



Councilmember Elissa Silverman

AN AMENDMENT

#1

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DATE: July 20, 2021

OFFERED BY: Councilmember Elissa Silverman

TO: B24-0275, the Fiscal Year 2022 Local Budget Act of 2021

Version: ☐ Introduced

☐ Committee Report

☒ Committee Print

☐ First Reading

☐ Engrossed

☐ Enrolled

☐ Amendment in Nature of Substitute

(1) A new section 2a is added to read as follows:

“Sec. 2a. Notwithstanding any provision of law limiting the use of the Universal Paid Leave Fund established by section 1152 of the Universal Paid Leave Implementation Fund Act of 2016, effective October 8, 2016 (D.C. Law 21-160; D.C. Official Code § 32-551.01), the

Chief Financial Officer shall transfer \$49,000,000 from the certified fund balance and other amounts available on deposit in the Universal Paid Leave Fund in Fiscal Year 2022 to the General Fund of the District of Columbia. Funds transferred pursuant to this section shall be appropriated and expended during Fiscal Year 2022 as provided in this act.”.

(2) Increase the Department of Human Services (JA0) in local funds in FY 2022 in CSG 50, Program 5000, Activity 5039, by \$20,000,000 for STAY DC incentive payments.

(3) Increase the Office of the Deputy Mayor for Education (GW0) in local funds in FY 2022 in CSG 50, Program 3000, Activity 3012, by \$20,000,000 for Heroes Pay.

(4) Increase the Convention Center Transfer (EZ0) in local funds in FY 2022 in CSG 50, Program 1000, by \$6,066,000 for support for excluded workers.

(5) Increase Repayments of Loans and Interest (DS0) in local funds in CSG 80, Program 100, Activity 1100, by \$934,000 in FY 2022, \$1,138,000 in FY 2023, \$842,000 in FY 2024, and \$20,000 in FY 2025, to pay interest on advances from the federal government to the District Unemployment Fund pursuant to D.C. Official Code § 51-101 *et seq.* and title XII of the Social Security Act.

Rationale

In her budget proposal, the Mayor moved approximately \$114,490,000 from the Universal Paid Leave Fund to the Unemployment Insurance Trust Fund. This money was for three purposes: (1) to avert the need for a possible federal loan, should the UI trust fund be depleted, (2) delay a UI tax increase that is recommended by the Office of the Chief Financial Officer to ensure the UI trust fund had sufficient funding for the next recession, and (3) generally add money to the UI reserves. The Council has not yet acted on this portion of the Mayor’s proposal.

In its recommendations, the Committee on Labor and Workforce Development recommended reallocating the \$114 million the Mayor dedicated to the UI trust fund, arguing that the UI trust fund would continue to operate without the infusion, and there were urgent needs facing District workers today.

The committee print assumes that the Chairman will sweep the money for purposes (2) and (3) above: the money the Mayor dedicated to delaying the UI tax increase and the general increase to the fund. However, this leaves the first purpose, the money to delay or avoid taking a loan (in the form of advances to the District Unemployment Fund). There is no justification for avoiding this loan while there are unmet needs in the budget. The District can take a very low-cost loan to refill the trust fund, if it needs to, as many other states have already during this recession. Benefits will keep being paid, and there will be no change to the program. Any loan, which is likely to be small if the District even requires one, can be repaid over time in the future.

This amendment sweeps the \$49 million currently allocated for averting a federal UI loan, and instead dedicates it as follows:

- \$20 million for STAY DC incentive payments, to provide payments of \$500 each to 40,000 STAY DC recipients who complete their application;
- \$20 million for Heroes Pay, to provide payments to the low-income workers who put their lives on the line to keep the District running during the pandemic;
- \$6 million for excluded workers, who have been shut out of every other stimulus program during the pandemic, including UI and payments to individuals; and
- \$2.9 million over the multiyear budget and financial plan to pay interest on advances to the District Unemployment Fund.

This amendment will redirect funds from sitting in a bank account, to help District residents in dire need of assistance now.

Federal loans to the UI Trust Fund are authorized under 42 U.S.C. §§ 1321 to 1324. The District of Columbia Unemployment Compensation Act, effective August 28, 1935 (49 Stat. 946; D.C. Official Code § 51-101 et seq.), provides for the incurrence and repayment of loans (called “advances”) to the District Unemployment Fund. Under federal law, amounts in the District Unemployment Fund cannot be used to pay interest on these loans.



OFFICE OF THE GENERAL COUNSEL

Council of the District of Columbia
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Washington, DC 20004
(202) 724-8026

MEMORANDUM

TO: Councilmember Elissa Silverman

FROM: Nicole L. Streeter, General Counsel *NLS*

DATE: July 20, 2021

RE: Legal sufficiency determination for Amendment # 1 to the Fiscal Year 2022 Local Budget Act of 2021, Bill 24-275.

The amendment is legally and technically sufficient for Council consideration.

This amendment would add a new section to the Fiscal Year 2022 Local Budget Act of 2021 to direct the Chief Financial Officer to move \$49 million in Fiscal Year 2022 from the Universal Paid Leave Fund, established pursuant to section 1152 of the Universal Paid Leave Implementation Fund Act of 2016, effective October 8, 2016 (D.C. Law 21-160; D.C. Official Code § 32-551.01), and notwithstanding any other provision of law related to the uses of funds in the Universal Paid Leave Fund, to the General Fund and would appropriate such transferred funds for various purposes.

I am available if you have questions.

COUNCIL OF THE DISTRICT OF COLUMBIA
Office of the Budget Director
Fiscal Impact Statement

Jennifer Budoff – Budget Director

**LEGISLATIVE
MEETING:**
July 20, 2021

SHORT TITLE:
Amendment #1 to B24-
0275, the Fiscal Year
2022 Local Budget Act
of 2021

TYPE:
LBA Amendment

**REQUESTING
MEMBER:**
Councilmember Elissa
Silverman

FISCAL IMPACT:
Funds are sufficient

Conclusion

This amendment will not change the costs outlined in the fiscal impact statement for the underlying legislation, which found that funds are sufficient to implement the measure.

Background

The amendment would transfer \$49 million from the Universal Paid Leave (UPL) Implementation Fund balance to the General Fund and increase FY 2022 local funds budget for the following:

(\$000s)	FY22	FY23	FY24	FY25	Total
Stay DC Incentive Payments	20,000				20,000
Heroes Pay	20,000				20,000
Support for Excluded Workers	6,066				6,066
UI Trust Fund Loan Interest	934	1,138	842	20	2,934
Total	47,000	1,138	842	20	49,000

The Mayor's proposed budget transfers \$114 million from the UPL Implementation Fund to the UI Trust Fund. The budget being considered by the Council today diverts \$65 million of the \$114 million for other purposes, leaving \$49 million in the fund, an amount certified by the OCFO to be sufficient to avoid having to borrow from the federal government to keep the UI Trust Fund solvent. This amendment will require the District to take out a \$47 million loan in the first quarter of FY 2022 to maintain UI Trust Fund solvency. It is estimated that the loan interest payments will amount to \$2.9 million over the four-year financial plan. Part of the \$49 million transfer will be used to make these interest payments.

Employers would see their Federal Unemployment Tax Act (FUTA) payments increase by \$21 per employee in calendar year 2023 and \$42 per employee in 2024 for loan repayments. It is projected that the balance of the loan would be repaid from the UI Trust Fund in calendar year 2025.



Council of the District of Columbia
Committee of the Whole

Bill 24-275, Fiscal Year 2022 Local Budget Act of 2021
Silverman Amendment

Councilmember	Yes	No	Present	Absent
COUNCILMEMBER ALLEN	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER BONDS	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER CHEH	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER GRAY	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER HENDERSON	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER LEWIS GEORGE	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER McDUFFIE	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
CHAIRMAN MENDELSON	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER NADEAU	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER PINTO	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER SILVERMAN	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER ROBERT WHITE	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
COUNCILMEMBER TRAYON WHITE	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
	3	10	0	0
	Yes	No	Present	Absent

<u>Majority Present/Voting</u> Fail	<u>Two-Thirds Present/Voting</u> Fail	<u>Majority Council</u> Fail	<u>Two-Thirds Council</u> Fail
<ul style="list-style-type: none"> Postpone Date Certain Table/ Take from Table Recommit 	<ul style="list-style-type: none"> Postpone Indefinitely Close Debate Discharge from Committee Veto Override Previous Question 403(b)/231(c) Waiver 	<ul style="list-style-type: none"> Rules Change 	<ul style="list-style-type: none"> Emergency Declaration