



April 26, 2019

Dr. Unique N. Morris-Hughes
Director, DC Department of Employment Services
4058 Minnesota Avenue, NE
Washington, DC 20019

Dear Dr. Morris-Hughes

I am writing on behalf of CHAMPS, Capitol Hill's Chamber of Commerce, to urge the Office of Paid Leave to work closely with all third party payroll providers to ensure that they are prepared to comply with the Paid Family Leave (PFL) measure when tax collection begins on July 1, 2019.

Most CHAMPS members use third party payroll providers such as ADP, Intuit, Paychex, local accountants or bookkeepers to handle payroll, unemployment taxes, and other filings. It is essential to small businesses that those providers understand the requirements of the PFL law and how to file the tax correctly on behalf of their clients. Small businesses are concerned that they will be subject to penalties resulting from incorrect wage reporting or tax filing.

CHAMPS members have expressed concern that the payroll providers may not yet have enough information on reporting and filing procedures from DOES to report and file correctly on their behalf. Several CHAMPS members have contacted their payroll provider to ask if the provider is aware of the new law and prepared to file on behalf of small businesses. The response has been mixed. Intuit recently emailed small businesses clients acknowledging that Intuit is aware of the new law and will be prepared to file on behalf of businesses after July 1. However, one CHAMPS member called Intuit several times last week to ask whether they were prepared to implement the paid family leave law and was unable to get a response. CHAMPS members who are ADP clients report they have not received any kind of communication. Paychex is sending a letter out to clients advising on collection and notes the company is still waiting on returns and filing instructions from DOES.

CHAMPS requests that DOES prioritize education on the implementation of PFL with any payroll provider, accountant or bookkeeper that will be filing the PFL tax on behalf of small businesses.

A second issue that CHAMPS members have questions about is about the mechanics of implementing the benefit and how the employee is paid during the up to 10 days in which DOES makes the determination. Will employers need to pay the employee and then be reimbursed if PFL kicks in? If the employee needs to take emergency leave, will the employee take sick leave or PTO until the PFL benefit kicks in? The reality is that the determination period will likely fall at some point during which an employer will need to make a decision about what hours to record and submit for an employees' payroll. Clarity on this question is needed for both employees and employers.

We understand these are benefit questions, but they require clear guidelines from DOES to the employer community. Looking ahead, businesses will need fact sheets and information to share with employees to advise them of the benefit, as small business owners cannot be expected to be benefit advisors.

We look forward to continuing to work with the agency as paid leave is implemented, not only through the tax portion of the law, but also the benefit implementation. We would be pleased to work with you to identify information on PFL that would be useful to employers to be able to share with their employees.

Sincerely,



Julie Aaronson
Executive Director
CHAMPS, Capitol Hill's Chamber of Commerce

Cc: Councilmember Charles Allen
Cc: Councilmember Elissa Silverman