

ANALYSIS

Item 74: Department of Administrative Services Workday Payroll Project Implementation

Analyst: Kim To

Request: Increase the Other Funds expenditure limitation by \$3,266,681 for the Department of Administrative Services (DAS), Enterprise Goods and Services (EGS) to address the costs associated with moving the implementation date of the Workday Payroll and Time Tracking project from July 1, 2022 to December 1, 2022.

Analysis: The new Workday Payroll and Time Tracking project is a replacement of the current 30-year-old legacy payroll system. DAS has been working on this new payroll project for the last three years. As part of cyber security best practices, DAS is also in the process of implementing Multi-Factor Authentication (MFA) for Workday. Delaying the implementation date of the payroll project will allow DAS to focus more fully on implementing MFA while allowing for additional time for training and change management efforts before going live with the payroll project in December.

Delaying the implementation for five months will incur the following expenses to extend the following contracts:

- \$2,700,000 IBM contract for Workday implementation services.
- \$ 100,325 North Highland contract for Change Management services.
- \$ 45,000 COBOL support for the legacy Payroll System.

In addition, DAS is requesting permission to add two new components to Workday that will continue into the 2023-25 biennium:

- \$361,356 Payroll Module to the Kainos Testing Tool used by the Workday Oregon Support Team so that Payroll components can also be tested after go-live.
- \$60,000 Tax Filing services from a vendor to manage payroll taxes for out of state employees.

The agency anticipates using existing cash balances within Enterprise Goods and Services to fund this request.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase Other Funds expenditure limitation for the Department of Administrative Services by \$3,266,681 for costs associated with moving the implementation date of the Workday Payroll and Time Tracking project from July 1, 2022 to December 1, 2022.

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Department of Administrative Services
Ball

Request: Increase Other Funds expenditure limitation by \$3,266,681 for costs associated with moving the implementation date of the Workday Payroll and Time Tracking project.

Recommendation: Approve the request.

Discussion: The Department of Administrative Services (DAS) is requesting additional expenditure limitation to extend contracts associated with the Workday Project to allow time for agencies to implement Multi-Factor Authentication prior to the implementation of Workday Payroll. This request would delay the implementation of the project by five months and allow DAS to perform additional testing, ensure staff are properly trained for the implementation, and allow agencies to adjust internal queries. DAS will also provide agency specific guidance, training support, and change management guidance.

Delaying the go-live date will require extending contracts for implementation services, change management services and COBOL support for the legacy payroll system through December 1, 2022. The cost of these extensions is a one-time increase projected at \$2,845,325 Other Funds.

The second component of this request is to increase Other Funds expenditure limitation by \$421,356 to add two essential components to the Workday Project. This would add an automated testing tool to assist in testing system updates and security roles and would procure a Tax Filing Service vendor to manage payroll taxes for out of state employees. Both components will continue into the 2023-25 biennium and incur ongoing contracted service costs.

This request will be funded with existing cash balances within DAS Enterprise Goods and Services.

Legal Reference: Increase the Other Funds expenditure limitation established by chapter 425, section 2(7), Oregon Laws 2021, for the Department of Administrative Services Enterprise Goods and Services, by \$3,266,681 for the 2021-23 biennium.



Oregon

Kate Brown, Governor

Department of Administrative Services

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April 28, 2022

Senator Peter Courtney, Co-Chair
Representative Dan Rayfield, Co-Chair
Joint Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

The Department of Administrative Services (DAS) is requesting a limitation increase of \$3,266,681 to pay for associated costs with moving the implementation date of the Workday Payroll and Time Tracking project from July 1, 2022 to December 1, 2022. The new Workday Payroll and Time Tracking project is a replacement of the current 30 year old legacy payroll system. DAS has been working on this project for the last three years and recognizes the sensitive nature of changing to a new payroll system from a customer perspective. DAS also recognizes the importance of cyber security best practices and is subsequently in the process of implementing Multi-factor Authentication (MFA) for Workday. Delaying the implementation date of the payroll project will allow DAS to implement MFA and then go live with the payroll project in December.

Included in this request are additional components related to post-implementation testing and tax filing services.

Agency Action

The Workday Payroll and Time Tracking project will use the five month delay to:

- Perform additional testing and prepare for implementation.
- Ensure employees and managers are given multiple training opportunities.
- Allow additional time for agencies to adjust internal queries to DAS for payroll and time data.
- Provide agency-specific guidance, training support, and change management needs.

Action Requested

DAS is requesting an expenditure limitation increase for the Workday Payroll and Time Tracking project for the following expenditures:

- An extension to the IBM contract for Workday implementation services (\$2.7 million).

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- An extension to the North Highland contract for Change Management services (\$100,325).
- Extended COBOL support for the legacy Payroll System which is on an outdated version of COBOL (\$45,000).

The following two components were planned to be addressed after the payroll project goes live but with the schedule extension, DAS is requesting permission to include these costs now:

- The addition of a Payroll Module to the Kainos Testing Tool used by the Workday Oregon Support Team so that Payroll components can also be tested after go-live. (\$361,356)
- Procurement of Tax Filing services from a vendor that will manage payroll taxes with all the states where State of Oregon employees reside. Filing with tax entities would begin on January 1, 2023. (\$60,000)

Legislation Affected

Oregon Laws 2021, Chapter 425, Section 2, Subsection (7).

Sincerely,



Katy Coba
DAS Director | Chief Operating Officer

CC: Dustin Ball, Department of Administrative Services
Kim To, Legislative Fiscal Office