

VII. STANDING COMMITTEES**B. Finance, Audit and Facilities Committee**Workforce Management System – Lawson Human Resources**RECOMMENDED ACTION:**

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the President or the President's authorized representative be delegated authority to enter into appropriate contracts and to increase the contract with Lawson Software by \$580,000 for a not to exceed total of \$1,500,000 plus sales tax, for acquisition and implementation of a human resource system for UW Medicine.

BACKGROUND:

The UW Medical Center (UWMC) and the Harborview Medical Center (HMC) have been using multiple departmental systems and manual processes to compensate for the lack of a centralized human resource management system and a single, consistent time and attendance system for the over 9,000 employees of the two medical centers. The current system does not support position control or work scheduling, or provide an effective method of managing employee information, e.g., compliance with continuing professional education and certification requirements. Therefore, significant time is spent throughout the organization to keep up with information demands and regulatory requirements.

In 2001, UW Medicine authorized the formation of the Payroll Enhancement and Personnel Project (PEPP) for UWMC and HMC. Project outcomes to fulfill critical business needs, healthcare standards and state and federal regulations include:

- Centralized human resources management
- Time collection
- Integrated staff scheduling
- Leave benefits administration
- Integration with the University payroll system

Phase 1, involving vendor selection, was successfully completed. Contracts for software acquisition were executed in 2002 with Kronos Inc. (time and attendance system) and Lawson Software (human resources system). The Regents were not required to approve the original project since the contracting authority required for system acquisition was within the delegated authority of the Standing Orders.

Subsequently, factors including labor policy, system integration issues, and delays due to new organizational priorities such as Civil Service Reform postponed Phase 2 implementation. In March of 2005, the PEPP project was put on hold. Expenditures for capital investment for the PEPP project totaled \$1,820,000 up to

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that point, which included a contract with Lawson not to exceed \$920,000 (which was within delegated authority).

Since that time, the project has undergone a thorough Quality Assurance (QA) review by an independent, external quality assurance consultant, Bardsley Associates, Inc. The project oversight and management structure has been reorganized, and other QA recommendations implemented.

The quality assurance work by Bardsley Associates resulted in the formation of the Workforce Management Systems (WMS) “umbrella” approach and oversight structure for an integrated human resources and payroll system. The Medical Centers WMS Project includes the phased implementation of the Lawson and Kronos systems. It is based upon a new integration approach with the existing University personnel-payroll applications. The original concept of a concurrent Lawson/Kronos implementation has been revised to include a new integration design and to accommodate resolution of policy issues for Kronos timekeeping. The Lawson and Kronos systems will be established as separate projects, budgeted and implemented in distinct, manageable modules and phases to reduce overall risk. The Kronos schedule and project budget will be determined at a later date, and brought to the Regents for authorization.

The Lawson human resources component of WMS is planned for implementation during FY2008-FY2010. The Lawson contracts for software and implementation services will be increased by an amount not to exceed \$580,000 plus sales tax. The overall project cost adjustment for capital investments, including the Lawson increase, is estimated not to exceed \$680,000 which brings the human resources project budget total to \$2,500,000.

Ongoing production costs are projected at \$4,020,000 over the next five years, through 2011. Projecting the production costs for the initial five years of operating new systems is a requirement of the state’s Information Services Board.

Funding for the project costs is available from patient revenues and has been approved by the Harborview Medical Center Board and the UW Medicine Board. The Washington State Department of Information Services and Information Services Board, which has oversight for information technology acquisitions by state agencies and institutions, will consider this proposed budget increase once it is approved by the Regents. This request has been approved by the Vice President for Medical Affairs, the Vice President for Computing and Communications, the Information Technology Advisory Committee, and the Executive Vice President.

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ATTACHMENT

**WORKFORCE MANAGEMENT SYSTEM
LAWSON HUMAN RESOURCES SYSTEM
PROPOSED BUDGET
(July 2007 through June 2011)**

Investment and Lifecycle Costs

Investment costs include capital and operating dollars (rounded). Once the system is live, production support costs are incurred. Historical costs were \$5.4 mm for PEPP (Lawson and Kronos) through March 2005. Lawson Human Resources alone was \$2.65mm (of which \$1.82mm was capital expenditures), plus interim and internal costs since March 2005 of approximately \$350K, for a total of \$3mm spent to-date.

	FY07	FY08	FY09	FY10	Total Investment Cost	FY11	Total Production Cost	5-year Grand Totals
Capital Expenditures								
Lawson Consulting	\$300,000	\$30,000			\$330,000		\$0	\$330,000
Lawson Software	\$225,000	\$25,000			\$250,000		\$0	\$250,000
Other HW & SW	\$75,000	\$25,000			\$100,000		\$0	\$100,000
Total Capital	\$600,000	\$80,000	\$0	\$0	\$680,000		\$0	\$680,000
Operating Expenditures								
Internal Staff Labor	\$670,000	\$640,000	\$430,000	\$420,000	\$2,160,000	\$350,000	\$350,000	\$2,510,000
Other (temps, training, QA)	\$200,000	\$120,000	\$40,000	\$30,000	\$390,000	\$30,000	\$30,000	\$420,000
Maintenance	\$200,000	\$220,000	\$210,000	\$220,000	\$850,000	\$240,000	\$240,000	\$1,090,000
Total Operating	\$1,070,000	\$980,000	\$680,000	\$670,000	\$3,400,000	\$620,000	\$620,000	\$4,020,000
Capital & Operating	\$1,670,000	\$1,060,000	\$680,000	\$670,000	\$4,080,000	\$620,000	\$620,000	\$4,700,000