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1. Introduction

As part of the e-Payroll initiative, the Office of Personnel Management (OPM) sponsored a benchmarking study to establish a baseline of information about payroll services and costs and begin to measure progress toward meeting the goals of e-Payroll initiative. In April of 2004 the *Best Practices Through Benchmarking Consolidated Payroll Benchmarks Report for the U.S. Office of Personnel Management (OPM)* was completed. Thirteen agencies, including the current four e-Payroll providers, participated in the 2004 study.

This report describes the follow-up payroll benchmarking study that was performed between January and June 2008. The 2008 study focused on five important outcomes to:

- Provide a snapshot of current payroll operational performance – revealing successes and providing visibility into improvement opportunities.
- Show how the landscape has changed since the 2004 study.
- Set a baseline of performance in 2008 to compare future progress.
- Provide a basis (the raw data) that can be summarized or used to satisfy requests for performance data.
- Begin to shape messages that highlight the benefits of the Human Resources Line of Business (HR LOB) program.

This report describes the overall approach that was taken to identify and define payroll performance measures for this 2008 study and provides a comparison of Federal aggregate results data to comparable industry benchmarks, where applicable. Data from calendar year or fiscal year 2007 (depending on the measure) was used to create this report.

The HR LOB used an approach for this study that varied from the 2004 approach. In January of 2008 a workgroup was convened consisting of representatives from each of the four e-Payroll providers and three customer agencies (see Appendix G). The workgroup was charged with determining the type of measures to be collected and defining the detailed definitions and calculation for each measure. The workgroup met for four months via bi-weekly conference call work sessions. Their sessions culminated with a two day in-person workshop in April. The workgroup developed nine measures plus specifications for the business narratives that appear at the end of this report. These narratives provide background information on each e-Payroll provider.

1.1. e-Payroll Initiative

The e-Payroll initiative was launched in 2002 as part of the President’s Management Agenda. The e-Payroll effort has transformed the current Federal payroll service delivery environment by the consolidation of 26 Federal payroll providers to the four
current e-Payroll providers. This new environment supports the achievement of the current administration's five management agenda initiatives:

- Strategic management of human capital
- Competitive sourcing
- Improved financial management
- Expanded electronic Government
- Budget and performance integration

The consolidation of payroll functions allows the Federal government to standardize payroll data across agencies and improve the link between performance and budgets thus improving financial management by providing both program managers and finance officers with information needed to make well-informed decisions. Consolidation of payroll services and standardization of payroll processes have the potential to increase efficiency in many areas. It will remove the complex agency-specific requirements that are barriers to modernization of payroll systems and processing.\(^1\)

In 2004, the Office of Management and Budget initiated five lines of business, including the Human Resources Line of Business. Working groups were formed to define this new line of business and determined payroll should be included within the functional scope. Thus, e-Payroll has been subsumed into the larger line of business initiative as one of the core HR LOB business areas.\(^2\)

### 1.2. HR LOB Strategic Scope, Goals, and Objectives

The HR LOB initiative was launched in 2004 to support the vision articulated in the President’s Management Agenda. The HR LOB is expected to help the Federal Government realize the potential of electronic government by significantly enhancing human resources service delivery within the Executive branch of Government. The HR LOB Concept of Operations (CONOPS) proposes a near-term service delivery model in which HR services relating to human resources information systems (HRIS) and payroll operations move from the agencies to HR shared service centers.

The vision of the HR LOB initiative is to provide “Governmentwide, modern, cost-effective, standardized, and interoperable human resource solutions providing common core functionality to support the Strategic Management of Human Capital and addressing duplicative and redundant HR systems and processes across the Federal Government.” It applies to all customer agencies and public and private shared service providers. The major goals and objectives of the HR LOB are outlined Table 1.

\(^1\) Office of Personnel Management, e-Payroll Initiative Business Case Analysis, OMB Circular A-11, Exhibit 300
<table>
<thead>
<tr>
<th>GOALS</th>
<th>OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improved Management of Human Capital</strong></td>
<td>Faster decision making</td>
</tr>
<tr>
<td>Improve the Governmentwide Strategic</td>
<td>More informed policy making</td>
</tr>
<tr>
<td>Management of Human Capital</td>
<td>More effective workforce management</td>
</tr>
<tr>
<td></td>
<td>Improved resource alignment with agency missions</td>
</tr>
<tr>
<td><strong>Operational Efficiencies</strong></td>
<td>Improved servicing ratio/ response times</td>
</tr>
<tr>
<td>Achieve or increase operational efficiencies in the acquisition, development, implementation and operation of human resources management systems</td>
<td>Reduced cycle times</td>
</tr>
<tr>
<td></td>
<td>Improved automated reporting</td>
</tr>
<tr>
<td><strong>Cost Savings / Avoidance</strong></td>
<td>Reduced duplicative software / hardware /</td>
</tr>
<tr>
<td>Achieve or increase cost savings/avoidance from HR solution activities</td>
<td>operations / labor resources</td>
</tr>
<tr>
<td></td>
<td>Increased competitive environment</td>
</tr>
<tr>
<td><strong>Improved Customer Service</strong></td>
<td>Increased accessibility to client and value</td>
</tr>
<tr>
<td>Improve customer services</td>
<td>Improved communication and responsiveness</td>
</tr>
<tr>
<td></td>
<td>Enhanced quality</td>
</tr>
<tr>
<td></td>
<td>Enhanced timeliness</td>
</tr>
<tr>
<td></td>
<td>Enhanced accuracy</td>
</tr>
<tr>
<td></td>
<td>Enhanced consistency</td>
</tr>
</tbody>
</table>

Table 1: HR LOB Goals and Objectives

The benefits of achieving the goals and objectives outlined above include:

- Preserving the benefits of competition;
- Providing economies of scale gained through SSCs whose utilization, performance and cost efficiencies will be maximized; and
- Building upon the enterprise architecture that is standards based and scalable in terms of additional functionality and utilization by all customer agencies.

This payroll benchmarking initiative was undertaken to help understand the progress the HR LOB is making toward achieving its vision. The sections that follow describe the overall approach the HR LOB took to execute this study; the benchmarking process; the 2008 study results; and a set of overall conclusions.
2. Project Approach

From January 2008 to May 2008, the payroll benchmarking workgroup met to develop and define payroll measures that would be collected from the four Federal Government e-Payroll providers. The purpose of the workgroup was to provide advice and recommendations to the HR LOB on payroll in the Federal Government in the context of the 2008 study; select and socialize measures within their organization; define calculations and data sets; and to help the 2008 Payroll Benchmarking initiative achieve its goals. The goals of the initiative were to:

- Provide a snapshot of current payroll operational performance – revealing successes and providing visibility into improvement opportunities;
- Show how the landscape has changed since the 2004 study;
- Set a baseline of performance in 2008 to compare future progress;
- Provide a basis (the raw data) that can be summarized or used to satisfy requests for performance data; and
- Begin to shape messages that highlight the benefits of the Human Resources Line of Business (HR LOB) program.

A total of four e-Payroll provider representatives, three customer agency representatives, one policy expert, and three HR LOB representatives participated in this collaborative effort. Workgroup participants represented the following organizations:

- **e-Payroll Providers**
  - Department of Agriculture – National Finance Center (NFC)
  - Department of Defense – Defense Finance and Accounting Service (DFAS)
  - Department of the Interior – National Business Center (NBC)
  - General Services Administration – National Payroll Branch (NPB)
- **Customer Agencies**
  - Department of Defense
  - Department of Treasury
  - Social Security Administration
- **OPM**
  - Human Resources Line of Business
  - Strategic Human Resources Policy

The workgroup participated in bi-weekly conference calls beginning in January 2008; their sessions cumulated with a two day workshop in April 2008 (see Figure 1). The participants were involved in three of the four phases that comprised this initiative: conceptual design, detailed design, and data gathering. The fourth phase of the benchmarking initiative, data analysis and reporting was performed by the HR LOB. These four phases will be described in the next section.
3. Benchmarking Process

The benchmarking process was organized into four phases: conceptual design, detailed design, data gathering, and data reporting and analysis.

![Figure 1: The Benchmarking Process](image)

3.1. Conceptual Design

During the conceptual design phase, the workgroup members were tasked to identify the set of measures that would be the focus of this study and to socialize them with key stakeholders. To help prepare for this process, the HR LOB provided the workgroup with a conceptual design tool that captured the payroll benchmarking measures used during the 2004 study, measures outlined in the Performance Model Version 1, measures described in the Service Level Agreements, and measures currently captured by OPM.

Each member of the benchmarking workgroup was asked to review the conceptual design tool and recommend five measures they would like to have included in the 2008 study. The participants evaluated each measure against the following criteria:

- **Actionable**: Is the data under the control of the agency / provider? Is the data currently available? Is it practical to collect the data?
- **Applicable**: Is the measure relevant to government processes? Does is support HR LOB goals?
- **Meaningful**: Will the data be meaningful to decision makers? Will the value derived from having the data be greater than the cost of collecting the data?
- **Detailed**: Is the scope of the measure defined and quantitative to the extent possible?
- **Easily Understood**: Is the data being measured clear and easy to understand?

The workgroup selected 20 measures from the initial list and later refined the list to nine. Over the course of developing the measures, the workgroup decided the ability to compare government data to industry data should not be a driving force behind selecting a measure. They determined there was value from those measures that only compared provider results. These comparisons will provide value by showing each provider where they stand compared to their peers and may highlight the best ways of performing government payroll. As such, six of the nine measures will not be compared to industry benchmarks.
For each measure, the HR LOB provided the workgroup members with a draft description (including Measure Category, Measure Name, Calculation, Frequency, Reporting Period, and Measure Definition). Workgroup participants revised the draft outside of work sessions and in preparation for the sessions to ensure:

- The description for each measure reflects their organization’s point of view;
- Their organization is able to report on the requested data; and
- The measure is applicable across the Federal Government.

During the work sessions, each workgroup member presented their feedback and recommendations, and as a group they came to consensus on each measure.

The workgroup’s recommendations were subsequently reviewed, commented on, and approved by the HR LOB leadership.

3.2. Detailed Design

To be most time efficient – and because the approach was iterative – the detailed design phase occurred concurrently with the conceptual design phase. The detailed design phase consisted of defining and validating the calculation for each measure and the data sets upon which those calculations would perform. For each measure the HR LOB provided the workgroup members with a starting point draft of calculations and data sets.

Outside of work sessions and in preparation for the sessions, members reviewed the calculations and data sets to determine the feasibility of collecting the required data and ensure the calculation would provide a meaningful result to their organization and the Federal government. During the work sessions each workgroup member presented their feedback and recommendations, and as a group they came to consensus on each measure.

The workgroup’s recommendations were subsequently reviewed, commented on, and approved by the HR LOB Program leadership.

3.3. Data Gathering

After the conclusion of the workgroup sessions, the HR LOB created the 2008 Payroll Benchmarking Questionnaire (see Appendix A) and the Human Resources Line of Business Payroll Benchmarking Measure Definitions (see Appendix B). The HR LOB contacted the e-Payroll provider principals to invite them to participate in the 2008 payroll benchmarking data gathering phase. Each organization was provided with the 2008 Payroll Benchmarking Questionnaire and the Human Resources Line of Business Payroll Benchmarking Measure Definitions. Providers were instructed to use data from calendar year or fiscal year 2007 (depending on the measure). They were given one month to submit their completed questionnaire and supplemental narrative information.
3.4. Data Reporting and Analysis

After receiving the completed questionnaires the HR LOB analyzed the data across providers to create this report. For each of the questions the HR LOB established the mean, the weighted mean (where appropriate), median, and standard deviation:

- **Mean** – the simple arithmetic average of a set of values (i.e., the sum of a set of values divided by the number of values).
- **Weighted mean** – the arithmetic average of a set of values, factoring in the sample size for each value.
- **Median** – the number separating the higher half of a set of values from the lower half, thus providing the middle of the spectrum of data; fifty percent of the data falls above the median and fifty percent falls below the data.
- **Standard deviation** – a measure of the average distance by which the scores deviate from the mean.

The Government means and medians were compared to industry reported benchmarks for those measures that the HR LOB was able to obtain a comparable industry measure.
4. Results

The results, presented in this section reflect the analysis performed by the HR LOB benchmarking team on the data collected during the data collection phase of this 2008 payroll benchmarking initiative. The mean, weighted mean (where applicable), median, and standard deviation were computed based on the completed Payroll Benchmarking Questionnaire submitted by each provider.

The Government means and medians were compared to industry-reported benchmarks – if realistically comparable benchmarks could be located. Industry benchmarks were obtained from the International Business Machines (IBM) /American Productivity and Quality Center (APQC) Shared Services Payroll Benchmarking database.

4.1. Cost of Printing and Mailing Hard Copy W-2s

Cost of Printing and Mailing Hard Copy W-2s compare the costs incurred by the four e-Payroll providers.

The provider’s processes and results are summarized in the following tables and graph:

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAS</td>
<td>Outsource their W-2 printing and mailing process.</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable.</td>
</tr>
<tr>
<td>NBC</td>
<td>Utilize on-site contractors to print and mail their W-2s.</td>
</tr>
<tr>
<td>NFC</td>
<td>Utilize government personnel to print and mail their W-2s on site.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Cost of Printing and Mailing Hard Copy W-2s (Per W-2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting Period</td>
</tr>
<tr>
<td>Federal Providers Weighted Mean</td>
</tr>
<tr>
<td>Federal Providers Median</td>
</tr>
<tr>
<td>Standard Deviation</td>
</tr>
<tr>
<td>DFAS</td>
</tr>
<tr>
<td>GSA</td>
</tr>
<tr>
<td>NFC</td>
</tr>
<tr>
<td>NBC</td>
</tr>
</tbody>
</table>

Table 2: Cost of Printing and Mailing Hard Copy W-2s
4.2. Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to Treasury or DoD Disbursing Office

The cycle time in days from payroll system cut-off until payments are transmitted to treasury or DoD disbursing office compares the time it takes a provider to certify and transmit their payments after their payroll system has closed for a given pay cycle.

The provider’s processes and results are summarized in the following tables and graph:

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAS</td>
<td>DFAS currently maintains 13 production databases. The data for this measure is an average for all 13 databases. DFAS’ payroll process includes a zero pass, first pass and final pass. During the zero pass and first pass, the payroll system is still open and receiving client changes. The system closes at the final pass and the measurement period was calculated from the final pass to the funds transmission.</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable.</td>
</tr>
<tr>
<td>NBC</td>
<td>NBC’s biweekly payroll cycle includes a single calculate run for each database, beginning with a 6:00 pm cut-off. This cycle includes preparation of payment files which are transmitted to the Treasury’s San Francisco Disbursing Office, generally by 1:00 am the following morning. NBC verifies that the Treasury has received the files, obtains the control numbers assigned by Treasury, and certifies schedules for payment using Treasury’s Secure Payment System. The final certification takes place, on average, by 10:30 am.</td>
</tr>
<tr>
<td>NFC</td>
<td>NFC’s payroll system has multiple passes; the period of time</td>
</tr>
</tbody>
</table>
measured for this metric represents the time between initiation of the final pass and file transmission to Treasury.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Calendar Year 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Providers Mean</td>
<td>0.38 days (9.12 hours)</td>
</tr>
<tr>
<td>Federal Providers Median</td>
<td>0.39 days (9.36 hours)</td>
</tr>
<tr>
<td>Industry Median (IBM/APQC)</td>
<td>2.00 days</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.36 days (8.64 hours)</td>
</tr>
<tr>
<td>DFAS</td>
<td>0.06 days (1.44 hours)</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable</td>
</tr>
<tr>
<td>NBC</td>
<td>0.69 days (16.56 hours)</td>
</tr>
<tr>
<td>NFC</td>
<td>0.08 days (1.92 hours)</td>
</tr>
</tbody>
</table>

Table 3: Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to Treasury or DoD Disbursing Office

![Figure 3: Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to Treasury or DoD Disbursing Office](image)

4.3. Cycle Time for Disbursing an Off-cycle Payment

Cycle Time for Disbursing an Off-cycle Payment compares the time it takes, in hours, for providers to transmit an off-cycle payment after they have received authorization.
The provider’s results are summarized in the following tables and graph:

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAS</td>
<td>DFAS makes every effort to process all off-cycle payments immediately. For example, if the off-cycle payment source documentation is received in the morning, payment is released before noon. If the documentation arrives after noon, the payment will generally be released prior to the end of the working day.</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable.</td>
</tr>
<tr>
<td>NBC</td>
<td>NBC’s process for off-cycle payments includes a 1:00 PM daily cutoff. Daily payment files are transmitted to the Department of Treasury and certified for payment by 3:00 PM the same day. However, off-cycle payments which are submitted after 1:00 PM are not paid until the following day. In addition, the off-cycle process is not executed on weekends, so that authorization for off-cycle payments received after 1:00 PM on Friday are not paid until the following Monday. While NBC generally processes off-cycle payments the same day they are received, the authorization to pay may be received after the daily cut-off.</td>
</tr>
<tr>
<td>NFC</td>
<td>Not available.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Cycle Time for Disbursing an Off-cycle Payment (In Hours)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting Period</td>
<td>Calendar Year 2007</td>
</tr>
<tr>
<td>Federal Providers Mean</td>
<td>7.1802</td>
</tr>
<tr>
<td>Federal Providers Median</td>
<td>4.08</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>7.75</td>
</tr>
<tr>
<td>DFAS</td>
<td>4.08</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable</td>
</tr>
<tr>
<td>NBC</td>
<td>18.72</td>
</tr>
<tr>
<td>NFC</td>
<td>1.92</td>
</tr>
</tbody>
</table>

Table 4: Cycle Time for Disbursing an Off-cycle Payment
4.4. Cycle Time of Electronic W-2 Distribution

Cycle Time of Electronic W-2 Distribution measures the average number of days it takes a provider to make electronic W-2s available to employees. The average number of days is based on the time period beginning with the last day W-2 data is accepted and ending with the day W-2s are available to the employee.

The provider’s processes and results are summarized in the following tables and graph:

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAS</td>
<td>After completing their W-2 process, DFAS transmits the data to MyPay (a DFAS-administrated employee self-service site) to be displayed for employee viewing and printing. MyPay sends employees a notification email to inform them when the W-2 is available.</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable.</td>
</tr>
<tr>
<td>NBC</td>
<td>NBC utilized OPM’s Employee Express to make 2007 W-2s available to employees.</td>
</tr>
</tbody>
</table>
| NFC           | NFC’s Electronic W-2 Distribution process is:  

1. The cut-off date for the last payments to be included in the W-2s is reached.  
2. A sample of W-2 data is verified.  
3. When verification is completed, the W-2s are printed.  
4. A sample of the printed W-2s is reviewed for accuracy and print quality.  
5. When verification is completed, the W-2 data is made available on the Employee Personnel Page and Reporting Center.  
6. The Employee Personnel Page and Reporting Center are updated nightly until all W-2s are corrected and released. |
4.5. Cycle Time of Hard Copy W-2 Distribution

Cycle Time of Hard Copy W-2 Distribution measures the number of days it takes a provider to make their hard copy W-2s available to their employees. The number of days is based on the time period beginning with the last day W-2 data is accepted and ending with the day W-2s are mailed to the post office.
The provider’s processes and results are summarized in the following tables and graph:

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAS</td>
<td>Outsource their W-2 printing and mailing process</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable</td>
</tr>
<tr>
<td>NBC</td>
<td>Utilize on-site contractors to print and mail their W-2s</td>
</tr>
<tr>
<td>NFC</td>
<td>Utilize government personnel to print and mail their W-2s on site</td>
</tr>
</tbody>
</table>

**Cycle Time of Hard Copy W-2 Distribution (In Days)**

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Calendar Year 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Providers Mean</td>
<td>15.50</td>
</tr>
<tr>
<td>Federal Providers Median</td>
<td>13.50</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>6.56</td>
</tr>
<tr>
<td>DFAS</td>
<td>10.00</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable</td>
</tr>
<tr>
<td>NBC</td>
<td>13.00</td>
</tr>
<tr>
<td>NFC</td>
<td>14.00</td>
</tr>
</tbody>
</table>

Table 6: Cycle Time of Hard Copy W-2 Distribution

**Figure 6: Cycle Time of Hard Copy W-2 Distribution**

4.6. **Number of SAS-70 Material Weaknesses**
The Number of SAS-70 Material Weaknesses measures compliance in terms of the number of material weaknesses on each provider’s SAS-70 audit report. None of the providers had a material weakness in fiscal year 2007.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Fiscal Year 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Providers Mean</td>
<td>0.00</td>
</tr>
<tr>
<td>Federal Providers Weighted Mean</td>
<td>0.00</td>
</tr>
<tr>
<td>Median</td>
<td>0.00</td>
</tr>
<tr>
<td>DFAS</td>
<td>0.00</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable</td>
</tr>
<tr>
<td>NBC</td>
<td>0.00</td>
</tr>
<tr>
<td>NFC</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Table 7: Number of SAS-70 Material Weaknesses

4.7. Payroll Price per Employee Serviced

Payroll Price per Employee Serviced measures the price providers charge their customers for their baseline services. There are several factors that may determine price including location, staff size, overhead costs, outsourcing costs, services offered, ability to perform customized services, etc. Each provider’s price should be viewed in the context of their service offerings relative to their customers’ needs.

The Federal providers perform quite well compared to the industry median.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Fiscal Year 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Providers Mean</td>
<td>$113.89</td>
</tr>
<tr>
<td>Federal Providers Median</td>
<td>$119.66</td>
</tr>
<tr>
<td>Industry Median (IBM/APQC)</td>
<td>$231.04</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>$19.11</td>
</tr>
<tr>
<td>DFAS</td>
<td>$87.23</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable</td>
</tr>
<tr>
<td>NBC</td>
<td>$126.38</td>
</tr>
<tr>
<td>NFC</td>
<td>$112.94</td>
</tr>
</tbody>
</table>

Table 8: Payroll Price per Employee Serviced

*Federal policies dictate the price of services must equal the cost to provide those services. This measure looked at the provider prices because generally when a customer is selecting a service they look at the price of the service, not the cost. Industry providers are not held to the Federal policies and therefore their price does not equal their cost. In order to obtain comparable data the HR LOB is comparing the government price to industry payroll provider costs.*
4.8. Payroll Provider Servicing Ratio

The Payroll Provider Servicing Ratio measures the number of payroll full-time equivalent employees (FTEs) needed to perform payroll processes for the employees they service. There are several factors that may determine an organization’s servicing ratio including the population size they service, the payroll functions they outsource, their ability to perform customized services, etc. Each provider’s servicing ratio should be viewed in the context of their service offerings relative to their customers’ needs.

The Federal providers perform quite well compared to the industry median.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Calendar Year 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Providers Weighted Mean</td>
<td>1316.65</td>
</tr>
<tr>
<td>Federal Providers Median</td>
<td>1057.98</td>
</tr>
<tr>
<td>Industry Median (IBM/APQC)</td>
<td>379.62</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>654.58</td>
</tr>
<tr>
<td>DFAS</td>
<td>2234.00</td>
</tr>
<tr>
<td>GSA</td>
<td>Not releasable</td>
</tr>
<tr>
<td>NBC</td>
<td>1209.00</td>
</tr>
<tr>
<td>NFC</td>
<td>907.00</td>
</tr>
</tbody>
</table>

Table 9: Payroll Provider Servicing Ratio
4.9. Unit Cost of Processing a Wage Garnishment

Unit Cost of Processing a Wage Garnishment measures the costs a provider incurs to evaluate and process an external wage garnishment.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Calendar Year 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Providers Weighted Mean</td>
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</tr>
<tr>
<td>Federal Providers Median</td>
<td>$89.83</td>
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<tr>
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<tr>
<td>DFAS</td>
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</tr>
<tr>
<td>GSA</td>
<td>Not releasable</td>
</tr>
<tr>
<td>NBC</td>
<td>$61.87</td>
</tr>
<tr>
<td>NFC</td>
<td>$117.80</td>
</tr>
</tbody>
</table>

Table 10: Unit Cost of Processing a Wage Garnishment
5. Next Steps and Recommendations

The 2008 Payroll Benchmarking Study fulfilled the goals for the program due to the efforts of the workgroup members and the individuals at the providers who completed the data call. The four Federal e-Payroll providers exceed the industry benchmarks for the three measures for which comparable industry benchmarks are available: Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to Treasury or DoD Disbursing Office, Payroll Provider Servicing Ratio, and Price per Employee Serviced. The providers are doing an excellent job providing payroll services in an efficient and cost effective manner to the approximately 1.8 million civilian employees they serve.

The HR LOB benchmarking team recommends continued periodic collection of data for the current nine measures to provide a picture of payroll services over time to show trends, and allow analysis of factors which drive any changes to measurement results. The team also recommends adding additional measures over time to build a more complete picture of payroll-related performance.

A more complete view of Federal payroll operations could be built over time by:

- Gathering this data from those agencies that have not yet migrated to an e-Payroll provider.
- Gathering some data from customer agencies (e.g., servicing ratios and cost).
- Including Private Sector providers, once they have obtained government customers.

One benefit of benchmarking is process improvement: when you see good performance, you look at the practices that underlie that performance and determine what practices can be replicated at other organizations. The HR LOB benchmarking team recommends taking an in-depth look at provider business processes behind one or two measures (e.g., Cost of Printing and Mailing Hard Copy W-2s). Although taking a closer look at the detail may result in disclosure of individual provider data (something we have worked to
avoid), it could provide visibility into cost savings or efficiencies that may be replicated at other providers. Efficiency practices and cost reduction programs will benefit all of the customers serviced by the e-Payroll providers.
6. Appendices

Appendix A describes the detailed definitions for the nine payroll performance measures.

Appendix B is the 2008 Payroll Benchmarking Questionnaire.

Appendices C - F provide a narrative summary written by each of the four e-Payroll providers. Each narrative contains:

- Description of the provider
- List of baseline services
- Number of employees serviced
- Number of customer agencies
- Type of special populations
- Description of outsourced services (this list should only reference services that relate to the nine payroll performance measures)

Appendix G details the list of agencies and e-Payroll providers that participated in the payroll benchmarking workgroup.
Appendix A – Payroll Benchmarking Measure Definitions

**Measure Category:** Cost

**Measure Name:** Cost of Printing and Mailing Hard Copy W-2s

**Calculation:** Cost Incurred to Print and Mail Hard Copy W-2s to Employees Divided by the Number of W-2s Mailed

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Cost Incurred to Print and Mail Hard Copy W-2s is defined as the sum total of the costs for printing and mailing W-2s to employees.

Costs include:

- Cost of printing (includes labor)
- Cost of postage (includes postal verification)
- Cost of materials

Does not include W-2Cs and reissues.

Providers will note whether their W-2 distribution is outsourced.

All items included within the definition apply to activities only performed at the e-Payroll provider or their outsourced vendor.

This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison.
**Measure Category:** Cycle Time

**Measure Name:** Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to Treasury or DoD Disbursing Office

**Calculation:** Day the Payment is Transmitted to Treasury or DoD Disbursing Office minus the Day the Payroll System Closes for the Pay Cycle

**Frequency:** Annual

**Reporting Period:** Each Pay Period

**Measure Definitions:**

**Payroll System Cut-off:** Day the payroll system is locked or cut-off in order to process the bi-weekly pay. The system is no longer accepting information for the current pay cycle.

**Payment Transmitted:** Calculations are complete; payment schedules have been prepared and certified, and transmitted to Treasury or DoD Disbursing Office for payment.

Cycle time will be measured in days. Organizations should convert the hours that the processing takes to days. For example if it takes an organization 15 hours to process the pay they would report .625 days (15 hours divided by 24 hours).

*All items included within the definition apply to activities only performed at the e-Payroll provider.*

*There is a standard industry benchmark available for comparison.*
**Measure Category:** Customer Service

**Measure Name:** Cycle Time for Disbursing an Off-cycle Payment

**Calculation:** Difference between the Hour an Authorization for Payment is Received and the Hour an Off-cycle Payroll Disbursement is Transmitted to Treasury or DoD Disbursing Office

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Cycle Time for Disbursing an Off-cycle Payment is defined as the time span, in hours, from the point in time an authorization for payment is received to the point in time an off-cycle payroll disbursement is transmitted to Treasury or DoD Disbursing Office. An off-cycle payment may be made manually or through the payroll system.

**Off-cycle Payment:**

- Most recent pay period salary adjustments (late or erroneous personnel action, missing or erroneous time card, etc.)
- Off-cycle / manual awards

This measure does not include prior period adjustments and re-certifications.

*All items included within the definition apply to activities only performed at the e-Payroll provider.*

*This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison.*
**Measure Category:** Cycle Time

**Measure Name:** Cycle Time of Electronic W-2 Distribution

**Calculation:** Number of Calendar Days between the Day the Last W-2 Data is Accepted and the Calendar Day W-2s are Available Electronically to the Employee

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Cycle Time of Electronic W-2 distribution is defined as the number of calendar days between the last day W-2 data is accepted to the day W-2s are available electronically to the employee.

Processes differ across organizations. Providers will provide narrative summaries describing their processes. Providers will also note whether their W-2 distribution is outsourced.

*All items included within the definition apply to activities only performed at the e-Payroll provider or their outsourced vendor.*

*This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison.*
**Measure Category:** Cycle Time

**Measure Name:** Cycle Time of Hard Copy W-2 Distribution

**Calculation:** Number of Calendar Days between the Day the Last W-2 Data is Accepted and the Day W-2s are Made Available to the Post Office

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Cycle Time of Hard Copy W-2 Distribution is defined as the number of calendar days between the day the last W-2 data is accepted to the day W-2s are made available to the post office.

Processes differ across organizations. Providers will provide narrative summaries describing their processes. Providers will also note whether their W-2 distribution is outsourced.

*All items included within the definition apply to activities only performed at the e-Payroll provider or their outsourced vendor.*

*This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison.*
Measure Category: Internal Control

Measure Name: Number of SAS-70 Material Weaknesses

Calculation: Count of Material Weaknesses Identified in the SAS-70 Audit

Frequency: Annual

Reporting Period: Fiscal Year

Measure Definitions:

Number of SAS-70 Material Weaknesses is defined as total number of material weaknesses identified in the SAS-70 audit.

All items included within the definition apply to activities only performed at the e-Payroll provider.

This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison.
Measure Category: Price

Measure Name: Payroll Price per Employee Serviced

Calculation: Total Payroll Price Divided by the Number of Employees Serviced

Frequency: Annual

Reporting Period: Fiscal Year

Measure Definitions:

Payroll Price per Employee Serviced is defined as the sum total of the costs for developing, maintaining, and producing payroll services divided by the number of employees serviced. Payroll costs include:

- Payroll FTEs salaries and benefits
- Office supplies
- Contract monies for direct support
- Training that is directly related to the payroll function
- Data Center costs
- Rental or building fees*
- Utilities
- Printing/Mailing costs
- Assessments for IT infrastructure
- Security
- HR Support
- Acquisitions
- Finance
- Headquarters management billable to W-2
- Contract Support
- Statement of Auditing Standards (SAS) 70 Audits
- Depreciation/Overhead/G&A
- Cost to develop, maintain, and operate payroll systems

Notes: Costs will be reported in the aggregate; the above list is meant to show at a minimum what must be included in the aggregate cost. The list above is not an exhaustive list.

Number of Employees Serviced: Number of Employees Serviced is defined as the total number of employees receiving a W-2 plus any employees processed who do not receive a W-2.

All items included within the definition apply to activities only performed at the e-Payroll provider or their outsourced vendor.
There is a standard industry benchmark available for comparison.

*Item may not be applicable to all providers.
**Measure Category:** Efficiency

**Measure Name:** Payroll Provider Servicing Ratio

**Calculation:** Number of Employees Serviced During a Calendar Year Divided by the Number of Payroll Process FTEs During a Calendar Year

**Example:** Number of Employees Serviced from Jan 1 – Dec 31, 2007 (W-2s Produced in Jan 2008) Divided by the Number of Payroll Process FTEs from Jan 1, 2007 – Dec 31, 2007

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Payroll Servicing Ratio is defined as the number of employees serviced divided by the number of FTEs supporting the payroll process. FTEs include all individuals (e.g. employee, contractor) reporting directly to the payroll operations organization. Payroll operations are comprised of two components, Report Time/Manage Pay and Report Payroll Taxes.

**Report Time/Manage Pay:** Report Time includes those activities associated with receiving employee time information from client agency time and reporting systems for use by payroll, benefits, billing (depending on business model), etc. Report time includes preparing the data for payroll and benefits use by analyzing and reporting paid and unpaid leave, monitoring regular, overtime and other hours, and analyzing and reporting employee utilization.

Manage Pay includes those activities associated with moving employee time data into the payroll system; maintaining and administering employee earnings and deductions in accordance with regulations, statutes, union agreements, and agency policies for each pay period (including bonus runs throughout the year); maintaining and adjusting leave balances; maintaining, reporting, and reconciling benefits information; monitoring changes in tax status to prepare the payroll each period; processing and distributing payments to employee accounts or directly to employees; processing and distributing manual checks, period end adjustments, supplemental payroll (additional earnings processing, retirement, disability, workers compensation, etc.), processing on and off-cycle payroll, retroactive payroll, on-line checks, check reversal, check adjustment, stop payments, garnishments and other salary debt; bank reconciliation, payroll reconciliation to the general ledger, check reconciliation, and year-end pay and benefits reconciliation; responding to payroll-related inquiries; performing management activities; establishing and documenting policies and procedures; and training for all Manage Pay activities.
**Report Payroll Taxes:** Report Payroll Taxes includes those activities associated with reconciling and disbursing taxes withheld from employees (OASDI, Medicare, etc.) and ensuring regulatory and statutory compliance for payroll tax obligations on behalf of the organization. This includes filing regulatory payroll tax forms in a timely manner; calculating and paying applicable company payroll taxes; payroll tax compliance, and year-end processing. In addition, the “report payroll taxes” process includes the production and distribution of employee tax statements on annual basis (e.g. W-2s). For organizations that outsource services, such as W-2 production, measurement results may be somewhat skewed.

**Payroll FTE:** The equivalent of one person (e.g. employee, contractor) reporting directly to any of the Payroll Process functions working 40 hours per week for a total of 2080 hours per calendar year. Part-time individuals are converted to full-time equivalents. Payroll FTEs include all individuals (e.g. employee, contractor) reporting directly to the payroll operations organization. Payroll operations are comprised of two components, Report Time/Manage Pay and Report Payroll Taxes.

**Number of Employees Serviced:** Number of Employees Serviced is defined as the total number of employees receiving a W-2 plus any employees processed who do not receive a W-2.

*All items included within the definition apply to activities only performed at the e-Payroll provider.*

*There is a standard industry benchmark available for comparison.*
**Measure Category:** Cost

**Measure Name:** Unit Cost of Processing a Wage Garnishment

**Calculation:** Costs Incurred to Process Wage Garnishments in the Calendar Year divided by the Number of Garnishments that Originate during the Calendar Year

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Unit Cost of Processing a Wage Garnishment is defined as the total costs incurred to evaluate and process external wage garnishments in the calendar year divided by number of garnishments that originate during the calendar year. Types of garnishments include, but are not limited to:

- Child support
- Alimony
- Commercial wage garnishments
- Tax levies
- Bankruptcy
- Department of Education student loans

Costs may include:

- Pay and benefits of personnel processing the garnishments
- Overhead (specific to each provider)

Does not include:

- TOP’s debt (Treasury Offset Program)
- Travel card debt
- Internal debt (salary overpayments, Federal property, etc.)

Providers will note whether their garnishment process is outsourced.

*All items included within the definition apply to activities only performed at the e-Payroll provider or their outsourced vendor.*

*This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison.*
Appendix B – 2008 Payroll Benchmarking Questionnaire

Instructions for Completing the 2008 Payroll Benchmarking Questionnaire

Thank you for taking the time to complete this questionnaire. Various cost and data elements may require your organization to generate special system reports to collect the necessary data. In addition, certain data elements may require estimates derived from observation of certain practices and processes. The following steps will provide for efficient and accurate benchmarking.

1. Review the Human Resources Line of Business Payroll Benchmarking Measure Definitions prior to completing this questionnaire.

2. If your system or records do not track certain items (e.g. cycle times), please approximate the requested figure by observing a defined shorter time period and extrapolating for the total.

3. All data should be reported based on calendar year or fiscal year 2007 data (where noted.)

4. All questions should be completed. No input fields should be left blank.

5. Each organization should submit one completed document to the Human Resources Line of Business Program Office. Use this questionnaire to submit your information.

6. If your organization has any questions on completing the questionnaire or on an individual measure, please contact Kirstin Sipes at 202-606-4904 or at kirstin.sipes@opm.gov.
Please return your completed questionnaire by end of day Friday, June 13, 2008. Questionnaires and all additional documentation should be emailed to Kirstin Sipes at kirstin.sipes@opm.gov.
2008 Payroll Benchmarking Questionnaire

1. Cost of Printing and Mailing Hard Copy W-2s

Cost incurred to print and mail hard copy W-2s.

Number of W-2s mailed in January 2008.

Total cost per mailed W-2.

*If your organization outsources any part of the W-2 process please attach a separate document briefly telling us which parts of the process are outsourced.*

2. Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to Treasury or DoD Disbursing Office

Calculation: Average number of days for your organization to close the payroll system, process the bi-weekly pay, and transmit the payment to Treasury or DoD disbursing office.

*Organizations should reference their calendar year 2007 pay cycles*
to determine an average cycle time.

3. **Cycle Time for Disbursing an Off-cycle Payment**

  **Calculation**  
  Difference between the day authorization for payment is received and the day an off-cycle payroll disbursement is transmitted to Treasury or DoD disbursing office.

  *Organizations should reference their calendar year 2007 off-cycle payments to determine an average cycle time.*

4. **Cycle Time of Electronic W-2 Distribution**

  **Calculation**  
  Number of calendar days between the day the last W-2 data is accepted and the calendar day W-2s are available electronically to the employee.

  *Organizations should provide their data based on W-2s made available in January 2008.*

  *If your organization outsources any part of the W-2 process please attach a separate document briefly telling us which parts of the process are outsourced.*
5. **Cycle Time of Hard Copy W-2 Distribution**

Calculation: Number of calendar days between the day the last W-2 data is accepted and the day W-2s are made available to the Post Office.

*Organizations should provide their data based on W-2s made available in January 2008.*

*If your organization outsources any part of the W-2 process please attach a separate document briefly telling us which parts of the process are outsourced.*

6. **Number of SAS-70 Material Weaknesses**

Calculation: Count of material weaknesses identified in the SAS-70 Audit.

*Organizations should provide their data based on their FY07 SAS-70.*

7. **Payroll Price per Employee Serviced**

Calculation: Total payroll price divided by the number of employees serviced.

*Organizations should provide their FY07 price for their baseline services.*
8. **Payroll Provider Servicing Ratio**

**Calculation**
- Number of employees serviced during a calendar year.
- Number of payroll process FTEs during a calendar year.

**Servicing Ratio**

*Organizations should provide their data based on the number of employees they serviced during calendar year 2007 and their number of payroll FTEs during calendar year 2007.*

9. **Unit Cost of Processing a Wage Garnishment**

**Calculation**
- Costs incurred to process wage garnishments in the calendar year.
- Number of garnishments that originate during the calendar year.

*Organizations should provide their data based on calendar year 2007.*
If your organization outsources any part of the garnishment process please attach a separate document briefly telling us which parts of the process are outsourced.
Appendix C – Department of Agriculture’s National Finance Center
Narrative

Description of organization

The majority of U.S. Department of Agriculture’s (USDA) National Finance Center (NFC)’s payroll workforce and operations is located in New Orleans, Louisiana with additional sites in Washington, D.C. and Colorado. Members of the New Orleans-based Information Technology staff are rotated through the Colorado site to support NFC’s primary computing center there. The focus of NFC’s D.C. Operations is client services, marketing, and payroll / personnel systems policy.

The core for NFC’s payroll offering is in its integrated, in-house developed and maintained Payroll / Personnel System. The ability to maintain its systems in-house affords NFC the flexibility to adapt to unique client needs and requirements that are not routinely available in mainstream Federal payroll. As a result, while NFC’s original mission was to provide payroll services to the USDA, NFC began taking on payroll services for other Federal clients in 1984. Today NFC provides payroll services for 50 Federal organizations across the Executive and Legislative Branches and several independent organizations for a bi-weekly payroll in excess of 600,000 federal employees (excluding the Department of Defense). These organizations range in size from those with 4 accounts to those in excess of 175,000 accounts.

The NFC prides itself in being able to provide the stability of a competitively priced, integrated payroll / personnel baseline service that is flexible enough to provide additional programming and support for those clients with special and unique payroll servicing needs. Therefore, NFC’s payroll / personnel business model has continued to expand and grow beyond payroll over the years and currently includes such offerings as state of the art access for employees via an Employee Personal Page and Employee Self Service; a 24-7 data communications help desk; a web-based, employee entry Time and Attendance system; a staff of dedicated customer support representatives; Human Resources (HR) / Payroll / Personnel help desks and training; and ad-hoc and canned reporting functionalities available via a web-based system and a mainframe environment.

In 2006, NFC joined forces with the Animal and Plant Health Inspection Service (APHIS), another USDA component, to expand its functional HR shared services to its clients. As a Shared Service Center, USDA offers agency utilization of an Oracle / Peoplesoft-based Human Capital Management System called EmpowHR and various other “non-payroll” HR services to those clients who wish to outsource some of their HR / payroll functions.
**List of baseline services**

Due to NFC’s history of accommodating unique client needs, it has developed a tiered approach to payroll services and related costs. The services listed below are those items that, through experience, NFC have learned are common payroll services that all of our clients want as a baseline payroll / personnel product. NFC also offers a variety of additional payroll / personnel services to clients on an individual client basis. These additional services are designed to meet the special and/or unique servicing needs of a particular client. Depending on the client situation, these additional services may be handled ad-hoc or incorporated in that client’s service level agreement.

Baseline services provided include:

**Ad-hoc Reporting (FOCUS & CULPRIT):**
- Provide client-specific, on-demand reporting (FOCUS and Payroll / Personnel Report Generator System (CULPRIT)).

**Benefits Reconciliation and Liaison:**
- Generate retirement and separation packages with supporting documentation and forward to Office of Personnel Management (OPM).

**Certification Services:**
- Provide accurate and timely certification of all salary payment schedules for the daily manual payroll process and the automated bi-weekly payroll processing cycle, including net salary payments and all payments related to employee withholding and agency contribution monies.
- Research and resolve all employee claims of non-receipt related to EFT salary payments.
- Research, resolve, and redistribute undeliverable United States Savings Bonds returned by the United States Postal Service.
- Reconcile payment cancellations to Treasury credits.

**Claims Services:**
- Collect receivables related to former employee indebtedness.
- Refer bankruptcy cases for current and separated employees.
- Use all debt collection tools, as required by Treasury, for collection of delinquent debts.

**Data Center Operations Services:**
- **System Maintenance and Operations:**
  - Provide continuous online availability during normal business hours.
  - Maintain multiple system environments (production, test, development, etc.).
  - Perform regular maintenance on all production, test, and development data sets.
  - Provide ongoing systems tuning, capacity management, and performance monitoring.
  - Operate a 24-hour help desk for systems connectivity and availability issues.
  - Operate a multi-tier troubleshooting service for the Data Center.
Develop and maintain the schedules for processing each payroll cycle.
Design and maintain information technology infrastructure and telecommunications network to support applicable applications.

- Voice Response System and Online Customer Information:
  - Provide voice response system access to users.
  - Provide the infrastructure for the voice response, online knowledge database, and online directives.

- Security:
  - Provide a secure data processing environment for operation of the application software.
  - Provide security controls of various levels for personnel and payroll data.
  - Operate a security access process for client agencies and their staffs.
  - Establish and monitor security procedures.
  - Meet the National Institute of Standard and Technology and Federal Government security standards and controls for systems that access, process, and store sensitive but unclassified data.

- Technical Support:
  - Provide technical support for agency security officers.
  - Troubleshoot access problems.
  - Perform certifications as prescribed in Office of Management and Budget (OMB) Circular A-130, Management of Federal Information Resources.

- Disaster Recovery (DR) and Continuity of Operations (COOP):
  - DR is the recovery process of the Information Technology (IT) infrastructure (putting the computing facility back in operation). This includes restoring operating systems, databases, non-database productions files, servers, network, etc.
  - COOP is the process of continuing business operations through a Business Continuity Plan (BCP). A BCP may include a Business Resumption Plan (BRP) to put recent processes back in synchronization with the restored IT infrastructure. Examples: A hurricane threat would make NFC execute their BCP. A disaster in Denver would require the BCP to also execute the BRP.
  - Provide disaster recovery and business continuity planning and procedures.
  - Operate essential services of a backup computer facility such that service disruption will not be significantly impacted.
  - Ensure that essential applications are available to our customers and are functioning properly within specified and agreed upon timeframes.
  - Provide limited onsite technical support for installation and troubleshooting.
  - Provide communication with staff and customers via the NFC and USDA Internet-based Homepages.
  - Provide DR / COOP drills. Customers are notified 30 days in advance and are invited to participate.
  - Produce Assurance Compliance and Statement of Auditing Standards 70 Reports.
Debt management:
- Establish and collect receivables related to current and former employee indebtedness.
- Provide debt problem resolution through use of a call center.
- Provide cash reconciliation information.

E-Government services:
- Coordinate USDA, NFC e-Government efforts.
- Liaison with OPM for project status and cost reporting.
- Liaison with OPM regarding a replacement system planning/development.
- Work with OPM and other shared service providers on standardization of Federal payroll-related policies / requirements.

Federal Erroneous Retirement Coverage Correction Act (FERRCA) Services:
- Process manual adjustments to employee and agency retirement funds.
- Distribute documents and information to the appropriate section for processing.

Paper Checks issued by Treasury’s Financial Management Service

Payroll accounting:
- Reconcile disbursement activity.
- Provide weekly payroll detail, in the format specified by the customer, to interface into their financial system.

Payroll operations support:
- Provide problem resolution through the use of the Payroll Personnel System Call Center.
- Respond to client written inquiries and controlled correspondence.
- Correct Time and Attendance (T&A) – receive, review, and correct error conditions on submitted timecards, contacting the agency if required to obtain necessary information. This process occurs during payroll week, a minimum of two times per day.
- Process manual payments – receive, assign, monitor, and complete the processing of manual payments initiated by the agency within a specified timeframe based on complexity. Process manual adjustments initiated within NFC to adjust various areas such as W-2 suspense and cash reconciliation. This process occurs on a continuous basis.
- Correct Adjustment Processing System (ADJP) suspense – receive, analyze, and correct error conditions on NFC payroll adjustment record reports. ADJP items may include revalidations based on the processing of late personnel actions, T&A revalidations, and duplicate cash awards.
- Check recertification.

Payroll Policy Support:
- Liaison with OPM on new laws and regulatory requirements.
- Document system-wide specifications based on new laws and regulatory requirements.
- Develop functional requirements for new laws and regulatory requirements.
Payroll / Personnel Processing:
- Provide accurate and timely salary payments.
- Produce and mail annual Personal Benefits Statements.
- Support the client’s HR Officer in their correction of suspense data.
- Record and maintain official “system of record” payroll and personnel data on all client employees.
- Support and operate the interface with OPM to update the Government-wide Central Personnel Data File/Enterprise Human Resources Integration with personnel data on all client employees.
- Maintain the standard data dictionary for all personnel and payroll data.
- Close records based on fiscal year, tax year, leave year, and other reporting variables.
- Retire records following prescribed file and disposition schedules.
- Support end-user and client reporting through the NFC Reporting Center.
- Provide employee self-service applications addressing employee informational needs and data change requests.
- Provide electronic options for:
  - E&Ls.
  - W-2s.
  - Personal Benefits Statements.
  - Financial Disclosure Statements.
  - Employee Self-Service.
- Transfer data to agencies following employee transfers.
- Provide systems design and development along with code, module, and integration testing.
- Coordinate end-user acceptance testing.
- Manage and implement production application controls: configuration management and security.
- Plan and develop basic training materials.
- Provide a tool for client-entered manual payments.
- Provide the degree of protection (administrative, technical, and physical safeguards) for the payroll / personnel data as prescribed by the Privacy Act of 1974, 5 U.S.C. Section 552A.
- Release payroll or personnel data in accordance with the provisions of the Freedom of Information Act / Privacy Act.
- Serve as designated certifying officers authorized to:
  - Certify payment vouchers chargeable to customer funds.
  - Withhold, collect, or offset funds from employees’ salaries as required by law, or as necessary to correct overpayments due customer from employees.
  - Pay or deposit such funds resulting from USDA, NFC payroll activities on behalf of the customer.
- Provide client support:
  - Act as the point of contact for all customer(s) projects / issues relating to NFC.
Inform the customer(s) of the latest NFC enhancements and assess the impact on the customer(s) processes or applications.

- Escalate issues as determined necessary to ensure services are provided timely.
- Monitor any system Change Requests or Software Problem Reports to ensure timely implementation or resolution.
- Facilitate problem resolution.

- Participate in conference calls as requested by the customer(s) or as needed to ensure communication is complete and timely.
- Facilitate customer user and work group meetings.

**Policy/Rules Compliance Services:**
- Perform audits of NFC’s systems and operations.
- Coordinate audits with serviced agencies or their designated audit agents.
- Audit new programs.

**Tax Reporting:**
- Provide accurate and timely tax reporting.
- Close records based on tax year reporting variables.
- Reconcile tax deductions and report to Federal, State, and local taxing authorities.
- Produce and mail annual W-2s for each employee paid.

**Number of employees serviced**

NFC currently processes the payrolls for an average of 600,000 employees per pay period.

**Number of client agencies**

NFC currently payrolls 50 Federal organizations.

**Type of special populations**

NFC provides payroll / personnel services to 50 Federal organizations covering various Federal Titles (e.g., Title 5, Title 7, Title 8, Title 12, Title 19, and Title 47), in addition to non-Federal entities such as Smithsonian’s Trust employees and USDA’s county employees. This includes Departments plus any independent organizations as identified by OMB.

**Description of outsourced services**

Not applicable.

**Supplemental Payroll Measure Information**

Cycle time of Electronic W-2 Distribution

The Electronic W-2 Distribution process is as follows:
(1) The cut-off date for the last payments to be included in the W-2s is reached.
(2) A sample of W-2 data is verified.
(3) When verification is completed, the W-2s are printed.
(4) A sample of the printed W-2s is reviewed for accuracy and print quality.
(5) When verification is completed, the W-2 data is made available on the Employee Personnel Page and Reporting Center.
(6) The Employee Personnel Page and Reporting Center are updated nightly until all W-2s are corrected and released.

4. Cycle time of Hard Copy W-2 Distribution

Once W-2 data has been accepted, the primary bulk of W-2s (99%) is made available by the 14th day of the cycle; however, the remaining 1% is made available to the post office within the next 10 days.

The Hardcopy W-2 Distribution process is as follows:
(1) - (4) See steps of the Electronic W-2 Distribution process in item 4.
(5) When verification is completed, Mail Center personnel are informed that the W-2s are to be mailed.
Appendix D – Department of Defense Defense Finance and Accounting Service Narrative

Description of organization

DFAS is world’s largest finance and accounting operation and much more. Our mission has expanded from providing what the customer needs today to anticipating how these needs will evolve for tomorrow. Developing and maintaining close relationships with our customers is how DFAS meets client’s needs with integrity, service and innovation.

In FY 2007 DFAS:

- Processed 154.6 million pay transactions (5.9 million people)
- Made 6.9 million travel payments
- Paid 14 million commercial invoices
- Posted 54.5 million general ledger transactions
- Managed military retirement and health benefits funds ($328 billion)
- Made $446 billion in disbursements to pay recipients
- Managed $22 billion in foreign military sales (reimbursed by foreign governments)
- Accounted for 865 active DoD appropriations

DFAS is an agency supporting the Office of the Under Secretary of Defense-Comptroller, the principal advisor to the Secretary of Defense for budgetary and fiscal matters. As such, it is the responsibility of DFAS to coordinate and collaborate with all civilian defense agencies, the military services and the combatant commands that provide warfighting capabilities for America’s defense.

DFAS Civilian Pay Operations are currently conducted in three locations. Payroll processing occurs in payroll offices located in Cleveland, Ohio and Indianapolis, Indiana. Technical and support services are located in Pensacola, Florida.

List of baseline services

- Annual Aggregate Limit processing which includes the computation and deferral of wages
- Entitlements for items such as uniform allowance, retention, recruitment and relocation incentives, and bonuses
- Entitlements and allowances for employees serving in a foreign duty station
- Processing prior pay period adjustments as a result of Time and Attendance (T&A), Personnel, or retroactive regulatory changes
- Leave buy back processing related to the Office of Worker’s Compensation Program (OWCP)
- Off-cycle payments made daily via Automated Disbursing System (ADS)
- Physician Comparability pay
- Administratively Uncontrollable Overtime
- Standby payments
- Supplemental Payments
- Automatic adjustments for Thrift Savings
- Computation, deduction, disbursement, and reporting for federal, state, and local taxes, as well as Old Age Survivor’s Disability Insurance (OASDI) and Medicare
- Accounting, disbursement, reconciliation, and reporting of deductions and government contributions for Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS)
- Health Savings Accounts (HSA)
- Flexible Spending Account (FSAFEDS)
- Federal Long Term Care Insurance (FLTCI)
- Federal Employees Group Life Insurance (FEGLI)
- Federal Employees Dental and Vision Insurance (FEDVIP)
- Treasury Offset Program (TOPS) deductions
- Processing and administration of donated leave
- Bond processing
- Reconciliation of EFT Bond returns
- Cancelled Check processing
- Personal Check processing
- Employment Verification
- Union deductions based on flat amounts or tables
- Payment of union dues and distribution of detailed union deduction information to unions and, if requested, labor relations officials
- Government Quarters Housing deductions
- Separation processing; generation of lump sum payment based on Nature of Action Code (NOAC)
- Processing of taxable wage information from client finance offices for inclusion on the employees W2 (e.g., taxable travel payments, Permanent Change of Station reimbursements)
- Automated W2 processing, including ability to update W2 information after the final pay period for the year; automated W2c processing and on-line generation of duplicate W2s
- Automated deceased employee beneficiary pay
- Salary offset for active employees (debt collection)
- Savings allotments support
- Tier 3 Help Desk providing expert assistance for payroll related issues
- Disaster recovery, security, Continuity of Operations (COOP) and Testing
- Employee Self-Service (MyPay)
- Audit Support
- Full service accounting functionality
- Employee self services provided by MyPay
- Distribution of Leave and Earnings Statements (LES) via MyPay and mail
- Issue resolution via Remedy system
**Number of employees serviced:**

DFAS Civilian Pay services over 830,000 employees worldwide. Current conversion efforts will ultimately result in DFAS providing processing and support services to approximately 1,040,000 employees.

**Number of client agencies**

DFAS Civilian Pay services 11 major DoD (Department of Defense) and Non DoD agencies.

**Type of special populations**

Graded and Ungraded
Physicians, Nurses - T42, T5, T38 and T5/T38 hybrid
Professors and Educators
Firefighters
Air Traffic Controllers
Judges
Law Enforcement Officers
Consultants
Uncontrollable Overtime Earners
Titles 3, 5, 10, 32, 38, and 42

**Description of outsourced services**

DFAS outsources the W-2 printing and mailing process to DRC (Data Recognition Corporation). DRC accepts and conducts a review of all W-2 data that is submitted and verifies addresses for mailing to ensure accuracy. Re-issued W-2s are processed by DFAS payroll offices in the DCPS (Defense Civilian Pay System) and printed by DAPS (Document Automation and Production Service).

DFAS has a separate component organization that processes Garnishments. The Garnishment Operation provides a legal review of all documentation by paralegals under attorney supervision. The Garnishment Operation processes only court-ordered documents including: Child Support, Alimony, Commercial Wage Garnishments and Bankruptcy. Tax Levies and Department of Education student loans are not administrated by the DFAS Garnishment operation.

The cost metric also includes the cost to process applications under the Former Spouses Protection Act, 10 USC 1408 and military commercial debt applications under 5 USC 5520A. The individual cost of these cases cannot be broken out, but it is important to note that DFAS Garnishments is the only agency that processes these.
Supplemental Payroll Measure Information

1. Cost of Printing and Mailing Hard Copy W-2s

DFAS outsources the W-2 printing and mailing process to DRC (Data Recognition Corporation). DRC accepts and conducts a review of all W-2 data that is submitted and verifies addresses for mailing to ensure accuracy. Re-issued W-2s are processed by DFAS payroll offices in the DCPS (Defense Civilian Pay System) and printed by DAPS.

2. Cycle time in Days from Payroll System Cut-off until Payments are Transmitted to Treasury or DoD Disbursing Office.

DFAS currently maintains 13 Production Databases; resulting in a variance in the number of hours to process and transmit data. The time provided in the metric is an average of time for all 13 databases for the entire 2007 calendar year.

3. Cycle time for Disbursing an Off-cycle Payment.

DFAS includes late T&A (Time and Attendance) and Personnel for this metric. Awards are processed within the regular bi-weekly pay and therefore are not classified as an Off-cycle payment. DFAS makes every effort to process all Off-cycle payments immediately i.e. if Off-cycle payment source documentation is received in the morning, payment is released before noon, and if documentation arrives after noon, payments will almost always be released prior to the end of the working day.

4. Cycle time of Electronic W-2 Distribution

DFAS accepts W-2 data until the last day of the last pay period of the year. A file with consolidated W-2 data is compiled and transmitted to My Pay (DFAS administered employee self-service site) to be displayed for employee viewing and printing. My Pay sends employees a notification email to inform them when the W-2 is available.

5. Cycle time of Hard Copy W-2 Distribution

DFAS utilizes a third-party provider, DRC, to prepare and distribute W-2 documents. DFAS compiles W-2 data and transmits a file to DRC that will be reviewed prior to distribution.

6. Number of SAS-70 Material Weaknesses

DFAS did not have any material weaknesses identified for fiscal year 2007.
7. Payroll Price per Employee Serviced

DFAS total cost figures are derived from all applicable outputs attributed to servicing all DoD and Non-DoD customers.

8. Payroll Provider Servicing Ratio

DFAS utilizes DCPS (Defense Civilian Pay System), which is not an integrated payroll system. Therefore, DFAS may have a slightly lower total cost as a divisor.

9. Unit Cost of Processing a Wage Garnishment

See Description of Outsourced Services.
Appendix E – Department of Interior’s National Business Center Narrative

Description of Organization

The Department of the Interior, through the National Business Center (NBC), offers the Federal Personnel and Payroll System (FPPS). The NBC offers a comprehensive customer-driven solution creating and generating the full life cycle of personnel and payroll transactions with its modern, flexible, integrated (HR, payroll, and time and attendance) FPPS, state-of-the-art analytical data warehouse tool (DataMart), and a full array of other related operation services, all of which are included in the base-level services. The NBC also offers Quicktime, an optional employee-based, web-enabled time and attendance system. NBC is both an e-Payroll and HR LOB Shared Service Center and has been in the business of providing shared services for more than 30 years.

The FPPS is NBC’s enterprise integrated personnel/payroll system supporting employees in 39 agencies (40 in 2009 with DOL migration). The HR IT system was developed in-house using a suite of Software AG products. Software maintenance is performed by the NBC.

NBC is committed to providing our clients with innovative human resources products and services that meet their needs and are congruent with cutting-edge technology. To realize this commitment, we have expanded NBC’s human resources strategic direction by committing to expand HR LOB service offerings; standardize and improve business processes for all human resources operations; and improve automation for efficiency, service, and security gains.

To support the above processes, the NBC has developed the Secure On-and-Off Boarding and Access Management System (SOAMS). The SOAMS is a set of human resources-related business process workflows, business rules, event rules, and routing rules that tie together human resources systems hosted by NBC, partner vendors, and customer agencies. There are a number of sockets, which will provide real-time integration between NBC’s human resources initiatives and systems with an Entrance on Duty System (EODS); a Human Capital Management System (learning, competency, performance); a Workforce Transformation and Tracking System (WTTS); and integration with all of the eGovernment initiatives.

The NBC is a major provider of hosting services, which are comprised of infrastructure, telecommunications, storage management, application architecture, and data center security. The NBC also hosts OPM’s eGovernment initiatives to include the electronic Official Personnel File (eOPF) and the Enterprise Human Resources Integration (EHRI) data warehouse.
List of baseline services

NBC prides itself on the comprehensive nature of its payroll services. Below is our full list of base-level payroll-related services.

Time and Attendance Processing
- FPPS T&A Module provides for collection of leave and work hours, information on shift, overtime, and other premiums, exceptions to biweekly and hourly limits, project numbers, comprehensive editing at time of input, online help, and table look-ups. Timesheet processing includes on-line storage of timesheet data, and an on-line audit trail of changes. The T&A module is also used to store and edit T&A data received from other T&A systems. (Note: NBC also offers another T&A solution, Quicktime, which is web-based and designed for employee entry, but that solution is not a base level service.)
- Continuous T&A editing once T&As have been submitted to FPPS, and proactive interactions with timekeepers, personnel offices, and supervisors to resolve T&A errors before payroll calculation. An on-line error correction process used by the Payroll Office allows for cleaner T&A data to be sent to FPPS pay calculation.
- Automated leave processing of all regulatory leave types, including annual, sick, restored, military, leave under the Family and Medical Leave Act (FMLA), bone marrow / organ donations, administrative, and numerous agency-unique leave types. FPPS also supports credit hours, compensatory time, time-off awards, home leave, and shore leave. Leave processing includes applying accruals, maintaining balances, applying regulatory maximums, and reporting.
- Automated support for agency-unique leave types, or agency-unique leave processing, including maintaining balances, applying maximums and expirations dates, and reporting.
- Automated leave share program, including donations and receipts, accrual of special leave accounts per regulations, automated return of unused donations upon case closure.
- Automated support for worker’s compensation and continuation of pay cases with quarterly reporting.

Pay Processing
- Pay processing, including all calculations of gross-to-net pay; processing of pay and leave adjustments; government additives; applying hourly, biweekly, and annual limitations; maintenance of data for current and future reporting; and production and distribution of reports.
- Automatic deferral of payments that exceed the aggregate pay limitation, and automatic generation of those payments in the following year or upon the employee’s separation.
- Entitlements for items such as uniform allowance, fringe benefits, recruitment and relocation incentives, and bonuses.
- Entitlements and allowances for employees in foreign duty stations.
- Prior pay period re-computations resulting from changes in T&A data, personnel actions, or retroactive regulatory changes. Changes within the last 26 pay periods are
automated; NBC processes older changes by making manual calculations and submitting one-time adjustments through FPPS.

- Computation and disbursement of back pay provisions of settlement cases, including payment and Form 1099 reporting of interest, as authorized.
- Leave buy back related to periods of Office of Worker’s Compensation Program (OWCP) are computed, collected, and the records adjusted accordingly.
- Off-cycle payments via an automated Pay Daily process.
- Physician Comparability Allowance payments.
- Administratively Uncontrollable Overtime payments.
- Standby payments.
- Student Loan repayments as hiring incentives.
- Automated processing of Transportation pre-tax deductions and Fringe Benefits.
- Computation, deduction, disbursement, and reporting for federal, state, and local taxes, as well as Old Age Survivor’s Disability Insurance (OASDI) and Medicare. We perform all tax accounting, reconciliation, 941, W2, W2c as well as 1099 reporting for interest and beneficiaries. We also provide separate tracking and reporting of prior year OASDI and Medicare transactions.
- Accounting, disbursement, reconciliation, and reporting of deductions and government contributions, as applicable, for Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS), life insurance, health insurance, TSP, thrift loans, and military service credit deposits.
- Disbursement of net pay via electronic funds transfer and Treasury checks; accounting and disbursement of deductions, including savings allotments, health savings allotments, voluntary tax allotments, discretionary allotments, quarters deductions, savings bonds, charities, union dues, association dues, commercial garnishments, child support, alimony, bankruptcies, education loans, Long-Term Care premiums, Flexible Spending Account (FSA) deductions, and Dental and Vision Care premiums.
- Series EE and I bond processing.
- Union deductions based on flat amounts, table lookups, or percentages of gross or base pay.
- Payment of union dues and distribution of detailed union deduction information to unions and, if requested, labor relations officials.
- Government Quarters Housing deductions, including appropriate tax treatment for required Quarters occupancy.
- Separation processing; generation of lump sum payment based on Nature of Action (NOA) code; issuance and certification of Standard Form 1150 (SF-1150) Record of Leave Data report; submission of retirement packages; closeout of retirement cards and automated severance pay, if applicable.
- Processing of taxable wage information from client finance offices for inclusion on the employees W2 (e.g., taxable travel payments, Permanent Change of Station reimbursements).
- Automated W2 processing, including ability to update W2 information after the final pay period for the year; automated W2c processing; and on-line generation of duplicate W2s.
- Association and fitness dues deduction processing.
- Automated deceased employee beneficiary pay.

**Debt Processing**
- Management of salary-related debts, including issuing bills, providing due process, and issuing collection notices in accordance with the Debt Collection Improvement Act; negotiating repayment schedules; initiating involuntary collections; accruing interest; establishing amortization schedules; and adjudicating waiver requests. Monthly reports to serviced agencies are produced to assist them in tracking their debt status and activity. Names and phone numbers of payroll contacts are printed on each bill to assist employees when questions arise.
- Processing collections for other debts, providing employee notice and enforcing regulatory maximums for collection of other agency debts, child support, bankruptcies, commercial garnishments, education loans, alimony and tax levies. Support of the Treasury Offset Program and Delinquent Credit Card Offset program. Deducting travel advances or other non-salary related internal debts at the request of the employing agency.

**Accounting**
- Creation of labor cost file for interface to client labor cost system or accounting system. Creation of detail and summary accounting reports. Reconciliation of labor cost file with payroll disbursements. Assistance to client accounting offices on payroll accounting issues.
- Collection, deposit, reporting, and crediting of employee records for check and cash receipts, including receipts for bills, military service credit deposits, OWCP buyback, and advance payments of health benefit premiums.
- Collection Subsystem that tracks and accounts for receipts of cash or checks.
- Tracking, accounting and re-issue of returned payments, savings bonds, and Treasury credits, including Limited Payability credits. Resolution of lost/stolen paychecks and savings bonds and other post-issuance problems. Issue replacement checks and track the status of funds.
- Reissue / Re-certification process enables us to provide replacement payments to employees within a day.

**Benefits Support**
- Maintenance of retirement records (both service history and fiscal data), military service credit deposit records and providing for check payment or payroll deduction of military service credit deposits.
- Process Health Benefit submissions to carriers.
- NBC is responsible for working the quarterly reconciliation with carriers.
- Automated Retirement and Insurance Transfer System (RITS) reporting with capability to include external transactions.
- Thrift Lost Earnings pass-through from the TSP recordkeeper to client agency via labor cost file.
- Automated processing of Thrift rejects, Thrift loans, and shutdown of deductions due to TSP in-service withdrawals.
- Users have on-line ability to enter Health Benefit information for Standard Form 2809 (SF-2809) Employee Health Benefits Election Form and Standard Form 2810 (SF-2810) Notice of Change in Health Benefits.

**Miscellaneous**
- Distribution of Leave and Earnings Statements (LES) both by mail to the home address of all employees and electronically through Employee Express. (Employee Express is an extra change, not base level service). Duplicate LES’ can be issued immediately upon request. LES’ can include broadcast messages and individual messages, such as expiration of compensatory time and restored leave, update of Within Grade Increases (WGI), and changes in pay.
- Employee Express also includes employee self-service for changes to address, banking information, allotments, savings bonds, TSP, and other voluntary deductions, as well as the capability to print W-2s, a Federal Employee Benefits Statement, and Emergency Contact information maintained by the employee.
- Employment verification via The Work Number by the TALX Corporation.
- Unemployment reporting via the TALX Corporation’s UC-Express.
- Imaging of documents to eliminate the need for stored paper documents and allow for imaged document retrieval.
- Medicare Data Match.
- Table-driven Order of Precedence.

As NBC has an integrated personnel and payroll system, the following functions are an integral part of the overall payroll service delivery model:

**FPPS General System**
- Integrated personnel and payroll system. Clients using FPPS do not need a separate system for processing personnel actions. This is a significant improvement over older technology that required two separate systems with separate databases, along with the necessary reconciliation between the systems.
- Ticklers sent through a client’s e-mail system.
- On-line query and DataMart reporting. A library of standard queries is available to all users that can be executed as is or used as a baseline for customized queries. Clients can also develop their own queries.
- Help desk support for end users and employees.
- SF-50s automatically generate the payments for Administratively Uncontrollable Overtime, Availability Pay, Awards, Relocation Incentives, Recruitment Incentives, Retention incentive and Separation Incentives.
- Annual Pay Raise processed by FPPS.
- View an employee’s personnel and payroll history on-line.
- Interfaces daily to the retirement system.
- Accommodation of dual positions (employee has two different positions simultaneously in the same or different agencies).
- Mass change capability, such as reorganizations, realignments, and awards.
- Automatic accumulation of non-paid hours for Leave Without Pay, Within Grade Weeks, or Appointment Limits (day, weeks, or dollars) for timely generation of WGI actions.
- Electronic generation of standard reports (Standard Form 113A and G, Monthly Report of Fulltime Equivalent/Work Year Civilian Employment), OPM’s eOPF, Central Personnel Data File (CPDF), and EHRI.
Users are alerted of important information from NBC through Message of the Day command.

Security and Performance
- Maintenance of security and integrity of the database and client data. Management of system-level user IDs, passwords, and access authorities.
- Mainframe Security Access.
- Security Access profiles.
- Audit trail capabilities.
- Provision and management of a Disaster Recovery program, including: development and maintenance of a Contingency of Operations Plan (COOP) that covers FPPS and Quicktime production environments; provision and management of an off-site storage; provision and management of a hot site facility; performing disaster recovery backups; and scheduling, coordination, and support of a disaster recovery testing process.
- Provision of and management of a “health and well-being” monitoring system for FPPS and Quicktime environments.
- Management of a monitoring and reporting system of FPPS and Quicktime activity and performance levels.
- Provision of and management of a physically secure hosting facility, meeting Federal government policies and standards for both physical and logical security.

In addition to the comprehensive list of payroll and other services above, NBC provides unparalleled customer-centric focus. Our CSO, or Payroll Hotline, concentrates primarily on the needs of individual employees, answering their pay and leave questions directly. The Hotline is staffed by payroll experts with extensive experience. NBC is extremely proud of our outstanding responsiveness: 95 percent of employee issues are resolved on the spot, relieving the payroll client agency from that responsibility. In the unlikely event an employee reaches an automated attendant, the target response time is a return call within 2 hours. In 2006, NBC met this goal 98 percent of the time. The Hotline’s toll-free number is printed on each LES.

**Number of employees serviced**

268,398

**Number of client agencies**

37 agencies used NBC for payroll services in 2007, with 2 more being added in FY2008. We also have one additional customer agency that only uses our Quicktime time and attendance system.

**Special populations serviced**

All of our customer agencies are ‘special’ to us, and many of them have unique requirements. However the following list provides examples of the larger populations with unique requirements.
- Air Traffic Controllers and other FAA employees
- Pay Banded employees at several agencies
- National Park Service Police
- Bureau of Indian Affairs Contract Educators
- Tribal Employees retaining government benefits
- Securities and Exchange Economists
- Casual (Emergency) Workers in Department of the Interior and Department of Agriculture
- Youth Conservation Corp

**Description of outsourced services**

Not applicable.

**Supplemental Payroll Measure Information**

1. All labor associated with printing W-2s and stuffing them into envelopes is done on-site by government contractors.

2. All labor associated with printing W-2s and stuffing them into envelopes is done on-site by government contractors.

3. NBC utilized OPM’s Employee Express to make 2007 W-2s available to employees.
Appendix F – General Services Administration Narrative

Description of Organization

The U.S. General Services Administration (GSA) has been cross-service provider of payroll services for over 40 years for a diverse group of approximately 27,000 employees in over 35 federal agencies and Presidential Commissions. The GSA National Payroll Branch (NPB) [formerly named National Payroll Center] is an organization within the GSA Office of the Chief Financial Officer (OCFO), and serves as GSA’s service bureau. This worldwide payroll operation is located in Kansas City, Missouri and provides a full range of payroll services from hiring to separation.

The NPB is responsible for the management and centralized operation of GSA’s Payroll Accounting and Reporting system (PAR), a fully automated, worldwide civilian payroll system. PAR was designed, developed, and is maintained by the GSA Financial Administrative Systems Division in Kansas City, Missouri, and has been operational since 1995. The GSA NPB operates in a strong internal control environment and is audited by several outside entities annually. This includes financial statement, A-123, Office of the Inspector General, customer agency, and Statement of Accounting Standards Number 70 (SAS 70) audits.

The GSA NPB commitment is to ensure our clients receive all-inclusive, efficient and flexible services at a fair price. The GSA NPB provides personalized customer service and handles specialty processes for federal, non-federal, and quasi-federal agencies. The NPB provides one-stop-shop service, which allows our clients to focus on their core mission instead of worrying about administrative functions such as payroll. Our niche is the small to moderate market of federal agencies and presidential commissions. Many of our clients use GSA’s Comprehensive Human Resource Integrated System (CHRIS). For those clients that do not use CHRIS, the NPB manually inputs human resource actions directly into PAR.

The GSA NPB has an on-site centralized customer service helpdesk. Customer Service Representatives respond to 98% of all inquiries at the point of contact. A helpdesk ticket is created for complex issues and referred for further research and resolution. The NPB customer call center is available to all employees serviced. In addition, employees have several self-service options through the GSA Payroll website and Employee Express (EEX).

The NPB is comprised of two sections: the Payroll Operations and Customer Service Section, and the Control, Analysis, and Reporting Section.

The Payroll Operations and Customer Service Section processes the bi-weekly payroll actions and responds to Customer Service inquiries for all pay accounts.

The Control, Analysis, and Reports Section is responsible for all bi-weekly and calendar year post pay cycle processing to include the certification of payroll disbursement files to
Treasury, reporting of payroll data to regulatory and taxing authorities, debt processing and balancing of critical payroll system outputs to internal data necessary to maintain system integrity and data validity.

**List of baseline services**

**Payroll Services**
- Furnish all necessary payroll support functions as provided by the Payroll Accounting and Reporting (PAR) system.
- Track and monitor all activities, from initial hire through final payments at separation and submission of retirement records to the Office of Personnel Management (OPM).
- Payroll services include processing the following:
  - All Time and Attendance records utilizing the Electronic Time and Attendance Management System (ETAMS).
    - Collect time and attendance data.
    - Report and release time and attendance data.
    - Edit and correct time and attendance data.
    - Accrue leave.
    - Process leave.
    - Adjust leave.
    - Supervisory Time and Attendance Certification reports.
  - All routine employee deduction/input documents
    - All current and retroactive pay and leave actions generated due to personnel actions processed.
    - Automated Form W-2 reporting including IRS Form W2-C processing.
    - Employer quarterly tax reporting (IRS Form 941 and 941C) via the FEDTAX II system.
    - Automated employment verification via “The Work Number.”
    - Automated unemployment reporting via the TALX Corporation UC-Express service.
    - Associated payroll management reports, including, but not limited to, budget reports and accounting distribution summary reports are included.
  - Comprehensive Payroll Reports
    - Earnings and Leave Statements electronically via the Employee Express.
    - Premium Pay Validation reports.
    - Quarterly Overtime reports.
    - Consolidated Payroll reports.
    - Accounting Distribution report.
- Other Payroll Services
  - Provide pretax Federal Employee Health Benefits (FEHB) premium conversion.
  - Provide pretax qualified transportation fringe benefits program.
  - Process (including input data into the PAR system) the following:
- Child support / alimony withholdings
- Tax Levies
- Voluntary tax allotments
- Bankruptcies
- Department of Education Student Loans
- Child Care Subsidies and Moving Allowance Tax withholdings
- Discretionary allotments
- Union dues
- Charities
- Association dues deduction
- Debt notification
- Salary offset for active employees (debt collection)
- Treasury Offset Program (TOPS) deductions
- Savings allotments support
- Health Savings Accounts (HSA)
- Flexible Spending Account (FSAFEDS)
- Federal Long Term Care Insurance (FLTCI)
- Federal Employees Group Life Insurance (FEGLI)
- Federal Employees Dental and Vision Insurance (FEDVIP)

  - Provide full service Commercial Wage Garnishments processing on behalf of its client agencies. The NPB receives garnishments orders from legal offices; reviews applicable state and local laws pertaining to wage garnishments; sends notification to the employee; calculates the biweekly salary offset amount; collects an employee service fee; disburses and mails the payment; and corresponds with the legal offices on the status and pay off date of the commercial wage garnishment.

  - Manage FEHB Temporary Continuation of Coverage (TCC) for the Client Agency employees.

  - Manage donated leave program for employees who wish to donate leave within their agency or to other Federal agency or commission employees.

  - Calculation, recording of leave and collection of annual leave buy back resulting from Office of Workers’ Compensation Program (OWCP).

  - Calculate Federal Erroneous Retirement Coverage Corrections Act (FERCCA) corrections in accordance with OPM guidelines.

  - Calculate make up Thrift Savings Plan (TSP) contributions for employees serving on military duty that are subject to the Uniformed Services Employment and Reemployment Rights Act (USERRA).

  - Submit Federal Employees Health Benefits (FEHB) enrollment forms to FEHB Carriers (SF 2809/2810 forms).

  - Provide data as required by the OPM for the SF-113A and SF-113G to the Client agency by the 10th of each month reflecting information for the preceding month.

  - Pay all salaries, bonds, and government contributions to all appropriate benefit plans from its suspense funds. Using the Treasury Intra-Governmental Payment and Collection System (IPAC), the GSA processes reimbursement for these charges on a biweekly basis against the appropriation of the ordering
activity in accordance with the provisions of 31 U.S.C. 1535. GSA will provide appropriate detail in support of these charges each pay period.

- Conduct Statement of Auditing Standards Number 70 (SAS-70) audit and provide results to client agencies.
- Provide a Payroll Customer Service Call Center, which accepts calls from supervisors, timekeepers, employees and former employees.

**Number of employees serviced**

The General Services Administration (GSA) provides full service payroll support to a variety of populations and special populations within the Federal government. GSA serviced 26,366 employees in calendar year (CY) 2007.

**Number of client agencies**

Number of client agencies, including GSA, serviced in CY 2007 was 35.

**Special populations serviced**

GSA can pay project personnel/pay band, Non-Federal and Quasi-Federal employees, and administratively determined employees. GSA provides payroll services for the following titles and pay authorities:

- United States Code (U.S.C.) Title 5;
- Government Accountability Office (GAO) Title 6;
- National Credit Union Administration (NCUA) (Pay banded, partial Title 5);
- DC Code II, Section 910 and 1725 – DC Courts (Pay only, Title 5 for benefits);
- Title 36 – Holocaust Museum (Donated Employees); and

GSA also services Law Enforcement employees and Former Presidential staff.

**Description of outsourced services**

The GSA has contracted with Ingentra HR Services, Inc. to provide W-2 Processing. Ingentra provides the following services to GSA:

1. Receive W-2 file from GSA.

2. Provide electronic Form W-2 access through the Ingentra website ([www.webW2.com](http://www.webW2.com)).

3. Print, distribute and mail Paper copies of Internal Revenue Service (IRS) Form W-2.
4. Electronically store and provide access to corrected W-2 (W-2C) processed by GSA and uploaded to the Ingentra website.

5. Reissued W-2 available to employee and GSA through website. Also, provides a CD-ROM of Copy 2 of the IRS Form W-2 to GSA.

6. Provides standard and customized tax reports from the WebW2 application.
Appendix G – Workgroup Participants

The table below details the list of participating agencies and e-Payroll providers.

<table>
<thead>
<tr>
<th>Agencies</th>
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<tbody>
<tr>
<td>Department of Defense</td>
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<tr>
<td>Social Security Admin.</td>
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<tr>
<td>Department of Treasury</td>
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<tr>
<th>e-Payroll Providers</th>
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</thead>
<tbody>
<tr>
<td>Department of Defense - Defense Financial and Accounting Services (DFAS)</td>
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<tr>
<td>General Services Administration - National Payroll Branch (NPB)</td>
</tr>
<tr>
<td>Department of Interior - National Business Center (NBC)</td>
</tr>
<tr>
<td>Department of Agriculture - National Finance Center (NFC)</td>
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