

*The proceeding message was sent during the HRPM Program, prior to Workday go-live, and is provided for reference only; the webpages mentioned below may no longer be functional.*

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**TO: Deans, Chancellors, Vice Presidents and Vice Provosts**  
**SUBJECT: HR/Payroll Modernization Allocation Plan**  
**June 5, 2017**

Dear Colleagues,

As we prepare to launch Workday, our new Human Resources/Payroll system on June 27, we wanted to provide an update on our cost allocation plan. HR/Payroll Modernization is a transformational program that will help us improve critical HR and payroll practices, strengthen regulatory compliance, deliver better information for decision-making, and produce substantial efficiencies and productivity gains for all UW organizational units.

As we have communicated previously, we will initiate a University-wide effort to allocate implementation costs and ongoing license fees to our organizational units, effective July 1, 2017.

These costs include:

- 1. Capitalized implementation costs funded through 10-year debt financing:**  
Organizational units will pay for annual debt service and interest on the basis of employee FTE and headcount
- 2. Non-capitalized implementation costs, including licensing fees during implementation:**  
Organizational units will pay for 50 percent over 10 years based on employee FTE and headcount. The Provost agreed to pay for 50 percent of these costs previously.
- 3. Post-implementation Workday licensing fees:**  
Organizational units will pay annual Workday licensing fees on a 10-year average, based on employee FTE and headcount.

Detailed allocation methodology and results are attached to this correspondence as Attachment A, "HR/Payroll Modernization (HRPM) Allocation Plan." Many organizational units made pre-payments; these payments applied against each organizational unit's allocation.

Although the capitalized and non-capitalization costs are fixed, there may be future changes to Workday licensing fees. As a result, we will review the current cost allocation basis every two fiscal years.

Costs will be allocated based on each organizational unit's percentage share of the University's total employee FTE and headcount. FTE and headcount will be sourced from home department

with the four quarter average from the prior fiscal year. Therefore, the FTE and headcount allocation base will be recalculated each year. Attachment B provides additional details on the calculation.

The total cost allocated to organizational units has not materially increased from the original 2014 estimate. However, the new cost allocation to your University organizational unit may be different from the original estimate based upon changes in FTE and headcount. As a result, there may be an increase or decrease in your annual allocation amounts.

Additional implementation costs associated with the extension of the initial go-live date to June 2017 were funded centrally and will not be allocated to organizational units.

Ongoing operating costs, concentrated in the new Integrated Service Center (ISC), will initially be funded from:

- Cost savings from the retirement of the legacy Payroll system;
- Reallocation of staff resources from Payroll and UW Human Resources;
- Contributions from UW Information Technology and the Office of the Executive Vice President for Finance & Administration; and,
- An investment from central funds made by the Provost.

ISC costs are not currently distributed to organizational units.

Initially, UW Information Technology (UW-IT) will be responsible for the HRPM Allocation Plan process. UW-IT will send additional information to each organizational unit with details of the billing process. UW-IT will also offer two brown bag information sessions to help answer any questions. Additional information may be found at:

<http://www.washington.edu/uwit/collaborations/hrpm/leadership/costing-allocations/>

You may address your questions to [help@uw.edu](mailto:help@uw.edu).

We recognize that the HR/Payroll Modernization program will result in significant costs for each of your units. By launching Workday and modernizing our HR and payroll processes, the University will reduce risk, increase efficiency and operate more effectively as a world-class institution. Thank you for your continued support.

Sincerely,



Gerald J. Baldasty  
Provost and Executive Vice President



Jeffrey F. Scott, Ed.D  
Executive Vice President

Professor, Communication

Finance & Administration