

Testimony of Kamolika Das, Policy Analyst
B23-133 – Supporting Essential Workers Unemployment Insurance Amendment Act of 2019
Committee on Labor and Workforce Development
July 15, 2019

Chairperson Silverman and members of the Committee, thank you for the opportunity to provide testimony. My name is Kamolika Das and I am a Policy Analyst at the DC Fiscal Policy Institute. DCFPI is a non-profit organization that promotes budget choices to address DC's economic and racial inequities through independent research and policy recommendations.

DCFPI strongly supports the “Supporting Essential Workers Unemployment Insurance Amendment Act”. While the federal shutdown had catastrophic impacts on approximately 800,000 federal employees throughout the nation, it uniquely impacted the District. Federal workers in DC are disproportionately employed by agencies that faced funding lapses such as Homeland Security, the Department of Justice, the State Department and the Treasury, among others.¹

Since essential workers continued to work full-time, they had to incur the costs of commuting without even the option of finding temporary nongovernment work. The unprecedented length of the shutdown hurt households' ability to pay for childcare, transportation, groceries, medical services and other necessities while missing at least two paychecks. Unsurprisingly, a Metropolitan Washington Council of Governments (MWCOG) study found that the geographic distribution of the lowest-paid federal workers mirrors overall income distribution in the District. In other words, within DC, the largest share of lower-income federal workers who are most vulnerable during shutdowns are in Southeast Washington, a predominately Black area of the city.²

Additionally, the federal shutdown hit communities of color the hardest. Due to private labor market discrimination, the federal government has traditionally been a more reliable sector of work for communities of color, especially the Black community.³ Black workers comprise just 12 percent of the US population, but nearly 20 percent of the federal workforce – the highest share for a community of color.⁴ Furthermore, existing racial income and wealth gaps between whites and communities of color, impact those communities' ability to rely on savings during times of economic downturn.

DC should adopt protections against an even larger shutdown, especially given the current political environment and threats of another shutdown later this year. The benefits of this legislation extend beyond individual families. The DC Chief Financial Officer (CFO) reported nearly \$50 million in revenue loss from the shutdown with severe impacts to restaurants, retail, and parking businesses. Providing unemployment insurance benefits to essential workers would help minimize damage to local businesses and consequently, the District's tax revenue and overall economy.

¹ Mike Maciag, “How the Shutdown Affects Federal Employment in Each State” *Governing*, 4 January 2019,

<https://www.governing.com/topics/mgmt/gov-government-shutdown-federal-employee-effects-by-state.html>

² Ally Schweitzer, “Here's Where Federal Workers Most Vulnerable To The Shutdown Live” WAMU, 14 January 2019, <https://wamu.org/story/19/01/14/heres-where-federal-workers-most-vulnerable-to-the-shutdown-live/>

³ Jamiles Lartey, “Barely above water”: US shutdown hits black federal workers hardest” *The Guardian*, 11 January 2019, <https://www.theguardian.com/us-news/2019/jan/11/governmnet-shutdown-black-federal-workers-trump-border-wall>

⁴ The Associated Press, “Black workers had long history with fed jobs before shutdown”, 26 January 2019, <https://wtop.com/local/2019/01/black-workers-had-long-history-with-fed-jobs-before-shutdown/>

The “Supporting Essential Workers Unemployment Insurance Amendment Act” provides substantial financial relief to families in need and local businesses for negligible costs. Earlier this year, multiple states including California, Colorado, Vermont, New Mexico, Washington State and Louisiana expanded unemployment insurance benefits to essential workers. Maryland established a Federal Government Shutdown Employee Assistance Loan Fund that could be used for no-interest loans to federal employees who are forced to work without pay. The cost of implementation was estimated at just over \$111,000 in FY19, \$195,000 in FY20 and FY21, and \$95,000 annually thereafter to cover administrative costs and collection costs to retrieve funds after employees receive retroactive pay.⁵

The burden of addressing gaps in the federal unemployment insurance system should not fall to state governments. Ideally, federal lawmakers and the Department of Labor would find a solution to protect not just essential workers but federal contractors as well – such as the House of Representatives bill passed on June 25th to provide back pay for federal contractors. But in the meantime, we urge the DC Council to pass this common-sense legislation and provide some level of financial security to government workers in the event of another shutdown.

⁵ Staff of Maryland General Assembly Economic Matters Committee. HB 336 (2019) Fiscal & Policy Note, http://mgaleg.maryland.gov/2019RS/fnotes/bil_0006/hb0336.pdf