

QUARTER 2 FISCAL YEAR 2020 REPORT

DC PAID **FAMILY LEAVE**



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PURPOSE OF THE REPORT

The Department of Employment Services (DOES) is submitting this DC Paid Family Leave Quarter (Q) 2 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, and public engagement. The findings in this report detail implementation activities from January 1, 2020 through March 31, 2020.¹

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 following:

- Division of Tax, which handles the collection of taxes, premiums, contributions, fees, and revenue functions;
- Division of Benefits, which handles claim filing, claim processing, payment of paid leave benefits, and benefit payment control;
- Appeals;
- Contact Center, which provides customer service;
- Communications and Outreach, which provides public engagement, and
- Support, which develops procedures, budget, studies, quality assurance, and trainings.

Staffing efforts are currently underway to ensure the timely delivery of all key program initiatives.

The Administration established an internal working group to move each component of the District's implementation plan forward and appropriately prepare to administer the program. The working group consists of representatives from DOES, the Executive Office of the Mayor (EOM), Office of the City

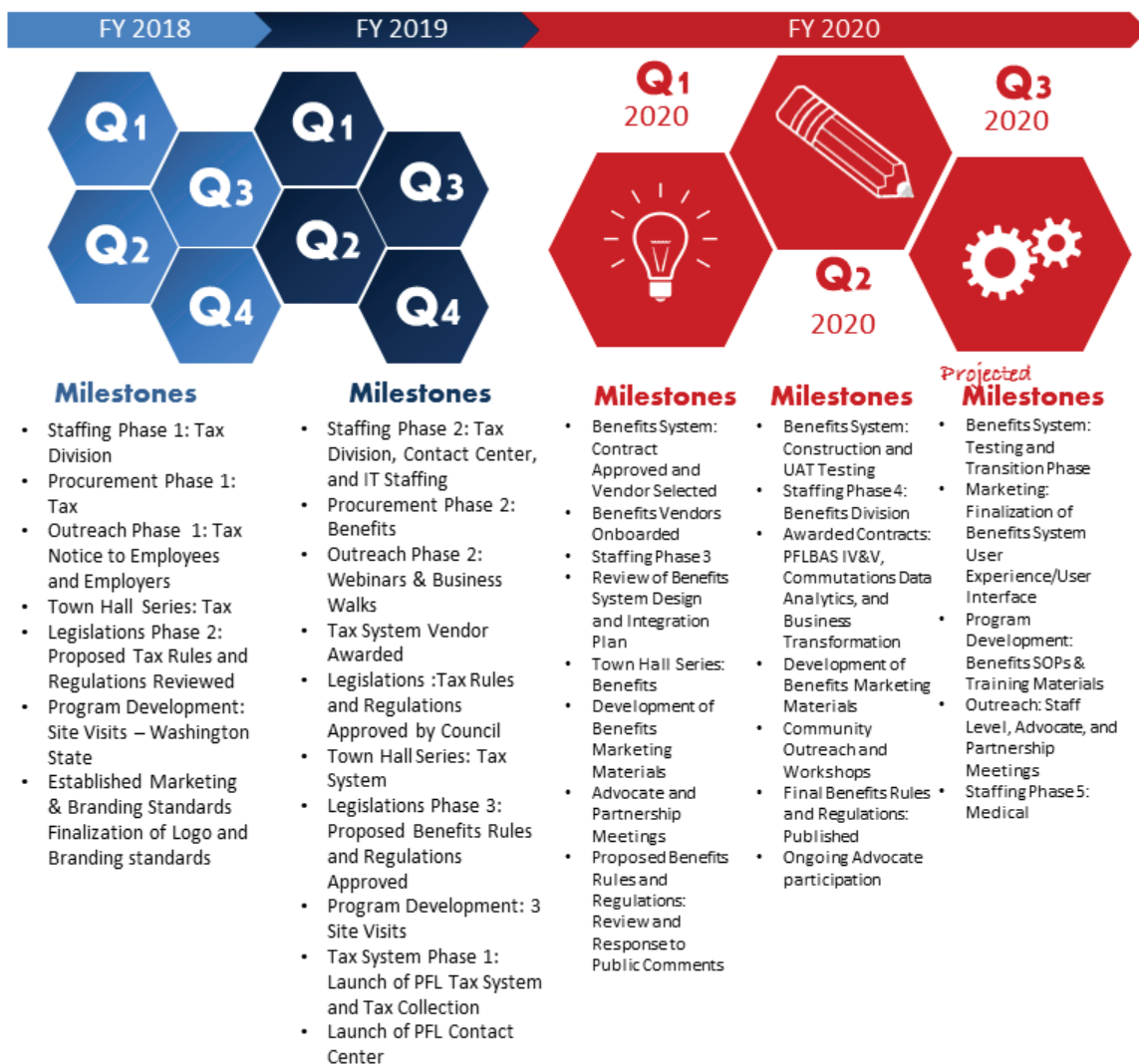
¹ Due to the timeframes involved for reviewing and submitting this quarterly report, all activities included after March 2, 2020, were planned and had not been completed as of the development of this report. Updates to these activities will be included in the next quarterly report, as needed.

DC Paid Family Leave Quarter 2 Fiscal Year 2020 Report

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).

ROADMAP TO IMPLEMENTATION

On July 1, 2019, DOES launched the PFL Tax System and continues to collect employer contributions to the Universal Paid Leave Implementation Trust Fund. The District is on its way to achieving its second milestone with the successful administration of benefits by the statutory deadline of July 1, 2020. **Figure 1**, as shown below, details the implementation milestones thus far. During Q2 of FY2020, OPFL continued to improve the PFL Tax System and started finalizing the functionality of the PFL Benefits Administration System and standard operating procedures.



TAX COLLECTION

OPFL's Tax Division has collected more than \$220 million for the Universal Paid Leave Implementation Trust Fund. The amount represents approximately 97 percent of taxes, based on wages reported in the District by employers, during Q2, Q3 and Q4 of Calendar Year (CY) 2019. As part of this effort, OPFL has collected nearly \$5.4 million in delinquent taxes, interest, and penalties for Q2 and Q3 of CY 2019.

For the small number of employers that did not file wage reports or submit their payments in full for Q4 of CY 2019 by the deadline of January 31, 2020, OPFL sent late notices in February 2020. Each notice informed the employers 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 in March 2020. The notices gave employers the option to enter into an installment payment plan. If employers do not respond accordingly to the 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

On January 6, 2020, DOES submitted the final regulations for PFL benefits—which establish the provisions for administering the benefits portion of the District's paid leave program—to the Council of the District of Columbia (DC Council) for the required 45-day review. Absent DC Council action, these regulations will be deemed approved on March 26, 2020. Finalizing these regulations is critical for ensuring that DOES can implement an effective PFL benefits administration system on-time.

STAFFING PLAN

Currently, there are 75 PFL employees onboard. These employees are critical to the program's success as OPFL continues to collect employer tax contributions and prepares to roll-out the PFL benefits administration system. OPFL plans to hire 21 additional staff members for a total of 96 employees by the end of Q2 of FY2020. Once fully staffed, OPFL will be comprised of 124 employees who will ensure that the District efficiently and effectively administers the PFL program.

PROCUREMENT

PFL Tax System

Phase 1 of the PFL Tax System has been operational for employers to remit their PFL contributions since July 1, 2019. OPFL has continued to make enhancements to the system's functionality in phase 2. In December 2019, the following functions were deployed:

- Tax collections to manage delinquent debt and garnishments;
- Tax rates functionality to change the PFL tax rate for a given calendar year; and
- Management reports to monitor productivity and case management.

In February 2020, PFL deployed the following functions:

- Additional management reports to monitor productivity and case management;
- Financial interfaces for processing PFL tax refunds; and
- Field audit functionality to audit employers for compliance.

Full integration of the PFL Tax System with the District's System of Accounting and Reports (SOAR) is scheduled for deployment in Q3 of FY2020. On February 21, 2020, the District renewed Sagitec's contract to exercise the first option year and continue the operations and maintenance of the PFL Tax System.

PFL Tax System Project Timeline

The following timeline, as shown in **Figure 2**, depicts a high-level overview of milestones for the implementation of Phases 1 and 2 of the PFL Tax System:

Figure 2: Paid Family Leave Tax System Project Timeline



PFL Benefits Administration System Procurement

The District awarded a letter contract to Geographic Solutions, Inc. (GSI) on October 10, 2019 to design, develop, and implement the PFL Benefits Administration System (PFLBAS). The proposed contract was submitted to the DC Council for review on January 29, 2020 and was approved on February 9, 2020.

The District is in the process of developing a benefits system that will possess the following key functional features:

- Claims filing management;
- Adjudication of medical, family, and parental leave claims;
- Payment and administration of benefits;
- Investigations and fraud prevention tools;
- Repayment recovery; and
- Reporting and data analytics.

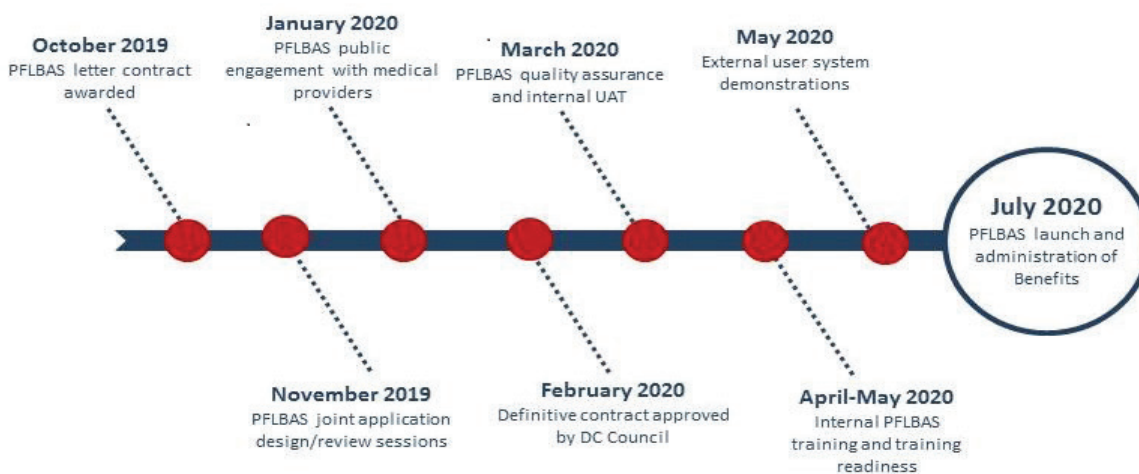
GSI is utilizing the Geographic Solutions Rapid Implementation and Development (GRID) project methodology as the foundation for the development of PFLBAS. Their GRID project management approach combines elements of both waterfall methodology (linear sequential life cycle model) and agile methodology (continuous iteration of development and testing). This approach centers on the system development lifecycle and includes the following five primary phases:

1. **Inception** - The project team uses waterfall methodology in the introductory meeting and in gathering requirements, developing project scope, and identifying stakeholders.
2. **Analysis** - The project team uses feature-driven development methodology in creating requirements used to configure and build the system.
3. **Construction** - The project team implements agile software delivery to provide predictable, on-time, and functional software.
4. **Transition** - The project team uses waterfall methodology to ensure staff training, User Acceptance Testing, data validation, and all other tasks are completed and ready for system deployment.
5. **Maintenance** - Following the launch of PFLBAS, the project enters into a maintenance phase in which GSI provides support level services, upgrades, and system enhancements.

In Q2 of FY2020, the District completed the Inception phase of the project and initiated the Analysis and Construction phases. In Q3 of FY2020, the District is expected to complete these phases and move to the Transition phase, which includes Quality Assurance (QA) testing, internal User Acceptance Testing (UAT) and training, and external demonstrations for District workers, employers, and healthcare providers to ensure all key stakeholders are adequately prepared for the launch of the PFLBAS on July 1, 2020.

Figure 3: Paid Family Leave 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 PFLBAS:



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 PFLBAS meet the necessary functions and requirements to set-up, administer, and manage a PFL program compliant with the Act.

In May 2019, the PFL Tax System IV&V contract was awarded to Eigennet, LLC, a certified business enterprise. Eigennet, LLC has been an active participant in the PFL Tax System testing and design sessions for phases 1 and 2 of the system deployment.

The PFLBAS IV&V solicitation was released on Tuesday, December 10, 2019 and closed on January 3, 2020. A contract was awarded in February 2020 to Promesa Consulting Group, Inc.

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. The Firm provided their Communications and Readiness Plan deliverable. This Plan identified, improved, and streamlined internal communications strategies for OPFL. The Firm continues to provide assistance to OPFL in the areas of human capital and standard operating procedure development and review.

PUBLIC ENGAGEMENT

DOES continues to execute a robust public education campaign that informs employers, District workers, and other key collaborators about the implementation of PFL benefits. To meaningfully reach a wide audience, OPFL hired a communications vendor, LINK Strategic Partners, though a contract awarded in January 2020. OPFL is emphasizing engagement with healthcare industry partners, residents in underserved wards, parent-teacher organizations at local schools, and other trusted members of the community. To drive awareness amongst the targeted audience, OPFL conducted in-person and virtual events, developed social media-based initiatives, and partnered with advocates in awareness-raising opportunities. Reflecting the District's diverse residents, OPFL promoted outreach events through varied forms of communication, including the PFL and DOES websites, PFL electronic newsletter, social media platforms, and community listservs.

Healthcare Provider Outreach

As trusted members of the community, it is vital that local healthcare professionals understand how the PFL program operates and how it impacts their work and the lives of their patients. In January 2020, OPFL started two healthcare initiatives—Wellness Wednesdays and Family First Fridays—to enhance outreach to medical facilities and healthcare providers, such as Unity Healthcare, the DC Department of Aging and Community Living, and Women, Infant, and Children (WIC). Outreach activities include tabling at local hospitals, clinics, and rehabilitation centers; conducting Wellness Wednesday walks in all eight wards; and distributing PFL materials at nursing homes, childcare centers, and adult day programs.

Quarterly Stakeholder Meetings

DOES held its second quarterly Business and Community Stakeholder meeting on February 3, 2020 with approximately 100 attendees. This event connected DC employers, workers, and community-based

organizations with the resources to empower effective working communities. OPFL provided a PFL overview, including status updates on benefit regulations, system administration, and outreach efforts.

Town Hall Forums

In March 2020, OPFL held its sixth town hall forum dedicated to human resources (HR) professionals. During the event, OPFL provided this important constituency with information about the implementation of PFL, including benefits system updates, the required employee notice, and other vital HR content related to the coordination of benefits. To date, more than 1,000 people have attended the PFL town hall forums.

Employee Notice Poster

As of February 1, 2020, DC employers are required to provide their employees with notice of their PFL rights. OPFL distributed the employee notice poster through the PFL electronic newsletter in December 2019 and to all covered employers via email in January 2020. The notice is also available to download on the DOES and PFL websites in the seven commonly spoken languages in the District: English, Spanish, Amharic, Chinese, French, Korean, and Vietnamese. In addition, OPFL will continue to communicate the compliance requirements through our newsletter, website updates, business audit walks, and mailing correspondences.

Employer Information Sessions

OPFL has interfaced directly with the business community through in-person employer information sessions. DOES heard directly from interested members of the public and forged partnerships that encourage sharing of best practices and providing PFL program-related information. These information sessions included the DC Department of Health's Women, Infant, and Children (WIC), the Health Services for Children with Special Needs' Male Caregivers Advocacy Support Group, and a lunch and learn series with law firms.

Webinars

OPFL continues to host bi-weekly webinars that focus on tax regulations, leave benefits, employer requirements, self-employed individuals, coordination of benefits, and technical information. Engaging nearly 400 stakeholders on January 16, 2020, the webinars continue to be a popular forum for relaying PFL information to the public. To date, these bi-weekly webinars have engaged more than 6,000 stakeholders.

Paid Family Leave Newsletter

The PFL newsletter continues to be an effective form of communication, engaging our target audience and generating more leads for outreach efforts. OPFL standardized the format of the newsletter by adding permanent sections to address specific subjects, including PFL in the community, an employer-focused segment, and a listing of upcoming events. The mailing subscription has increased in recent months and now reaches more than 70,000 key stakeholders bi-weekly.

Paid Family Leave Website

The PFL website, <https://dcpaidfamilyleave.dc.gov>, continues to be the information hub for key stakeholders. The website includes PFL information about benefit regulations, upcoming events, and updated resources (e.g., frequently asked questions, toolkits, etc.). In addition, PFL developed a strategic plan to ensure search engine optimization efforts are effective in driving traffic to the website through attractive program-related content. PFL resources on the website are available in the seven commonly spoken languages in the District: English, Spanish, Amharic, Chinese, French, Korean, and Vietnamese.

CONCLUSION

OPFL is progressing towards implementing a premier paid family leave program in the District. OPFL continues to make advancements in the areas of program administration, IT, staffing, regulations, and public engagement. OPFL successfully began collecting employer taxes in July 2019 and is on target to achieving the second major milestone with the successful administration of benefits by the statutory deadline. Over the next few months, OPFL will continue its dynamic approach to the implementation of PFL, and thus, securing a better quality of life for District workers.

dc paid
family leave 

DEPARTMENT OF EMPLOYMENT SERVICES
4058 Minnesota Avenue, NE
Washington, DC 20019

DCPaidFamilyLeave@dc.gov

