IDC ExpertROI® SPOTLIGHT

City of Roseville Expedites Payroll Processing with Time and Attendance Solution from WorkForce Software

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Like many public sector organizations, the city of Roseville employs various types of personnel with different job schedules that are subject to a multitude of labor laws and other state and federal regulations.

Since 2008, the city has dealt with this challenge by using the Web-based EmpCenter Time & Attendance solution from WorkForce Software (WFS) to track employee hours and absences and automate payroll processing while ensuring compliance with the governing labor laws and regulations. The city also uses the workforce management solution to consolidate its billing processes for work done by its employees for local developers and outside agencies and to track the cost of capital improvement projects and time worked for other departments within the city.

Besides reducing payroll processing and administrative costs, the solution has increased cost recovery by automating the billing for the city's secondary labor process, allowing more accurate tracking and billing for work done by employees.

In total, the increased cost recovery and savings from productivity gains have generated average annual benefits of $516,000, resulting in a five-year return on investment (ROI) of 253% for the WFS solution and a payback period of 8.8 months.

Business Value Highlights

Organization: City of Roseville

Location: California

Challenge: Tracking payroll manually was expensive

Solution: EmpCenter Time & Attendance from WorkForce Software

Financial benefits:

- Reduced labor costs to track time, saving over $17,000 per year
- Realized $2.8 million ($0.5 million operating margin) in previously unbilled fees
- Five-year ROI of 253%

Implementation

Located 20 miles from Sacramento, California, with a population of over 120,000, the city of Roseville has close to 1,700 permanent and temporary employees, only one-tenth of whom are exempt from the overtime provisions of the Fair Labor Standards Act (FLSA).

Before deploying the WorkForce Software solution, the city tracked employee time and absence manually, with employees entering their time into a departmental database. Then a timekeeper would enter the same data into a timekeeping system and, in some cases, into a separate work order system. The process was further complicated by having to track California's extensive and complex leave laws as well as numerous federal laws. Regulatory compliance was particularly challenging for the city because it offers employees a wide variety of job schedules, including 9/80, 4/10, and flex 40 schedules; a 24-hour schedule for its fire department and water/wastewater treatment plant personnel; a 12-hour schedule for its power plant workers; and a 3/11–4/11 schedule for its police department.

In 2006, the city decided to replace its manual systems with a Web-based automated solution. The goal was to consolidate the separate manual systems used by various departments for tracking time and attendance into a single, automated solution. The city also wanted to enhance its secondary labor process by capturing labor costs more accurately and billing on a more timely basis to recover its costs sooner. The process, which is one of the city's largest time and attendance functions, is used to bill developers and outside agencies for work done by city employees. It is also used to track the cost of capital improvement projects, citywide projects, and time worked for other city departments.

Before deciding on a solution, the city conducted extensive interviews with its departments and other government organizations that had addressed similar issues and hired a consultant to help with its needs analysis. After a detailed evaluation process, the city selected WorkForce Software and its EmpCenter Time & Attendance solution.

Implementation began in May 2008 using a phased approach, department by department, and was completed by October. During the implementation, the city used every resource available to learn every aspect of the system, including configuration and report writing training. "We did this to become self-sufficient in handling future changes and upgrades," said Kristi Corral, payroll manager of the city of Roseville, who managed the project.
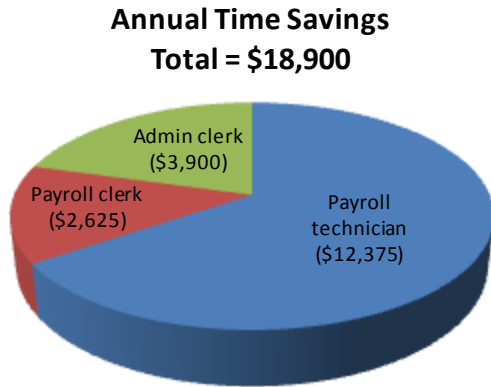
Financial Benefits

With the EmpCenter Time & Attendance solution, the city has been able to streamline its payroll processing for all departments and manage overtime, leaves, and absences more effectively. The solution has also allowed the city to avoid fines and fees for noncompliance with labor laws.

In addition, the city has been able to track its secondary labor costs more accurately and bill for the work on a more timely basis. Previously, the billing was done quarterly; now it is handled monthly. In addition, a new, user-friendly time sheet recovers more employee time than before because it simplifies the process of entering hours spent on a project at the time the work is being done.

The automated solution has helped the city control labor costs by eliminating unearned absences, minimizing unplanned overtime, and increasing productivity because of optimized schedules. It has also saved payroll administrators eight hours per day in processing time for each pay period and given HR administrators the ability to track more labor metrics.

Employees spend less time entering data and make fewer errors, saving the time needed to correct them. The more accurate information has also helped with the regular audits of payroll data required for state grants and financial control. Figure 1 shows the breakdown of the payroll processing and admin time savings, averaging $18,900 annually.

Figure 1.

Annual Time Savings
Total = $18,900

Admin clerk ($3,900)
Payroll clerk ($2,625)
Payroll technician ($12,375)

Source: IDC, 2013

Cost Savings from Increased Productivity

Using the WorkForce Software Time & Attendance solution, the city of Roseville was able to reduce significantly the time spent processing payroll every two weeks and correcting errors. The time savings amounted to 260 hours annually for a payroll technician and 65 hours annually for a payroll clerk. There were further savings of 104 hours a year for an admin clerk. Cumulatively, the cost savings from the increased productivity exceeded $85,000 over five years.

Cost Recovery

Since deploying the solution, the city has been able to increase cost recovery from its secondary labor projects by more accurately tracking and billing for the employee hours involved. The additional cost recovered from billing out labor totaled $2.5 million over five years.

Return on Investment

IDC conducted an interview with the city of Roseville to quantify the benefits and investment associated with its use of the WFS Time & Attendance solution and created an ROI calculation from the results.

IDC calculates the ROI and payback period in a three-step process:

1. Measure the cost savings and increased cost recovery from implementing the WorkForce solution.

2. Ascertain the total investment.

3. Project the investment and benefits over five years and calculate the ROI and payback period. The ROI is the five-year net present value (NPV) of the benefits divided by the discounted investment. To account for the time value of money, IDC based cash flow calculations on a 6% discounted cash flow, which is Roseville's cost of capital plus an additional risk factor.

IDC projects that the city of Roseville will realize a discounted total of $2.17 million in cost savings and increased cost recovery over five years from its use of the WorkForce Software solution, resulting in a five-year ROI of 253%. Payback on the investment occurred within 8.8 months (see Table 1).

Table 1.

Five-Year ROI Analysis	
Benefit (discounted)	$2.17M
Investment (discounted)	$0.62M
NPV	$1.56M
ROI	253%
Payback	8.8 months
Discount rate	6%

Source: IDC, 2013

Future Outlook

The city recently upgraded its solution from version 6.4 to version 9.2 to take advantage of additional capabilities within the EmpCenter workforce management suite. "Our intention is to add new solutions, such as Absence Compliance Tracker, Advanced Scheduler, and Analytics," Corral said.

Absence Compliance Tracker (ACT) automates absence management while ensuring compliance with the latest federal and state laws, as well as corporate and union policies. ACT helps HR administrators when they can't confidently determine whether an employee is eligible for leave. In attempting to comply with the Family and Medical Leave Act, which allows employees to take leave intermittently or through a reduced schedule, HR will often err on the side of caution and grant excessive and unearned time off. ACT eliminates this uncertainty. It also tracks intermittent leave hours with precision and provides real-time reporting into how these absences affect an employee's accrual balances and work schedule. Corral explained that, when deployed, ACT would provide the city with a central location to track all leave cases and ensure compliance with state and federal laws. It would also free up staff for more productive work than manual entry.

By implementing these solutions and enhancements, the city estimates it would save about 930 hours of staff time. Advanced Scheduler would provide 400 hours of savings by eliminating duplicate schedule entry by managers along with duplicate review and approval. An additional 400 hours would be saved by using ACT and by reducing manual entry into spreadsheets and eliminating the need for several employees to deal with the same information. Reducing the time spent researching labor laws would also cut costs. The remaining 130 hours would come from report-related savings in the payroll and IT departments, according to Corral.