A New HRIS (Human Resources Information System) for Willamette University

The Human Resources Information System has been the subject of a lot of discussion, and has recently become a significant area of concern for the University for two reasons. First, over the past two years a series of errors and problems has resulted in incorrect payroll for Willamette employees at a level beyond the acceptable norm for similar systems. Second, needed upgrades in the Colleague system require the replacement of major portions of the existing system due to obsolete customizations. These needs have resulted in an evaluation of the HRIS and options for moving forward.

What is the problem to be solved?
The HRIS is outdated and in some cases, Willamette’s customizations of the system are obsolete. The result is an inability to consistently ensure accuracy in payroll, benefits, and employee information. Moreover, Willamette is hampered in providing a positive experience in recruiting, onboarding, and reporting of HR data.

The following are just some of the areas of major concern:

Repetitive, voluminous data entry and lack of system controls have compromised accuracy, resulting in errors in pay and benefits.

- Employee data must be manually keyed multiple times into multiple systems, introducing numerous potential points for mistakes. For example, PeopleAdmin, BenefitFocus, Prospera, and Colleague are separate systems that do not integrate with one another.
- Custom programming is required for basic functionality including Oregon state tax withholding and the Worker’s Benefit Fund Assessment. The recent sick leave law updates required several weeks of focused work by HR and payroll, resulting primarily from system limitations.
- Key processes such as time tracking lack routine validation, which requires more staff review time and increases the likelihood of errors. Given the lean staffing in HR and Payroll, there is not bandwidth to perform timely and in-depth validation.
- The current system lacks support for tax reporting requirements basic to other systems.

Custom functions developed at Willamette (JASON) are obsolete and need to be retired to allow necessary upgrades to the ERP system. These changes will require at least one major new system (time and attendance) and multiple process changes.

- Time and leave tracking will no longer be available once JASON is retired, so a solution will need to be purchased.
- Student position administration and onboarding are also currently administered through JASON and will need to be replaced.
Many needed improvements - such as more meaningful earnings codes - are hampered by customizations that use “hard-coded” functions and cannot easily be upgraded to accommodate changes.

Updates and additional functionality required to comply with changing laws and regulations are slow and consume more staff resources than are reasonably available or necessary at other institutions. Here are recent examples of new compliance obligations:

- Oregon Worker’s Benefit Fund Assessment
- Affordable Care Act - tracking of hours and reporting requirements
- Oregon Sick Leave - adding sick leave functionality for students
- Changes required to pay advices beginning January 1, 2017

Current business processes are manual and paper-intensive, and are not consistent with best practices or strong customer service for managers or employees.

- Modern systems use self-service to reduce administrative burden (including paper-shuffling) and improve transparency, whereas Willamette’s existing approval processes consist of walking paper forms from office to office for signatures.
- Willamette does not have any document management capabilities, so all files are currently paper-based.
- Willamette does not have a system that supports a positive applicant/employee experience in recruiting, onboarding, updating pay and benefits information, understanding compensation or performance management.
- Student and faculty/staff payrolls are separate and cannot easily be combined. This results in variations in business processes causing numerous compliance, reporting and processing issues. Combining the student and faculty/staff payrolls will be a major systems change due to customizations currently in place.

How significant are these issues? Can you provide some examples?
Numerous errors and issues have occurred during the last year related to the HRIS. The following examples demonstrate an assortment of the types of problems we are encountering due to this outdated and heavily customized system:

Oregon state income tax withholding:
In early 2015, we became aware that amounts being withheld for Oregon state income tax were not correct. The following notice sent to the Willamette community on January 30, 2015 explains the nature of the problem:

Every January there are updates in the tables and calculations that drive tax withholding, many of them driven by new laws and regulatory changes. Unlike most commercial payroll packages, the Ellucian
Colleague system that underlies many of our administrative systems does not provide state tax tables and calculations, so we must maintain them in-house. This year, while making annual updates in the tax tables, some errors were discovered in the algorithms used to calculate Oregon state income tax. These errors affected wage earners above $50,000 in gross annual wages.

The tax tables have now been updated and the calculations corrected. There will not be a retroactive adjustment, as tax withholding is settled up when an individual files their personal tax return. However, employees earning more than $50,000 in gross annual wages may notice changes in their Oregon state income tax withholding. Please review your January pay advice and note the change. This would be a good time to engage in some early 2015 tax planning - consult your tax advisor to determine whether the amount being withheld is appropriate for you. If you wish to adjust your state tax withholding, see Angela Murphy (ammurphy@willamette.edu) or Debi Cuccia (dcuccia@willamette.edu) in Payroll to submit a revised W-4 form and adjust your withholding.

New States:
An employee was added in Virginia and benefits were not processed as pre-tax in his first check. When a state is added, tax structures and tables have to be manually built by WITS, and all benefits and earnings types have to be edited to be subject to or exempt from those newly built tax structures. In a modern system, there are system defaults available, and it is necessary only to perform an audit of the configuration when adding a new state.

Customization Necessary for Compliance with Worker’s Benefit Fund (WBF) Withholding:
In 2012 payroll staff determined the University was not in compliance with a requirement to withhold assessments for the state WBF from employee pay. Due, again, to limited support from our Ellucian Colleague system for state-specific tax issues, and the somewhat unusual nature of the assessment, which is based not on pay but on hours worked, customization was necessary to implement the WBF withholding. Due to the programming required (and in spite of “borrowing” code from Clackamas Community College, another Ellucian Colleague client), and the problems of adapting our legacy data structure to provide hours data for all employees, non-exempt AND exempt, it took eighteen months to correct this basic compliance issue.

Even now, because the WBF calculation is a back-end customization, it is not calculating correctly. In short work months, employee and employer tax is over calculated and in a long work month, the tax is under calculated. In an audit the totals being paid would not match the time reported by salary non-exempt staff.

Lack of Standard Profiles for Employees:
We are unable to set up complete employee profiles in Colleague. For example, we cannot set up a profile for adjuncts that would record that the adjunct does not qualify for retirement benefits. Benefits and other information must be hand keyed for each employee (there are more than 30 fields for each employee). Mis-keying this past August resulted in 12 adjuncts receiving
retirement benefits in violation of our plan documents. We had to notify these professors and pull the money out of their accounts.

**Incorrect FSA Deductions:**
BenefitFocus, which is being used in the absence of a unified, modern HRIS, miscalculated FSA deductions resulting in under-withholding monthly deductions for multiple employees. The result was that employees had to “make up” these withholdings in a shorter timeframe. BenefitFocus reported that there was a flaw in the software, but it has been fixed.

**ACA Compliance:**
BenefitFocus failed to produce required forms under the Affordable Care Act. HR had to hire temporary help to handkey these forms for every employee participating in the PPO. A new HRIS would provide this functionality.

**Administering Limits on Retirement Contributions:**
Corrections have been necessary for individuals who contribute maximum amounts to the University’s 403(b) and 457(b) retirement plans due to limitations in Colleague’s ability to administer limits. The Colleague system does not have the ability to enforce aggregate limits, combining codes for regular and catch-up contribution limits, and the deduction code structure was not set up to use separate codes for each limit.

**Batch Wage Update Caused Position Data to Override Employee Data:**
During batch employee wage updates in 2015, position settings overrode more accurate employee settings, resulting in incorrect wages being paid for 20 employees. This issue highlighted the lack of effective position management and the obsolete position structure in the current system.

**Leave Accrual and Reporting Issues:**
One of the customizations in the existing system involves leave accruals and reporting. Errors have been discovered in the leave reporting / accrual customization process, which resulted in leave reported by employees not posting and lost accruals for individuals at the accrual maximum. This issue is requiring labor intensive data review and then manual adjustments.

**What is the recommendation?**
A team representing Human Resources, Accounting, Financial Operations and Willamette Integrated Technology Services has evaluated the current environment and assessed alternatives to address the issues and recommend a path forward.
The team concluded that Willamette needs to move to a system that meets the University’s needs without customization, and supports best practices both in implementation and everyday practice for the future. After reviewing numerous systems, the team recommends implementation of the Workday HCM (Human Capital Management) solution.

**Why do we need best practices?**

Amid needs across the campus, some members of the community will question the need to make an investment to implement a system that represents “best practices.” After all, the existing system has worked for nearly forty years, and gets the job done, right?

The Human Resources Information System has broad-ranging impacts on the Willamette community. Nearly one-third of Willamette students are also employees at any given time, so the experience of a student employee is an important part of the student experience. Every employee, whether faculty, staff or student, is affected by this system. Furthermore, HRIS functions, particularly benefits and payroll, are critical to employees. Mistakes in these areas have direct consequences to employees, and can pose major risks for the University.

Payroll and benefits are also very highly regulated fields, and the level of regulation is increasing. Just in the past couple of years, major compliance requirements have resulted from the Affordable Care Act (ACA) and the Oregon Sick Leave law. Important changes have been announced in overtime regulations under the Fair Labor Standards Act (FLSA). Again, the risks of failure are increasing.

The proper functioning of the HRIS, and use of best practices, is also important to ensuring that Willamette employees are treated equitably and consistently. A system that is highly manual and dependent on idiosyncratic processes results in inconsistent treatment. Ensuring consistent, equitable treatment of employees helps create a culture that is supportive of individual human effort.

**Why Workday?**

The team focused on options that consolidate HR and Payroll functions in one unified or integrated system, as opposed to a “best of breed” model that utilizes a variety of specialized tools for specific functions requiring more system integrations. The decision was made that a replacement system needs to address the entire employee lifecycle, including recruiting, onboarding, core HRIS, performance management, time and leave tracking, payroll and benefits. Workday is a modern, unified system that provides a complete “soup to nuts” solution, including the following benefits:
Enhanced Security - Because there is only one version of the software, Willamette would be running the same version as major financial organizations, which have to meet the highest security standards. Furthermore, auditing is always turned on, so there is always a record of who changed data and when.

Solid Disaster Recovery - Workday runs in the Cloud, at multiple data centers across the globe with nearly constant data replication between sites. If a disaster, such as an earthquake, occurred at any Workday data center, we would experience at most a 12 hour downtime period before the system was available again, and we would lose at most one hour of data updates. In contrast, if a disaster occurred in our Willamette Hatfield data center we would likely need three weeks to recover the system, and we could lose up to one day of data updates.

Reduced IT Support - Workday has developed a growing presence in the higher education market, and can accommodate many of the unique elements of a higher education institution through configuration of the software, without the need to customize any code. Workday is being used by comparable colleges and universities, and the software gets glowing recommendations from peers. Enhancements, such as modifications to support the Affordable Care Act and Oregon Sick Leave, are delivered quickly by Workday. Users are able to satisfy their own reporting needs, without relying on IT. If we don't implement Workday, WITS will need to spend hundreds of hours retiring JASON code and modifying Colleague HR to make it sustainable for the future. In addition, the ongoing enhancements and reporting will continue to consume about one FTE in WITS.

Streamlined Processes and Adoption of Best Practices - Workday was built to make extensive use of self-service and online workflows, and includes built-in document management capabilities and end-user configurable approval processes. Workday is delivered with over 400 workflows for processes such as performing wage increases and making organization changes, and they are all built and perfected based on best practices. They can be used as delivered or modified. As some examples, Workday has workflows for:

- Position creation and refill
- Recruiting
- Applicant review and disposition
- Onboarding (including online completion of new hire documentation)
- Time and attendance tracking
- Protected leave administration
- Benefits enrollment
- Integration with benefits vendors
- Employee self-service for updating employee information, such as employee addresses or tax withholding information
- Total compensation management, including processing increases or supplemental pay
- Performance management, including online evaluations
- Document management

Increased Data Integrity - The integrated nature of the workflows and extensive use of notifications and data validation reduce data errors.

What will this mean for the University community?
The HRIS is a major administrative system, and its replacement will be a significant project. The team recommends adoption of best practices and use of preconfigured workflows and business processes where possible, so the implementation of Workday is likely to result in changes to existing processes. However, implementation of Workday and adoption of best practices, will have a substantial impact on the accuracy of payroll and benefits, the speed and transparency of the recruiting process, performance management, and time and attendance reporting.

Next steps if a new system is not implemented?
As noted above, Accounting, HR, and WITS are unable to ensure accuracy and consistency in payroll, benefits, and employee information, or confidently meet ever-increasing regulatory requirements, with Colleague and the current staffing model. If a new system is not implemented, additional staff will be required in Accounting, HR and WITS to meet minimum expectations of accuracy. In addition, a major project to reimplement the Colleague HRIS will be necessary due to pending required technology upgrades to the Colleague system.