



VICE PRESIDENT FOR BUSINESS SERVICES

To: ACC Classified Employees

From: Ben Ferrell
Gerry Tucker

Date: December 12, 2007

Re: Bi-Weekly and Monthly Payroll

Campus Forums were held to provide the opportunity for employees to learn more about plans for a monthly payroll and to ask questions. We appreciate that employees attended and participated in the process. This memo contains information about the plan. After reading the memo, please complete the survey located at <http://fs7.formsite.com/ACCitfd/form478417359/index.html>. Your responses will be used by the administration to make a final decision regarding monthly payroll.

As discussed at the meeting, the Information Technology, Business Services and Human Resources staff met to review the operational impact of the proposals and options. The staff reviewed a bi-weekly, semi-monthly and monthly payroll process. The staff recommendation is to create a monthly pay cycle for Non-Exempt Staffing Table employees beginning in FY08. For the first year, an employee would be able to request an exemption due to a hardship. In FY09, all non-exempt employees would be on a monthly payroll.

What are the objectives of creating a monthly payroll?

The team identified the objectives as follows:

- 1) Eliminate printing of checks;
- 2) Reduce 84 payrolls to 24-30, and reduce supplemental payrolls;
- 3) Timely reconcile liability accounts;
- 4) Provide an easier system to record benefits;
- 5) Implement a simple system.

Why is the recommendation a monthly payroll?

The team reviewed the issues and problems with the payroll system including:

- 1) The number of payrolls continues to grow including supplemental payrolls for staffing table employees (84 payrolls per year);
- 2) The college devotes enormous staff time to accounting for and reconciling checks. A monthly payroll would make it easier to reconcile liability accounts and benefits
- 3) The need to reduce reliability of using the eTime system (continual customization) and move to Datatel;
- 4) The need to increase processing time in order to produce an accurate payroll;
- 5) The need to simplify payroll applications to one application instead of two applications; and
- 6) Increased time is needed to manually input and process benefits and changes.

Why would a semi-monthly payroll not work?

A semi monthly payroll only reduces the cycle by two payrolls.

What if this creates a financial hardship?

An employee would be able to request an exemption for the first year and move to a monthly payroll in FY09.

Can I create two bank accounts for my paycheck?

Yes, an employee can direct a specific amount to a savings account and a checking account. Thus, dividing a payroll check to maintain a bi-weekly schedule.

What will a Classified employee receive in September?

A Classified employee will receive the two week held back pay in early September and then a full month's pay (with any approved annual increase) on September 30, 2008.

BACKGROUND INFORMATION (11/01/07)

The subject of an all monthly payroll comes up from time to time when reviewing operating costs at ACC due to the large number of payroll runs the college must produce, and the additional time and resources it takes to produce the bi-weekly payroll. However, the ACC administration realizes this has been a subject of much debate, and that while some classified employees favor going to monthly paychecks, many others do not, citing concerns about budget management for an entire month and disruption of established bill paying dates. To date, the College has continued to absorb the costs and HR/IT resource usage of the additional payrolls due to the concerns expressed by many classified employees, but the administrative efficiency issue remains.

The ACC administration has proposed going to a monthly payroll for all employees beginning in September of 2008. A position paper on the issue has been distributed with a chart comparing monthly cash flows to employees under both the current bi-weekly method and a monthly payroll method. The administration believes that a monthly payroll not only improves operational efficiency, but it also gives employees much more control over their personal finances, resulting in a win-win situation for all.

The College would not implement the monthly payroll until September 2008, so that employees will have a full year to anticipate and plan for the change. The College will also offer campus forums and workshops to assist employees requesting such assistance in making the transition.

After several campus forums with classified employees, and discussions at the Administrative Services Council, staff will propose options to the President for both a monthly payroll and a semi-monthly payroll. Staff are meeting with the IT and Payroll Departments to evaluate the logistics of these options. The administration will continue discussions through campus forums and the ASC this Fall.

Finally, it is hoped that all ACC employees will recognize the importance of gaining efficiencies in the use of resources whenever they may be reasonably implemented. The efficient use of resources enables the redirection of existing costs and resources to more productive efforts, which helps in maintaining the College's F-10, Compensation policies without undue cost increases to students and taxpayers. Generally the benefit comes in employee time redirected to more productive pursuits. Going from 26 (plus related supplemental check runs) to 12 would be a greater than 50% change in efficiency of resources. So whatever the savings are, they would be more than half of whatever it costs now. That is always a wise move.

Since no one would be let go in payroll or IT because of this (maybe through attrition over time, if even that), then little or no cash savings would accrue. Just improved use of time and HR/ IT resources. In the long run achieving efficiencies tends to make costs rise slower, stay the same in the face of inflation, or even go down in the future. It is rarely a budget reduction move.

**Austin Community College
All Monthly Payroll**

The Issue

Classified employees at ACC are currently paid bi-weekly, while all other employee classifications are paid monthly. The subject of eliminating the bi-weekly payroll has come up from time to time for a variety of reasons centering around improved administrative efficiency and cost reduction. There are also benefits for employees in a monthly system that may not be initially apparent. Below is a listing of the benefits, concerns and other issues involved in the transition to an all monthly payroll.

Benefits

The administrative benefits to ACC include:

- Reducing the large number of payroll and supplemental payroll runs by half or more;
- Reducing the human and data system resources required to prepare and distribute a bi-weekly payroll;
- Reducing the amount of checks produced (an increasingly important concern due to cost and potential for check fraud).
- Eliminating the accounting issues caused by work weeks that straddle the end of a fiscal year.

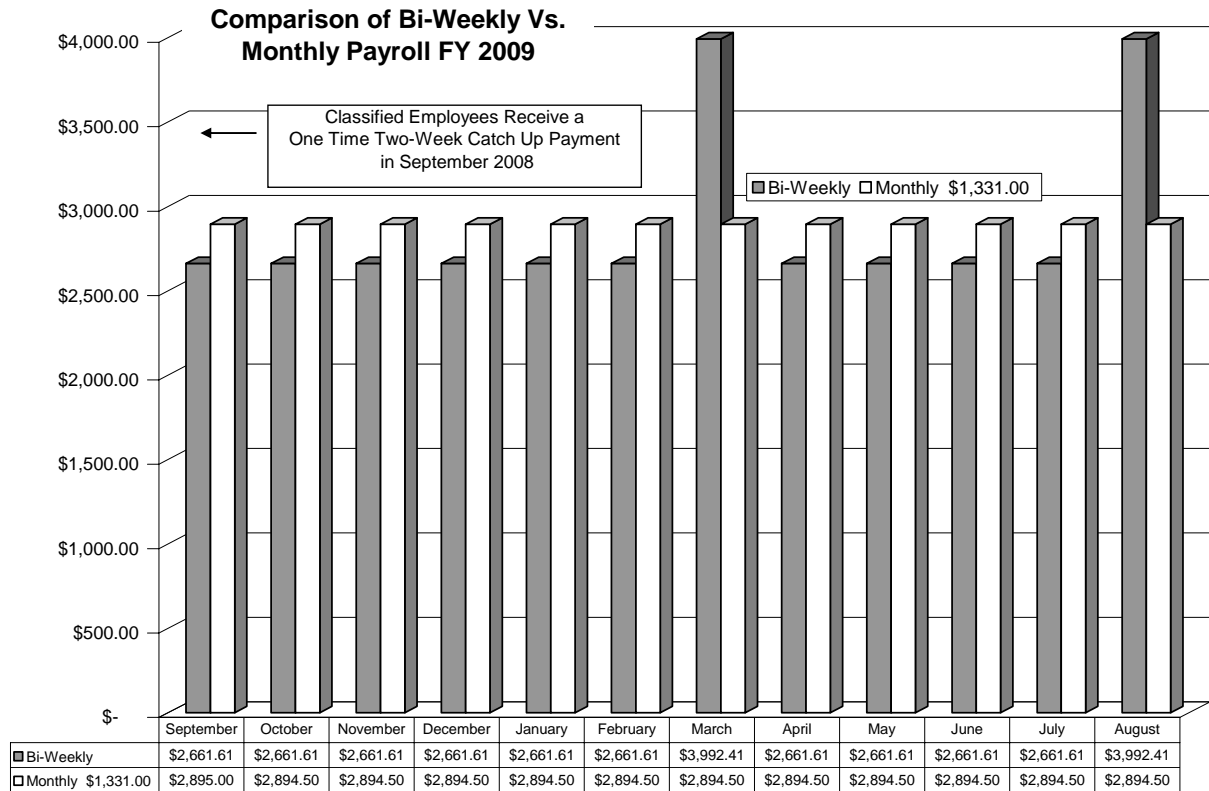
The benefits to classified employees (already enjoyed by employees paid monthly) include:

- Improved cash flows in most of the months of the year as shown below, assuming an average classified salary of \$34,734:

	Bi-Weekly	Monthly	Increase
September 2008	\$	1,331.00	\$ 1,331.00
September	\$ 2,661.61	\$ 2,895.00	\$ 233.39
October	\$ 2,661.61	\$ 2,894.50	\$ 232.89
November	\$ 2,661.61	\$ 2,894.50	\$ 232.89
December	\$ 2,661.61	\$ 2,894.50	\$ 232.89
January	\$ 2,661.61	\$ 2,894.50	\$ 232.89
February	\$ 2,661.61	\$ 2,894.50	\$ 232.89
March	\$ 3,992.41	\$ 2,894.50	\$ (1,097.91)
April	\$ 2,661.61	\$ 2,894.50	\$ 232.89
May	\$ 2,661.61	\$ 2,894.50	\$ 232.89
June	\$ 2,661.61	\$ 2,894.50	\$ 232.89
July	\$ 2,661.61	\$ 2,894.50	\$ 232.89
August	\$ 3,992.41	\$ 2,894.50	\$ (1,097.91)
	\$ 34,600.92	\$ 36,065.50	\$ 1,464.58

Note:

- “Bi-weekly” is always short by one day’s pay each year.
- “September 2008” amount is received only once for two week holdback upon conversion to Monthly.



- Receiving an entire month of salary at once, giving employees more control over their finances and planning.

Other Items to Note

- Texas community colleges vary on this issue with some having all monthly payrolls and some not (most still pay hourly employees semi-monthly).
 - A survey of other Texas urban institutions of higher education reveals the following:

	All Monthly Payroll	Exceptions?
Alamo CCD	No	All Semi-Monthly
Collin County CCD	Yes	No
Dallas County CCD	Yes	No
Houston CCD	No	All Semi-Monthly
North Harris MCCD	No	All Semi-Monthly
Tarrant County CD	Yes	Plant, Police, Hourly
Texas State – San Marcos	Yes	Hourly/Students
University of Texas Austin	Yes	Hourly & Over Time

- Most (if not all) State of Texas agency and University employees are paid only monthly for efficiency as recommended or required by the Texas Comptroller, depending on the size of the agency.
- ACC has the legal flexibility to do either method.
- Hourly employees (i.e. non-staffing table) would be paid on a semi-monthly basis.
- Schools that have eliminated semi-monthly payrolls typically experience much initial objection from effected employees, but after the change no further problems or objections are experienced (VP for Business has implemented this for a previous employer with an identical experience).

- Because of the two week hold back, effected employees would still receive a mid-month pay check in the first month of implementation, as well as a month end check.
- Employees will need to be especially financially responsible for the months of December and January when they receive their paycheck early (before winter break), and then not receive their next check until the end of January.
- ACC Human Resources is prepared to offer professional development opportunities on budgeting for employees concerned about making ends meet for an entire month.
- The change would effect approximately 600 classified staff, which is approximately one third of ACC's regular staffing table employees.

Monthly Payroll Dates

Year	Month	Day	Date	
2008	September	Tuesday	30th	
2008	October	Friday	31st	
2008	November	Friday	28th	Note: The last day of the month is November 30th but that falls on Sunday.
2008	December	Wednesday	31st	
2009	January	Friday	30th	Note: The last day of the month is January 31st but that falls on Saturday.
2009	February	Friday	27th	Note: The last day of the month is February 28th but that falls on Saturday.
2009	March	Tuesday	31st	
2009	April	Thursday	30th	
2009	May	Friday	29th	Note: The last day of the month is May 31st but that falls on Sunday.
2009	June	Tuesday	30th	
2009	July	Friday	31st	
2009	August	Monday	31st	
		Wednesday	30th	

Timetable

The staff proposal to implement an all monthly payroll beginning in September 2008 would be as follows:

1. September 2007 - Discuss with Classified Association; letter to employees.
2. September – November 2007 – Campus forums.
3. October 2007 - Discuss with PLT.
4. November, 2007 - Bring before the Administrative Services Counsel (ASC) for shared governance information; employee information and survey.
5. December 2007 – General employee Announcement; letter to Classified employees confirming calendar and start date
6. March, April 2008 – Continuing Education course re: financial management .
7. March – May 2008 – HR and IT make the necessary data system changes.
8. May, June, July – HR prepares samples of new paychecks for each Classified employee.
9. July, August – Request for Exemption.
10. Begin September 1, 2008 for the FY 2009 fiscal year.
11. Classified employees receive both a mid-month check and a month end check in September 2009.