

City of Palo Alto

Enhancing the Connection Between Finance and Human Resources

February 19, 2015

Top Three Take-Aways for Participants

- **Take-Away 1:** Importance of HR and Finance Coordination and Cooperation
- **Take-Away 2:** Tools Needed
- **Take-Away 3:** Accomplishments and Lessons Learned

Challenges and Themes

Finance

- Balancing budgets
- Delivery of services
- Accurate personnel count and costing
- Unfunded pension and retiree healthcare liabilities
- Clean payroll processing
- Meet laws and other requirements
- Have good clean data for analysis
- Customer service

Human Resources

- Efficient and effective workforce
- Trained staff
- Easy reporting capabilities
- Establish good working relationships with labor groups
- Credibility with labor groups and City Council
- Accurate data and file archives
- Electronic Filing
- Integrated system that is easy to use
- Customer Service

Key Areas for HR and Finance Collaboration

- **Labor Negotiations**
 - Fiscally responsible
 - Maintain and attract employees
 - Fair compensation
 - Cost impact analysis of labor negotiation scenarios
 - Labor Guiding Principles establishing fiscal and policy goals

- **Benefits and Payroll Administration**
 - Accurate payroll processing
 - Clear and useful benefit information
 - Financial impacts of benefit changes

Key Areas for HR and Finance Collaboration

- **Pension and OPEB**
 - Understanding actuarial reports
 - Impacts from changes to compensation
 - CalPERS, PEPPRA or other trust rules
- **Compensation and Classification Studies**
 - Annual requests
 - Exempt non Exempt
- **Others**
 - Impacts of changes in labor law
 - Succession Planning
 - Integrated system
 - System support

Key Areas for HR and Finance Collaboration

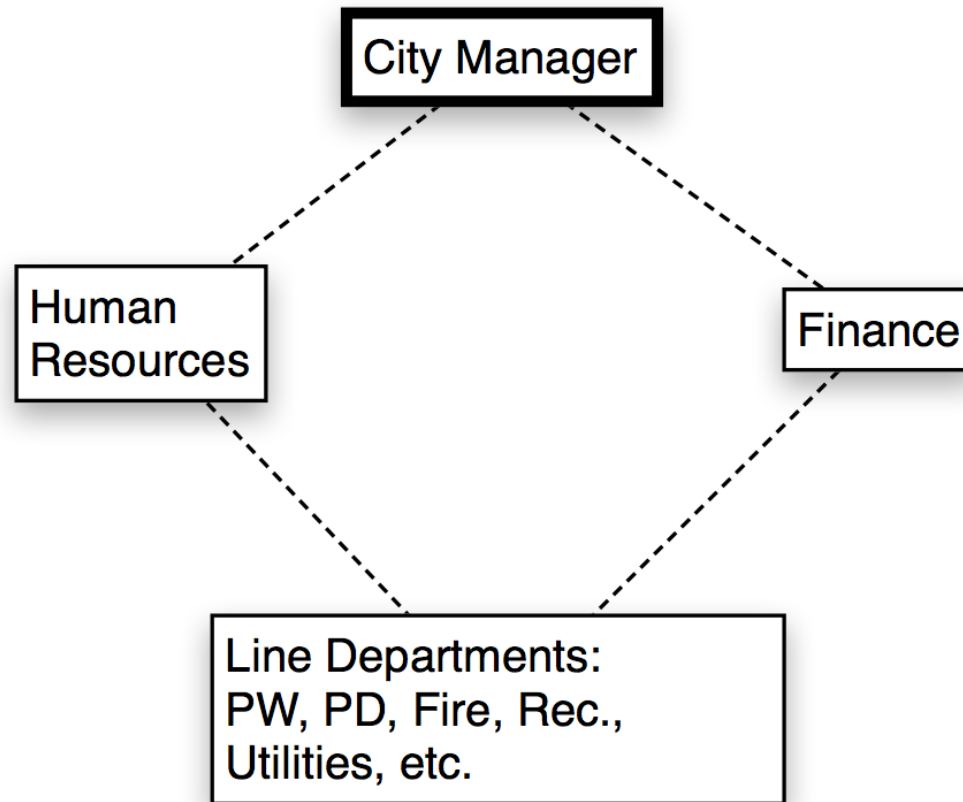
- **Customer Service**

- Employees may not know who does what, HR or Finance, but they know if something is wrong
- Coordination to ensure high quality service to employees
- Paycheck explanation
- New employee onboarding

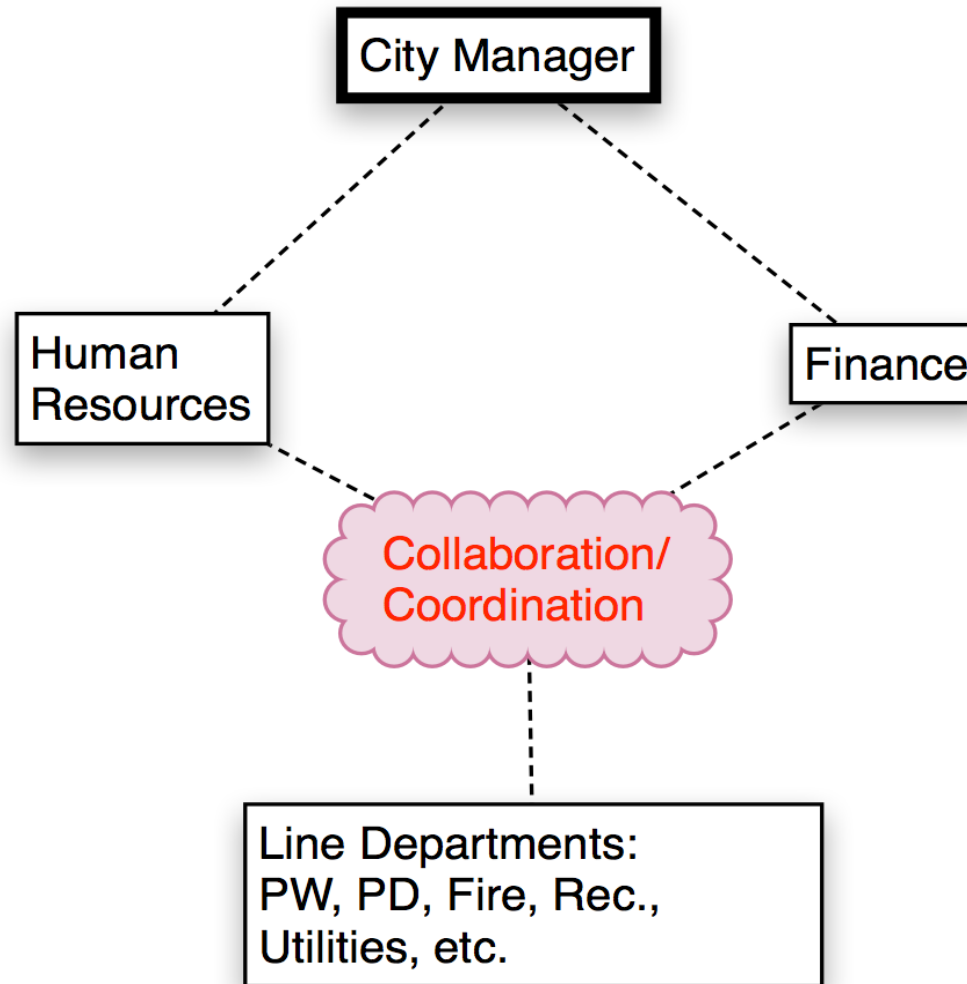
- **Tools Needed**

- Integrated system (HR, payroll, budget, position control, finance)
- Collaboration tools like SharePoint or shared folders
- Issue tracking method
- ERP system enhancements:
 - SpinifexIT (Easy Documents and Easy Reporter)
 - Mass upload tool (Innowera)
 - Variance reporting
 - Easy Clone (faster testing in test environment)

Old Model: disconnected services to departments



New Model: connected
services to departments



Old Model vs. New Model Collaboration

Old Model	New Model Collaboration
Problems: <ul style="list-style-type: none">- Lack of accountability- More work for the customer- Problems don't get resolved- Slow response	Benefits: <ul style="list-style-type: none">- Accuracy- Accountability- Improved customer service- Proactive management of issues- Improved service delivery to departments- Improved communication to workforce- Less wasted time Remaining Challenges: <ul style="list-style-type: none">- Sustaining commitment level- Time for regular meetings- Resources- Planning

Results of Collaboration

- **85** joint work tasks resolved since HR and Finance started the collaboration meetings in 2012
- Some examples:
 - Audit of CalPers billing
 - New process training
 - SpinifexIT reporting tool implementation
 - Timecard error resolution
 - Salary change implementations (quicker, accurate)

Collaboration Structure

- Monthly collaboration meeting agenda
 - Purpose: standing meeting to ensure HR and Finance are communicating and collaborating
 - Review HR and payroll processing schedules
 - Holidays and other key dates
 - Process improvements opportunities
 - Issue tracking walk through
 - New issues
 - Current issues
 - Resources needed
 - Prioritization

Collaboration Structure

- Issue tracking log

ASD/HR Coordination Meeting						
Issue Tracking Sheet						
Updated as of 01/20/2014						
Meeting Date	Issue	Status	Open/Closed	Priority	Assign Person Responsib	Target Date
12/17/14	retro pay. What is impacted, which wage types (e.g. deferred comp, vacation cash-out, etc.)?	12/17/14 - PSO and payroll will be coordinating on the retro details.	New	H	Brenna/Salman/Payroll	15-Jan
12/17/14	Rename Absence Quota 53 - Management Prof Dev vs Mgmt Excess	12/17/14 - Angelica will be sending the change request details to SAP functional.	New	M	Brenna/Salman/Payroll	15-Jan
12/17/14	SL and Vac accruals for PT Ees	12/17/14 - PSO mentioned in the meeting to use reg hours code instead of 3800/9150 time codes.	New	M	Brenna/Salman/Payroll	15-Jan
12/17/14	Updateing IT9170 - Change title and add vacation cash out election, gym membership, roll Prof to \$500 Prof?	12/17/14 - Angelica will be sending the change request details to SAP functional that will be worked with the IT based on the IT resource time availability. In meanwhile PSO will be saving the spreadsheet in a folder on S drive where payroll will also have access to for reference.	New	M	Brenna/ Angelica/Salman	15-Jan
12/17/14	Evaluation process for Hourly positions getting close to 1,000 hours	12/17/14 - PSO will be running the spinifex report with a CAP of 800/900 hours to see who are approaching the 1000 hours and informing the depts to work with the employees.	New	L	Paul/PSO	15-Jan

Old Model vs. New Model Labor Negotiations

Old Model	New Model Collaboration
Problems: <ul style="list-style-type: none">- No Finance rep at bargaining table- Disconnect between HR and finance re costing- Little continuity in costing methodology between units- Delays, accuracy issues	Benefits: <ul style="list-style-type: none">- Uniform costing methodology across units- Negotiate what is reasonable, not what is possible- Labor relations issues do not outweigh finance issues- Improved response time and quality- Improved credibility with unions and City Council

Results of Collaboration Labor Negotiations

- Minimize/eliminate burdensome administrative processes
- Improve internal understanding of costing and “big picture” financial issues
- Consistency and credibility with unions
- Shorter, more effective labor closed sessions

Negotiations Collaboration Structure

- Labor Guiding Principles integrate labor relations and fiscal responsibility
 - City finances, total compensation, transparency
- Finance representative sits at bargaining table
- Weekly meetings to review costing
- Costing templates, methodology

- Labor negotiations cost estimation worksheet example

	A	B	C	L	M	N	O	P	Q	R	S
1				City of Palo Alto							
2				Citywide Fiscal Year 2014 Summary of Salary and Benefits Cost							
3				Basis Scenario - Includes Benefits for Active and Retired Employees and Administrative Costs; PERS is calculated b							
4											
5					Police						
6					Mgmt Group						All
7					(PMA)		PAPOA		SEIU		Groups
8											
9	Benefits ratio										
10	Variable Benefits (A)/(C)			35.6%		28.3%		28.1%		29.1%	
11	Variable and Fixed Benefits (B)/(C)			59.1%		64.5%		71.4%		66.7%	
12											
13	Full-Time Equivalents (FTE)			7.00		83.00		580.50		1019.35	
14	Mgmt-SEIU										
15	Total FTE			(E)	7.00	(E)	83.00	(E)	580.50	(E)	1,019.35
17	Percentage of total			0.7%		8.1%		56.9%		100.0%	
70			Subtotal - Benefits - Fixed		276,281		3,472,206		18,372,085		34,965,787
71											
72			Total Benefits - Variable and Fixed	(B)	695,584	(B)	6,183,538	(B)	30,325,079	(B)	62,071,297
73											
74	TOTAL SALARY & BENEFITS			(D)	1,871,782	(D)	16,919,325	(D)	75,440,712	(D)	160,303,656
75											
76	TOTAL COST PER EMPLOYEE (D)/(E)				267,397		203,847		129,958		157,261
77											
78											
79			UMPAPA % of FTEs (of Mgmt + UMP)								
80			UMPAPA % of salary								
81							1% Salary		424,674		
82							Variable Benefits (Including Overtime)		146,013		
83							Fixed Benefits		183,721		
84							1% Total Comp		754,407		

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Enhancing the Connection Between Finance and Human Resources Q&A

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