

**Office of the President**

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

## **DISCUSSION ITEM**

***For Meeting of May 15, 2019***

### **UCPATH UPDATE**

#### **EXECUTIVE SUMMARY**

The University achieved another significant UCPATH milestone with the successful deployment at UC Berkeley. This report provides an update on the UCPATH status and schedule changes as a result of the UC Davis deferral. In addition, the report updates implementation costs based on the revised schedule.

#### **BACKGROUND**

The term UCPATH contains an acronym of its core service components – payroll, academic personnel, timekeeping,<sup>1</sup> and human resources. 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 require inefficient manual entry and are difficult and expensive to maintain. UCPATH provides a foundation to further streamline business processes, scale for growth, and drive efficiencies with future services.

#### **DEPLOYMENT STATUS**

##### ***UC Berkeley Implementation***

On March 30, UC Berkeley became a UCPATH production location. Project teams from UC Berkeley, the UCPATH Center, the UCPATH Program Management Office (PMO) and the Office of the President (UCOP) successfully completed four weeks of cutover activities on schedule. UC Berkeley employees received their first UCPATH pay in early April. UCPATH PMO and UCPATH Center team members remain on site to provide support while UC Berkeley completes a period of stabilization.

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<sup>1</sup> Planned as a next phase of the project.

With the addition of UC Berkeley, UCPATH serves more than 100,000 employees across six UC locations and the Associated Students of UCLA.

### ***Deployment Schedule Change***

Based on recommendations from the campus and UCPATH leadership, President Napolitano and UC Davis Chancellor May agreed in late February to defer UCPATH deployment at UC Davis. Despite concerted efforts, teams from the UCPATH PMO and UC Davis were unable to address all critical readiness issues before the start of cutover. Deployment for UC Agriculture and Natural Resources (UC ANR), linked to UC Davis' key administrative systems, was also deferred.

The UC Davis and UC ANR deferral affects UCPATH deployment for all remaining locations, which were scheduled to deploy in December 2019. In late March, UCPATH governance approved a revised schedule that shifts the UC Davis and UC ANR deployment six months to September 2019, with remaining locations following in the first and second quarters of 2020.

**Table 1: Revised UCPATH Deployment Schedule**

<b>Locations</b>	<b>Cutover</b>	<b>Employees</b>
<b>UC Davis UC Agriculture and Natural Resources</b>	September 2019	35,000
<b>UC Irvine UC Santa Cruz</b>	December 2019	29,000
<b>Lawrence Berkeley National Laboratory UC Hastings UC San Francisco</b>	February 2020	31,000
<b>UC San Diego</b>	April 2020	34,000

The revised schedule incorporates a change in the deployment strategy which is designed to minimize incremental changes to timeline and cost, leverage existing implementation planning, and limit production downtime. Under the new strategy, locations following UC Davis and UC ANR will progress as a cohort through data conversion and testing activities, which conclude in December 2019. All remaining locations will implement UCPATH in three rolling deployments through April 2020, smoothing impact on the UCPATH Center and the transition for UC employees.

### ***Lessons Learned***

Lessons learned from the UC Davis deferral point to a need for earlier issue detection and remediation. To that end, the UCPATH PMO has put in place new control measures to ensure readiness at critical checkpoints well in advance of UCPATH cutover. These measures include:

- Verification of key deliverables by location governance
- Expanded progress monitoring and risk reporting

- Increased visibility of medical center project status
- UCPath PMO-based on-site support and guidance

## **BUDGET**

### ***Financial Forecast***

In the January 2019 report to this Committee, implementation costs were reported at \$547.2 million, including a contingency of \$1.5 million. The incremental cost increase for extending the UCPath schedule through May 2020 is estimated at \$6 million, bringing the total forecast to \$553.2 million as shown below in Table 2.

**Table 2: UCPath Implementation Costs**

<b>Forecast (in \$ millions)</b>	<b>Previous</b>	<b>Current</b>
<b>Implementation Costs</b>	545.7	551.7
<b>Contingency</b>	1.5	1.5
<b>Total</b>	<b>547.2</b>	<b>553.2</b>

Table 3 below displays actual project costs through February 2019 and forecast project costs for the remainder of FY 2019 and FY 2020, in addition to reported campus implementation costs. Project costs are funded by campus assessments. Campus costs are as of December 2018 and forecast costs for the remainder FY 2019 and FY 2020 and net of reimbursement from project funds.

**Table 3: UCPath Capital Costs**

<b>(in \$ millions)</b>	<b>Actuals</b>	<b>Forecast</b>		<b>Total</b>
		<b>FY 2019*</b>	<b>FY 2020</b>	
<b>Project Office Costs</b>	<b>483.4</b>	<b>30.4</b>	<b>39.4</b>	<b>553.2</b>
<b>Campus Costs</b>	<b>150.4</b>	<b>34.9</b>	<b>41.9</b>	<b>227.2</b>

\* Represents four months of project forecast and six months of campus forecast

### **Key to Acronyms**

PMO	Project Management Office
UC ANR	UC Agriculture and Natural Resources
UCLA	University of California, Los Angeles
UCOP	University of California Office of the President