# Payroll Improvements Update

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With support from the Payroll Task Force


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# Payroll Facts

FY2024 **payroll budget** (salaries and benefits) is **$945,312,000,** or **37%** of $2.6 billion City budget.

Police and Fire represent **69% of General Fund budget**

City has about 7,150 active employees, **Public safety** represents **57%** of **General Fund** employees

In FY2023, City processed **184,000 payroll transactions**

# Why do Police and Fire payrolls tend to be more <u>complex</u> than those of other departments?

- **Variable** hours
- Frequent work on **holidays** at higher rates
- Large amounts of **overtime**
- Wide variety of pay **incentives**
- Special provisions in **labor agreements,** which have been subject to interpretation
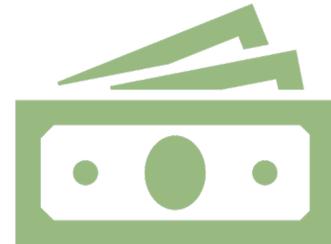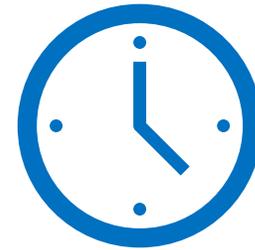
# Participating Departments

- **Primary departments** involved in payroll processing:
    - ✓**Financial Management Services**: financial, payroll tax and accounting
    - ✓**Human Resources**: time and attendance, employee records
    - ✓**Information Technology Solutions**: payroll systems

- **All City departments** play vital role in payroll process
    - ✓Scheduling, time-keeping, and approval
    - ✓Budget management, cost control

# Payroll Task Force

- City Manager's Office
- Financial Management Services
- Human Resources
- Information Technology Solutions
- FWLab
- Law
- Internal Audit

- Police
- Fire
- ***Fort Worth Police Officers Association\****
- ***Local 440, International Association of Fire Fighters\****

***\*invited to join the Payroll Task Force in January 2024***

# Why was this Project Needed

- **Resolve repeated challenges** associated with Fire and Police payroll processing

- **Improve** time and absence tracking/visibility

- **Optimize payroll time calculations** for Fire and Police personnel (civil service and civilian)

- **Reduce or eliminate payroll errors**, including overpayments and underpayments to employees

- **Rectify inconsistent application** of policies

- Ensure **contract compliance** with labor agreements

# Public Safety Payroll Project Goals

Accurate and efficient processing through **automation**

Simple, easy-to-read **pay advices**

Improved end-user **experience**

Employee **accountability**

**Streamlined** business processes

# Existing vs. Proposed Conditions

| System Attribute | Identified Issues | Examples of Issues to be Resolved |
|---|---|---|
| Complexity of policies | Extremely complex | • Holiday pay<br>• Shift differential<br>• K-9 pay |
| Automation of process | 192 manual processes | • E-Overtime manual double-entry eliminated |
| Employee accountability | Not all employees validate their time worked | • Time keepers validating time on behalf of employees |
| | Inconsistent approval of subordinate time worked | • Eliminating auto approval of time worked |

# Project Phased Approach

| Analysis | System Build | Testing | Full Implementation |
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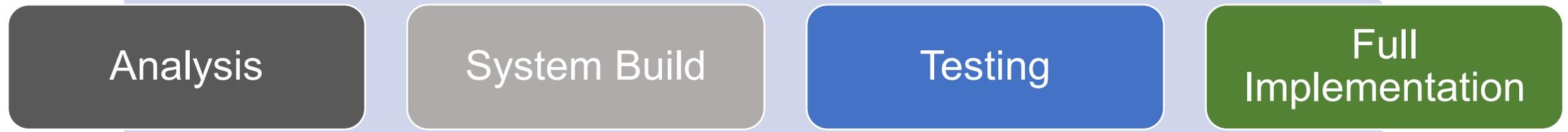
**Analysis**
- Identify and document payroll process
- Align process to policy
- Align technology to process
- Identify manual processes and _opportunities to automate_
- Question current practices and mitigate

**System Build**
- Integrate PeopleSoft and UKG business processes
- Configure improvements identified in analysis phase
- Reduce complexity
- Question current practices and mitigate – change management
- Drive continuous improvement (ask why!)

**Testing**
- Concurrent with FY25 budget development
- Completed by July 2024
- Ensure solution meets business needs & project goals

**Full Implementation**
- Improved shift scheduling
- Automated pay type categorization
- Reduction of payroll related errors due to complexity
- Continue change management, Training, and Go Live Readiness

# Payroll Project History: IRs and M&Cs

| M&C / IR Reference | Date | Subject/Purpose |
|---|---|---|
| IR 10360 | January 28, 2020 | Payroll Task Force Update |
| IR 21-10625 | August 3, 2021 | Payroll Process Update |
| IR 21-10680 | September 28, 2021 | Public Safety Payroll Solution Recommendation |
| M&C 21-0731 | September 28, 2021 | Authorize initial funding of $2,109,400 to implement the Public Safety Payroll Solution project - UKG system |
| M&C 21-0732 | September 28, 2021 | Authorize Coop Agreement w/ Immix Technology to purchase and implement the Public Safety Payroll Solution project - UKG system |
| M&C 21-0733 | September 28, 2021 | Authorize Coop Agreement and spend authority for Staff Augmentation Services for IT Solutions (a portion of which to support the Public Safety Payroll Solution project - UKG system implementation) |
| M&C 21-0734 | September 28, 2021 | Authorize Agreement and spend authority for temporary staffing (a portion of which to support the Public Safety Payroll Solution project - UKG system implementation) |
| IR 23-011 | January 24, 2023 | Update on Police and Fire Payroll Improvements |

# Payroll Improvements To Date

- Pay advice re-design/simplification
- Improved coordination and communication
- Reduction in payroll errors
- Developing strategies to handle system workarounds
- Police Department rookie officer transition
- Improved K9 scheduling and processing
- Significant reduction in hours associated with the biweekly processing of payroll

# Next Phase – Phase III – Functional Testing

- Vendor to complete system build for Fire Department (February 2024) and Police Department (March 2024)

- Initiate functional testing activities for 5 months (into July 2024)
  - **Goal is to confirm system is processing pay calculations as expected**

# Updated Payroll Project Budget

| Budget Detail | Amount | Driver/Justification |
|---|---|---|
| Initial Project Budget | $2,631,400 | |
| Adjusted Project Budget | $3,896,400 | Informal Report 23-011 - $1,265,000 added to project budget |
| Reallocate Funding to Extend Project to cover functional build testing | $365,000 | Cost to extend project support resources(contractors) into testing phase of project (July 2024) |
| **Revised Total Project Budget** | **$4,261,400\*** | |

\*Notes:
1 - Estimated cost to extend project is being funded from existing resources within departmental budgets.
2 – Revised total project budget does not include ongoing cost of maintenance/licenses.

# **Summary of Upcoming Council Actions**

- Actions to be taken by City Council:
  - ✓February 27: M&C approving the reallocation of funds ($365,000) from participating department budgets to extend the project into testing.
  - ✓August 6: City staff to bring forward recommendation on the next phase of the project
  - ✓August TBD: City Manager presents recommended FY2025 budget to include Phase IV of this project as appropriate

# Questions?