

VII. STANDING COMMITTEES

B. Finance, Audit and Facilities Committee

Human Resources/Payroll Replacement Project – Approve Issuance of Request for Proposals and Delegation of Authority to the PresidentRECOMMENDED ACTION

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the Board of Regents approve issuing a Request for Proposals (RFP) to explore possible replacement of the Human Resources/Payroll system and delegate authority to the President to submit plans and proposals as necessary for approval by the state of Washington. Adoption of the final project plan, budget, and award of contract(s) will be brought to the Regents for approval in 2012.

BACKGROUND

The University of Washington (UW) is one of the largest employers in the state of Washington. It has a large, complex, and diverse workforce of 40,000 people including faculty, researchers, clinical personnel, student workers, and administrative staff. There are multiple bargaining units and complex cost allocation rules, including tracking personnel costs to specific funds and grants. Additionally, there are operational cost accounting needs in the medical centers and operational support units on campus.

In spite of the size and complexity of the institution, the UW operates without a centralized Human Resource Management System, and uses a 29 year old payroll system that contains minimal human resource data. Lack of centralized human resources/payroll system functionality has resulted in a proliferation of short-term solutions (“shadow systems”) to meet local needs.

Key business goals and objectives were identified and prioritized through broad consultation with central office experts, technical staff, and campus users. Work completed to date includes development of complete requirements; conducting research on peer institution solutions and data gathering from potential vendors; and assessing risks, policy issues, possible solutions and technical approaches. This work is documented in a Feasibility Study, and forms the basis for developing a Request for Proposals (RFP) to invite vendors to submit competitive offers for University-wide Payroll and Human Resource Information Systems (P-HRIS).

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Human Resources/Payroll Replacement Project – Approve Issuance of Request for Proposals and Delegation of Authority to the President (continued, p. 2)

SYSTEM REQUIREMENTS

The University needs an integrated solution for payroll and human resource management that has the flexibility to respond to complex and changing payroll rules and regulations, as well as the ability to process payroll for all UW employees, including clinical and medical staff. It must retain all information about positions, appointments, and employees, including a full lifecycle of employment, from recruitment to retirement or separation. The solution should include the ability to provide supplemental pension payments to retirees and designated beneficiaries for the UW-sponsored retirement program, as well as maintaining lifelong records for plan participants. In addition, the solution needs to integrate fully with data and existing systems from multiple medical centers. In the long-term, the solution should support the UW's ability to recruit, retain, and develop faculty and staff, and fulfill its range of reporting and other compliance obligations.

Based on research to date with peers and vendors, it is estimated that P-HRIS implementation costs will run \$20 - \$30 million. In addition, there will be significant additional investment in terms of UW staff time to implement; annual operating costs are estimated at \$5 - \$8 million.

NEXT STEPS

The plans for the University-wide P-HRIS must be reviewed and approved as required by state statute. Next steps include submitting the plan to the Office of Financial Management, and to the new Office of the Chief Information Officer (OCIO). These approvals are necessary before UW can release the RFP.

After proposals are evaluated and if a decision is made to proceed with the replacement project, UW will be required to return to Olympia with a project investment plan for approval of the vendor solution and total project costs. That final project investment plan, budget, and recommended contract award(s) will be brought to the Board of Regents for authorization prior to submission to Olympia.

REVIEW AND APPROVALS

This recommendation has been approved by the Interim Vice President and Vice Provost for UW Information Technology, the Vice Provost for Academic Personnel, the Financial Planning Officer for UW Medicine Health System, the Vice President for Human Resources, and the Senior Vice President.