



www.dcpaidfamilyleave.org
[@dcpaidleave](https://twitter.com/dcpaidleave)

FAQS FOR DC EMPLOYERS

Why does DC need a Paid Family and Medical Leave Program?

Paid family and medical leave programs allow the people who work for you to care for themselves and their loved ones when major life events arise. These programs allow and encourage your employees to return to work healthy, focused, and at full productivity. Paid leave helps reduce costs associated with employee turnover.

Nationally, only 40% of employees have access to paid medical leave and only 13% have access to paid family leave. (There is no state-level data available, but we believe the rates in DC are comparable.) By establishing a universal paid leave program for our city that is set up and managed with professionalism, fiscal responsibility, and transparency, we give the District a competitive advantage over neighboring states. Providing highly sought-after workplace benefits can entice more people to live and work in the District, increasing the employment talent pool.

How will I benefit from a citywide paid family and medical leave program?

Paid leave programs benefit your company in several ways. They enable you to provide the paid time off employees need when major life events occur, without requiring you to pay the full cost of their salaries while they are on leave. Research shows that paid leave programs make it more likely that employees will return to work, which directly reduces costs and time associated with employee

turnover and new hire training (which is estimated to cost at least 20% of an employee's salary). Paid leave programs also increase loyalty to employers and enable employees to work more effectively once they return, both of which result in increased workplace productivity. On a more macro level, protecting the basic financial security of DC's employees keeps money in their pockets, money that is in turn spent at our local businesses and re-invested in DC's local economy.

How will DC's Paid Family and Medical Leave Program be funded?

Since it is similar to a citywide insurance pool, the program is designed to be comprehensive in whom it covers and how it is funded. The current "discussion print" version of the bill covers every person working in DC through small contributions paid by employers (up to 1% of an employee's salary). Unlike unemployment compensation, there is no penalty against you if your employees take paid leave from the program. It also covers self-employed District residents, who will pay into the fund directly. This larger pool of coverage means a more affordable contribution rate for everyone.

Why is this program requiring employers to pay into the fund?

The employer-side contribution approach is similar to how the District and every other state operate unemployment insurance programs. As you may know, the District is legally prohibited from collecting revenue from the incomes of commuters (people who work in the District but live outside of it). Commuters account for more than half of the DC workforce. Employer-side contributions are the only legal means by which a District program can cover the entire DC workforce.

District residents who are self-employed will be required to pay into the fund on their own behalf to receive coverage.

Which of my employees are eligible for benefits?

The paid family and medical leave program is comprehensive. This means businesses of every size will be included, as will all employees working in the District. By covering every DC-based employee in your company, the program avoids creating different benefits for co-workers based on where they live. It also eliminates potential HR administrative headaches that would stem from having only some of your employees eligible for the program. (The wage replacement calculation is based on a person's

qualified earnings in the prior year, regardless of whether they switched employers during that time.) This legislation does not change or impact job protection requirements as currently defined in DC FMLA (see page 5).

What employers are exempt from contributing to DC's paid leave program?

The Federal Government is exempt from this payroll contribution because the District is legally prohibited from collecting revenue from the Federal Government. The DC government also will not pay into the fund because it will instead pay out full salaries directly to its employees during their leave. All other employers are required to contribute to the fund to cover their employees who work in the District, and self-employed District residents will contribute to the fund on their own behalf.

How much will this cost me?

Employers will make a contribution to the fund equal to no more than 1% of the wages they pay employees who work primarily in the District. Contribution rates will automatically decrease and move to a progressive structure over time when the fund has a surplus. The fund will pay your employees a portion of their salary for up to 12 weeks of leave.

If you are already providing paid family or medical leave benefits, this program may save you money and streamline your benefits systems because you know what to budget to cover your employees' leave costs. As it stands now, many companies that are self-insuring or offer a temporary disability insurance program face unexpected costs when a serious life event happens to an employee.

When will I have to start contributing to the system and when can people apply for benefits?

Under a best-case scenario, the DC City Council will pass the Universal Paid Leave Act in the late spring/early summer of 2016. After this, the designated administering agency will start the implementation process, which includes soliciting input on the content of the regulations. That agency also will be responsible for designing the forms, paperwork requirements, and processes for actually running the program. This implementation period will probably go into the second half of 2017, which means businesses would start contributing at the end of 2017 or in 2018. Under this optimistic scenario, qualified individuals can start accessing benefits in 2018.

My employees already earn paid sick days. How is this different?

The DC paid family and medical leave program is intended to provide support to your business and your employees when longer-term illnesses or ongoing caregiving needs arise. Under current DC law, all employers are required to provide at least three days of sick and safe leave—some must give five or seven. Under the “discussion print” version of the bill, employees are required to use up these legally mandated days before qualifying for paid leave. If you offer a more generous sick leave policy, of course you may continue to do so. However, your employees will not be required to exhaust all of these days before applying for paid leave.

How much will my employees be paid when on leave?

The law provides for a graduated or progressive system of wage replacement. This is so that the lowest-wage workers, who are the least able to take leave without jeopardizing their financial stability, receive almost all of their wages. Under the current “discussion print” version of the bill, the program provides 90% wage replacement for individuals earning less than double the District’s minimum wage, and then an additional 50% of salary up to \$1,500 per week. These wage replacement rates account for lessons learned from analyzing the existing programs in California, New Jersey, and Rhode Island and the insurance plans available on the private market.

Do I have to calculate and pay employee wages during their qualifying event?

No. As the employer, you paid into the system. During the time that your employee is on leave, you will not need to pay that person. Instead, the program administrators will verify and process claims, pay wages directly to employees, and handle any related appeals, taking these administrative HR burdens off of you.

How will I be able to continue operating if my employee is on leave?

We understand that an employee needing long-term leave can impact business operations. This program gives you more flexibility and predictability to make informed business decisions. Depending on your business’s size, you may already be required to provide access to unpaid leave. Since 1990, the DC Family and Medical Leave Act (DC FMLA) has guaranteed 16 weeks of unpaid family leave and

16 weeks of unpaid medical leave to District workers if their employer has 20 or more employees. The majority of employees in DC work for companies covered by DC FMLA.

It is difficult, however, for working families to utilize the existing FMLA laws because they still have to make ends meet while taking unpaid leave. By contrast, this new DC paid leave program will better enable the people who work for you to take the time they need when life challenges arise—without dramatic out-of-pocket costs to you—and then return to work at full capacity.

Through the DC program, your employee's leave will be paid by the fund, not you—leaving you the flexibility and extra money in your budget to decide how best to cover your staffing needs. With the money saved, you can redistribute work responsibilities internally, hire full- or part-time replacement staff, invest in other ways to get the work done, or take whatever measures you deem best. The program's intention is to help you retain talented and dedicated employees and avoid the high costs and lengthy processes associated with staff turnover. Paid family and medical leave is good business, no matter your business's size.

Do I have to hold the person's job?

Maybe. Whether an employee's job must be held for them is determined by the DC Family and Medical Leave Act (DC FMLA), which was enacted in 1990. Employers of 20 or more employees must provide job protection to those who have worked for the company for at least 12 months and 1,000 hours. Employees covered by DC FMLA have a right to return to their jobs or similar positions after taking paid leave (with some exceptions for a company's highest-paid employees).. People who work for smaller employers (fewer than 20 employees) will not be eligible for job protection unless you, as the employer, make this accommodation. Regardless of whether or not someone has job protection, they will still be able to apply for and receive paid benefits during a qualifying family or medical leave event.

What are you doing to protect against fraud in the system?

Data from other states and other countries with similar programs shows cases of fraud are extremely rare in these programs. The program administrator will certify claims and alert employers that an employee has applied for benefits, to ensure each employee in fact meets the requirements for long-term or ongoing intermittent paid leave. The bill penalizes individuals who misrepresent their

situation or commit fraud. If you suspect an employee is committing fraud on the system, you can contact the program administrators and request an investigation.

What other jurisdictions have paid leave?

Virtually every other country in the world offers paid maternity leave, and many countries have some version of a paid family and medical leave program. In the US, California (2002), New Jersey (2008), and Rhode Island (2013) added paid family leave programs onto their statewide temporary disability insurance systems that have been in existence for over 50 years. These state programs separate medical and family leave into two benefits, and provide for 52/6 (CA), 26/6 (NJ), and 30/4 (RI) weeks of paid medical/family leave. This is far more time than the plan for DC, which provides for a maximum of 12 weeks of any combination of paid medical and family leave.

Employers in California and New Jersey report that the paid leave programs in their states have had a positive or neutral effect on their businesses. For example, 89% or more of California employers that were surveyed reported positive effects on profitability, performance, and morale, or reported no effects—meaning that the negative impacts that some employers feared never materialized. Small businesses were less likely to report negative effects than large ones (over 100 employees). Rhode Island’s program started in 2014 and anecdotal evidence suggests researchers will find the same impact there.