

**Lead Agency:** County Management

**Program Contact:** Susie Cameron

**Program Offer Type:** Existing Operating

**Related Programs:**

**Program Characteristics:** In Target

**Executive Summary**

Central Payroll is responsible for paying the employees of Multnomah County, ensuring compliance with Federal, State, and local wage and hour laws, withholding and remitting employment taxes and other deductions, issuing wage and tax reporting statements and administering the pension and deferred compensation programs.

**Program Description**

Central Payroll produces 24 payrolls per year for all Multnomah County employees and is responsible for:

- Accurately withholding, reporting, and remitting employment taxes to Federal, State and Local taxing authorities;
- Reporting and remitting pension contributions to the Public Employees Retirement System;
- Administering the County's IRC §457 deferred compensation program;
- Ensuring that timekeeping and wage payments are done in compliance with Federal and State wage and hour laws, labor contracts, and County Administrative guidelines.
- Reconciles and remits mandated deductions for creditor garnishments, child support, bankruptcies, tax levies, and union dues.
- Reconciles and produces year-end tax statements for employees (W2's) and vendors (1099's) of Multnomah County following strict federal and state regulations.

Payroll protects County funds by ensuring that employment taxes, wage and tax statements, and pension payments are processed and remitted timely to avoid assessment of fines for noncompliance. This program contributes to the Climate Action Plan, Local Govt Operations section, item 18-8 related to reduction of waste by providing electronic disbursements of wages to employee's financial institutions and providing paperless notification of their deposits. Currently 97% of employees participate in direct deposit of funds and of those, 92% receive the notification of deposit via email.

**Performance Measures**

| Measure Type | Primary Measure                                     | Previous Year Actual (FY11-12) | Current Year Purchased (FY12-13) | Current Year Estimate (FY12-13) | Next Year Offer (FY13-14) |
|--------------|---|--------------------------------|----------------------------------|---------------------------------|---------------------------|
| Output       | Average number of payments issued per period        | 6,737                          | 6,800                            | 6,730                           | 6,700                     |
| Outcome      | Percent issued without error                        | 99.0%                          | 99.0%                            | 99.0%                           | 99.0%                     |
| Output       | Percent of employees participating in Deferred Comp | 47.0%                          | 48.0%                            | 48.0%                           | 50.0%                     |

**Performance Measure - Description**

Output: Number of payments per pay period exceeds number of employees due to many employees having multiple direct deposits.

Output: The percent of employees participating in the deferred comp plan will measure the effectiveness and quality of the educational opportunities offered. The national average for participation is 29%.

## Legal/Contractual Obligation

Wage payments are mandated by Federal & State wage and hour laws and by 10 union contracts. Withholding and remitting employment taxes is mandated by the Internal Revenue Service. Pension contributions are mandated by union contracts and the Oregon Revised Statutes. Failure to comply to the above laws and regulations could result in the County being assessed penalties and fines.

## Revenue/Expense Detail

|                         | Proposed General Fund | Proposed Other Funds | Proposed General Fund | Proposed Other Funds |
|-------------------------|-----------------------|----------------------|-----------------------|----------------------|
| <b>Program Expenses</b> | 2013                  | 2013                 | 2014                  | 2014                 |
| Personnel               | \$730,595             | \$0                  | \$765,841             | \$0                  |
| Contracts               | \$20,000              | \$0                  | \$25,675              | \$0                  |
| Materials & Supplies    | \$26,405              | \$0                  | \$24,204              | \$0                  |
| <b>Total GF/non-GF:</b> | <b>\$777,000</b>      | <b>\$0</b>           | <b>\$815,720</b>      | <b>\$0</b>           |
| <b>Program Total:</b>   | <b>\$777,000</b>      |                      | <b>\$815,720</b>      |                      |
| Program FTE             | 7.50                  | 0.00                 | 7.45                  | 0.00                 |
| <b>Program Revenues</b> |                       |                      |                       |                      |
| Fees, Permits & Charges | \$0                   | \$0                  | \$2,400               | \$0                  |
| Other / Miscellaneous   | \$120,000             | \$0                  | \$123,000             | \$0                  |
| <b>Total Revenue:</b>   | <b>\$120,000</b>      | <b>\$0</b>           | <b>\$125,400</b>      | <b>\$0</b>           |

## Explanation of Revenues

This program is supported by General Fund revenues. In addition, external revenue for the Deferred Compensation program is contractually negotiated with the County's deferred compensation provider through a revenue sharing agreement. All administrative costs associated with the program are paid for through the agreement. The revenue sharing enables the County to offer the program to employees at no cost to the county. The agreement is for \$120,000 first year (FY 2012) and CPI-U adjustment for years 2 through 5.

## Significant Program Changes

Last year this program was: #72010, FRM Payroll/Retirement Svcs