**Office of the President**

**TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:**

<u>**INFORMATION ITEM**</u>

*For Meeting of January 22, 2020*

**OVERVIEW OF UCPATH BENEFITS**

## EXECUTIVE SUMMARY

The University is implementing UCPath to support payroll, workforce administration, and benefits services for more than 225,000 employees. UCPath provides a robust and secure infrastructure for functions and services unavailable in the legacy payroll system, such as online employee and manager self-service, workforce data and reporting, and online, telephone, and chat customer service channels. While these benefits are being realized immediately with each new UCPath deployment, other benefits are accruing as UC acquires more operational experience and deploys UCPath at remaining UC locations.

## BACKGROUND

The term UCPath contains an acronym of its core service components – payroll, academic personnel, timekeeping,[1] and human resources (HR). UCPath is a strategic initiative to transform UC's legacy payroll system into a state-of-the-art workforce management solution. Designed to meet the complex needs of UC's large workforce, UCPath provides a shared services platform for payroll, benefits, academic personnel, and human resources services and 24/7 access to employees' job and pay information.

Almost four decades old, UC's 11 separate legacy payroll systems each required inefficient manual entry and were increasingly difficult and expensive to maintain. UCPath provides a foundation to further streamline processes, scale for growth, and enable efficiencies and innovations with future services.

## UCPATH BENEFITS

*New UCPath Services*

UC's legacy mainframe-based system, known as the Payroll Personnel System (PPS), displays core payroll data on a static screen with user access limited to key departmental staff. By comparison, UCPath is a Human Resources Information System with an array of features that

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[1] Planned as a subsequent phase of work

provides expanded functionality for core payroll and workforce administration functions on a significantly more modern, robust, and secure platform. In addition, UCPath provides many new services and capabilities:

- Online employee access to pay, benefits, and leave balances
- Online manager access to employee information
- Multiple customer service channels, such as telephone and online chat
- Records requests
- Position management
- Automated benefits eligibility
- Automated leave accruals
- Consolidated tax and W-2 handling
- Consistent and compliant pay and benefits handling
- Systemwide and location reporting from a common database
- Data for local analysis
- Consistent union reporting
- Dashboard metrics
- Consistent compliance reporting
- Vendor-provided security and regulatory software updates
- Business continuity/disaster recovery

### *UCPath Center*

PPS services were delivered typically by generalist departmental staff who allocated a small portion of their work to payroll or HR transactions.

By directing routine, transactional activities to a dedicated team of specialists in a service center setting, UC frees up capacity of campus and UC Health staff for value-added activities at their locations.

UCPath services are delivered through a team of specialists located at the UCPath Center in Riverside. Because these staff work together in a campus-serving central organization, they have a high degree of cross-training, a high customer service orientation, and tend to score very well in employee engagement surveys. This is a high-morale group who know that they are providing a set of essential functions and who display a strong commitment to continuous improvement as a learning organization.

### *Cost Avoidance*

UC will benefit from UCPath in cost avoidance, particularly as the University leverages the efficiencies of scale created by the UCPath Center and a single, unified software solution.

For example, in 2012, external consultants initially projected UCPath Center staffing at 585 FTEs based on a service population of 168,000 UC employees. Since then, the UC employee count has

grown to 225,000; however, UCPath leadership has revised staffing requirements downward to 440 FTEs when UCPath is fully implemented. UCPath leadership expects to further reduce staffing levels to 400 FTEs as it stabilizes operations and streamlines processes after the deployment project.

**Figure 1- UCPath Center Staffing**
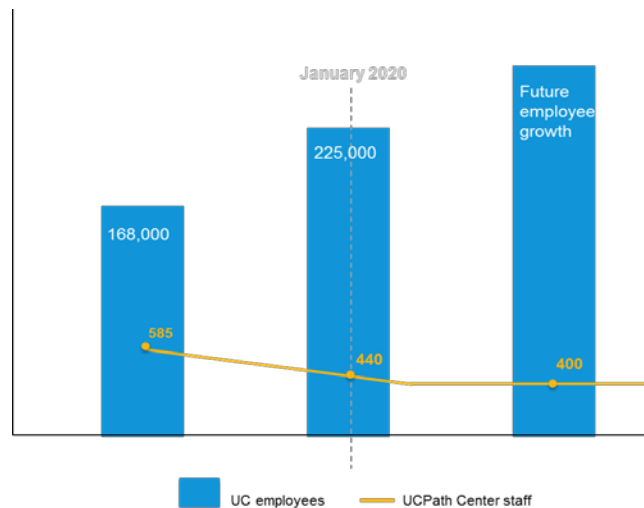


To accommodate expected growth of the UC employee population without equivalent growth in UCPath Center staffing, UCPath Center leadership continues to pursue improvements to staff training, enhancements in technology, and application of Lean Six Sigma principles to eliminate waste and streamline operations. In addition, leadership is working with UC location leaders to streamline business interactions.

With a single unified software solution, as external or regulatory entities enact changes that require software modifications, such as those to support the Affordable Care Act, UC will avoid development, testing, and implementation costs associated with changing 11 different payroll instances. Instead, changes will be deployed once in UCPath for all UC employees.

*Workforce Data and Reporting*

UCPath provides UC leaders with a sophisticated, data-rich view of the entire UC workforce. UCPath data will support analysis and reporting to meet a variety of administrative needs such as union reporting, the State worker salary database, or other accountability reporting. In addition to providing data not previously available under the legacy system, UCPath improves data integrity and accuracy with up-front validation when data is entered and eliminates manual calculations that affect employee pay, deductions, and leave balances. Better initial data quality results in a reduction of costly rework, and this contributes to cost avoidance.

*Compliance and Risk Reduction*

Under the legacy payroll system, UC faced broad enterprise risks for system/payroll failure, compliance, and security. These risks are fully addressed with UCPath:

- Automated calculations, such as payroll, leave accruals, and benefits eligibility are accurate, consistent across all UC locations, and compliant with UC policies and government regulations.
- Common business processes ensure consistency across UC locations.
- Centralized payroll processing eliminates redundancy and ensures consistency and compliance.
- Vendor-supported tax and software updates ensure that UCPath remains current and accurate.
- Modern hardware and software platform reduces security risk.
- Up-front data validation reduces input errors.
- Cloud technology with vendor-supported infrastructure and redundancy ensures business continuity.

*Continuous Improvement*

As UC gains experience with UCPath, UCPath leadership is making continuous incremental improvements to business processes, the customer service model, and the business model with its constituents. These improvements are based on the experiential data UC collects as part of its daily operational activities. For example, since the first campuses implemented UCPath in 2017, the UCPath Center has added several unplanned services with no increase in cost, including:

- Operations liaisons: Points of contact between campus and UCPath Center leadership for issue resolution, knowledge transfer, communication and client support
- Quality Care Unit: Specialized team that resolves high-priority employee issues, such as pay issues
- Employee Services chat and call back features

UCPath leadership continues to refine UCPath functionality alongside deployment activity, including significant enhancements such as the new employee self-service site, mass transaction capability, and a site that supports former employee access to earnings statements and W-2s.

*Operational Metrics and Communication with Stakeholders*

The UCPath Center regularly compiles and publishes comparative, location-by-location operational metrics to identify and share best practices. The metrics enable UCPath Center and location leadership to identify and address training and knowledge gaps and ultimately improve service to UC employees. Table 1 shows an example of a weekly report on the distribution of cases (tickets) among locations in production with UCPath, compared to the percentage of employee population among locations. Where there are significant variances between the

distribution of employees and cases, the UCPath team can undertake additional analysis to
understand if the variances are warranted, and to determine if any corrective or preventative
measures are necessary.

**Table 1 - Comparative Case Activity**

| Week of Nov 3 | % of Cases | % of Employees |
|---|---|---|
| ASUCLA | 0.30% | 1% |
| ANR | 0.96% | 1% |
| UCB | 16.60% | 17% |
| UCD | 16.04% | 25% |
| UCD MC | 9.65% | |
| UCM | 1.50% | 3% |
| UCOP | 2.26% | 1% |
| UCR | 6.25% | 7% |
| UCSB | 6.30% | 9% |
| UCLA | 29.84% | 36% |
| UCLA MC | 10.29% | |

Each quarter, the UCPath Center publishes a summary of statistics highlighting key transactional
processing volume metrics. Key UCPath volumes for the period of January 1 – September 30,
2019 include:

- $5.03 billion in gross salaries paid
- $1.32 billion in State and federal taxes disbursed to tax authorities
- 1,248,264 paychecks produced
- 903,066 logins to UCPath Online
- 106,593 support cases processed by the UCPath Center

*Operational Governance*

A significant factor that contributed to the evolution of 11 different versions of the legacy payroll
system was the absence of an effective governance structure to manage ongoing demands for
updates, customizations, or location-specific adaptations of the system.

UCPath has a robust and thoughtfully structured governance structure, developed initially for the
deployment project, which clearly articulates decision rights among the locations, procedures for
proposing and assessing changes, and for assessing and correcting the effectiveness of the
business processes supported by UCPath. This governance structure could serve as a best practice
and model for future systemwide programs or services.

**DEPLOYMENT STATUS**

UCPath first went into production at UCOP in December, 2015. Currently, UC Irvine and UC
Santa Cruz are transitioning to UCPath, with access to UCPath beginning on January 2, 2020. At
that point, UCPath will serve 170,000 UC employees.

UC Hastings is preparing to implement UCPath in February 2020 and UC San Francisco and UC San Diego will implement UCPath in May 2020. UCPath leaders are evaluating options to meet Department of Energy payroll reporting requirements for Lawrence Berkeley National Laboratory, and deployment timing will be determined in early 2020 once that evaluation is complete. The UCPath project will formally conclude in June 2020.

**Key to Acronyms**

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|---|---|
| FTEs | Full Time Equivalents |
| HR | Human Resources |
| PMO | Project Management Office |
| PPS | Payroll Personnel System |
| UCOP | University of California Office of the President |