



dc paid  
**family leave** 



**Q2 FISCAL YEAR 2019 REPORT**

# DC Paid Family Leave

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## Purpose of the Report

(D.C. Law 21-264; D.C. Official Code §32-541.04), the District of Columbia's Department of Employment Services (DOES) is submitting the enclosed report on behalf of the Executive.

The purpose of this report is to provide an update on the status of the Bowser Administration's efforts to implement the Universal Paid Leave Amendment Act of 2016 ("Paid Leave Act"). This document further serves as the quarterly report required by the Paid Leave Act, and will explain in detail the requirements needed in order to develop all software necessary to administer the paid leave system established pursuant to this Act. This quarterly report includes information on program administration, information technology (IT) procurement and development, staffing, marketing and outreach, key program deadlines, research findings and key considerations. The findings in this quarterly report are based on the current Council-passed legislation, and it captures all implementation activities from January 1, 2019, through March 31, 2019.

## Background

The Paid Leave Act became District law in 2017. This law provides paid leave for family members who are bonding with a new child, caring for a family member with a serious health condition, and/or caring for the employee's own serious health condition. To qualify for Paid Family Leave (PFL) benefits, an individual must be a part-time or full-time employee in the District, regardless of their residence, and must meet all of the requirements, monetary and non-monetary, outlined within the law. District government and federal employees are excluded. The Paid Leave Act allows for eight weeks of parental leave, six weeks of family leave, and two weeks of medical leave for every 52 weeks worked. The maximum weekly benefit amount is \$1,000 and is currently funded in the District solely by employer contributions. The current rate is 0.62 percent of wages or the annual self-employment income.

To implement the paid leave program for the District, DOES has established the Office of Paid Family Leave (OPFL). The OPFL will be comprised of the Division of Tax (collection of taxes, premiums, contributions, fees, and revenue functions); Division of Benefits (claim filing, claim processing, and payment of paid leave benefits); Benefit Payment Control (prevention and detection of fraud and overpayments, and recovery of improper payments of benefits); Appeals (fair hearings on protested claims); Medical (physician certifications); Call Center (customer service); and Support (procedures, budget, studies, etc.). Staffing efforts are currently underway to ensure the timely delivery of all key program initiatives.

To appropriately prepare to administer the program, a working group was created prior to the availability of any funding in order to continually move each component of the District's implementation plan forward. The internal working group established by the Administration consists of representatives from, but not limited to, the Office of the City Administrator (OCA), Office of the Deputy Mayor for Greater Economic Opportunity (DMGEO), Department of Employment Services (DOES), Office of Human Rights (OHR), Office of the Chief Technology Officer (OCTO), Office of the Chief Financial Officer (OCFO), Department of General Services (DGS), Department of Human Resources (DCHR), and the Office of Contracting and Procurement (OCP).



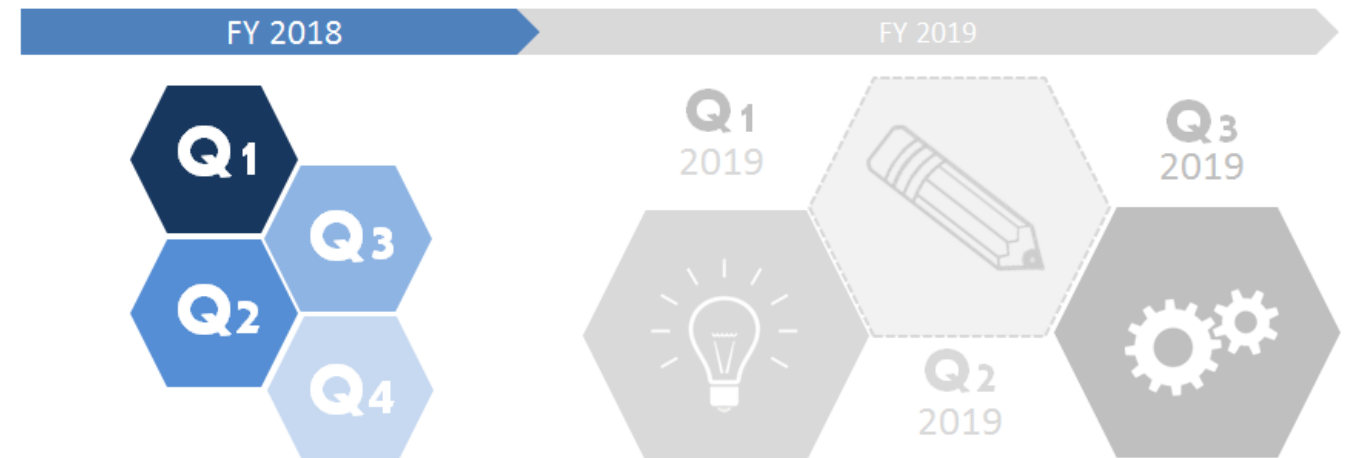


The working group's overarching goal was to create a detailed road map for implementing the Paid Leave Act, with a specific focus on the following areas:

- Administrative implementation of the program; including regulations, tax collection, claims submission, claims review and benefit payment;
- Development of a more detailed budget for implementing the program; including personnel, operational and capital costs;
- Development of a high-level IT plan for the systems necessary to collect the payroll tax and for the administration and payment of PFL benefits;
- Development of a plan for program staffing and the timelines associated with each cohort of hires;
- Determination of spacing needs and developing a spacing plan in accordance to the needs identified; and
- Development of a collective marketing and outreach strategy for the paid leave program.

## Roadmap to PFL Implementation

DOES has worked diligently to implement a world-class paid family leave program, and we have made significant progress in the areas of program administration, IT, staffing, regulations, procurement, and public engagement. The District has made a conscious effort to learn and partner with other organizations and PFL programs to adopt best practices and new approaches for the implementation of the program. Utilizing an agile methodology, OPFL is on track to carry out the first step of the program (collecting employer taxes) in July 2019, and administering PFL benefits to eligible employees in July 2020. DOES has awarded the PFL tax system contract and concurrently began the process for the development of the PFL benefits system. The two interoperable systems will work smoothly and integrate the core values of customer service, ease of usability and performance accuracy. Additionally, the District will continue its execution of the OPFL onboarding and talent management plan and prepare for the first phase of the program's Contact Center. This implementation plan will revolutionize the way we interact with employers and maximize the way the District administers benefits.



### Milestones

- Site Visits: California, Rhode Island, Washington State, New Jersey
- Staffing Phase 1: Essential & Immediate hires
- Notice to Employee and Employer
- Staffing & Onboarding plan
- Tax System: Requirements Building
- Business/Community Engagement
- Launch of PFL page on DOES website
- Website addition: Weekly Benefit Amount Calculator
- Submission of Tax System RFP for review
- CHAMPS Breakfast
- Town Hall : Tax Focused
- Published Tax Rules in DC Register for 30-day public comment period
- Website addition: Community Corner
- Finalization of Logo and Branding
- Release of Tax RFP
- Completion of Tax FAQ's
- Launch of Standalone PFL website
- Internal Review of Benefits Rules and Regulations

### Milestones

- Implementation Plan of Contact Center
- Review of Tax System Design and Integration Plan (Broken up into Sprints)
- Benefits Development Kickoff
- Town Hall Series: Tax
- Development of Tax Marketing Materials
- Development of internal Training Materials
- Attended CLASP Conference (Boston)
- Site Visits: New Jersey
- Advocate and Partnership Meetings
- Review of Benefits System Design and Integration Plan

### Milestones

- Phase Two of Spacing Allocation
- Tax System: Contract Approved and Vendor Selected
- Phase One - Commencement of PFL Contact Center
- Tax Systems :Vendor Onboarding
- Town Hall Series: Tax & Benefits Webinar
- Commencement of Benefits RFP
- Review and Revision of Benefits Rules and Regulations
- Employer Marketing Outreach Plan Finalized

*Projected*

### Milestones

- Submission of Benefit Administration System RFP for review
- Tax System: Testing
- Phase Two Soft Launch of PFL Contact Center
- Town Hall Series: Tax
- Town Hall Series: Benefits
- Tax and Benefit Webinar Series
- Finalization of Benefit RFP for Internal Review
- Benefits Rules and Regulations submitted for final review

# Procurement

## PFL TAX SYSTEM PROCUREMENT

The District solicited vendors for its PFL tax system from August 10, 2018 to September 21, 2018. On August 17, 2018, OCP, DOES, and the Department of Small and Local Business Development (DSLBD) hosted a pre-proposal conference for potential bidders. This conference provided an opportunity for potential bidders to ask questions regarding the PFL tax system solicitation. Formal questions could be submitted in writing until August 22, 2018. On September 28, 2018, the Technical Evaluation Panel (TEP) commenced the evaluation of proposals.

The District remains on track to meet the July 1, 2019, statutory deadline to begin collecting employer contributions. The proposed contract for the PFL tax system was submitted to the D.C. Council on Friday, February 8, 2019, and the ten-day review process began on Monday, February 11, 2019. On Thursday, February 21, 2019, the DC Council approved the contract for Sagitec Solutions to develop and implement the PFL tax system.

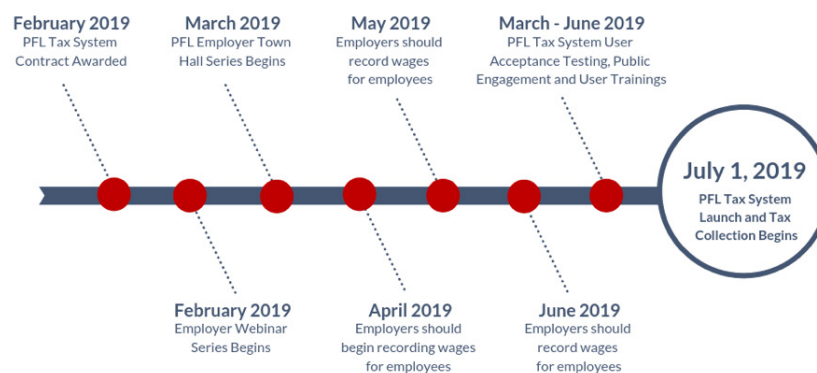
On Tuesday, February 26, 2019, Sagitec Solutions joined the PFL team to commence the design, development, and implementation of the PFL tax system. Sagitec is providing 12 onsite resources to work on a daily basis with the District, as well as additional staff off-site that will be consulted on an as-needed basis. The PFL tax system will be a solution hosted by the District; as such, OCTO has identified resources to support DOES with the infrastructure and hardware needs for the system. Each major function of the PFL tax system will be thoroughly configured and tested through an iterative and agile project delivery schedule. Employers will be engaged throughout the development and user acceptance testing (UAT) phases of the project.

In order to meet the July 1, 2019 statutory deadline, the District and Sagitec will prioritize the following functions of the PFL tax system:

- Employer Registration
- Wage Reports
- General Ledger
- Employer Account Maintenance
- PFL Tax Payments

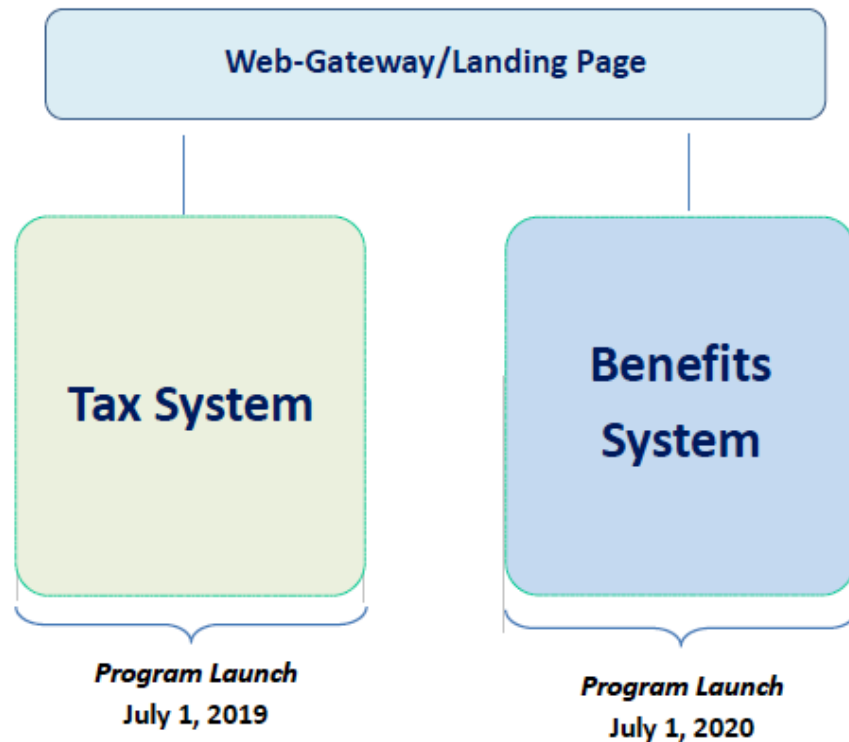
## PFL TAX SYSTEM PROCUREMENT TIMELINE

The following timeline depicts a high-level overview of milestones leading up to the implementation of the PFL tax system.



## PFL BENEFITS SYSTEM PROCUREMENT

After procuring the tax system, the District will acquire a benefits system with seamless interoperability with the tax system. The design below reflects the District's vision to have a single gateway for employers and employees to access the PFL systems through the PFL website at [dcpaidfamilyleave.dc.gov](https://dcpaidfamilyleave.dc.gov) for employers and employees to access the PFL systems.



The District began composing the system requirements for the PFL benefits system in fall 2018. Although the procurement timeline is still in development, the PFL benefits Request for Proposal (RFP) is expected to be released for solicitation in late spring 2019. This system must have all technology and functionality necessary for:

- Claims filing management;
- Adjudication of medical, family, and parental leave claims;
- Verification of medical licensures;
- Payment and administration of benefits;
- Repayment recovery;
- Fraud detection; and
- Prevention tools and analytics.

## Rules & Regulations

The final iteration of the tax rules and regulations for employer contributions—which clarified employer registration and responsibilities, opt-in and opt-out procedures for self-employed individuals, wages, and contribution and collection procedures, in addition to minor word and technical changes—were submitted to DC Council for a 45-day period of review on February 28, 2019.

Throughout the rulemaking process, DOES has received approximately 2,300 comments from employers, employees, and the advocate community. Public comments addressed the following policy areas:

### EMPLOYER CONTRIBUTIONS

- Computation of wages
- Collection procedures
- Household employer obligations

### COORDINATION OF BENEFITS

- Employer sponsored benefits
- Concurrent use of paid leave

### COLLECTION PROCEDURES

- Delinquency notices
- Payment periods
- Penalties and interest

### ONLINE PORTAL

- Ease of use
- Non-electronic options
- Two-way communication
- Alternative methods of communication

### PAID-LEAVE BENEFITS

- Identity verification
- Familial relationship documentation
- Employment requirement

### DEFINITIONS

- Wages
- Employment
- Worksites

### SELF-EMPLOYED INDIVIDUALS

- Opt-in and Opt-out process
- Documentation of self-employment
- Late payments and disenrollment

The second iteration of the proposed rules and regulations for PFL benefits—which provides clarity regarding the documentation required for PFL claims, benefit calculations, procedures for continuous and intermittent leave, and specifying the familial relationships covered under the Act—are currently under official review. Following the internal review, the benefits rules and regulations will be published in the *DC Register for a 30 day public comment period*.



## Phased Staffing Plan

In Fiscal Year 2019, the District is expected to hire key program staff for the establishment and administration of OPFL's Contact Center and Division of Tax. The Contact Center will be comprised of a supervisor and contact center representatives responsible for addressing all PFL inquiries over the phone and by email. The Tax Division will include the Tax Chief, supervisors, and tax examiners dedicated to the Status, Collections, Accounting, and Audit and Compliance Units. The District is also in the process of hiring key IT staff to assist with the development and deployment of the PFL tax system in July 2019.

In Fiscal Year 2019, OPFL will also onboard 59 new hires. The District's strategic recruitment efforts are focused on hiring local and national talent by advertising all OPFL positions on LinkedIn, Indeed, Monster, Dice, and the District of Columbia Department of Human Resources' website. By using resume databases and strategic candidate sourcing, the District will build a pipeline of highly-qualified talent. In addition, the District hosted an agency career fair in order to give District residents an equal opportunity for OPFL positions. The District will continue to leverage digital newsletters, the DOES website and social media accounts, the PFL website, and community partnerships to ensure interested candidates have multiple ways of accessing OPFL hiring opportunities.

By July 1, 2020, OPFL will be comprised of 124 full-time employees (FTEs) who will ensure the District remains in compliance with the appropriate laws, titles, regulations, directives, and requirements pertaining to the administration of an effective PFL program.

## National Conferences & Trainings

In the second quarter of FY19, OPFL staff participated in an agency-wide Customer Service training designed to equip DOES employees with the confidence of providing the best service to District residents and internal customers. The Creating World Class Customer Service training program outlined the skills involved in establishing a genuine customer focus, determining customer expectations, communicating with customers, dealing with challenging customers, and evaluating customer service. As a new program, the District is prioritizing the advancement of OPFL staff in order to better prepare them for the first major milestone of the program in July.

## Public Engagement

The Paid Leave Act requires public education and awareness campaigns and the Administration believes it is very important to have comprehensive and timely campaigns in both areas. As the program approaches the beginning of PFL tax collection, engaging District employers is a top priority. Ensuring that employers are knowledgeable of their responsibilities and requirements under the law is essential to effectively implementing this new program. To this end, the District is executing a wide-reaching plan for marketing and public education intended to target the employer, employee, and medical communities.

## PAID LEAVE WEBSITE

DOES continues to add additional information to [dcpaidfamilyleave.dc.gov](https://dcpaidfamilyleave.dc.gov), the District's PFL website for District residents, businesses, and advocates. The website now includes information about the recently released proposed final contribution regulations, newly added upcoming events, and updated PFL resources. This website still remains the best way for workers, businesses, and organizations that represent and support local communities with PFL contacts and information to educate every Washingtonian about their PFL rights and responsibilities. In the future, it will also be the home of the online portals for PFL employers and beneficiaries.

### EMPLOYER WEBINARS

Over the next few months, the District will host a series of employer webinars that will focus on the Paid Family Leave tax regulations, employer requirements, and other information District employers will need to know to ensure their eligible employees are properly covered. Nearly 1,000 employers participated in the program's first employer webinar, which was held on February 27, 2019.

### TOWN HALL FORUMS

On April 23, the District will host its third town hall forum which will focus on employer responsibilities, tax regulations, and additional information employers will need to begin paying the PFL tax on July 1, 2019. The town hall will provide the program with the opportunity to receive meaningful feedback from stakeholders, which will include a diverse group of business owners, self-employed individuals, human resources representatives, accounting and payroll specialists, representatives from industry associations, and advocates. Attendees will receive information about employer registration using the PFL portal, reporting wages, notification requirements and record-keeping, and other topics related to implementation.

### ADVERTISING CAMPAIGN

Paid advertising is an effective way to educate the public about the District's PFL program and drive traffic to its website. Prior to the start of PFL tax collection efforts, the District will launch a paid advertising campaign targeted to District employers. This campaign will use local and industry publications, social media, radio, and other traditional and innovative advertising methods to creatively and strategically connect employers with information that they will need to comply with the law and program requirements.

### COMMUNITY PARTNERS AND ORGANIZATIONS

The District held its fourth quarterly meeting with the DC Paid Family Leave Coalition to discuss proposed PFL regulations, expanding outreach efforts through identifying and partnering with new community organizations, and strategies to increase engagement and collaboration with the business community. This meeting also included a discussion about the development of the Paid Family Leave Tax System, user-testing, and ways that stakeholders might be engaged throughout the development process. The meeting was attended by representatives from the following organizations: Jews United for Justice, DC Fiscal Policy Institute, Center for Law and Social Policy (CLASP), Labor Project for Working Families/Family Values at Work, First Shift Justice Project, and the National Partnership for Women and Families. Additionally, on Wednesday, March 13, 2019, OPFL met with the Consortium of Universities of the Washington Metropolitan Area to discuss general regulatory guidance related to employer responsibilities. The meeting was attended by representatives from the following universities: American University, Catholic University of America, Gallaudet University, George Washington University, and Trinity University.

### ADVISORY COMMITTEE

The District values feedback and seeks to engage stakeholders through the formation of the Paid Family Leave Advisory Committee (PFLAC). The PFLAC will be an informal advisory committee used to solicit input and feedback regarding department rule making, policies, program administration, utilization of benefits, and study issues the PFLAC determines to require its consideration. The Office of Paid Family Leave is finalizing the PFLAC structure and will share information with the public about the application process in the near future.

## Research & Policy Considerations

In Quarter 2 Fiscal Year 2019, the OPFL policy team researched key components of existing PFL programs in other states to inform the creation of an equitable and efficient benefits system for the District. For example, the structure of other states' intermittent leave policies could serve as a model for DOES' policies, and the documentation required by other states to process a claim could serve as a model for the District. OPFL is working to create documents and forms for benefits claims that will be in compliance with other District laws and will capture the necessary information to process claims and to allow for proper statistical management of claim trends. In order to create such forms, the team is analyzing the PFL documents and forms used in other states and is conducting reviews of documents associated with other District programs.

The team also continued to analyze existing District laws providing employment protections for taking leave in order to better understand how workers will navigate between these laws once benefits begin to be paid in July 2020. These laws include the District of Columbia Family and Medical Leave Act (DCFMLA) and the District of Columbia Accrued Sick and Safe Leave Act (ASSLA). OPFL worked with other divisions within DOES to investigate the comprehensiveness of PFL coverage of workers in the District based on comparisons with existing laws with similar definitions of employment. The goal is to identify under what circumstances workers may or may not be covered by both PFL and other laws such as minimum wage and Unemployment Insurance. While there is substantial overlap between these protections, some exceptional types of employment may be covered by one law and not another.

## Conclusion

The District is collaborating with employers, workers and other stakeholders to ensure that all communities are a meaningful part of the implementation process. With tax collection efforts beginning July 1, 2019, the Office of Paid Family Leave (OPFL) is focused on creating a user-friendly tax system for employers, developing regulations, and engaging business owners, human resources representatives, workers, medical providers, and advocates to create a world-class PFL program.



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DEPARTMENT OF EMPLOYMENT SERVICES

4058 Minnesota Avenue, NE

Washington, DC 20019

[does.dc.gov](https://does.dc.gov)

 GOVERNMENT OF THE  
DISTRICT OF COLUMBIA  
MURIEL BOWSER, MAYOR

  
DEPARTMENT OF EMPLOYMENT SERVICES