

QUARTER 3 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) 3 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 April 1, 2020 through June 30, 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.

¹ Due to the timeframes involved for reviewing and submitting this quarterly report, all activities included after May 1, 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.

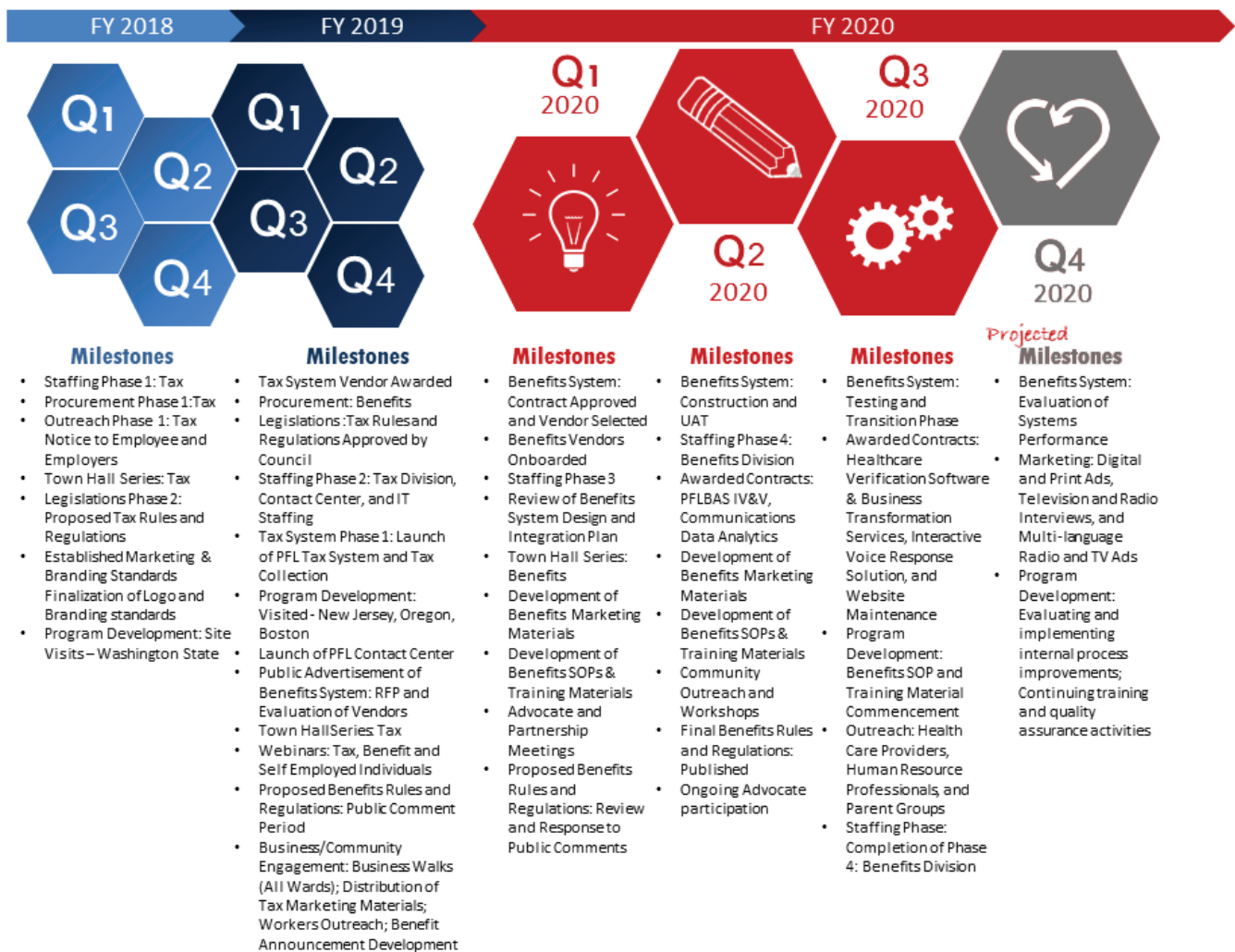
DC Paid Family Leave Quarter 3 Fiscal Year 2020 Report

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 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 Fund. The District is on its way to achieving its second milestone with the successful administration of benefits through the Paid Family Leave Benefit Administration System (PFLBAS). Figure 1, as shown below, details the implementation milestones thus far. During Q3 of FY2020, OPFL continued to improve the PFL Tax System and worked to deploy the PFLBAS for the administration of benefits.

Figure 1: Paid Family Leave Milestones



TAX COLLECTION

To date, OPFL's Division of Tax has collected more than \$257 million for the Universal Paid Leave Implementation Fund.² As part of this effort, OPFL has collected 97 percent of taxes on wages reported for Q2, Q3, and Q4 of Calendar Year (CY) 2019 and nearly \$6.7 million in delinquent taxes, interest, and penalties.

For the employers that did not file wage reports or submit their payments in full for Q1 of CY 2020 by the deadline of April 30, 2020, OPFL will send late notices in May 2020. The notice will inform employers of the 30-day remittance requirement, which includes interest and penalties. For employers who did not request an administrative appeal, after 30 days, if payment was not received in full, OPFL will send delinquency notices in June 2020. The notices will give employers the option to enter into an installment payment agreement. If employers do not respond accordingly to the notices – by entering into an installment payment agreement or by paying in full the amounts owed – the Collections Unit from the Division of Tax will consider all methods authorized by the Act to collect the delinquent amounts.

RULES AND REGULATIONS

On March 26, 2020, the final regulations for PFL benefits – which establish the provisions for administering the benefits portion of the District's paid leave program – were deemed approved by the Council of the District of Columbia. The regulations were published in the D.C. Register Volume 67, Number 15, on April 10, 2020. OPFL is moving forward with developing additional sub-regulatory guidance on the processing of paid leave claims.

STAFFING PLAN

Currently, there are 78 PFL employees onboard. These employees are critical to the program's success as OPFL continues to collect employer tax contributions and launches the PFLBAS. OPFL continues to hire new staff during the declared public health emergency and plans to hire 45 additional staff members for a total of 123 employees by the end of Q3 of FY2020.

SYSTEM IMPLEMENTATION

PFL Tax System

Phase 1 of the PFL Tax System has been operational for employers to remit their PFL contributions since July 1, 2019. As part of Phase 2, OPFL continued to make enhancements to the system's functionality with additional deployments between December 2019 and June 2020. These enhancements include field audit functionality, management reporting, and other operational changes to improve the efficiency of tax collection processes.

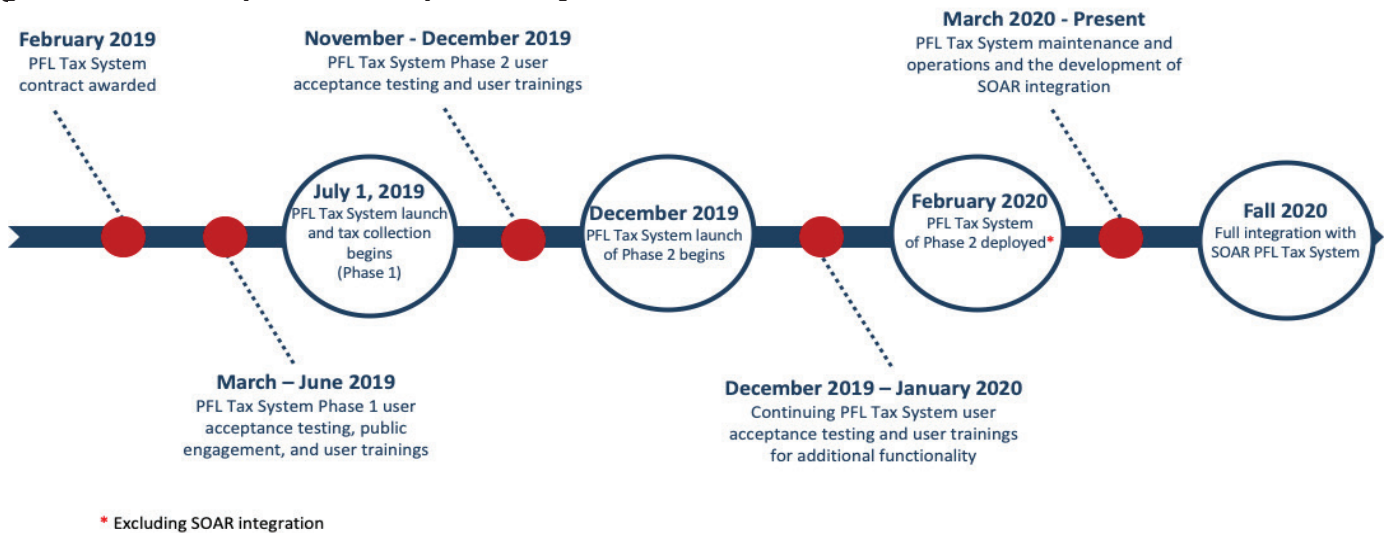
On February 21, 2020, the District renewed the Sagitec contract to exercise the first option year and continue the operations and maintenance of the PFL Tax System. Full integration of the PFL Tax System, with the District's System of Accounting and Reports (SOAR), is scheduled for deployment in fall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

²The reported total includes the Q1, CY2020 payments collected to date but not those payments still in process.

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

The District is preparing to launch 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.

Geographic Solutions (GSI), the contractor, is utilizing the Geographic Solutions Rapid Implementation and Development (GRID) project methodology as the foundation for the development of the 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 used waterfall methodology in the introductory meeting and in gathering requirements, developing project scope, and identifying stakeholders. The inception phase is complete.
2. **Analysis** - The project team used feature-driven development methodology in creating requirements used to configure and build the system. The analysis phase is complete.
3. **Construction** - The project team implements agile software delivery to provide predictable, on-time, and functional software. The construction phase is in progress.
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. The

transition phase is in progress.

5. **Maintenance** – Following the launch of PFLBAS, the project will enter into a maintenance phase in which GSI provides support level services, upgrades, and system enhancements.

In Q3 of FY2020, the District completed the analysis phase of the project, which concluded the review and assessment of the functional, non-functional, and technical requirements. During this quarter, the District also initiated the transition phase of the system implementation, which includes Quality Assurance (QA) testing and internal User Acceptance Testing (UAT). Training efforts have been a focal point of this phase to ensure all internal staff and key stakeholders are adequately prepared for the launch of the PFLBAS.

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

Figure 3: Paid Family Leave Benefits 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 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. In February 2020, the PFLBAS IV&V contract was awarded to Promesa Consulting Group Inc. Promesa immediately began to work alongside the District to validate the technical and functional components of the PFLBAS. Promesa has provided the District with substantive systems architecture assessments and in-depth risk analyses.

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 the following deliverables: Communications and Readiness Plan, Organizational Change Management Plan, Transition Plan, and Stakeholder Matrix. The firm continues to provide assistance to OPFL in the areas of human capital and standard operating procedure development and review.

Business Transformation

The Business Transformation and Data Analytics contract was awarded to Metropolitan Strategies and Solutions on April 10, 2020. Metropolitan Strategies and Solutions will be responsible for providing the OPFL with transformation services in preparation for the launch of the PFLBAS program, as well as support in the areas of economic modeling and forecasting, claim projections, data analytics, project management, and accounting. The kick-off meeting for the project occurred on April 21, 2020.

Interactive Voice Response (IVR)

The IVR solicitation was posted on April 22, 2020 and closed on May 11, 2020. The District is seeking a vendor that can provide a web-based IVR solution with the ability to receive claim support, as well as provide call queue maintenance, account updates to claimants without speaking to a call center representative, reporting, and more.

Healthcare Provider Verification

The Healthcare Professional (HCP) License Verification solution solicitation was posted on March 20, 2020, and closed on March 30, 2020. The District has identified a suitable vendor to provide software that will enable the program to manage and verify HCP credentials during the processing of a PFL benefits claim and anticipates awarding the contract this quarter.

Continuous Process Improvement

The continuous process improvement solicitation was posted on January 14, 2020, and closed on February 3, 2020. The contract was awarded on May 1, 2020 to DigiDocs, Inc. The solicitation asked for a vendor to provide guidance to the OPFL and Unemployment Insurance leadership through the development and implementation of a continuing and comprehensive process improvement program, specifically targeting new and growing organizations within the government sector. These programs are undergoing capital projects focused on modernization that requires a significant change from former systems and practices.

PUBLIC ENGAGEMENT

In response to the declared public health emergency for COVID-19, OPFL has shifted its focus to virtual engagement activities. However, OPFL continues to execute a public education campaign that promotes health equity for District workers with varied communication channels such as the PFL electronic newsletter, social media platforms, and PFL and DOES websites to reach a broad range of potential claimants. LINK Strategic Partners, a contractor, developed targeted communication and engagement strategies to expand the public education campaign.

To increase awareness amongst targeted audiences, OPFL continues to educate and create partnerships with stakeholders (e.g. medical providers, healthcare facilities, and community groups) in all eight wards of the District of Columbia. OPFL will extend its outreach efforts with the release of digital and print advertisements, development of diverse creative assets, participation in television and radio interviews, and the recording of multi-language radio and TV ads promoting the Paid Family Leave program. OPFL staff also participated in outreach events targeting healthcare providers, parents, and HR professionals.

Healthcare Provider Outreach

As essential community members, healthcare provider outreach continues to be paramount to the success of the PFL program. Healthcare initiatives, including Wellness Wednesdays and Family First Fridays provide OPFL the opportunity to interface directly with those individuals that will benefit most from the program. OPFL healthcare provider outreach has engaged over 1,000 critical stakeholders since implementation.

Webinars

To date, PFL webinars have engaged more than 6,500 stakeholders focusing on the coordination of benefits, employer requirements, and other program-related information. The webinars have been translated into multiple languages to reach a larger audience and reflect the District's diverse communities.

Paid Family Leave Newsletter

The PFL newsletter continues to be an effective way to disseminate information to the general public. Reaching more than 70,000 key stakeholders, the newsletter communicates program updates, including OPFL in the community, the development of the benefits system, and employer tax-related information.

Paid Family Leave Website

The PFL website, <https://dcpaidfamilyleave.dc.gov>, serves as the focal point for PFL communication. Through search engine optimization, PFL has created resources to target specific audiences to expand outreach efforts. Materials are available on the website in the seven commonly spoken languages in the District: English, Spanish, Amharic, Chinese, French, Korean, and Vietnamese. Also, PFL continues to update vital resources, including toolkits, handbooks, and fact sheets, to ensure effective communication.

Informational Sessions

OPFL continues to expand its outreach efforts by interfacing directly with the business community through informational sessions. These sessions allow for best practice sharing and solidify partnerships with invested members of the District. PFL has recently engaged with a variety of community groups through virtual information sessions, including with the Greater Washington Hispanic Chamber of Commerce.

CONCLUSION

OPFL is making strides toward an effective paid family leave program for District workers. Continuous improvements in the areas of program administration, IT, staffing, regulations, and public engagement is part of the ongoing effort to support a successful implementation. OPFL will continue providing District workers the resources to plan for tomorrow, today.

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