



# Payroll Services Consolidation Project | Closing Report

September 2015

## PROBLEM

The Hackett Group report, prepared in 2012, used peer and national data to highlight inefficiencies of Oregon state government's heavily manual payroll services.

The report identifies the following issues in payroll services throughout the enterprise:

- High cost per employee
- High ratio of payroll staff per employee
- Heavy reliance on manual processes

## APPROACH

In November 2013, the Improving Government Steering Committee sponsored the Payroll Services Consolidation Project.

With support from project management, resources from 10 agencies conducted initial research to define payroll services and agency payroll service needs. This work included mapping out 36 payroll processes. Next, the project steering team analyzed the feasibility of piloting shared payroll services across multiple agencies, seeking like-agencies. Lastly, two pilots were launched, one to create a three-agency governance model to implement full consolidation, and a second to implement cross-training best practices without moving to full consolidation of processes or locations.

## SCOPE

The scope of this project included calculation of wages, time and attendance processes, customer service for benefits, salary and wage record maintenance, leave allowances, and deductions.

The goals of the project were to:

- Design and implement shared services;
- Design a replicable shared services model including governance, implementation planning, and a Service Level Agreement with metrics;
- Research payroll service best practices and standardize payroll service business processes
- Reduce the resources needed to deliver payroll services



## RESOURCES

Timeline: November 2013 – August 2015

Budget: Costs to consolidate payroll services were absorbed by the pilot agencies and DAS Payroll Services. Project management was provided through the DAS Office of the COO.

This project required both enterprise-wide representation and subject matter experts from agency payroll service offices.

## OUTCOMES ACHIEVED

- Co-location of DOR/DOJ/DCBS payroll staff at a DOJ service site
- Increased standardization of both payroll and human resources processes
- Service Level Agreement and performance metrics implemented
- Greater alignment of payroll processes to best practices
- Cross training of payroll staff in core processes across agencies and functional areas.
- Agreements to share resources across the Departments of Parks and Recreation, Forestry, Fish and Wildlife, and Transportation.

## NEXT STEPS

The tri-agency pilot will continue through June 2017. At that time, the governance team will determine the success of the pilot based on tracked metrics and position authority can then be transferred to the hosting agency, DOJ. If the model is adopted permanently, a fee structure will be negotiated between the three agencies.

## LESSONS LEARNED

The idea of consolidating and sharing job duties can be a stressful notion to staff members. Future projects should consider a readiness assessment of the agencies and affected staff members prior to selecting pilot groups. Investment in change management up front will help eliminate slowdowns throughout the project and give staff a greater sense of inclusion. Additionally, agencies interested in sharing core payroll services should utilize the same timekeeping systems.

## Project Staff

**Sponsors:** Patrick Allen, DCBS, Improving Government Sponsor; Bret West, DAS Sponsor

**Team Members:** Nancy Boysen, DCBS, Pilot One Business Lead; Allyson Ford, DAS, Project Manager