

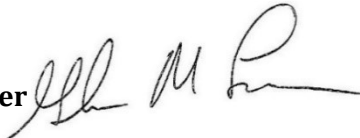
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

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

FROM: Glen Lee
Chief Financial Officer 

DATE: November 18, 2024

SUBJECT: Fiscal Impact Statement – Insurance Database Amendment Act of 2024

REFERENCE: Bill 25-152, Draft Committee Print as provided to the Office of Revenue Analysis on November 17, 2024

Conclusion

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The Fiscal Year 2025 budget includes \$584,000 in 2025 and \$1.459 million over the 2025 through 2028 financial plan period to implement this legislation.

Background

This bill establishes a Commission on Reparations for the District of Columbia (the Commission) to produce a research base and develop reparations proposals with the aim of addressing and partially rectifying the harms of slavery in the District of Columbia and its lasting impact on the health, resources, and well-being of African Americans. The bill also creates a Reparations Fund and requires the Department of Insurance, Securities and Banking (DISB) to develop a database of slavery-era financial and insurance records.

The bill gives the Commission a mandate to study the history of slavery in the District, the role of public and private entities (and the benefits they accrued from the business of slavery), the process of takings of land and property, and ongoing discrimination and harms. The Commission will develop reparations proposals for African Americans directly harmed by slavery, Jim Crow, and institutional racism, either through monetary reparations or other redress.

The Commission is structured to include twelve members, of which nine are voting and three are ex-officio. The voting members will be drawn from representatives of organizations dedicated to racial

and social justice, academia, faith-based organizations, and community members. The three non-voting members will be the Commissioner of DISB, the District Archivist, and the Director of the DC Office of Human Rights (or their designees). The Commission is required to hold at least three meetings dedicated to how to determine eligibility for reparations. The Commission can elect a chair (and the chair can elect a vice-chair) from among its members and will appoint an Executive Director to manage the day-to-day operation of the Commission, including hiring staff, retaining research, contract or administrative support, and conducting public meetings.

The bill requires that the Commission meet by June 1, 2025, and produce a final report on their work 18 months after the first meeting. The bill also requires an interim written progress update after nine months. This report will include the documentation and evidence collected regarding the institution of slavery in Washington, DC, and its persistent and lasting impact on African American residents. This documentation could include the process of forced removal of Africans and enslavement, the business of slavery, the federal and state laws that restricted free movement for African Americans, discrimination in federal, state, and local laws and business practices, and forced relocation and eminent domain (among other topics).

This final report also shall include an analysis and recommendation regarding a program of reparations in the District. This includes a recommendation of whether a new agency should be created, the criteria used to determine who is an eligible individual entitled to monetary reparations, the form, manner, and schedule of payments or remuneration, how the compensation amount is derived, and any other redress that may be appropriate. The report may also include recommendations regarding current laws and policies that continue to negatively impact African Americans. The bill also directs the Commission to work with external entities on public awareness of its findings, and to release its final report in a public forum. The bill sunsets the Commission effective December 31, 2027, or after the final report has been submitted.

The bill establishes a Reparations Fund. This fund may receive appropriated monies, gifts and grants, and public and private donations. It may be used to pay for a reparations program as proposed by the Commission. However, the Commission's recommendations regarding a reparations program would not go into effect until enacted in subsequent legislation.

Finally, the bill requires DISB to develop a slavery-era database containing records of insurance providers or financial institutions that engaged in business transactions involving enslaved people in the District. Specifically, enslaver insurance policies and bank records that reference loans for the purchase of enslaved people, the use of enslaved people as collateral for bank loans, the use of enslaved people as collateral to settle defaults, or records that show a financial profit from the institution's involvement in the business of slavery. The slavery-era database may also include records indicating the activities of financial institutions engaged in abolition. DISB may leverage data calls and records obtained by other researchers and states/localities that have developed similar databases for other jurisdictions. DISB must develop and publicly release this database within one year of the enactment of the bill and release a report regarding its findings.

Financial Plan Impact

Funds are sufficient in the fiscal year 2025 through fiscal year 2028 budget and financial plan to implement the bill. The Fiscal Year 2025 budget includes \$584,000 in 2025 and \$1.459 million over the financial plan period to carry out this bill.

The Honorable Phil Mendelson

FIS: Bill 25-152, "Insurance Database Amendment Act of 2024", Draft Committee print as provided to the Office of Revenue Analysis on November 17, 2024

The establishment of the Commission on Reparations will require funding for operations and personnel. Specifically, the bill sets the salary band for the Executive Director of the Commission at the midpoint of Grade 10 of the Excepted Service schedule plus fringe benefits. One additional employee at the grade 13 level will be needed to assist in the Commission's operations and managing contracts and meetings. Members of the Commission shall receive a stipend of up to \$10,000 per year, plus reimbursement of travel and expenses.

The Commission's operations will include research and data analysis, public meetings, a website, drafting the interim and final report, eliciting public input, testimony, and feedback, and communications. The Commission is expected to be operational through December 2026 (with ad-hoc support for Council deliberations after that point). DISB will require \$150,000 in one-time funding for establishing the slavery-era database of insurance and financial records.

Insurance Database Amendment Act of 2024					
(\$ in thousands)					
	FY2025	FY2026	FY2027	FY2028	Total, FY 2025 - FY 2028
Personnel (salary and fringe)	\$199	\$199	\$99	--	\$496
Post-report ad-hoc support	--	--	--	\$57	\$57
Commissioner stipends and cost reimbursement	\$35	\$135	\$35	--	\$205
Operational support	\$40	\$40	\$20	--	\$100
Research and Analysis (contract costs)	\$160	\$210	\$80	--	\$450
<i>Total, Commission on Reparations</i>	\$434	\$584	\$234	\$57	\$1,308
Slavery Era Database of financial and insurance records	\$150	--	--	--	\$150
Total	\$584	\$584	\$234	\$57	\$1,459