



Q4 FISCAL YEAR 2019 REPORT

DC Paid Family Leave

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Purpose of the Report

The Department of Employment Services (DOES) is submitting the DC Paid Family Leave Q4 Fiscal Year 2019 report on behalf of the Executive pursuant to section 104 of the Universal Paid Leave Amendment Act of 2016 (D.C. Law 21-264; D.C. Official Code § 32-541.04).

This report provides an update on the status of the Bowser Administration's progress in implementing the Universal Paid Leave Amendment Act of 2016 ("Paid Leave Act" or "Act"). It further serves as the quarterly report required by the Paid Leave Act and explains in detail the requirements needed to develop all software necessary to administer the paid leave system established pursuant to the Act. This report also includes information on program administration, information technology (IT) procurement and development, staffing, marketing and outreach, critical program deadlines, research findings, and key considerations. The findings in this report capture all implementation activities from July 1, 2019 through September 30, 2019.

Background

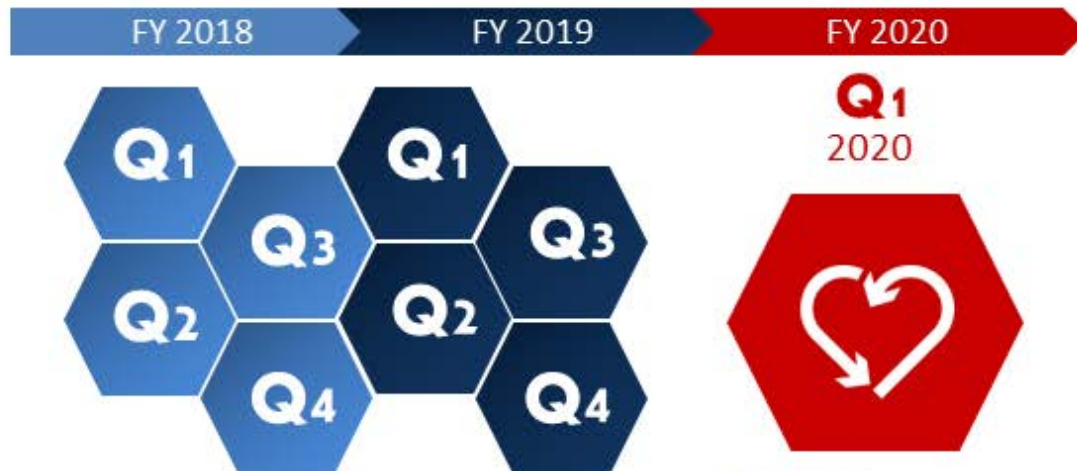
The Paid Leave Act, which became District law in 2017, provides paid leave for employees who are bonding with a new child, providing care or companionship for a family member with a serious health condition, and/or caring for the employee's own serious health condition. To qualify for these paid family 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 established by the Paid Leave Act. District government and federal employees are excluded from coverage under the Act. 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. The maximum weekly benefit amount is currently \$1,000 and is funded solely by a tax on employers. The current tax rate is 0.62 percent of the wages of each of the employer's covered employees or the annual self-employment income of a self-employed individual.

DOES has established the Office of Paid Family Leave (OPFL) to implement the District's PFL program. OPFL is 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, as well as recovery of improper payments of benefits); Appeals (representing OPFL at hearings on protested claims before the Office of Administrative Hearings); Medical (physician certifications); Contact Center (customer service); and Support (procedures, budget, studies, etc.). Staffing efforts are currently underway to ensure the timely delivery of all key program initiatives.

DOES established an internal working group to move each component of the District's implementation plan forward and to appropriately prepare to administer the program. The internal working group established by the Administration consists of representatives from the Executive Office of the Mayor (EOM), Office of the City Administrator (OCA), Office of the Deputy Mayor for Education (DME), 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), Office of Policy and Legislative Affairs (OPLA), and Office of Contracting and Procurement (OCP).

Roadmap to PFL Implementation

On July 1, 2019, DOES launched the PFL Tax System and officially began collecting employer contributions to the Universal Paid Leave implementation fund, and the District is on its way to the successful administration of benefits by the statutory deadlines. During Phase 2, OPFL will fine-tune the PFL tax system based on user feedback, and begin design and development of the PFL benefits administration system.



Milestones

- Site Visits: California, Rhode Island, Washington State, New Jersey
- Staffing Phase 1: Program & Essential Staffing
- Notice to Employee and Employer
- Tax System: Requirements Building
- PFL Website: Launch and Addition of Community Corner and Weekly Benefit Amount Calculator
- Tax System: RFP and Evaluation of Vendors
- Town Hall Series 1: Tax
- Proposed Tax Rules and Regulations: Public Comment Period
- Finalization of Logo and Branding standards
- Tax System: RFP and Evaluation of Vendors
- Completion of Tax FAQ's and Tax Announcements
- Tax Development Kickoff
- Business/Community Engagement: CHAMPS Breakfast

Milestones

- Tax System: Contract Approved and Vendor Selected
- Benefits Development Kickoff
- Tax Rules and Regulations Approved by Council
- Staffing Phase 2 : Tax Division, Contact Center, and IT Staffing
- Successful Execution of Testing and Training Efforts
- Launch of PFL Tax System and Tax Collection
- Program Development: Visited- New Jersey, Oregon, Boston
- Launch of PFL Contact Center
- Public Advertisement of Benefits System: RFP and Evaluation of Vendors
- Town Hall Series 2: Tax
- Webinars: Tax, Benefit and Self Employed Individuals
- Proposed Benefits Rules and Regulations: Public Comment Period
- Business/Community Engagement: Business Walks (All Wards); Distribution of Tax Marketing Materials; Workers Outreach; Benefit Announcement Development

Projected Milestones

- Benefits System: Contract Approved and Vendor Selected
- Benefits Vendors* Onboarding
- Staffing Phase 3: Benefit Division* Staffing
- Review of Benefits System Design and Integration Plan
- Town Hall Series 3 : Benefits
- Development of Benefits Marketing Materials
- Development of Benefits SOPs & Training Materials
- Advocate and Partnership Meetings
- Proposed Benefits Rules and Regulations: Review and Response to Public Comments

Procurement

PFL TAX SYSTEM PROCUREMENT

On February 21, 2019, the DC Council approved the DOES contract with Sagitec Solutions to develop and implement the PFL tax system. Sagitec has fulfilled the submission of key contract deliverables to the District in accordance with the contract.

On July 1, 2019, employers began utilizing the same Employer Self-Service Portal (ESSP) they currently use to submit wages and pay for Unemployment Insurance (UI) to remit their PFL contributions. As a result of the coordination from DOES, Sagitec, and the Office of the Chief Technology Officer (OCTO), the following functions were deployed for Phase 1 of the PFL tax system implementation:

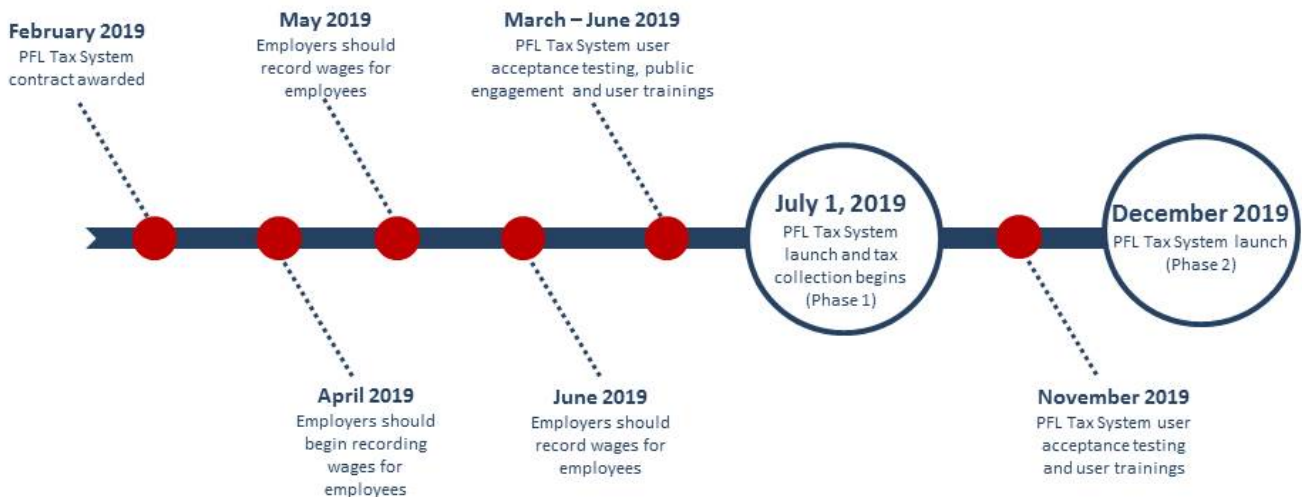
- Employer registration;
- Employer account maintenance;
- Wage reports;
- PFL tax payments (submission of payments via ACH debit and check, establishing delinquency, assessing penalties and interest); and
- General ledger.

Phase 2 of the PFL Tax System will deploy in December 2019 after a User Acceptance Testing (UAT) period in November 2019. Design and development for this phase began on August 1, 2019. Phase 2 will deploy the following remaining functionality:

- Tax refunds;
- Tax compliance (liens, levies, delinquencies);
- PFL field audit; and
- Management reports.

PFL TAX SYSTEM PROCUREMENT TIMELINE

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



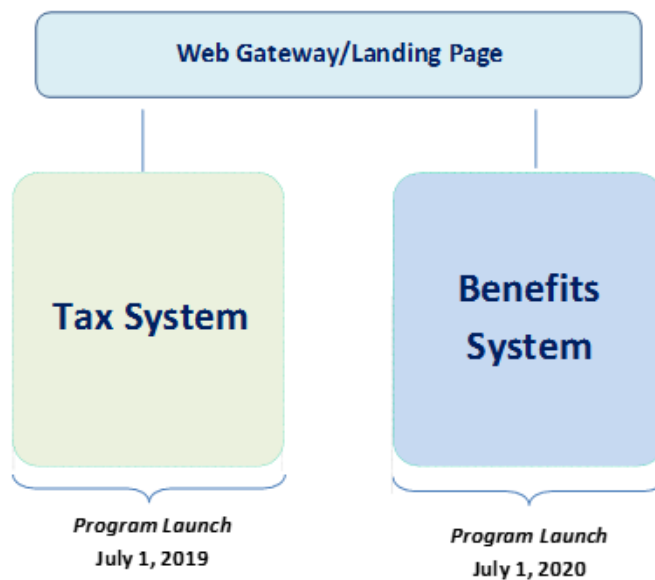
PFL BENEFITS ADMINISTRATION SYSTEM PROCUREMENT

On May 20, 2019, the District released the PFL Benefits Administration System (PFLBAS) solicitation, Doc442285, which closed on June 20, 2019. On May 30, 2019, DOES, in conjunction with OCP and the Department of Small and Local Business Development (DSLBD), hosted a pre-proposal meeting to provide the opportunity for potential bidders to ask questions regarding the solicitation. The District anticipates awarding a contract for the PFL-BAS before the end of Q1 of Fiscal Year 2020.

The District is seeking a solution that will seamlessly interoperate with the PFL tax system and include the following key functional areas:

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

The diagram below reflects the District’s vision to have a single gateway for employers and employees to access both PFL systems through the PFL website at dcpaidfamilyleave.dc.gov.



PFL BENEFITS AND ADMINISTRATION SYSTEM PROCREMENT TIMELINE

The following timeline provides a high-level overview of milestones leading up to the implementation of the PFLBAS.



INDEPENDENT VERIFICATION AND VALIDATION

The District solicited vendors from May 1, 2019, through May 9, 2019, to provide independent verification and validation (IV&V) services for the PFL tax system. The IV&V services ensured the District’s implementation of the PFL tax system met the necessary functions and requirements to set-up, run, administer, and manage a PFL program compliant with the Paid Leave Act. On May 21, 2019, the PFL IV&V contract was awarded to Eigennet, LLC, a certified business enterprise. Eigennet, LLC began reviewing project and system documentation and mitigation approaches alongside Sagitec Solutions during the week of June 3, 2019, and has been an active participant in the PFL tax system testing and design sessions. No major risks to the PFL tax system have been identified by Eigennet.

ORGANIZATIONAL CHANGE MANAGEMENT

The District solicited vendors from May 31, 2019, to June 7, 2019, to provide Organizational Change Management (OCM) services for OPFL. By conducting internal stakeholder interviews, analyzing PFL program documentation, and understanding areas of opportunity, OCM services will provide a strategic direction for the future state of OPFL once the PFL program transitions from project to program administration. On July 24, 2019, the PFL OCM contract was awarded to The Georgetown Firm and an orientation meeting for the project was held on August 7, 2019. The Georgetown Firm has been actively engaged with OPFL by performing stakeholder interviews, reviewing documentation and procedures, and recently hosted a productive visioning meeting for OPFL to create a new and improved vision statement.

Public Engagement

DOES continued execution of its public education campaign to inform employers, employees, and medical communities, as described in more detail below. The Paid Leave Act requires public education and awareness campaigns and the District is embracing comprehensive strategies in both areas.

EMPLOYER INFORMATION SESSIONS

DOES continued to hold numerous information sessions with the employer community during Q4. Through these events, DOES provided the business community the opportunity to review information regarding the PFL program and provide direct feedback. These events engaged a number of business groups, including the DC Chamber of Commerce, DC Bar Pro Bono Center, DC Health Care Association, DC BID Council, Consortium of Universities of the Washington Metropolitan Area, Restaurant Association Metropolitan Washington, Greater Washington Hispanic Chamber of Commerce, Alliance for Construction Excellence, District of Columbia Hospital Association, Capitol Hill Association of Merchants and Professionals, and the Association of Independent Schools of Greater Washington. Additionally, payroll service providers and other industry-specific third-party agents, such as ADP, Paychex, Paylocity, Accountants World, Intuit, and The Nanny Tax Company, have been a part of OPFL's substantial outreach efforts.

TOWN HALL FORUMS

The District held its fourth town hall forum at George Washington University on July 29, 2019, to inform the public of the current status of the implementation timeline, share information about the PFL tax regulations, and other information necessary for employers to meet the PFL tax payment requirements that started on July 1, 2019. At this event, a diverse audience of over 300 business owners, human resources representatives, accounting and payroll specialists, students, educators, and Council staff provided meaningful feedback. As a result of this feedback, OPFL reinvigorated our focus on providing plain language guidance. Attendees also received information about employer registration using the PFL portal, reporting wages, notification and record-keeping requirements, and other topics related to implementation.

BUSINESS WALKS

DOES organized business walks to engage small businesses that may be less connected to DC government, or less likely to be aware of updates on regulations affecting their businesses. During the business walks, OPFL staff disseminated important employer information, including fact sheets, toolkits, and promotional items. OPFL staff also assisted employers in registering for email notifications and directed them to the OPFL website for additional information. The goal of this outreach was to inform employers about the PFL tax, to build trust, and to create an open channel of communication between businesses and OPFL. To leverage existing business-government relationships, OPFL collaborated with business improvement districts to conduct 25 walks in all eight wards visiting over 1,400 local businesses.

OUTREACH TO SELF-EMPLOYED INDIVIDUALS

Self-employed individuals represent an important subset of the target audience for the public engagement campaign. Their relationship with the PFL program is different than those of traditional businesses and their workers. Self-employed individuals must elect to participate in the PFL program during an open enrollment period and are only required to pay the tax if they choose to enroll. To effectively reach self-employed individuals, OPFL concentrated on email and in-person outreach efforts. OPFL partnered with DSLBD, the Freelancers Union, WeWork, Hera Hub, The Yard: Coworking at Eastern Market, Make Offices, and other organizations to post and distribute information to self-employed individuals.

PAID LEAVE WEBSITE

The PFL website, www.dcpaidfamilyleave.dc.gov, continues to be the main resource for workers, businesses, advocates, and organizations to learn about their PFL rights and responsibilities. The website includes information about the final PFL tax regulations, upcoming events, and updated PFL resources (e.g., FAQs, toolkits, etc.). The PFL resources are available in the seven commonly spoken languages in the District: English, Spanish, Amharic, Chinese, French, Korean, and Vietnamese.

In addition to serving as an information hub for stakeholders, the website is driving direct engagement with the public. The website utilizes pop-up windows asking visitors to sign up for the PFL newsletter, encourages survey and quiz participation from visitors, and promotes the opportunity for businesses to request information sessions from the OPFL. These approaches not only increase OPFL's contact list and broaden the reach of information-sharing, but they also allow employers, workers, and other individuals to fully engage with all resources and information that the site has to offer. In the future, the website will provide direct access to the online paid-leave portals for employers and beneficiaries.

EMPLOYER WEBINAR SERIES

In Fiscal Year 2019, OPFL hosted a series of 25 live employer webinars that focused on the tax regulations, employer requirements, technical information, and questions from employers. The weekly webinar series engaged more than 5,000 employers. The webinars are recorded and posted to the DOES website, allowing individuals to access the information on their own time.

PAID FAMILY LEAVE NEWSLETTER

To increase the digital footprint of the PFL program and disseminate information to a broad audience, OPFL established a weekly electronic newsletter. The newsletter provides updates for all target audiences, such as a list of upcoming events and links to key resources. Leveraging the UI ESSP and the Department of Consumer and Regulatory Affairs (DCRA) contact lists, the District emailed the newsletter to over 41,000 businesses. As the needs of audiences diverge in the coming months, OPFL will explore the option of adding separate newsletters for employers, workers, and self-employed individuals.

QUARTERLY STAKEHOLDER MEETINGS

The District values feedback from the public and will continue to engage stakeholders through quarterly meetings with employers, advocates, medical providers, and workers. These meetings are used to solicit input and feedback regarding PFL issues, including rulemakings, policies, program administration, and utilization of benefits.

Tax Collection

To date, OPFL's Tax Division has collected approximately 96% of all taxes assessed on \$11.5 billion in payroll wages reported in the District of Columbia, which equals to \$68.5 million deposited into the implementation trust fund.

For the small number of employers that did not submit the payments in full, OPFL sent a late notice on August 20, 2019, notifying them that they have 30 days to remit payment with interest and penalties. After 30 days, if OPFL did not receive payment in full, delinquency notices were sent by September 20, 2019. Employers are given the option to enter into an installment payment plan during this period. If employers do not respond to the Notice of Late Payment by entering into an installment payment plan or by paying in full the amounts owed, the Collections Unit from the Tax Division will consider all methods authorized by the Act to collect the delinquent amounts.

Rules & Regulations

The rules and regulations were bifurcated into two separate chapters between employer contributions and paid leave benefits to thoroughly consider all public comments and perform the proper policy research for each component. The final version of the rules 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—were approved by the Council on May 16, 2019 and published in the D.C. Register on June 21, 2019.

Throughout the rulemaking process, DOES received approximately 2,300 comments from employers, employees, and the advocacy 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 version of the proposed rules for PFL benefits—which provide clarity regarding the documentation required for PFL claims, benefit calculations, procedures for continuous and intermittent leave, and the familial relationships covered under the Act—were published in the D.C. Register on August 9, 2019 for a 30-day public comment period. The comment period closed on September 9, 2019. OPFL is currently reviewing comments submitted about the proposed benefits rules.

Phased Staffing Plan

In Fiscal Year 2019, the District hired key program staff for the establishment and administration of OPFL's Contact Center and Division of Tax. The Contact Center is comprised of a supervisor and contact center representatives who are responsible for addressing all PFL inquiries over the phone and via email. The Tax Division includes a tax chief, supervisors, and tax examiners dedicated to status, collections, accounting, and audit and compliance units. The District also hired key IT staff to assist with the development and deployment of the PFL tax system. We are currently in preparation for staffing the Benefits Division.

OPFL currently has 58 employees. In Q4, we successfully onboarded staff that includes a Contact Center Supervisor, a Supervisory Tax Examiner, a Program Manager, and eleven Tax Examiners. The District's strategic recruitment efforts are focused on hiring local and national talent by advertising OPFL positions on LinkedIn, Indeed, Monster, Dice, and the District Department of Human Resources website. The District leveraged digital newsletters, the main DOES website, social media accounts, the PFL website, and community partnerships to ensure interested candidates have multiple ways of accessing OPFL hiring opportunities. By using résumé databases and strategic candidate sourcing, the District's goal is to build a pipeline of highly qualified employees with various skill sets and experiences to contribute to the administration of PFL. In addition, OPFL has partnered with other agencies and participated in local job fairs to give District residents an enhanced opportunity for OPFL positions.

By full implementation, OPFL should be comprised of 124 full-time employees (FTEs) who will ensure that the District efficiently and effectively administers the PFL program.

Research and Policy Considerations

OPFL has been analyzing fellow states' programs to understand promising practices and avoid pitfalls other states have experienced as the agency implements the tax and benefits systems for the District's PFL program. This analysis concerns both the technical specifications of other states' implementation processes as well as their program characteristics. Legal research and direct communication with officials in other states and District agencies, contributed to OPFL's research findings. For example, OPFL investigated the taxable status of the PFL benefits provided by other states, both for federal and local tax purposes. An important component of a compliant benefits system is ensuring the system has the capability to communicate to beneficiaries their tax obligations resulting from benefit receipt. OPFL has also identified differences in the forms of compensation subject to employers' PFL contributory taxes in the District and in other states. While the District's PFL program definition of wages is exactly the same as the District's Unemployment Compensation program, the definitions of wages in UI and PFL programs differ in other states, which can lead to additional compliance burdens for employers in those states. These kinds of cross-state analyses helped OPFL to efficiently implement compliant systems by learning from processes in other states.

Conclusion

The District's implementation strategy has concentrated on researching and developing effective approaches. The District has launched a user-friendly tax collection system and is currently developing a portal for workers to submit claims. DOES has taken a multi-faceted approach to public engagement, education, and outreach by providing in-person events, online webinars, direct mail communications, social media advertising, website updates, and one-on-one meetings with community partners. The agency will continue these efforts as the PFL program continues to be rolled out. The progress made to date in program administration, information technology, staffing, and outreach, will influence the work required for the successful implementation of the District's PFL program.

dc paid family leave



YEAR 2 BY THE NUMBERS



2,000
In Person
Events



138,237
Engagements
with
Stakeholders



5,000+
Webinar
Attendees

Social Media
Impressions

65,000+



42,893
Weekly
E-Newsletters sent

Mailers



34,000



8 Business Walks
Outreach to
1,400+
businesses in
all 8 wards

90 
OPFL FTEs
*Expected hires by end of FY19



4 Townhalls
820 Participants
attended

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dc paid
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 **GOVERNMENT OF THE
DISTRICT OF COLUMBIA**
DC MURIEL BOWSER, MAYOR


DEPARTMENT OF EMPLOYMENT SERVICES