

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Employment Services



Public Oversight Roundtable On

“Implementation of Law 21-264, the Universal Paid Leave Amendment Act
of 2016”

Testimony of
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Before the

Committee on Labor & Workforce Development
Council of the District of Columbia
The Honorable Elissa Silverman, Chairperson

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Good morning, Chairperson Silverman, councilmembers, and staff of the Committee on Labor and Workforce Development. I am Dr. Unique Morris-Hughes, Director of the Department of Employment Services (DOES), and this morning I will provide an update on the Executive's implementation of Law 21-264, the "Universal Paid Leave Amendment Act of 2016" (the Act).

Today, at the ninth Council roundtable since the effective date of the Act, I am here to share the continued progress DOES has achieved over the last quarter as we move toward implementation of the District's Paid Leave program. Last month, the comment period closed on our proposed paid leave benefits rulemaking. At the same time, we continued to engage the public to better understand their experiences and concerns about the Paid Leave program. Finally, we are continuing to build out our Paid Leave infrastructure with new hires and the procurement of the new Paid Leave benefits system.

Under the leadership of Mayor Bowser, this agency has been able to take a legislative concept with some holes and operationalize it in an positive manner. We delivered the first key component of the Paid Leave program: the tax collection system. Thanks to the hard work of our talented staff, we created efficiencies for businesses by having a tax system with a single point of entry; were able to assess and generate more revenue than what was previously projected; and implemented critical pieces into the program, such as revenue analysis projections, an appeals adjudication process, and a flexible and scalable IT infrastructure. Further, at a recent national conference to discuss best practices, DC was able to demonstrate how we are the most technologically advanced program of the recent cohort of states to bring paid leave online and stand up systems.

Before I go any further, I want to take a minute, as I do at every hearing, to recognize the DOES Paid Family Leave (PFL) team for their hard work in realizing this program. Our PFL team members have done exceptional work in providing all interested parties the knowledge and understanding needed to get the best possible paid leave experience from the system we are building. For FY19, we reached more than 2,000 people through various in-person events and more than 5,000 individuals via webinars, sent out 34,000 business mailers, held four town halls, conducted 25 business walks, and engaged over 138,000 stakeholders overall.

As you know, we are taking an aggressive approach to ensure District residents and businesses are connected and informed of this benefit. While some business and employees have been confused and concerned with the Act, our team has relied on public engagement and feedback to help address these concerns. My team and I are focused on creating a high-quality Paid Leave system built upon providing top-tier customer service, business support, data security, efficiency, and strong stewardship of public funds. Our consistent outreach to other state Paid Leave administrators, advocates, the Council, businesses large and small, our sister agencies, and the general public to provide information and receive advice has informed our strategy and led us to improvements.

We continue to execute our public education campaign to inform employers, employees, and medical communities about each stage of the PFL development rollout and operations. DOES has held several information sessions with a wide spectrum of business groups and industries that make up the District's employer community to provide the opportunity to review information regarding the PFL program and provide direct feedback. Additionally, DOES dedicated a significant amount of time educating our District payroll service providers and other industry-

specific third-party agents on compliance and enforcement procedures that they were unclear about previously. Also, on July 29, 2019, a diverse audience of 300 people attended the fourth PFL town hall forum at The George Washington University. This particular event informed the audience of the current status of the implementation timeline, shared information about the PFL tax regulations, and provided other information necessary for employers to meet the PFL tax payment requirements that started on July 1, 2019. Attendees also received information about employer registration using the PFL portal, reporting wages, notification and record-keeping requirements, and other topics related to implementation.

Feedback from the public is highly valued, and the recent comment period for the proposed paid leave benefits rulemaking was yet another critical opportunity to ensure all voices are heard. I would like to thank each and every person, group, entity, and business that provided comments on the rulemaking. Through the comment period we received an astounding 1,200 comments from approximately 400 individual commenters. The comments addressed many of the shortcomings of the Act and ranged from the desire to modify who may receive benefits to supportive comments regarding our changes to make the administration of benefits easier for workers. Currently, we are still reviewing and organizing the comments.

Since the last hearing, our PFL team has continued to grow in size and capability. We now have a team of over 58 professionals whose roles range from tax and policy analysts to customer service specialists. Our growth has ensured that we have hired the best and brightest employees, including a new Contact Center Supervisor, a Supervisory Tax Examiner, a Program Manager, and 11 Tax Examiners. Moving forward, we will focus more on hiring for the benefits side of the

program, including a chief of benefits, benefits supervisors, IT staff, and several positions for our appeals team.

In the fourth quarter of FY19, DOES also focused on procurement and development of our Paid Leave system technology. Continuing our efforts, DOES completed “Independent Verification and Validation” (IV&V) system tests for the initial phase of the paid leave tax system. Local CBE, Eigennet, LLC began reviewing project, system documentation, and mitigation approaches alongside Sagitec Solutions and, to date, have found no major risks to the PFL tax system. The upcoming second phase of implementing the PFL tax system will add additional functionality, including allowing for tax refunds, compliance (liens, levies, and delinquencies), PFL field audits, and paid leave management reports. We are on target to begin user testing of these system enhancements next month. We anticipate that Phase Two will deploy this December. At the same time, we have worked with the Office of Contracting and Procurement (OCP) and the Department of Small and Local Businesses (DSLBD) to procure a Paid Leave benefits administration system that will interoperate with the tax system.

To date, we have collected more than \$70 million for the Paid Leave implementation trust fund. The District’s fund collection rate is over 97 percent, which speaks to the success of our outreach and education efforts. The Office of Paid Family Leave (OPFL) sent late notices on August 20, 2019 to the small number of employers that did not submit their payments in full to notify them that they have 30 days to remit payment with interest and penalties. After 30 days, if OPFL did not receive payment in full, delinquency notices were sent by September 20, 2019. Employers were given the option to enter into an installment payment plan during this period. If employers do not respond to the Notice of Late Payment by entering into an installment payment

plan or by paying full the amounts owed, the Collections Unit from the Tax Division considers all methods authorized by the Act to collect the delinquent amount.

I want to again thank all of my co-workers and colleagues at DOES, OCP, the Department of Human Resources, the Office of the Chief Technology Officer, DSLBD, the Office of the City Administrator, and the Executive Office of the Mayor who have contributed to this program. Together, our agencies provide the District workforce the tools they need to remain a vital part of the city's prosperity and growth. In making an advanced, robust, and manageable system, we have focused on getting the small details right so that the large issues are addressed accordingly.

This concludes my testimony. I am available to address any questions you may have.