

QUARTER 1 FISCAL YEAR 2020 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 Q1 Fiscal Year (FY) 2020 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).

The 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 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, critical program deadlines, information technology (IT), staffing, procurement, public engagement, research findings, and key considerations. The findings in this report detail implementation activities from October 1, 2019 through December 31, 2019.¹

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 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 appropriately prepare to administer the program. The internal working group established by the Administration consists of representatives from DOES, the Executive Office of the Mayor (EOM), Office of the City Administrator (OCA), Office of the Deputy Mayor for Education (DME), 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).

¹ Due to the timeframes involved for reviewing and submitting this quarterly report, all activities included after November 27, 2019, were planned and had not been completed as of the development of this report. Updates to these activities will be included in the next quarterly report, as needed.

ROADMAP TO IMPLEMENTATION

On July 1, 2019, DOES launched the PFL tax system and officially began collecting employer contributions to the Universal Paid Leave implementation fund. The District is on its way to achieving its second milestone with the successful administration of benefits by the statutory deadline. Figure 1 details the implementation milestones thus far. During Q1 of FY2020, OPFL continued to improve the PFL tax system and began customizing the PFL benefits administration system.

Figure 1: Paid Family Leave Milestones



TAX COLLECTION

OPFL's Tax Division has notably collected approximately 96 percent of tax revenue for payroll wages reported in the District during Q2 and Q3 of Calendar Year (CY) 2019. The amount equals about \$143 million in tax revenue for the PFL trust fund. As part of this effort, OPFL has collected nearly \$2.5 million in delinquent taxes, interest, and penalties.

For the small number of employers that have not submitted their payments in full for Q3 of CY2019, OPFL sent a late notice on November 12, 2019, notifying them of the 30-day remittal requirement, which includes interest and penalties. After 30 days, if payment was not received in full, OPFL sent delinquency notices by December 13, 2019. The notices gave employers the option to enter into an installment payment plan. If employers do not respond accordingly to notices 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 AND REGULATIONS

The proposed regulations 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.

DOES received approximately 1,200 comments from around 400 employers, employees, and advocates. Public comments addressed the following policy areas:

- Employment at the time of application;
- Retroactive claims for benefits;
- Pre-filed claims for benefits;
- Intermittent leave schedules;
- Proof of identity;
- Adoption/foster care documentation and requirements; and
- Coordination of benefits.

DOES is in the process of reviewing these comments and making changes to the proposed regulations, as appropriate. Once the review process is complete, DOES will submit the rules to the Council of the District of Columbia (DC Council) for its required 45-day review period. Finalizing these rules is critical for ensuring that DOES can implement an effective PFL benefits administration system on-time.

STAFFING PLAN

OPFL continues its strategic recruitment efforts by focusing on hiring District residents, as well as looking for national talent, through advertising OPFL positions on LinkedIn, Indeed, Monster, Dice, and the District's 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 resume 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.

During Q1 of FY2020, OPFL continued to hire key program staff to assist with the development and deployment of the PFL tax and benefits systems. OPFL successfully onboarded a Communications Manager, Legislative Analyst, Lead Contact Center Representative, Supervisory Tax Examiner, and six Tax Examiners so far. OPFL has also been preparing to staff the Benefits Division.

There are 71 employees onboard. These employees are critical to the program's success as OPFL continues collecting employer tax contributions and prepares to roll-out the PFL benefits administration system. OPFL plans to hire 26 additional staff members for a total of 96 employees by the end of Q2 of FY2020. By full implementation, OPFL should be comprised of 124 full-time employees who will ensure that the District efficiently and effectively administers the PFL program.

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. On July 1, 2019, employers began utilizing the same Employer Self-Service Portal they currently use to submit wages and pay Unemployment Insurance to remit their PFL contributions. As a result of the coordination between DOES, Sagitec, and OCTO, the following functions were deployed during 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.

Design and development for Phase 2 began on August 1, 2019. User Acceptance Testing (UAT) for this project phase began on November 4, 2019, in order to deploy PFL tax refund and PFL tax collection functionality in December 2019. Phase 2 will be finalized in early 2020 with added field audit, management reporting, and financial interface functionality.

PFL Tax System Project Timeline

The following timeline, as shown in Figure 2, depicts a high-level overview of milestones for the implementation of the PFL tax system:

Figure 2: Paid Family Leave Tax System Project Timeline

PFL Benefits Administration System Procurement

On May 20, 2019, the District released the PFL benefits administration system (PFLBAS) solicitation, Doc442285, followed by a pre-proposal meeting on May 30 to provide the opportunity for potential bidders to ask questions regarding the solicitation. The solicitation closed on June 30, 2019, and the District awarded a letter contract to Geographic Solutions, Inc. on October 10, 2019, to design, develop, and implement the PFLBAS. The proposed contract will be submitted to the DC Council for review and approval in Q2 of FY2020.

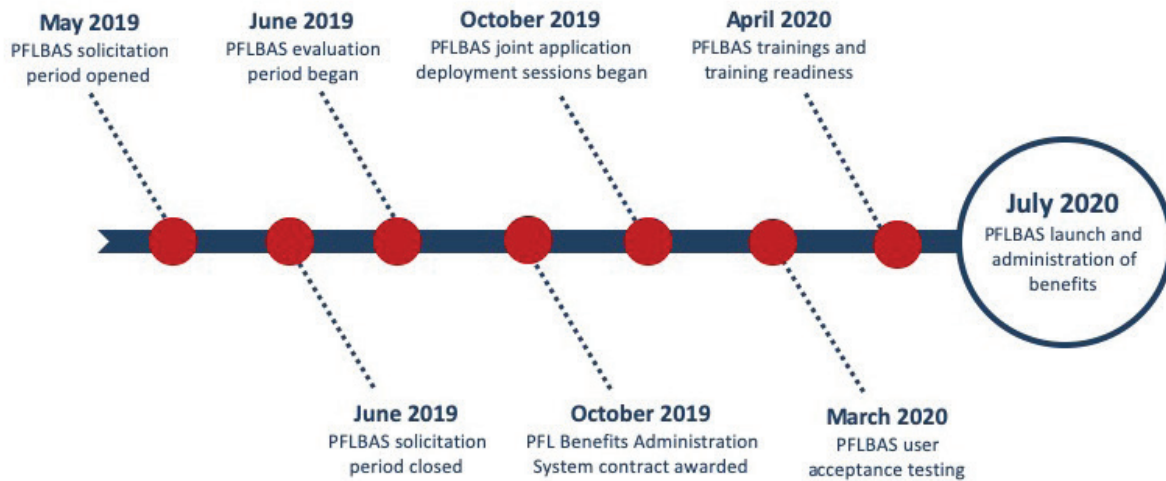
The District is developing a system that will integrate with the PFL tax system and possess the following key functional features:

- 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.

PFL Benefits and Administration System Project Timeline

The following timeline, as shown in Figure 3, provides a high-level overview of milestones for the implementation of the PFLBAS:

Figure 3: Paid Family Leave Benefits and Administration System Project Timeline



Independent Verification and Validation

Independent verification and validation (IV&V) services are important to ensure that the District's implementation of both the PFL tax system and the PFLBAS meet the necessary functions and requirements to set-up, administer, and manage a PFL program compliant with the Act.

The District solicited vendors from May 1, 2019, through May 9, 2019, to provide IV&V services for the PFL tax system. On May 21, 2019, the PFL tax system 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. IV&V for the PFL tax system is on-going, and currently, the IV&V vendor is creating test cases and participating in UAT for Phase 2.

The PFLBAS IV&V solicitation was released in December 2019, and a contract award is expected in early 2020.

Organizational Change Management

In July 2019, the District awarded an Organizational Change Management contract to The Georgetown Firm, which continues to provide services to OPFL. For example, the Firm facilitated a DiSC (dominance, influence, steadiness, and conscientiousness) session for OPFL leadership and strength finders sessions for both OPFL analysts and front-line managers in an effort to strengthen the collaboration among all staff and teams. In addition, The Georgetown Firm provided their Communications and Readiness Plan deliverable. This Plan identified, improved, and streamlined internal communications strategies for OPFL.

PUBLIC ENGAGEMENT

DOES expanded its public education campaign to inform employers, employees, and medical communities on the PFL benefits implementation. The Paid Leave Act requires public education and awareness campaigns and the District is embracing comprehensive strategies in both areas. To increase PFL awareness, OPFL continues to disseminate information through multiple channels, as described below, to workers through a variety of community partners and support organizations that serve the District's diverse population. OPFL generally publicizes its outreach and events through the PFL electronic newsletter, the DOES and PFL websites, social media, and other notices in order to reach a broad audience.

Quarterly Stakeholder Meetings

The District values feedback from the public and continues to engage stakeholders through quarterly meetings with employers, workers, and community-based organizations. On October 28, 2019, DOES held its first quarterly Business and Community Stakeholder event. This meeting was used to solicit input and feedback regarding PFL issues, including rulemaking, policies, program administration, and utilization of benefits. This series of events was created in lieu of an Advisory Committee.

Town Hall Forums

OPFL held its fifth town hall forum at the True Reformer Building on December 6, 2019. This forum shared information with the public on the current implementation status, the PFL benefit regulations, the required employee notice, and other key information necessary for workers. In addition, tax examiners were onsite to answer employers' account and tax-related questions. In total, nearly 1,000 people have attended the five town hall forums.

Employer Information Sessions

OPFL continues to hold numerous information sessions with the employer community. Through these events, DOES provided business organizations the opportunity to review information regarding the PFL program and provide direct feedback. These events have engaged a number of business groups, including the Council for Workforce Development, Coalition for Non-Profit Housing and Economic Development, and the DC Department of Small and Local Business Development: District Connect 2019 Forum.

Worker and Employer Webinar Series

OPFL released a six-part webinar series on benefits regulations, designed to answer common questions and clarify PFL coverage and eligibility. The benefits webinar series specifically addresses:

- Covered Workers;
- Qualifying Reasons to Take PFL;
- Applying for Benefits;
- Benefits;
- Leave Schedules; and
- What to Expect while Receiving Benefits.

Additionally, OPFL continued to host bi-weekly webinars that focus on employer requirements, benefits regulations, and submitted questions. The webinars are recorded and posted to the PFL website, allowing individuals to access the information on their own time. To date, these bi-weekly webinars have engaged more than 5,300 stakeholders.

Healthcare Provider Outreach

Healthcare providers are uniquely well-positioned to identify those who could benefit from paid family leave. It is critical that OPFL leverages the abilities and capacity of all entities that have direct communication with District workers, and in particular, medical centers, social service organizations, and maternal health centers. These entities have established networks and serve as links to thousands of District workers through their varied organizational interests. Providers interact with patients and their families for many different types of disability and rehabilitative services and are involved in family planning, foster care, and adoption placement. Through this continued outreach, healthcare providers are better educated about PFL benefits and can provide workers and their caregivers current and consistent information.

Paid Family Leave Newsletter

To increase the digital footprint of the PFL program and disseminate information to a broad audience, OPFL continued circulation of a weekly electronic newsletter, which started in September 2018. The newsletter provides updates for all target audiences, such as a list of upcoming events and links to key resources. Leveraging the Unemployment Insurance Employer Self-Service Portal's and the DC Department of Consumer and Regulatory Affairs' contact lists, OPFL has emailed the newsletters to over 41,000 stakeholders. 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.

Paid Family Leave Website

The PFL website, <https://dcpaidfamilyleave.dc.gov>, continues to be the primary resource for workers, businesses, advocates, and organizations to learn about their PFL rights and responsibilities. The website includes PFL information about benefit regulations, upcoming events, and updated resources (e.g., frequently asked questions, 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 drives 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 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. In the future, the website will provide direct access to the online paid leave portals for employers and beneficiaries.

RESEARCH AND POLICY CONSIDERATIONS

OPFL has been analyzing fellow states' programs to understand promising practices and to avoid pitfalls other states have experienced as the agency implements the tax and benefits systems for the District's PFL program. This analysis included both the technical specifications of each state's implementation processes and program characteristics. Legal research and direct communication with officials in other states and District agencies contributed to OPFL's research findings. On October 22, 2019, OPFL staff attended the Paid Leave Collaboration and Connections convening hosted by the Center for Law and Social Policy. This convening brought together paid family and medical leave stakeholders to discuss implementation strategies, best practices, and paid leave research that can be utilized to improve existing programs and inform the policies of additional agencies as they move forward with the development and implementation of paid leave programs.

CONCLUSION

OPFL continues to make progress towards implementing a premier paid family leave program in the District. As described above, OPFL is making strides in the areas of program administration, IT, staffing, regulations, and outreach. As a result, OPFL successfully began collecting employer taxes in July 2019 and is on its way to achieving its second milestone with the successful administration of benefits by the statutory deadline. Over the next fiscal year, OPFL will create a user-friendly benefits system, increase strategic partnerships, and continue to develop innovative approaches to enhance the program.

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family leave 

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