "Unemployment Compensation Pension Offset Reduction Amendment Act of 2004"

**REFERENCE:** Bill Number 15-526 as Introduced

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**Conclusion**

Funds are sufficient in the FY 2005 through FY 2008 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. The proposed legislation regulates the expenditure of weekly unemployment compensation pension benefits funded through the District's Unemployment Trust Fund.

**Background**

Currently when calculating a person's unemployment compensation weekly benefit the amount is reduced by existing payments from the retirement plan(s) of a prior employer as long as the amount does not go below zero. The proposed legislation requires that this will now only be true if the retirement plan's contributions were participated with the employee. If the employer was the sole contributor to the retirement plan, then the District's weekly benefit payment will not be reduced.

**Financial Plan Impact**

Funds are sufficient in the consensus FY 2005 through FY 2008 budget and financial plan. Funds to support this unemployment benefit are expended from the Unemployment Trust Fund. The Trust is the repository of a quarterly tax on an employer's business volume in the District. As more money is expended from the Trust, the higher the contribution requirement is on District business. The District maintains a fund balance of

over \$300 million in the Trust. The Department of Employment Services (DOES) believes that claims for benefits will be increased by approximately 24 per year as a result of implementing the proposed legislation. The current fund balance should be able to support the increased benefit requirement as long as the population of claims is not significantly increased beyond DOES projections.