



**UNIVERSAL PAID
FAMILY LEAVE**
PRELIMINARY REPORT

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PURPOSE OF THE REPORT

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), the District of Columbia, Department of Employment Services, is submitting the enclosed report on behalf of the Executive.

The purpose of this report is to provide a preliminary update on the work completed to date and currently underway by the Administration to implement the Universal Paid Leave Amendment Act of 2016 (“Paid Leave Act”). This document further serves as the quarterly report required by section 104 of 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 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 October 1, 2017, through December 30, 2017. If there are any amendments to the current Council-passed legislation, the activities in the next quarterly report will may change. Additionally, time lines presented in this report are based on the Council-passed legislation, and may change if there are amendments to the law.

BACKGROUND

On February 17, 2017, the District enacted the Paid Leave Act. The Paid Leave Act provides the following reasons for Paid Family Leave (PFL) within the District; bonding with a new child, caring for a family member with a serious health condition, and caring for the employee’s own serious health condition. To qualify for PFL benefits, an individual must be a part-time or full-time employee in the District, regardless of their residence, and meet all of the requirements, monetary and non-monetary, outlined within the law. District government and federal employees are excluded. The duration of benefits provided by the Paid Leave Act allows for 8 weeks of parental leave, 6 weeks of family leave, and 2 weeks of medical leave for every 52 weeks worked. The weekly maximum 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, the Department of Employment Services (DOES) will establish the Office of Paid Family Leave (OPFL). The OPFL is comprised of the Division of Tax (collection of taxes, premiums, contributions, and fees; and revenue functions); Division of Benefits (claim filing, claim processing, 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 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 overarching goal of the working group is 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;
- Developing a more detailed budget for implementing the program, including personnel, operational and capital costs;

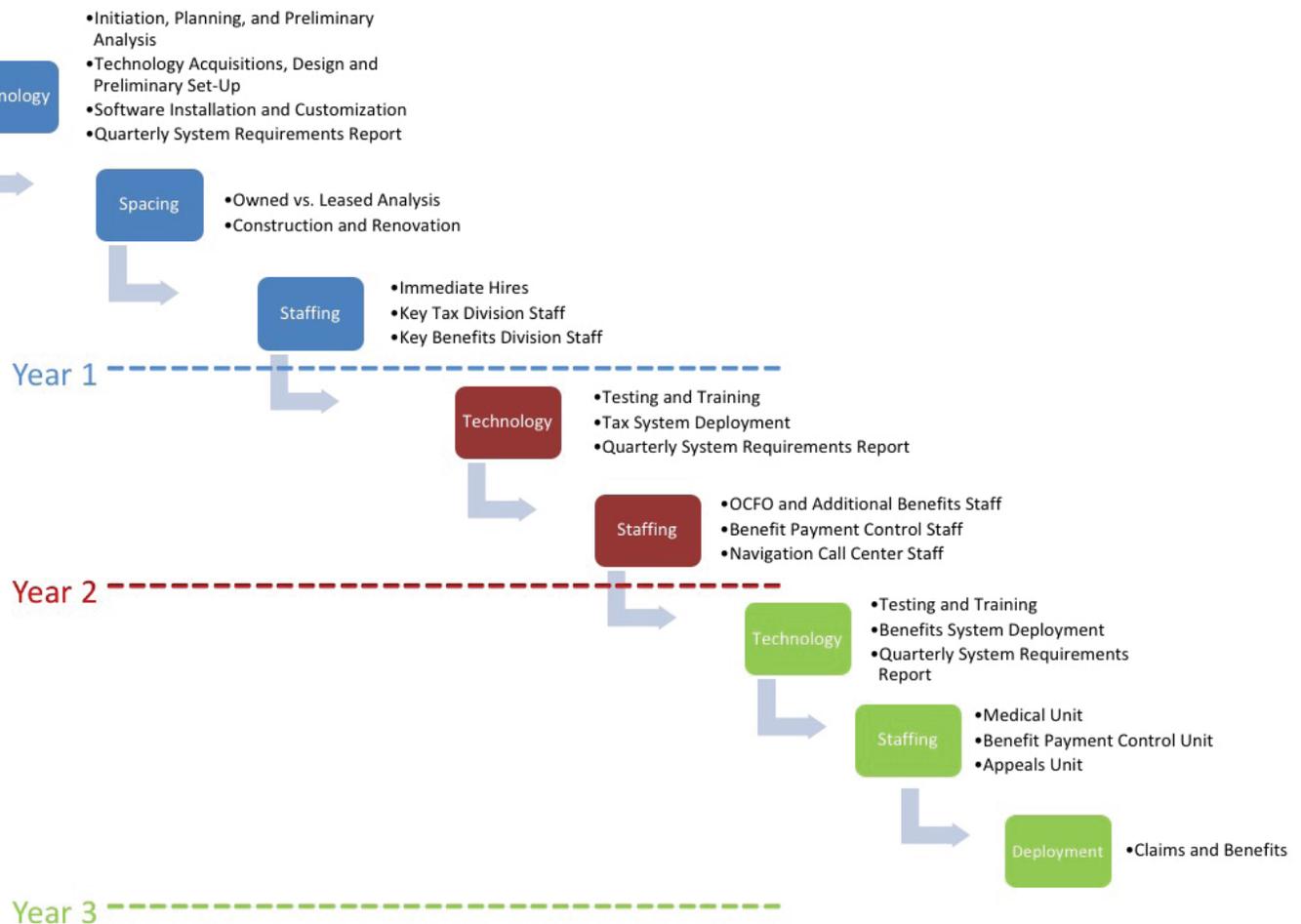
- Developing a high-level information technology plan for the systems necessary to collect the payroll tax and for the administration and payment of paid family leave benefits;
- Developing a plan for program staffing and the timelines associated with each cohort of hires;
- Determining spacing needs and developing a spacing plan in accordance to the needs identified; and,
- Developing a collective marketing and outreach strategy for the paid leave program.

In addition to the Administration’s internal working group, the District also created a sub-group that is exclusive to DOES. Comprised of a small team of subject matter experts in various fields, DOES’ group serves to support the inner workings of the Administration’s vision for the management and proper administration of PFL benefits in accordance with the Paid Leave Act.

ROAD MAP TO PFL IMPLEMENTATION

The working group has identified three key phases for establishing the PFL program in the District of Columbia. These phases are centered on years one, two, and three with each phase covering the primary components of program implementation for a given year. The technology, staffing, and programmatic developments are outlined below. Each of these phases also contains a critical component of marketing and outreach to educate the employer, employee, and medical communities to prevent fraud, maintain compliance, and ensure that all eligible workers in the District are knowledgeable of and may receive paid leave benefits.

OPFL Road Map



Summary of Projected Number of Claims

The Paid Leave Act has two overarching requirements: collecting taxes and paying benefits, with the latter being required approximately twelve months after the first. Each of these two requirements includes building software solutions which must speak to each other. The District has researched states with existing PFL programs and comparative population size, such as Rhode Island. Based on the projected population of claimants to be served, the District anticipates approximately 48,000 PFL claims annually in the District of Columbia, which is a similar claim volume to the state of Rhode Island. It is important to note that, the Rhode Island Temporary Disability Insurance/ Temporary Caregiver Insurance (TDI/TCI) program does not have a tax unit, as all of the program’s tax information is processed independently through the Rhode Island Department of Labor and Training, Division of Taxation.

System Requirements

The requirements below are summary technical components that represent the detailed system requirements for the acquisition and development of the complete complex functional tax and benefits systems for the OPFL. The requirements are based on the current Council-passed legislation. If there are any amendments to the current Council-passed legislation, the system requirements may change and delay system development and deployment. The technology project work plan reflects implementation requirements with a scope that encompasses the following:

Abbreviated System Technical Requirements

Functional / Technical Capability	Description	Phase & Notes		
		Tax	Benefits	Ref. & Notes
Portal Functionality				
Enterprise Portal	Portal providing all functionality for all business processes for a model tax and benefit end to end workflow for support staff, businesses, auditing, appeals and the public.	X	X	A requirement exists for each system function
Enterprise Portal	Logic and seamless function access to all interrelated functionality.	X	X	Related to the Integration Table
Enterprise Portal	Core Functions to execute all functions to support all aspects of Universal Paid Leave Amendment Act of 2016.	X	X	
Portal Integration	Integration of Benefits and Tax systems to optimize the workflow and allow for required visibility of taxes collected to facilitate the payment of benefits.	X	X	
Business Rules				
Enterprise Rules Engine	An engine that can be modified through clear and easy language that determines preliminary and final eligibility for a range of benefits, using consistent rules. The rules engine must be able to be used with any system function to drive intelligent workflow routing.	X	X	

Functional / Technical Capability	Description	Phase & Notes		
		Tax	Benefits	Ref. & Notes
Customer and Business Support	The system must be capable of managing functionality impacted by residents and businesses operating across and moving between jurisdictional lines of Maryland, Virginia, the District, and other States. This includes resultant business process impacts from the transient local population for Benefit Functions, Tax Functions and Payment Functions.	X	X	
Payments Management	Accurate and rapid payments of benefits and integration with financial institutions. All required controls, logging, and data collection.	X	X	
Business Workflow	System drives the business workflow to identify system user point in the process, requires completion of one function prior to continuing to the next, provides help assistance, and presents the next function upon completion of each function.	X	X	
Out of the Box Workflow and Business Rules	System functions should comprise a comprehensive workflow designed to be one hundred percent compliant with the laws of the District of Columbia and in particular the Universal Paid Family Leave Act of 2016.	X	X	
Customer Relationship Management CRM	Platform and Environment features to manage the customer end to end and businesses end to end. System must identify all contact points including contact center and work with the other functions including the business workflow to identify the next and suggested relationship points. The system must also have built in rules for escalation and work with the business rules engine.	X	X	

Functional / Technical Capability	Description	Phase & Notes		
		Tax	Benefits	Ref. & Notes
Messaging & Communications	The system must provide the ability to allow for customizable messaging through online, email, letters and chat. Supported by all IOT devices including smart phones, printers, laptops, smart TVs and electronic pads.	X	X	
Customer Notifications	Required to generate all notifications required by law and necessary for end to end status updates to the customers including e-mails, text messaging, letters and calls.	X	X	
Business Monitoring	Automated Business function monitoring to identify proactively potential problems and direct the correction prior to impact on a customer or business.	X	X	
Document Management	A comprehensive sub-system to manage document scanning, storage, tagging, retrieval, verification, and transfer to authorized location. Support is required for ingress of documents from the IOT.	X	X	
Legal Reporting	The system must have the capability to generate all legal reports and to be customizable easily to be updated in-house as legal requirements change.	X	X	
Business Analytics	Business Intelligence Analytics and Predictive Analytics to identify trends and predictively allow for management of funds, revenue, benefits utilization, medical areas, population shifts, fraud and other required knowledge for operations.	X	X	
Predictive Analytics	Strong tool to identify benefit expenditure patterns, payments and effectiveness.	X	X	

Functional / Technical Capability	Description	Phase & Notes		
		Tax	Benefits	Ref. & Notes
Request Benefits	The system must have all functionality required for an individual to request paid leave following the occurrence of certain qualifying events.	X	X	
Request Benefits	The system must have all the functionality to identify the occurrence of qualifying events and to receive employer, other, medical and any data necessary to make an electronic determination and to be able to review that determination, override and correct the determination.	X	X	
Benefits Time Tracking and Monitoring	The system must allow for the monitoring of the paid parental, family, and medical leave including the starting, stopping, qualification, mixed benefits and coordination of benefits. The system must also allow for the denial of benefits when they conflict with other services. The system must be able to ingest information from IRS and employers to determine benefits to create a system that is adaptable to any circumstance for determinations.	X	X	
Benefits Eligibility	The system must be able to manage benefit eligibility including identifying qualified recipients, qualifying events and management of waiting periods.	X	X	
Covered Employees	All functionality required for Covered Employees to access and to provide services to be compliant with the law must be provided through Portal Access and integrated to provide a seamless efficient Paid Family Leave Program.	X	X	

Functional / Technical Capability	Description	Phase & Notes		
		Tax	Benefits	Ref. & Notes
Self-Employment	The system must provide functionality to allow for payment and receipt of benefits for individuals who have been covered through opting to the paid leave program through self-employment and who spent more than 50% of their work time in the District.	X	X	X
Covered Employees and Covered Employers	Seamless integration of functionality to identify, manage, apply, verify, audit all functions required Covered Employees and Covered Employers to operate a state of the art secure Benefit and Tax Program. Including all geographical functions needed to identify that participants spent more than 50% of their working time in the District, to include all documents, certifications needed for verification.	X	X	X
Covered Employers	Functionality for individuals, partnerships, general Contractors, subcontractors, associations , corporations, business trusts, groups of persons who employ or exercise central control of employees to receive, manage, track, update, return overages, dispute and control payments. Linkage to their covered employees. Full and complete management of contributions and reporting. Linkages to required ledgers and other financial systems including banking systems.	X	X	
Receivables, Payments and Funds Transfers	The ability for the system to post payments, receive payments, make payments, transfers to financial institutions, monitor and secure all payment related functions.	X	X	
Financial Management and Administration Functions	Provide all financial controls and functions to adequately monitor and manage all financial transactions with and provide ongoing financial monitoring with alerting.	X	X	

Functional / Technical Capability	Description	Phase & Notes		
		Tax	Benefits	Ref. & Notes
Law Monitoring	The ability to collect information concerning retaliation, non-compliance and penalties.			
Case Management and Appeals	The system must have all functions required to manage appeals cases and appeals determinations. The system must be able to chronologically manage and track days.	X	X	
Usability				
Usability	Portal functions that are intuitive and easy to use for the public, support and management.	X	X	
Help	Built in videos, tutorials and online help facilities with the ability to customize to meet the specific requirements of the District.	X	X	
Accessibility				
Accessibility	Access for District staff by roles.	X	X	
Accessibility	Access for public by function.	X	X	
Accessibility	Functional access for benefit applications and employers.	X	X	
Accessibility	Ability to set accessibility down to the data level for all functions.	X	X	
Language				
Language	Multi-language support required for full translation into languages specified in the language table.	X	X	Req Language Table
Architecture				
Architecture Hosting	Provide hosting in the District of Columbia Data Center for the Tax and Benefit System complete with all security requirements including Fire Walls, Active Security Software, Operating Software, Functional Software, Incident and Event Monitoring Software to provide system availability SLA requirements and sub second response time. Access must be provided 24 hours a day and 24 X 7 system availability.	X	X	

Functional / Technical Capability	Description	Phase & Notes		
		Tax	Benefits	Ref. & Notes
Integrations and Interoperability	The system must have API's to allow for the easy integration to other systems and allow for the exchange of data and data streams with other systems real time and by batch. Data must be able to be integrated ingest and egress.	X	X	
Campaigns	The architecture must be capable of executing campaigns, to influence social mechanisms including popular social media including Facebook, twitter and others.			
Architecture	Service oriented architecture model.	X	X	
Contact Center	On premise and virtual call center platform to integrate all incoming calls, information, workflow, faxes, and other electronic communications including e-mail, online chat, return call and social media contact.			
Master Data Management	Infrastructure to support and manage Master Data Management including but not limited to ICD10, expected medical leave times, individual data, investigation data, error resolution and fraud data.	X	X	
System Environments	Environments include support for a development environment, training environment, User Acceptance Testing, Contact Center Support including IVR, Reporting and Database Integration, Production Usage, Back Up and Recovery, Disaster Recovery, Maintenance and Integrations.	X	X	
Data Lakes	Data Lakes to allow for integrated reporting and expansion of information on an integrated Data Platform.	X	X	
Response Time	Sub second response time for all online functions.	X	X	

Functional / Technical Capability	Description	Phase & Notes		
		Tax	Benefits	Ref. & Notes
SLA Support	Support for all required SLA's including Availability, Resilience, Capacity, and Mean Time Between Failures.	X	X	Detailed SLA table
Artificial Intelligence	The automation of decisions and improvement of those decisions through the software to eliminate and reduce errors made through the manual processing especially for medical information that the support staff many not have the expertise for.	X	X	
Software Release Management & Change	All software components continuously supported at N-1.	X	X	
Utilities	Utilities to optimize tax collection and the detection of possible missing revenue, participant monitoring, system function monitoring, operational infrastructure monitoring.	X	X	
Compliance Controls	Tools to monitor and report on compliance with the law and identify risk. The tools must allow the setting of thresholds and generate alerting.	X	X	
Logging	Transaction supporting auditing, investigation, appeals and adjudication. Logging of all data fields entered for all Benefit Functions and Tax Functions.	X	X	
Branding				
Look	System must allow for in-house ability to customize the look and feel of logos, colors, text and branding for headers, system screens, footers, communications, reports, mailings IVR's, IOT, devices and analytics.	X	X	Applicable to all functions
Security				
Security	A comprehensive security architecture that meets all District requirements, for access, transition, use, transport, storage, and distribution of information.	X	X	

Functional / Technical Capability	Description	Phase & Notes		
		Tax	Benefits	Ref. & Notes
Security	Multifactor authentication and single sign on with strong identity management and biometric capable. Must work on BYOD, smart phones, printers, laptops, desktops, and electronic pads.	X	X	
HIPAA	All functions processing Medical Information must be HIPAA compliant and generate all forms required for HIPAA compliance.	X	X	
Privacy	The system must be compliant with all of the district's privacy laws and provide support for all system functions to be used in compliance with the laws of the District of Columbia Information Technology Requirements for Privacy.	X	X	

Projected Procurement Timeline

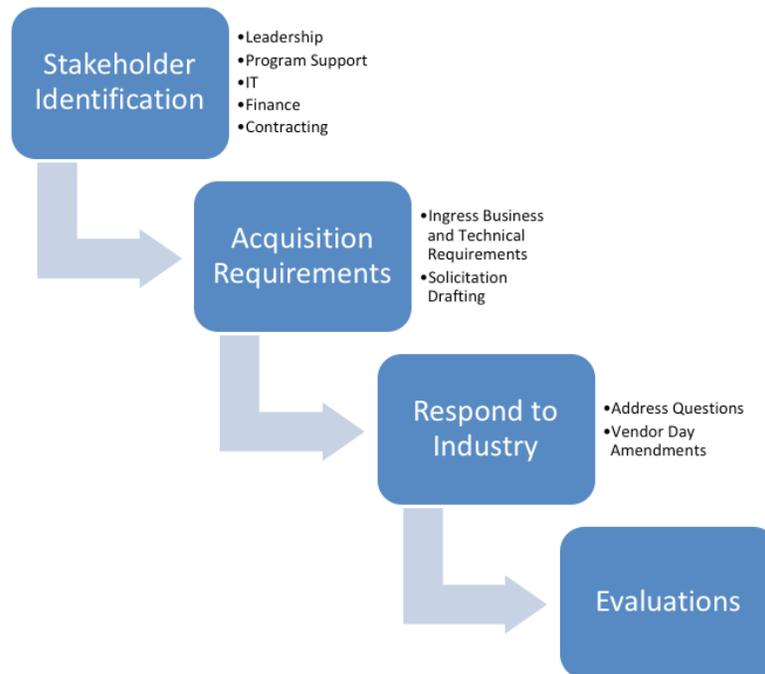
The following procurement timeline will ensure that all system needs are identified for the OPFL tax and benefits systems. The timeline and project start dates are approximate and represent ideal circumstances for successful project completion.

The District anticipates that the tax and benefits systems will be procured and updated to required specifications once completely developed. Preparation continues as subject matter experts analyze the steps and requirements that are necessary for acquisition of information support for PFL. The requirements gathering for the acquisition and initiation of the change control and risk management steps have also commenced. The successful completion of this project is based on the planning, analysis, design, development, testing, and implementation of the tax and benefits systems. After thorough testing that meets the specifications designated by the technical and business requirements, formal use of the systems will commence.



Acquisition Phase

Because of the extensive amount of time necessary to complete the Information Technology (IT) development, any delays due to a lack of funding, uncertainty regarding the final form of the legislation, or other factors could have a negative impact on the timeline for the entire paid leave program.



PHASED STAFFING PLAN

The fully staffed program for the Office of Paid Family Leave consists of 120 FTEs. An amendment was made to the initial 115 FTE estimate to include one IT Specialist and four additional OCFO positions for a dedicated finance team that will onboard in year two. The following timeline summarizes the number of staff and budget estimates for each hiring cohort during years one, two and three. Six positions out of the nine immediate hires have been filled, with three external postings currently available to the public. Additional recruitment activities will continue to occur throughout the remainder of Year 1.

**Note: Once the full office is onboard, recurring staffing costs will total approximately \$8.5M-\$11M annually (FIS estimated: \$11.3M).*

❖ Year 1

- Total new hires: 22
- Total Personnel Cost: \$1,644,395.12

❖ Year 2

- Total new hires: 48
- Total Personnel Cost: \$2,333,311.14

❖ Year 3

- Total new hires: 50
- Total Personnel Cost: \$4,394,539.00

*Total FTE hires for OPFL = 120

NATIONAL BEST PRACTICES & TECHNICAL ASSISTANCE

The District has begun state outreach with multiple states including California, New Jersey, New York, Rhode Island, and Washington State. California, New Jersey, and Rhode Island all have established paid leave programs. New York’s program will become effective in January of 2018 and Washington State’s program becomes effective January 2020.

A key takeaway from each of the states that has significantly contributed to our research is the value of ensuring the PFL program is equipped with the appropriate funding and staff resources at the onset of program development, which supports the successful implementation of a world-class PFL program.

Best practices provided by California, New Jersey and Rhode Island include putting an emphasis on online claim applications, utilizing targeted marketing and outreach plans to ensure employees, employers, and medical providers are fully aware of the program, and leveraging modernized systems and technology to produce efficient workflows and to ensure the successful administration of benefits. The following chart outlines the previous site visits and ongoing outreach efforts:

California	
Conference Call held: 9/19/2017	Key Takeaways: <ul style="list-style-type: none"> California conducted increased marketing to minority populations and single fathers across all media platforms and print advertisements in an effort to access the groups that had the lowest access rates to the PFL program. California experienced challenges over knowledge transfer that they were able to overcome through increased collaboration efforts within their IT department. The District should anticipate a lengthy procurement timeframe as it took California six years, from development through the award, to procure their system.
Site Visit: 11/16/2017 - 11/17/2017	
Site Visit Overview: Presentations on California PFL history, tax structure, marketing, program integrity, fraud, information technology infrastructure; roundtable discussions and Q&A sessions.	



Rhode Island

Conference Call held:
9/15/2017

Site Visit: 11/29/2017 - 11/30/2017

Site Visit Overview: Presentations on Rhode Island Temporary Disability Insurance/Temporary Caregiver Insurance (TDI/TCI) program, claims filing, processing, and managing, implementation, program integrity, fraud, and tax; roundtable discussions and Q&A sessions.

Key Takeaways:

- Rhode Island successfully implemented the TCI program within six months by leveraging their existing TDI system and making the necessary technological modifications to support the added program.
- Rhode Island conducted a self-audit of all TCI claims, which allowed the state to preemptively estimate the number of fraudulent cases and create a plan for remediation in advance.
- Rhode Island employs one part-time physician and three full-time nurses that are critical for understanding medical jargon, determining if the leave allowance matches the care needed, and communicating with medical providers to resolve issues on complex claims.
- Rulemaking is utilized to address any area of legislation that requires further explanation or clarity. Rhode Island included robust definition sections for all areas under the claims process.
- It is important for the Agency to adjust the tax rate based on the solvency of the fund that pays the paid leave benefits.

New York

2017 Family and Medical Leave Insurance Convening

Site Visit: 12/6/2017

Site Visit Overview: Convening included discussions regarding latest national research on Paid Leave, lessons learned from state implementation, paid leave public policy and decision-making, and advocacy and campaigns.

Key Takeaways:

Adequate paid leave programs across the nation must adhere to the following:

- Be a social insurance model
- Be universal
- Promote gender equity
- Ensure job protection
- Cover all families and care needs
- Ensure adequate wage replacement
- Include a sufficient number of weeks
- Should not be administered by a private for-profit
- Include advocacy groups for outreach

New Jersey	
Conference Call held: 8/31/2017	Key Takeaways: <ul style="list-style-type: none"> New Jersey’s Family Leave Insurance (FLI) program is an employee-paid contribution New Jersey currently administers the FLI program using a mainframe system, but they are in the process of finding a specific system for TDI and FLI More information to be obtained at the future site visit
Site Visit: To occur in Year 1	
Site Visit Overview: Not applicable	

Washington State	
Conference Call held: 10/24/2017	Key Takeaways: <ul style="list-style-type: none"> Washington State’s PFL program is a shared employee-employer contribution program; premium collection from employers will begin 1/1/2019, and administration of benefits will begin 1/1/2020 Regarding system development, Washington State anticipates utilizing a continuous integration model More information to be obtained at the future site visit
Site Visit: To occur in Year 1	
Site Visit Overview: Not applicable	

MARKETING & OUTREACH

The District is trailblazing a path forward for the implementation of the PFL program and has developed a robust plan for marketing and education intended to reach the medical, human resources, employee and employer communities. The Paid Leave Act requires public education and awareness campaigns—and the District believes it is very important to have comprehensive and timely campaigns in both areas. The timeline and scope for the education and awareness efforts are based in part on discussions the working group has had with other paid leave jurisdictions.

The first phase of the District’s marketing and outreach plan will incorporate the use of fact sheets and notices to employers to inform them on the District’s forthcoming paid leave program. In year one - quarter 2, the District will create an additional resource online (i.e. microsite, landing page, etc.) to potentially include a benefits calculator that claimants can use to calculate their future PFL benefit payment amounts. At the onset of year two, the District will initiate its pre-implementation outreach and awareness campaign. Marketing and outreach during this phase will ensure that employers are fully aware of the requirements outlined in the Paid Leave Act, and will provide employers with the necessary resources to update their internal policies and procedures to begin contributing to the Universal Paid Leave Implementation Fund.

Additionally, the District will conduct a multi-year public education and outreach campaign that will include advertising (i.e. online, mobile, outdoor billboard, newspaper, radio, television, metro ads), informational and educational materials (i.e. brochures, posters, flyers, etc.), social media efforts, town hall meetings with stakeholders, and other direct outreach initiatives. As the program and marketing campaign progresses, a website or microsite will be developed to host paid leave information for the District’s targeted groups, including fact sheets, FAQs, press releases, contact information, etc.

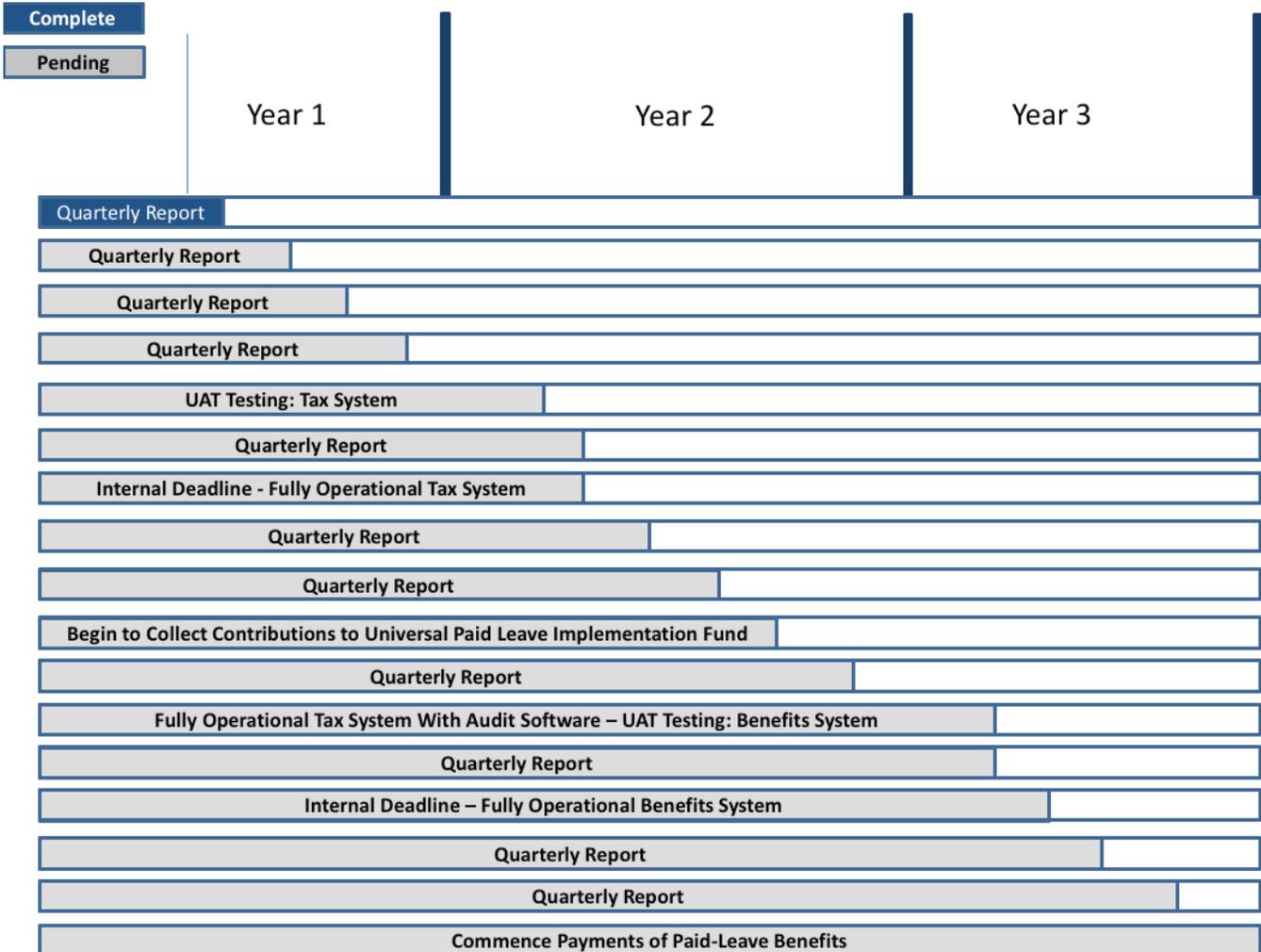
As part of an effort to establish a partnership with key stakeholders and advocacy groups, the District has scheduled to meet with the Jews United for Justice PFL Campaign Manager Joanna Blotner to discuss the District’s implementation of the paid leave program. These insights, along with feedback from other key community stakeholders will help to ensure the District moves forward with full transparency, public accountability, and community outreach. Within year one, the District will follow-up with additional stakeholders to gather input and insights from groups with a vested interest in the PFL program.

18F Briefings to the Executive Team

On December 6, 2017, 18F held a presentation for the District’s Executive Team, which included (was not limited to) City Administrator Rashad Young, Deputy Mayor for Greater Economic Opportunity Courtney Snowden, Director of Budget and Performance Management Jenny Reed, and DOES Director Odie Donald II, to discuss agile procurement and development in relation to the technology necessary to implement the paid leave program. 18F is a cost recoverable organization within the General Services Administration (GSA) that partners with states and localities to assist with innovative procurement strategies, including scope and request for proposal (RFP) drafting; bid evaluation and post procurement support. The District has now been briefed multiple times by 18F on the potential partnership, which is intended to better serve the District’s population through digital services and high-technology products.

PROGRAMMATIC MILESTONES *(Pending legislative updates may change this outline)*

The following chart highlights the District’s progress to meet the key deliverables and program requirements outlined within the Paid Leave Act:



RESEARCH & KEY CONSIDERATIONS

As the District initiates the implementation of the OPFL, it is critical that the key lessons and considerations across national paid leave programs are examined and addressed in the District's rule-making and implementation process. These considerations will not only warrant the review of existing legislation, but also guarantee that the paid leave program is administered properly and efficiently in the District.

While the current legislation for paid leave in the District establishes the collection of employer contributions to the Universal Paid Leave Implementation Fund, the law does not address the taxable status of paid leave benefits. As these benefits are solely funded by employer contributions, such as with unemployment compensation, consideration must be given to their tax status. D.C. Official Code §51-118(d)(1)(A) establishes that unemployment compensation is subject to federal, state, and local income taxes.

Since the legislation does not address the taxable status of paid leave benefits, the District may be required to address this in the rule-making process for the PFL program. The employer's contribution to the Universal Paid Leave Implementation Fund is non-employee tax revenue, which would classify paid leave benefits as taxable income. It is important to note that a large amount of the District's workforce consists of out-of-state residents who are employed in the private sector. Put plainly, the benefits paid to residents of VA, MD and any other state may be subject to state taxes. As such, the Council must take into consideration that the tax revenue will not only go back to the District, but may also be disbursed to other states where District workers reside.



Below is a snapshot of out-of-state residents employed in the District and the sector of work for out-of-state residents working in the District based on an inflow/outflow report from the 2015 census data:

Sector of Work for Out of State Residents	
Private	343,510
State/Federal	133,555
Total	477,065

Out of State Residents Employed in the District			
Maryland	275,401	Maine	112
Virginia	181,490	Oregon	98
Pennsylvania	3,889	Minnesota	85
New Jersey	2,360	Rhode Island	84
New York	2,061	Vermont	82
North Carolina	1,438	Missouri	81
West Virginia	1,335	Arizona	68
Massachusetts	1,070	Mississippi	49
California	901	Louisiana	46
Ohio	875	Nevada	43
Delaware	823	Iowa	42
Florida	763	Montana	35
Connecticut	476	Utah	35
South Carolina	460	Arkansas	32
Georgia	451	Idaho	29
Texas	446	Alabama	22
Michigan	376	New Mexico	19
Illinois	276	South Dakota	15
Indiana	194	Wyoming	15
Tennessee	187	Kansas	14
Colorado	179	Nebraska	14
Washington	160	Oklahoma	14
New Hampshire	150	Hawaii	11
Kentucky	131	North Dakota	9
Wisconsin	115	Alaska	4
Total Out of State Residents: 477,065			

While the current legislation establishes a mechanism for protecting fund solvency, the Chief Financial Officer can recommend legislative changes, including a potential reduction in the employer contribution rate and/or changes to benefits, the Administration believes it is beneficial to consider assigning this authority to the agency director responsible for overseeing the program. In states with similar paid leave programs, such as Rhode Island, the agency director has the authority to make recommendations for changing the contribution and/or benefit rate in order to protect fund solvency.

In an effort to protect the PFL program from fraud and abuse, the Paid Leave Act §107(e) and §107(f) establishes that employees receiving long-term disability or unemployment compensation are not eligible for paid leave benefits. As such, the PFL system will have an interface to determine if an employee is receiving either of these public benefits to ensure paid leave benefits are not improperly paid. Additionally, it is a national best practice to have a Benefit Payment Control Unit that addresses potentially fraudulent issues for both unemployment compensation and paid leave. The District has included a Benefit Payment Control Unit within its phased staffing plan to ensure there is a unit dedicated to the prevention, detection, and recovery of overpayments of paid leave benefits.

Currently, the Paid Leave Act provides a reporting requirement solely for a qualifying parental leave event. In Rhode Island, an individual must apply for paid leave (TCI) benefits during the first thirty (30) days after the first day of leave is taken for reasons of Bonding or Caregiver. The Paid Leave Act §101(16) defines qualifying parental leave as paid leave for up to a maximum of 8 workweeks within a 52-workweek period that an eligible individual may take within one year of the occurrence. As written, there is no established timeline for a qualifying family or medical leave event in the District. As such, the District will ensure to establish the reporting timeline for qualifying family and medical leave events in the rules.

CONCLUSION

The Administration has begun the process of implementing a paid leave program for the District, and we have made progress in the areas of program administration, information technology, staffing, and outreach. There are several program deficiencies that will need to be addressed. We look forward to working with our partners on the Council on this significant investment.



