

OPM E-Government Initiative E-Payroll

Office of Personnel Management
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9/3/2002

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

OPM e-Gov Initiatives

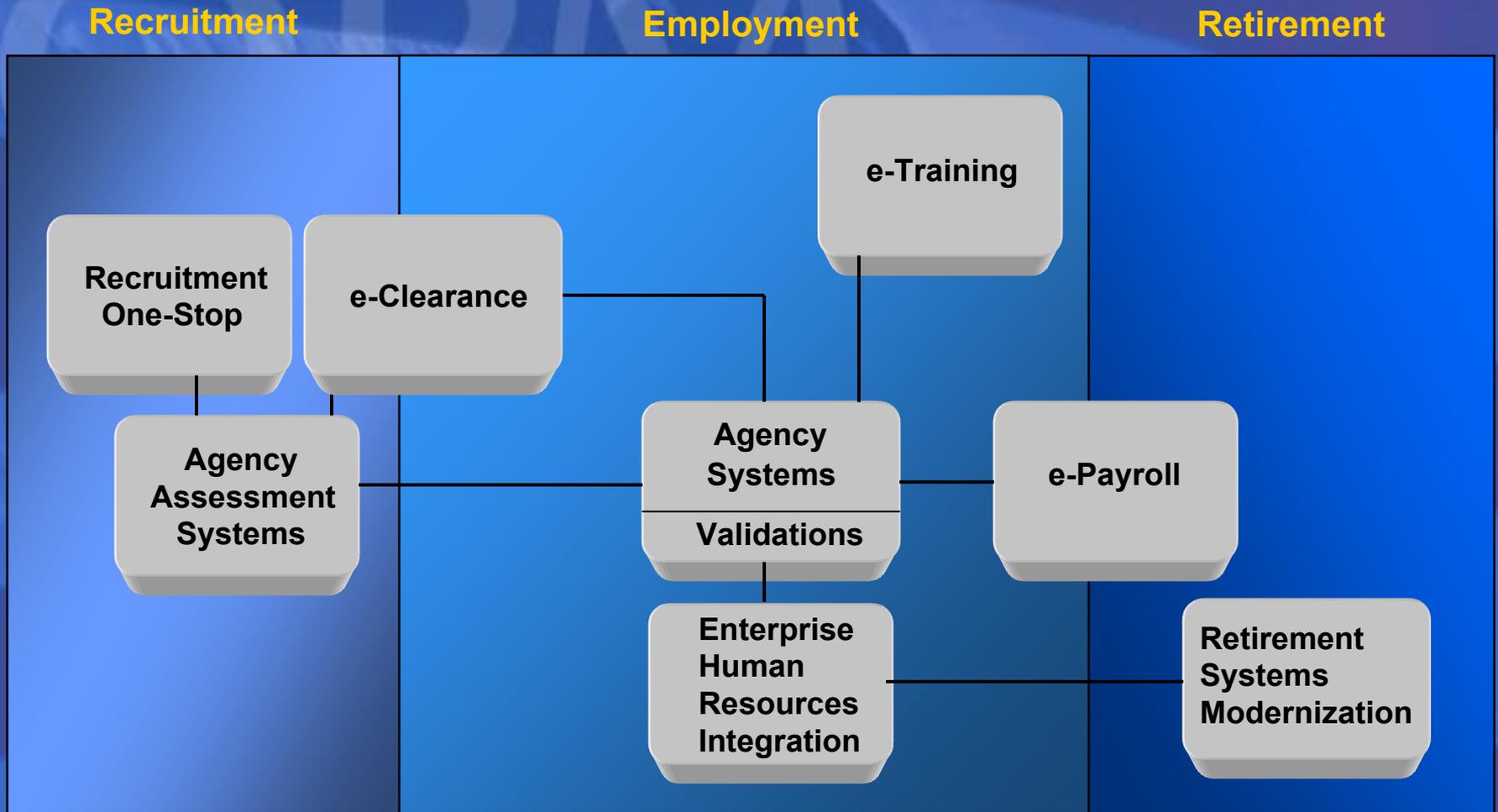
- e-Clearance
- EHRI
- e-Payroll
- Recruitment One-Stop
- Retirement System Modernization
- e-Training



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Interrelationships Among OPM e-Gov Initiatives



The Employee Life Cycle



OPM E-Payroll

The Current Environment

- 22 Payroll Providers

- 4 Largest service 80% of total Federal civilian payroll

- Def Finance & Accounting Service
 - Dept of Interior

- Dept of Veterans Affairs
 - Dept of Agriculture

- Cost for current provider systems (FY 2003 – 2012)

- Operations \$1.5 billion

- Investments \$.7 billion

- TOTAL \$2.2 billion



OPM E-Payroll Recommendation

- Consolidate Federal payroll providers
- Standardize payroll policies
- Modernize payroll systems as necessary
- Phased approach to achieve the end state, an integrated HR/Payroll system



OPM e-Payroll Standardization Overview

- Standardization Action Team (SAT)
- Scope
- Mission
- Background
- Process
- Results
- Next Steps



OPM e-Payroll Standardization SAT

- Established May 2002
- Agency HR, Compensation and Payroll experts
- Review and analyze opportunities to standardize and simplify payroll policies
- Establish payroll processing baseline



OPM e-Payroll Standardization Joint Financial Management Improvement Program (JFMIP) Interagency Study

- SAT baseline
- Identified 56 targets of opportunities for improvement
- Payroll and HR related



OPM e-Payroll Standardization SAT Process

- Analyzed JFMIP opportunities for improvement
- Identified additional opportunities from agency payroll operational and system specialists
- Focused on title 5
- Formed title 38 subgroup



OPM e-Payroll Standardization SAT Results

- Identified total of 87 opportunities for improvement

Issue	Impact	Target of Opportunity for Improvement	Benefits	Costs & Impact on Provider Systems	Degree of Difficulty	Change Methodologies	Reference	Standardization or Simplification
Unnecessary diversity in pay cycles across government	Requires costly manual processing and controls.	Require all employees (including cabinet secretaries and heads of military departments) to be paid on a biweekly pay period.	Efficiency in pay administration; effectiveness and cost savings; permits payment of entire population by the automated system.	Minimal cost to change, and modification to provider system	Medium*	Legislation	5 U.S.C. 5504; 5 U.S.C. 5505	Standardization
Different rules for title 5 and FLSA overtime pay complicates payroll processing.	Places administrative burden on payroll systems. Increases costs to process payroll.	Adopt one consistent methodology to determine premium pay for overtime work for FLSA-exempt and nonexempt employees. Reform laws on overtime pay to eliminate need for both title 5 and FLSA.*	Standardization across the government; ease of administration.	System change costs and provider system will require modification	Medium	Study under OPM's Strategic Compensation Initiative	5 U.S.C. chapter 53, subch V; FLSA; 5 CFR part 550, sub H; 5 CFR part 551	Standardization
Inconsistent rounding rules result in variations in pay calculations for different agencies.	All other factors being equal, employees receive different amounts of pay due to differences in rounding.	Establish standard payroll rules for rounding in pay calculations.	Supports consistency; government-wide application of standard pay rules.	System change costs and provider system will require modification	Medium	OPM guidance		Standardization
Inconsistent policies for accruing leave for part of a pay period.	Places administrative burden on T&A/payroll systems.	Clarify employee eligibility to accrue leave for part of a pay period (i.e., when employee is eligible to earn leave).	Standardization; ease of administration; uniformity.	Payroll system change costs, and provider system will require modification	Medium	OPM regulation - OPM plans to propose in its rewrite of the CFR this Fall	5 CFR 630.204*	Standardization



OPM e-Payroll Standardization SAT Results (continued)

- Received and analyzed over 250 agency comments
- Prepared a Report of Findings for Standardization of Federal Payroll Policy



OPM e-Payroll Standardization Report of Findings

- Identified 87 standardization opportunities
- Recommended model for continued standardization
 - Process reengineering
 - Stakeholder Involvement
 - Communication
 - Change Methodology
 - Benchmarking
- Part of e-Payroll Standardization Plan
 - Approved by OPM Director August 4, 2002
 - Beginning point for next steps



OPM e-Payroll Standardization Next Steps

- Coordination of initial standardization opportunities with OPM Program Offices
- Perform non-title 5 review
- Identify additional standardization opportunities in payroll processing
- Integrate the standardization process with the consolidated providers

