Nomination of the

UCOP Employee Systems Initiative (ESI)
Online Earnings and Online W2

for the

2006 LARRY SAUTTER AWARD

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PROJECT SIGNIFICANCE:

The employee systems initiative (ESI) is charged with providing employee self-service applications resulting in improved convenience to employees for accessing payroll and earnings information, and reducing labor and materials costs for campus payroll offices.
in providing these services. For 2005, ESI delivered on two key deliverables: Online Earnings and Online W2’s. To date, three of ten campuses have implemented these new services (Los Angeles/Merced/ASUCLA/UCOP\(^1\), Irvine and Riverside) and will recognize an annual cost savings of $1.2 million. This figure will easily exceed four-times (4x) the returns as other campuses deploy the services locally. Customer acceptance has been positive. 

A UC Irvine Employee comments, “Aside from saving trees for not printing paystubs, this site is so convenient. I'm glad it's here!”

UC Riverside Payroll comments (paraphrased), “Online W2 has helped reduce the amount of work we spend on reissues… we now simply refer them to the website.”

**PROJECT DESCRIPTION**

**Online Earnings (access via https://ucfy.ucop.edu/ucfy)**

**Overview**

Online Earnings Statements (OES) is a feature-set enhancement to the existing UC For Yourself (UCFY) “Pay Advice” feature of the UCFY website. Consideration was given to minimizing the amount of code changes to the current processes of producing Earnings Statements, while still meeting all the requirements of the deliverable. The proposed model is based upon the method that many credit card companies have adopted when presenting a customer’s monthly statement online. The earnings statement displayed to employees is an image of the actual earnings statement contents they would receive if they elected to receive paper copies. This was accomplished with a minimal amount of code changes to the existing campus processes.

Employees of participating campuses who signed up for direct deposit will no longer receive a paper copy of their earnings statement. Instead, they will be able to view an online version of their statement via UCFY.

This is a win-win feature for everyone, since it reduces the need for printing and distributing paper statements, resulting in savings of both labor and natural resources, plus it offers the ability to view earnings statements sooner. In addition, we have consolidated three different screens that used to present payment summary, benefits selections and tax withholding allowances into one convenient screen resulting in less navigation.

\(^1\) UCLA services Merced, ASUCLA and UCOP and is thus treated as “one site” for our purposes.
Usage

Employees access the enhanced pay advice features via the main menu of UCFY (https://ucfy.ucop.edu/ucfy):

![Login Screen]

Once a successful login occurs, they will be presented with the familiar UCFY Main Menu consisting of groupings of related tasks and functions. To view a pay advice, one would simply click on the menu selection labeled **View Your UC Pay Advice**:  

![UCFY Main Menu]

The employee will be presented with a screen similar to the following:
Notice on the right side of the screen, the option to **View Statement**. This link will be available for each pay date that has an online earnings statement available. In our example above, beginning with the 11-01-2005 pay date, an online earnings statement is available to employee John Dough.

Clicking on the **View Statement** link will open a new browser window and present the employee with a PDF image of their actual earnings statement. This online image will substitute for the paper copy they used to receive. The following is a sample of what it may look like:

![Sample Earnings Statement](image)

Also available from the Pay Date selection screen is the ability to view earnings data in a summary format. This has always been an available feature, but we’ve made some enhancements to make it more readable. Here’s an example of what the new screen looks like:
We combined the old detail, benefits selection and tax withholding screens onto one screen. All the other “original” functionality of UCFY’s Pay Advice option remains the same.
Online W-2’s (access via https://ucfy.ucop.edu/ucfy)

Overview

The Online W-2 module (OW2) is a new feature to UC For Yourself (UCFY) based upon the same technology that we utilized for the Online Earnings Statement (OES). The W-2 displayed to employees is an IRS-compliant image of the actual W-2 statement they would receive if they elected to receive a paper copy.

OW2 will allow employees to view and print their W-2 for the current and past years on-demand via UCFY or as a portlet on a UC (Campus, Lab, etc) website. As an option, employees will be able to download their W-2 information into any of six popular commercial tax preparation software packages such as TurboTax if the feature is offered by their site.

OW2 will provide an online version of an employee’s W-2 regardless of whether he/she has elected to receive a paperless W-2 for a tax year.

Usage

As with the Online Earnings Module, OW2 is accessed via the main menu of UCFY. Once a successful login occurs, an employee would select the menu option labeled View Your UC Pay Advice and will be presented a screen similar to the following:

At this point, employees may click on a specific W2 Year to view an IRS-compliant image of their selected W2 statement. The statement will be presented as a PDF file and will be displayed on the client machine using Adobe Acrobat Reader. From this screen, users will be able to paginate their display, zoom in and out and print an IRS-compliant copy of their W2 (either as a primary presentation, a duplicate or as a reissue/reprint):
We have also integrated the ability to seamlessly download W2 information directly into any of six popular third party tax preparation software applications:

- Intuit's TurboTax® desktop software
- TurboTax® for the WebSM
- H&R Block's TaxCut® desktop software
- H&R Block's Online Tax Program
- ezTaxReturn.com
- CCH CompleteTaxSM

TECHNOLOGY UTILIZED

The original UC For Yourself (UCFY) website was written approximately four years ago when Java and the J2EE environment were establishing a foothold in the corporate enterprise. In mid-2005, UCOP revised its application framework and settled upon a MVC/Struts environment running on IBM Websphere Application servers and IBM IHS webservers.

J2EE applications are inherently complex because of their multi-component, distributed architecture. Building them from scratch each time is expensive; requires highly skilled resources; involves inherently risky development; takes longer to get to market and results in inconsistent applications with steep challenges for maintenance. A J2EE framework is an obvious necessity to efficiently and effectively respond to evolving e-Business needs of the customers.
J2EE applications almost always require some common "plumbing," often referred to as application infrastructure. A J2EE application development framework provides reusable code to solve many of the common Web application infrastructure issues, letting the development team focus on the business logic. The J2EE marketplace is continuously evolving and there are several open source and commercial J2EE framework solutions with individual strengths, weaknesses and maturity levels. These frameworks address various aspects of a web application, including control flows, presentation of data and application business logic.

After gathering consensus on the necessity and benefits of a J2EE framework, potential open source and commercial J2EE frameworks meeting UCOP web application requirements were evaluated. The criteria considered included:

1) Architectural flexibility reflecting industry best practices implementing standards with movement towards increased dynamic interaction, loose coupling and standardized methodologies;
2) Re-use of fundamental application structures and utilities reducing end-to-end maintenance thus avoiding “reinventing the wheel’;
3) Providing an abstract solution in the form of re-useable, generic components for common web application functions;
4) Maturity of the framework and industry acceptance identified through availability of qualified developer resources and support in various integrated development environments.

The evaluation resulted in consensus that there isn’t an established industry standard framework which provides a comprehensive end-to-end solution for the J2EE applications at UCOP. However, most of the leading J2EE frameworks follow the touted best practice of implementing the Model-View-Controller (MVC) design pattern. The goal of the MVC design pattern is to decouple the application business logic (the model), the presentation logic (the view) and control flow logic (the controller). This decoupling makes applications significantly easy to create and maintain. It also facilitates architectural flexibility to adopt and integrate new technologies as and when they mature.

Over the past several years Jakarta Struts has emerged as the industry de-facto standard in the world of MVC frameworks for J2EE applications and has been endorsed by IBM. It has matured and established itself in capacity for addressing the control flow (the controller) and the presentation logic (the view) of J2EE applications.

In light of the analysis of the current and future J2EE needs and requirements of UCOP, it was decided that the current version of proposed framework for UCOP applications would consist of an integrated solution implementing Jakarta Struts and the lightweight framework built and maintained in-house. Struts will be used to address the view and controller components, and we will continue to use the UCOP model component. As the industry matures and stabilizes, the in-house framework would be replaced with an industry accepted solution.
IMPLEMENTATION TIMEFRAME

Funding for the Employee Systems Initiative (ESI) was reinstated on October 25, 2004.

Project Manager was hired in March 2005.

Specifications and requirements gathering began on Online Earnings in May 2005.

Specifications and requirements gathering began on Online W2 in August 2005.

Work for the Online Earnings Statement (OES) module was started in June of 2005 and was successfully completed and deployed in September of 2005 (9/29/2005).

Development for the W2 module was started in January of 2006 and was successfully completed and deployed on February 28, 2006.

OBJECTIVE CUSTOMER SATISFACTION

Three (3) sites went live with OES in March:

- Los Angeles (includes ASUCLA, Merced and UCOP)
- Riverside
- UCOP

Two of the three have converted to complete paperless. The other continues to offer it in parallel with paper statements for several more pay periods.

UCI has reported an 87% acceptance rate (13,048 out of 14,998)
ASUCLA has reported a 95% acceptance rate (524 out of 550)
UCLA has reported a 97% acceptance rate (38,132 out of 39,197)
UCR has still not made OES mandatory, and thus does not have an acceptance rate to report.

According to NACHA (Electronic Payment Association), it costs $1.90 to process a paper payroll check with about the same cost to print the pay stub. Even if a company only spends 14 cents (according to NACHA) per employee for direct deposit, the cost to print the pay stub is still about $1.90.2

This means, of the three reporting campuses alone, OES is already saving the University approximately $98,238 per month, or $1.2 million per year. UCSD and UCSB are planning on going live within the next few months.

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2 UC performed it's own calculation. In 2004, payroll produced over 2,772,000 “items” at a cost of $2.05/item. The NACHA figure is specific to earnings statements only, and is thus more accurate. The NACHA website is at www.nacha.org
It is still too early to benchmark W2 baseline savings, since 2005 produced both paper and paperless W2’s in parallel, however, industry benchmarks (provided by TALX Corporation\(^3\)) have shown that a company can expect a 10% acceptance of paperless/electronic W2 delivery in the first year, with an exponential growth in subsequent years. 10% of the approximately 210,000 W2’s printed each year would represent a reduction in paper W2 production of over 21,000 copies! Utilizing a cost estimation calculator provided by TALX Corporation, 21,000 paperless W2’s equates to an 8% savings in annual W2 production costs. If we were to meet the hypothetical 100% compliance of all 210,000 W2’s being paperless, we can expect a 13% savings over current production costs.

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\(^3\) TALX is a Business Process Outsourcer focused on replacing slow, paper-based, expensive manual methods in the payroll/HR function so their clients can provide better, faster employee service while reducing costs. Refer to [www.talx.com](http://www.talx.com) for more information