

OGP Payroll

Certified Payroll Reporting Research Summary

18F

in partnership with **OMB**



Table of Contents

Overview	3
Insights	8
Recommendations	21
Next Steps	35

Objective

18F will work collaboratively with GSA OGP and other GSA OGP provided resources following an Agile methodology.

18F will iteratively:

- identify communities, people and organizations impacted by reporting requirements for outreach;
- perform user research through stakeholder outreach, focus groups, and/or interviews; and
- review user needs and areas of burden.

Approach

At 18F, we start every project with a basic understanding of the goals, constraints and behaviors that the intended users demonstrate. We use qualitative interviews to uncover stories, processes and work-arounds that help us understand users and their context. We look for patterns in the research and develop insights and recommendations to meet needs.

Insights and recommendations are often communicated through user scenarios, blueprints, design directions, and problems worth investigating further.

DATE	ACTIVITY
4/22/2015	Initial Contractor Discovery
6/03/2015	Initial Contractor Discovery Read-out
8/21/2015	Sub Recruitment and Research Planning
9/10/2015	Subcontractor Discovery
9/15/2015	Subcontractor Research Interviews
9/18/2015	Synthesis of Research Insight
9/24/2015	Recommendations and Delivery

Team

We worked as a cross-functional, cross-agency team collaboratively conducting qualitative research and synthesizing findings into insights and recommendations.

OGP / OMB

Dr. Karen Pica
*Management Analyst,
Office of Management
and Budget*

Douglas Baptist
*Procurement Analyst,
Environmental Protection
Agency*

Emily Gartland
*User Experience Analyst,
GSA*

18F

Jeremy Canfield
*User Experience Designer,
18F*

Rebecca Piazza
*Product Manager,
18F*

Amber Reed
*User Experience Designer,
18F*

Will Sullivan
*Product Manager,
18F*

INSIGHTS AT A GLANCE

We encountered 3 major **categories of burden:**

- Lack of standardization
- Wage classifications are hard to use
- Lack of clear and easy to use rules, processes & calculations

and constraints of Davis-Bacon:

- Reporting process is necessary but not sufficient for actual compliance monitoring
- Department of Labor provides critical elements of the process that do not meet contractor expectations

RECOMMENDATIONS AT A GLANCE

We believe we uncovered some leads that may ease the burden

- Implement electronic signature solution and mandate that contracting agencies have to accept it
 - Revise DOL resources and processes to better fit the contractors processes
 - Pilot API driven reporting and classification solutions that allow payroll industry companies to create accounting software plug-ins that report data, not pdfs
 - Create plain language guidance that lives within the contractors process

01 Insights



Who we talked to

16

**CONTRACTORS
(PRIME & SUB)**

5

**DEPARTMENT OF
LABOR**

3

**CONTRACTING
OFFICERS**

2

**BUSINESS
OWNERS**

2

**COMPLIANCE
INDUSTRY SPECIALISTS**

1

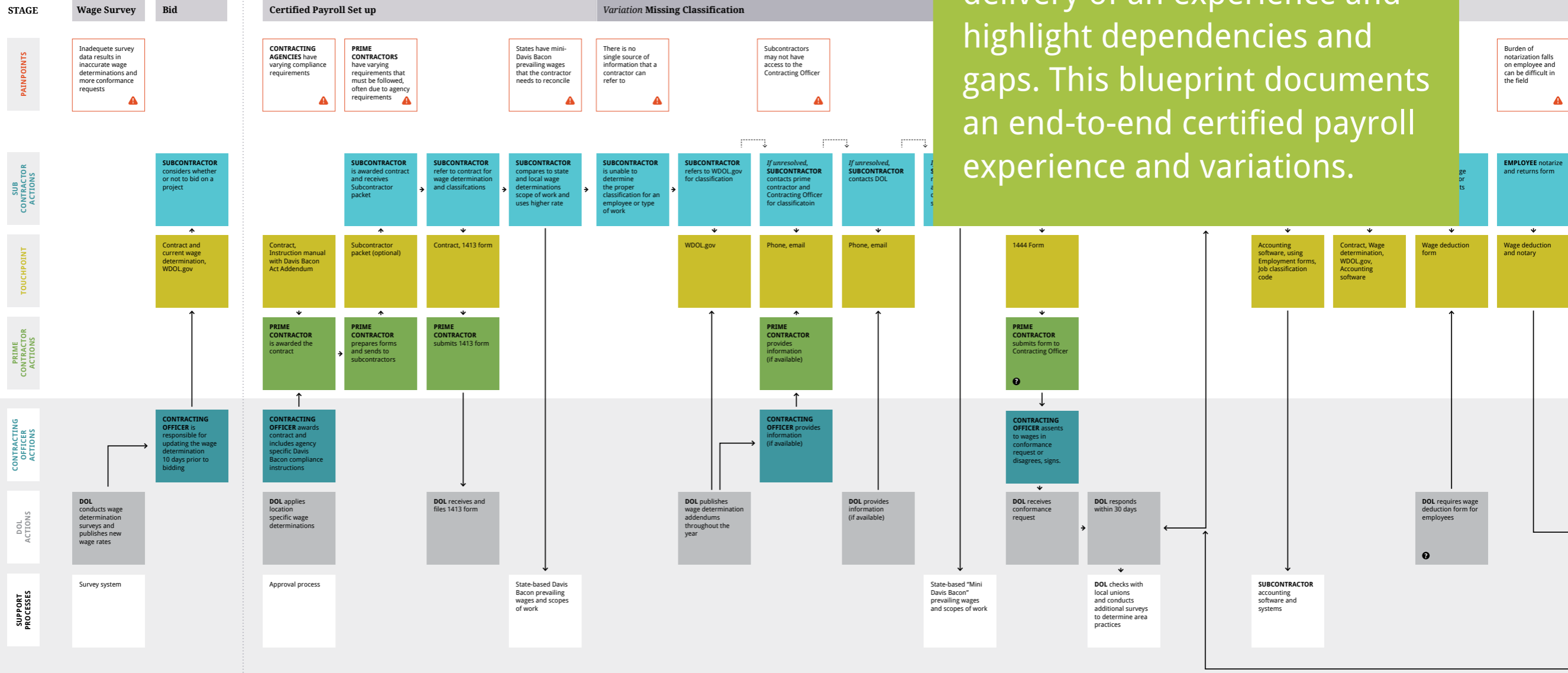
**SBA
REPRESENTATIVE**

1

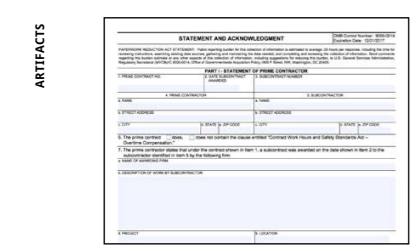
**STATE-LEVEL
TECHNOLOGIST**

Davis-Bacon Payroll Reporting Process

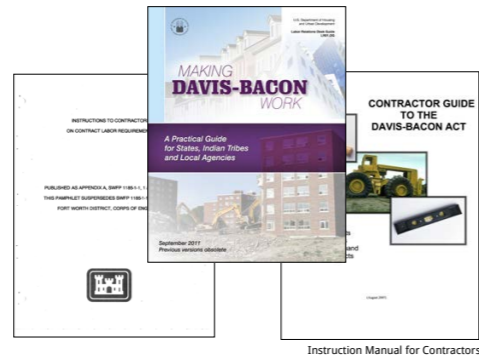
SERVICE BLUEPRINT



A Service blueprint maps the delivery of an experience and highlight dependencies and gaps. This blueprint documents an end-to-end certified payroll experience and variations.



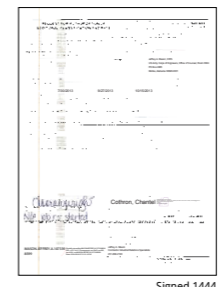
DOL Wage Determinate



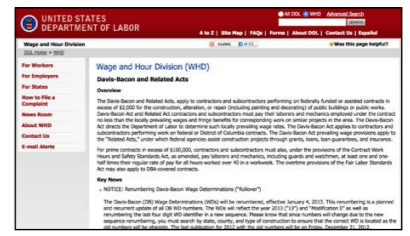
Instruction Manual for Contractors



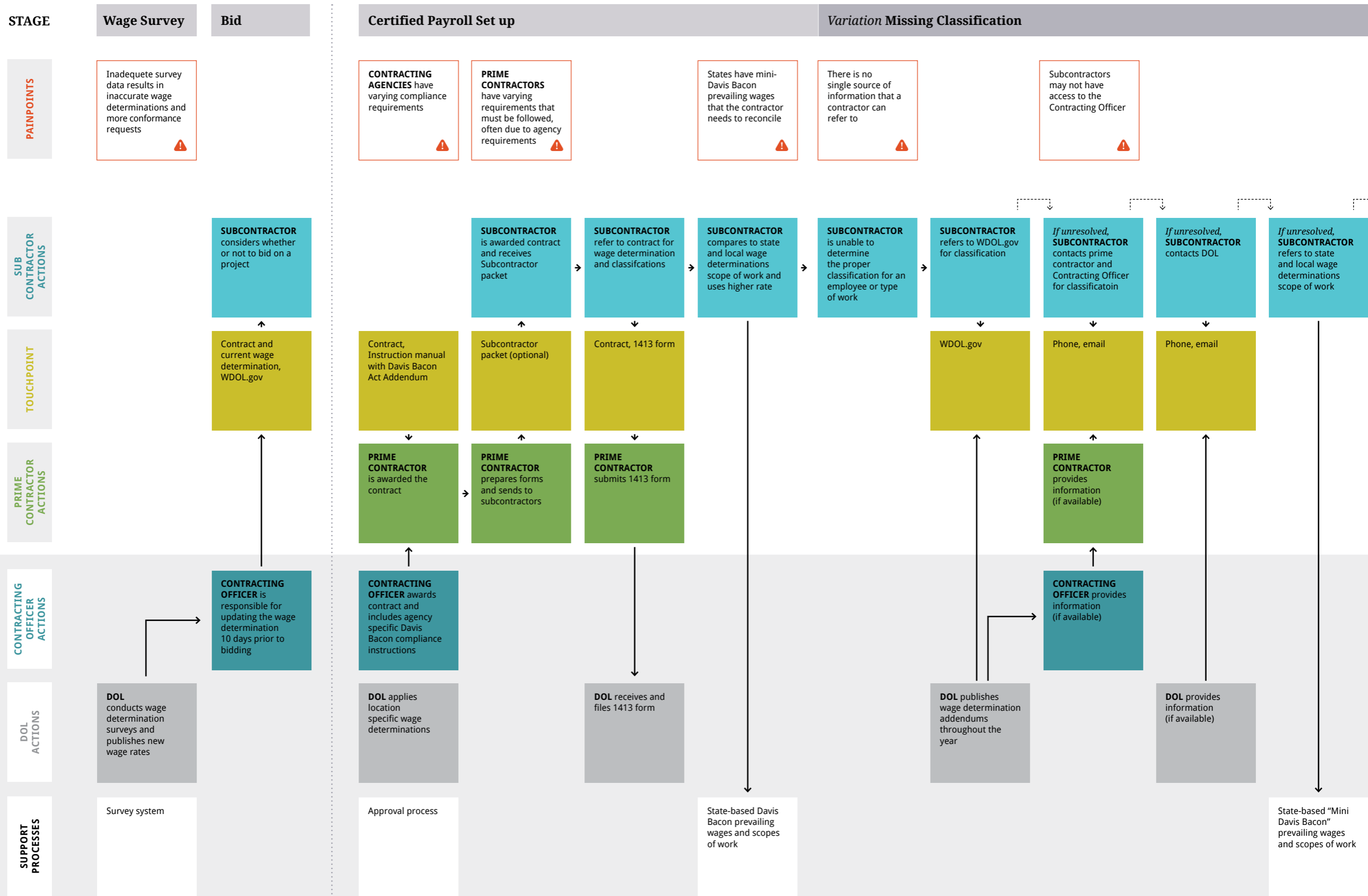
WDOL.gov



Signed 1444



Department of Labor Davis Bacon Resource Book

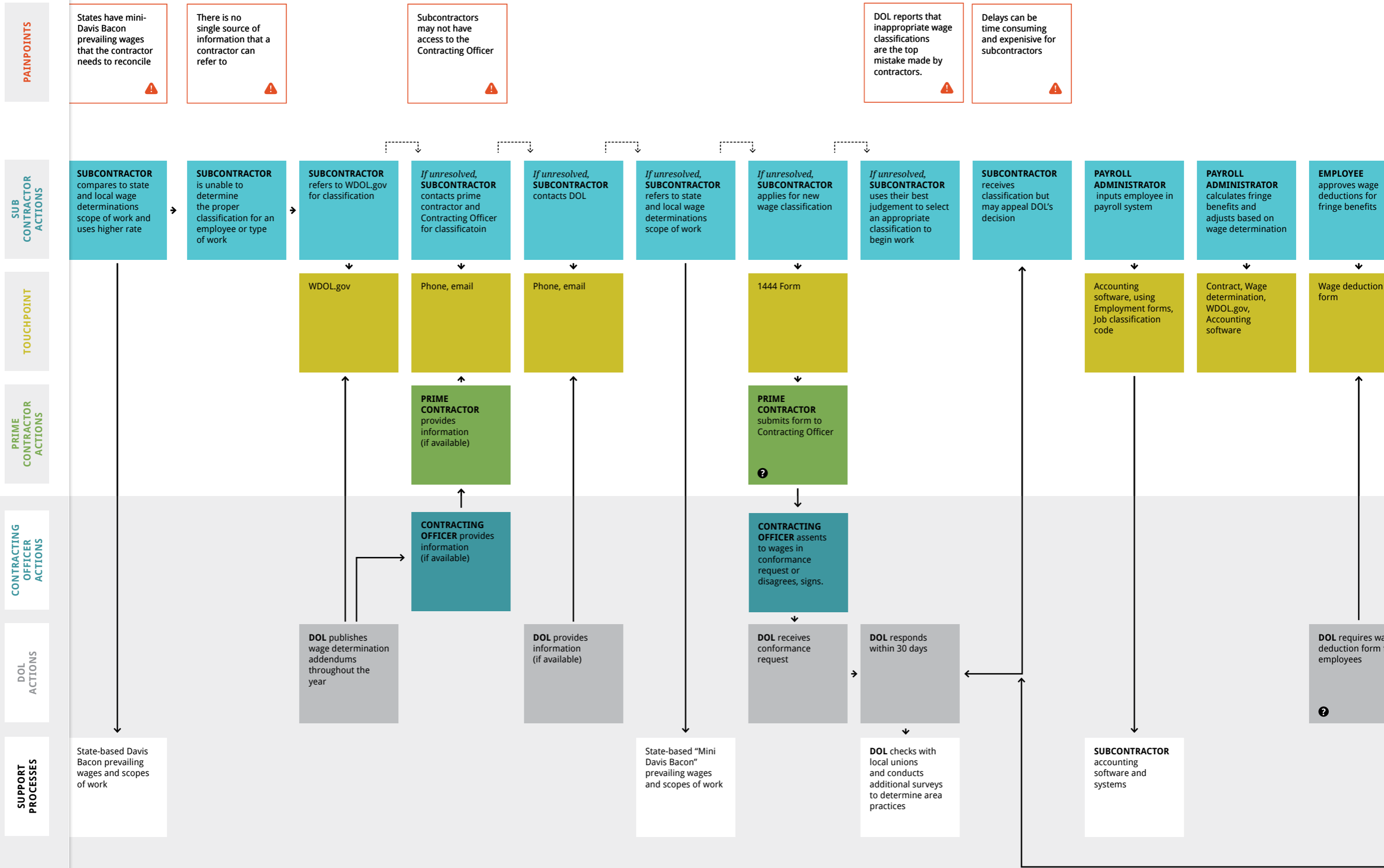


CLASSIFICATION DIFFICULTIES

Workers' appropriate classifications can be difficult to determine. Missing classifications and errors are time consuming and expensive to resolve.

- Misclassification of laborers is the number one mistake subcontractors make when submitting certified payroll. Relatedly, confusion in which classifications could be used was one of the most consistent burdens observed.
- The DOL relies on a burdensome voluntary survey to develop and update location-based wage determinations. The survey is plagued with inadequate returns, leading to missing classifications and increased contractor need for conformance requests, which contractors indicate take excessively long times to process.
- It can be difficult to determine which classification a worker or job should fall into without a well-defined scope of work in the classification.
- Contractor payroll staff rely on updates from the busy field supervisors if the type of work completed by a worker changes.
- Wage determinations vary by location. Area practices can override federal determinations, vary from district to district, and are not always easily discoverable.

STAGE *Variation Missing Classification* *Variation Conformance Application* *Certified Payroll Set up continued*



LACK OF STANDARDIZATION

Payroll reporting requirements and processes vary by contracting agency. The lack of standardization significantly increases the compliance burden on contractors and subcontractors.

- Requirements and processes trickle down from contracting agencies to subcontractors; these vary by agency, requiring contractors to keep track of different agency processes.
- Reporting format requirements vary: some contractors encourage electronic delivery, some require multiple paper copies mailed, some require in-person delivery.
- Subcontractors have employed a wide range of manual and digital systems to track, manage, and comply with payroll reporting requirements.
- Some contracting agencies use online systems and accept e-signatures (but others require original, wet-ink or even notarized signatures).
- In general, processes that involve a paper component introduce greater opportunity for error and duplicate information collection.

STAGE

Contractor, digital system)

Weekly Process (Small Contractor, paper-based)

Weekly Process (variations based on Prime Contractor's submission requirements)

PAINPOINTS

CONTRACTOR doesn't report 90347

This is a manual, time consuming process

SUBCONTRACTORS do not often have financial resources to employ an accountant for payroll tasks, relies on an admin

Matching work type to classification can be difficult due to inavailability of user friendly searchable databases

SUBCONTRACTORS manage multiple contracts with varying signature requirements

Process of going from digital to paper to digital requires access to paper scanners & printers

SUB CONTRACTOR ACTIONS

CONTRACTOR certifies payroll

PAYROLL ADMINISTRATOR reviews and checks for errors

SUBCONTRACTOR manually enters timecard information into a spreadsheet

SUBCONTRACTOR manually transfers data to form

SUBCONTRACTOR categorizes work type to work classification

SUBCONTRACTOR prints certified payroll

PAYROLL ADMINISTRATOR OR FIELD MANAGER signs certified payroll compliance form

Depending on prime & agency PAYROLL ADMINISTRATOR submits certified payroll digitally

Depending on prime & agency PAYROLL ADMINISTRATOR submits certified payroll digitally and mails hard copies

Depending on prime & agency PAYROLL ADMINISTRATOR submits certified payroll by mail

Depending on prime & agency PAYROLL ADMINISTRATOR submits certified payroll in person

SUBCONTRACTOR files certified payroll and stores records for 3 years

TOUCHPOINT

347 form

347 form or Payroll data in other format

Timecard

347 form

Wage determination

347 form

Paper compliance form, Accounting software

Digital forms or software

Digital forms or software, paper print outs, mail

Paper print outs, mail

Paper print outs, in-person delivery

Filing system

PRIME CONTRACTOR ACTIONS

PRIME CONTRACTOR requires digital payroll submission

PRIME CONTRACTOR requires digital and physical payroll submission

PRIME CONTRACTOR requires physical payroll submission

PRIME CONTRACTOR requires in-person payroll submission

CONTRACTING OFFICER ACTIONS

DOL ACTIONS

SUPPORT PROCESSES

SUBCONTRACTOR time keeping protocol

SUBCONTRACTOR storage

IMPACT ON SMALL BUSINESS

Small businesses are less able to bear the burden of Davis-Bacon payroll reporting compliance because they have less administrative support and financial reserves.

- Small business owners can “bid themselves out of business” if they don't understand the higher administrative burden and labor costs on Davis-Bacon contracts.
- Small businesses are stretched thin and often have only a single person managing all administrative tasks, including compliance, payroll, HR, etc.
- Pay dates do not always line up with payroll reporting requirements; shifting payroll processing to deadlines introduces significant costs.
- Payroll services, sometimes used by small businesses, introduce delays and don't always export directly to certified payroll forms so contractors must complete the forms manually.
- Prime contractors are delayed by subcontractors who don't submit their forms on time and will sometimes withhold funds until they comply.

PROMISE OF ONLINE SOLUTION

Where piloted and deployed, electronic payroll systems show promise in introducing standardization, reducing errors, and streamlining the process.

- Electronic systems have standardized and streamlined the approval process, saving time and reducing burden over time.
- Identity verification and e-signatures solutions in place substantially decrease the need for printing, mailing, and storing physical copies of certified payroll documents.
- There's an assumption among contractors that digitization is a good and necessary change that will make compliance easier, standardizing the process, and providing transparency.
- There is greater access to technology and with upfront support states have implemented online digital systems for submitting certified payroll successfully.
- Subcontractors without automated accounting tools are manually entering information and checking for errors that could be avoided through automation.

DIFFICULTY UNDERSTANDING PROCESS

Contractors lack plain-language guidance and timely feedback to help them understand and successfully comply with payroll reporting requirements.

- The ecosystem that contractors and subcontractors are forced to navigate for support with certified payroll related questions is complex.
- Subcontractors lack visibility into the payroll process when it comes to compliance status, conformance requests and the restitution process.
- Prime contractors are training and "hand holding" subcontractors —and sometimes even contracting officers in how to comply.
- Materials associated with Davis-Bacon requirements may be difficult for contractors and employees to understand and lead to confusion.
- **Bright Spot:** DOL and agency sponsored workshops and trainings have provided a valuable opportunity for contractors to learn the process and ask questions. Additionally, webinars and customer support provide useful resources for contractors learning online reporting systems.

UNCLEAR EFFECTIVENESS

While more study is needed, it is unclear that contracting officers have the tools or resources to monitor *de facto* payroll compliance.

- DOL reports that contracting officers are expected to trigger compliance audits, but it's not clear how often that happens, generally it is assumed that employee complaints are the primary trigger.
- There is a sense that if contractors are complying but there is minimal oversight unless there are complaints.
- Contracting officer's process and attention to detail impact the level of oversight a contractor receives.
- Providing an online solution will reduce paperwork errors but may not eliminate loopholes.



02 Recommendations

STANDARDIZE THE PROCESS

Standardize the certified payroll reporting process and requirements among contracting officers and contractors.

- Mandate that all agencies and prime contractors adhere to a standardized process and set of reporting requirements.
- Provide guidelines and training to contracting officers to promote consistency.
- Improve the coordination and transmission of data between DOL, contracting agencies, and contractors to facilitate the transmission of up-to-date, accurate information.
- Design the process to align with the needs of contractors performing and completing the work, e.g., consider changing the policy requiring weekly payroll.

DESIGN COMMUNICATION MATERIALS

Create user-centered, timely, in-process materials, trainings, and resources to support contracting officers and contractors throughout the compliance process.

- Make available “just-in-time” resources that help contractors understand and comply with requirements, as they face them.
- Continue providing regional workshops and trainings that give participants the opportunity to ask questions. Supplement these with educational campaigns, online training, and webinars to help contractors learn new processes.
- Provide specialized small business support, catering to unique needs and technology capabilities.
- Provide upfront Davis-Bacon compliance burden education, examples and materials to potential contractors during the consideration process.
- Provide timely support and up-to-date information throughout the payroll process.

BETTER SET EXPECTATIONS

Clearly set expectations about the certified payroll reporting burden and proactively keep contractors in the loop regarding their submissions.

- Assist contractors in better understand the certified payroll reporting process and requirements upfront.
- Provide status updates, notifications, and alerts to contractors and contracting officers throughout the process.
- Clearly communicate deadlines and understand they might coexist with contractors customized systems.
- Proactively notify contractors when they make errors in order to resolve issues in a timely manner.

PROVIDE CLASSIFICATION TOOLS

Reduce misclassification errors by providing better tools and guidance to assist contractors in making classifications.

- WDOL.gov should be re-envisioned as an API driven online tool that integrates with current industry payroll tools and allows users to easily use wage determinations and process conformance requests.
- Augment WDOL classifications with well-defined position descriptions to help contractors more easily determine how to classify workers roles.
- Improve DOL's survey system to provide a more accurate and comprehensive reflection of wage determinations and decisions by location. Alternatively, reenvision wage survey using BLS data.
- Provide greater access to DOL support throughout the conformance process and provide technical support to DOL staff to decrease the time it takes to issue conformances.

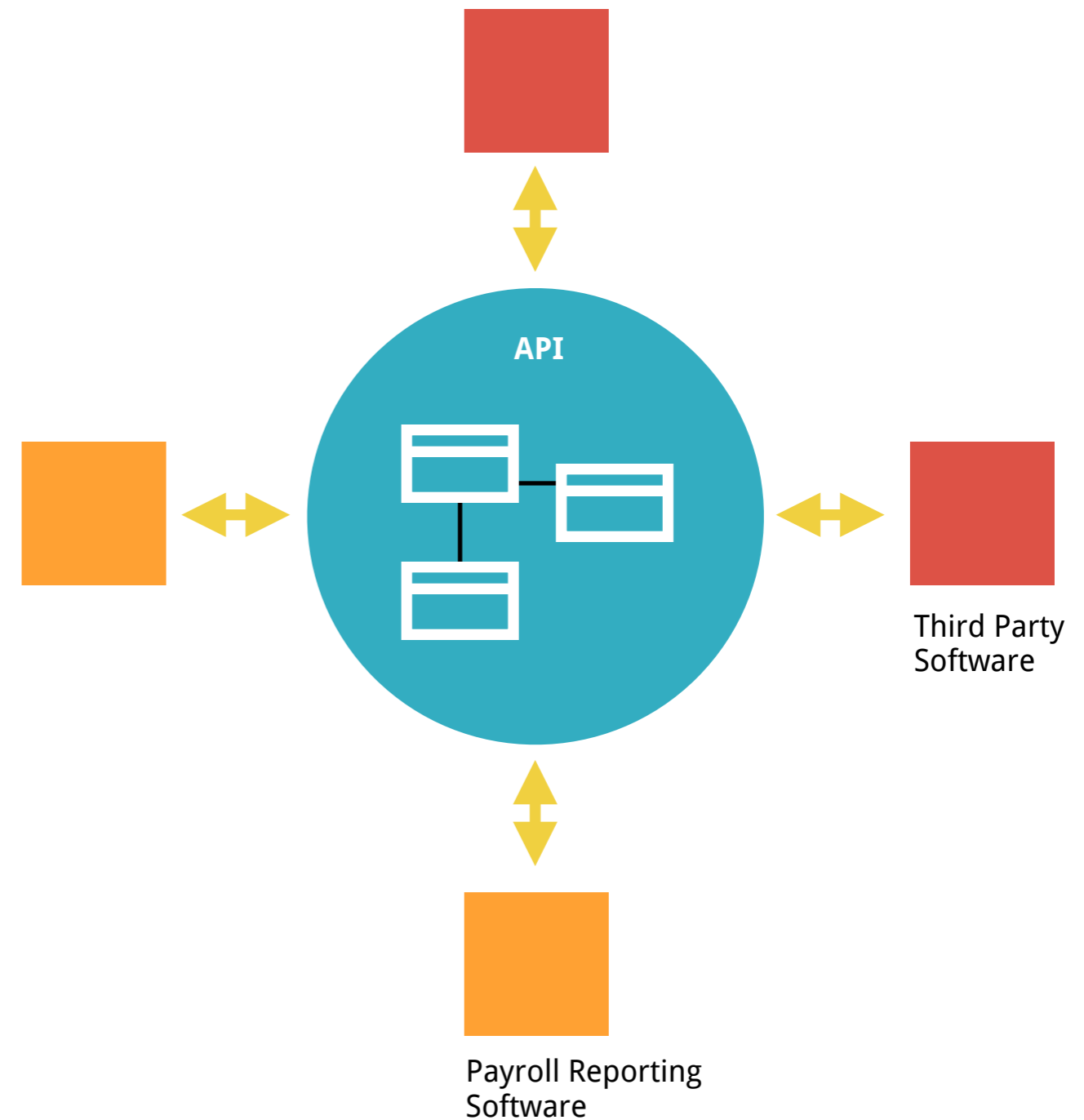
INTEGRATED PAYROLL SYSTEM

Design, develop, and pilot an online system for complying with the certified payroll process.

- Reduce the burden of creating, signing, transmitting, and storing paper copies by providing necessary tools to complete the process digitally.
- Design & develop an API driven "open system" that easily integrates with accounting software on the market. Actively partner with industry leaders to understand needs and communicate requirements.
- Implement an electronic signature solution that meets the needs and requirements of all stakeholders.
- Leverage the capabilities of a "smart system" by developing rules to automatically check for errors, reducing the need for manual reviews of routine errors.
- Provide a range of options to meet users needs, for importing or manually enter payroll data into the system.
- Protect worker privacy by providing access to information based on role and necessity

Build the API first. Why?

- **Increase the reach of your services** by allowing other agencies, partners, and the private sector to integrate—and amplify—your agency’s data and content.
- **Save time through automation.** You can update data or content once, and your API can refresh in multiple locations automatically on a website, mobile platforms, and on social media venues.
- **Save costs** by allowing third-party innovators to use information and services to create new, useful products that are beyond the scope—or budget—of your agency.
- **Speed product development** through improved prototyping and ease of access for internal teams and sister agencies by allowing granular and open access to content.
- **Build markets by improving access** to government resources like health, economic, energy, education, environmental resources for entrepreneurs to build upon.



CONSIDERATIONS

It's not about creating an online system but creating the right, human-centered system.

Design a solution that meets the needs of a wide-range of contracting officers and contractors from large to small companies with digital and analog accounting systems. Creating an API-first strategy helps achieve this goal.

Learn from the experience of industry leaders that have developed and deployed state-wide specialized systems.

Understand when it is appropriate to integrate with other federal systems in place or in development, like the contracting award system.

Opportunity Areas & Scenarios

Index of Opportunities

REDUCE CONTRACTOR BURDEN

REDUCE AGENCY BURDEN

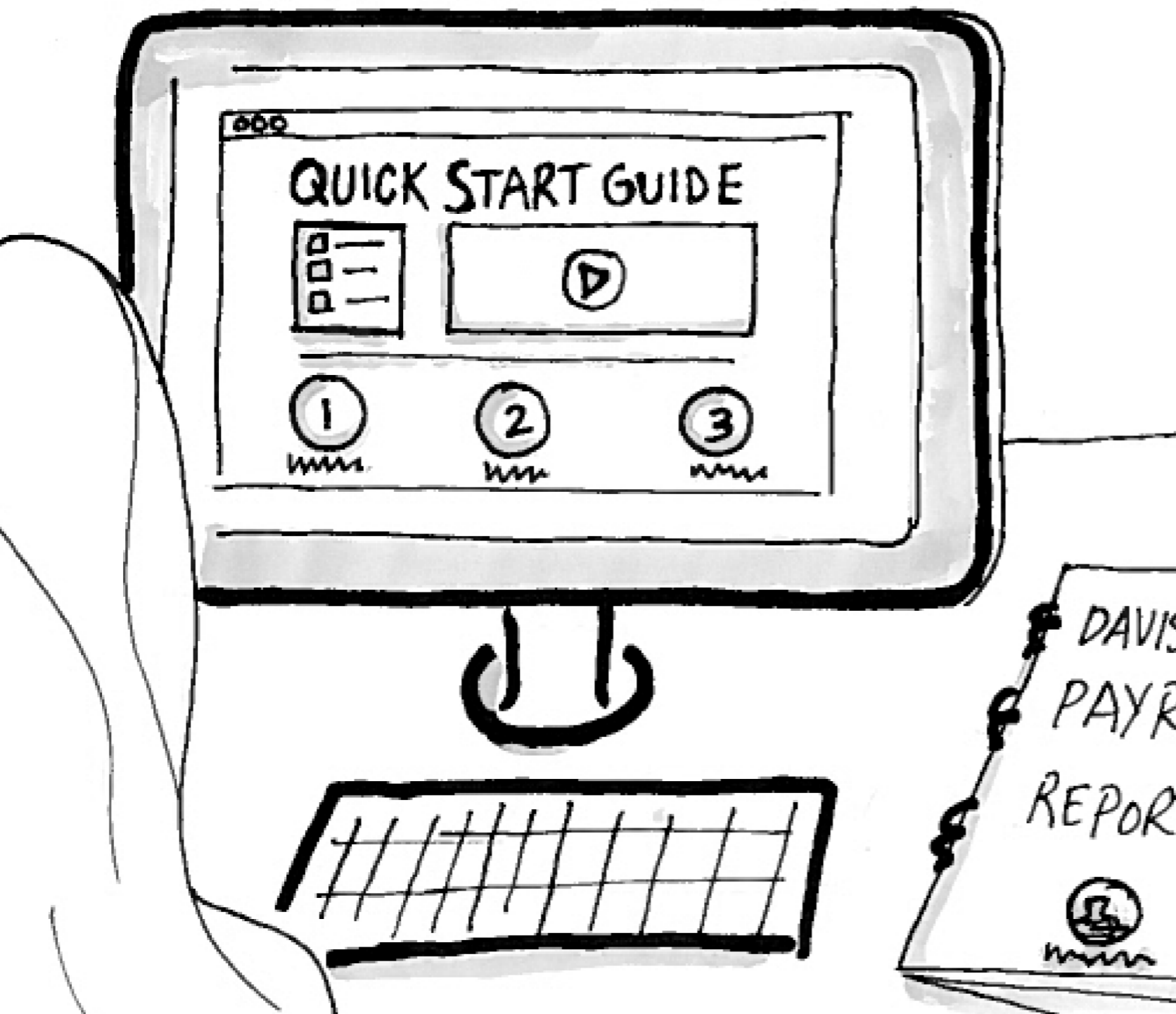
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Misclassification Errors</p>	<ul style="list-style-type: none"> • Ease of finding classifications online • Automatically geolocate, dropdown for the job, the computer does it for you • Create an API that allows accounting software to automatically integrate wages • Classification look-up tool, compares state, federal, and local rates • Chat with a certified payroll compliance assistance 	<ul style="list-style-type: none"> • Create an API that allows the wage classification system to integrate with their systems • WDOL and IAE team update the WDOL functionality to address this
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Lack of Standardization</p>	<ul style="list-style-type: none"> • Electronic signature tool available for all contractor tiers • Mandate that contracting officers have the same requirements across the board • Provide a clearly articulated description of requirements • Publish an index of all agency specific guidelines • Adopt commercial products that support use of standard APIs 	<ul style="list-style-type: none"> • Mandate contracting agencies accept digitally signed pdf • Use an interagency group to develop/advocate for electronic signature adoption • Require digital submission of certified payroll • Policy dictating agency format of submitted payrolls (electronic specifically) • Create a standard packet of information COs can offer contractors awarded a construction contract
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">No clear rules</p>	<ul style="list-style-type: none"> • When awarded a contract, include a visual quick start guide for new contractors on a federal contract that tells new contractors the basics of rules and burden • Create an educational certification program for certified payroll people signing off on submission • Offer online, in person and mentorship programs to train businesses on rules 	<ul style="list-style-type: none"> • Standard tool for electronic signatures, usable by all agencies

Getting Started

Melanie, a payroll administrator recently started a job where she'll be responsible for completing weekly certified payroll. To get up to speed fast, she reviews materials provided with the contract her company was recently awarded. She decides to sign up for a webinar where she'll be able to ask questions.

*“When it came time to complete my first certified payroll, I felt ready.”
–Subcontractor’s Office Manger*

“I spend a lot less time getting subcontractors up to speed now that there are easy to understand materials available.” –Prime Contractor



Wage Classification Tool

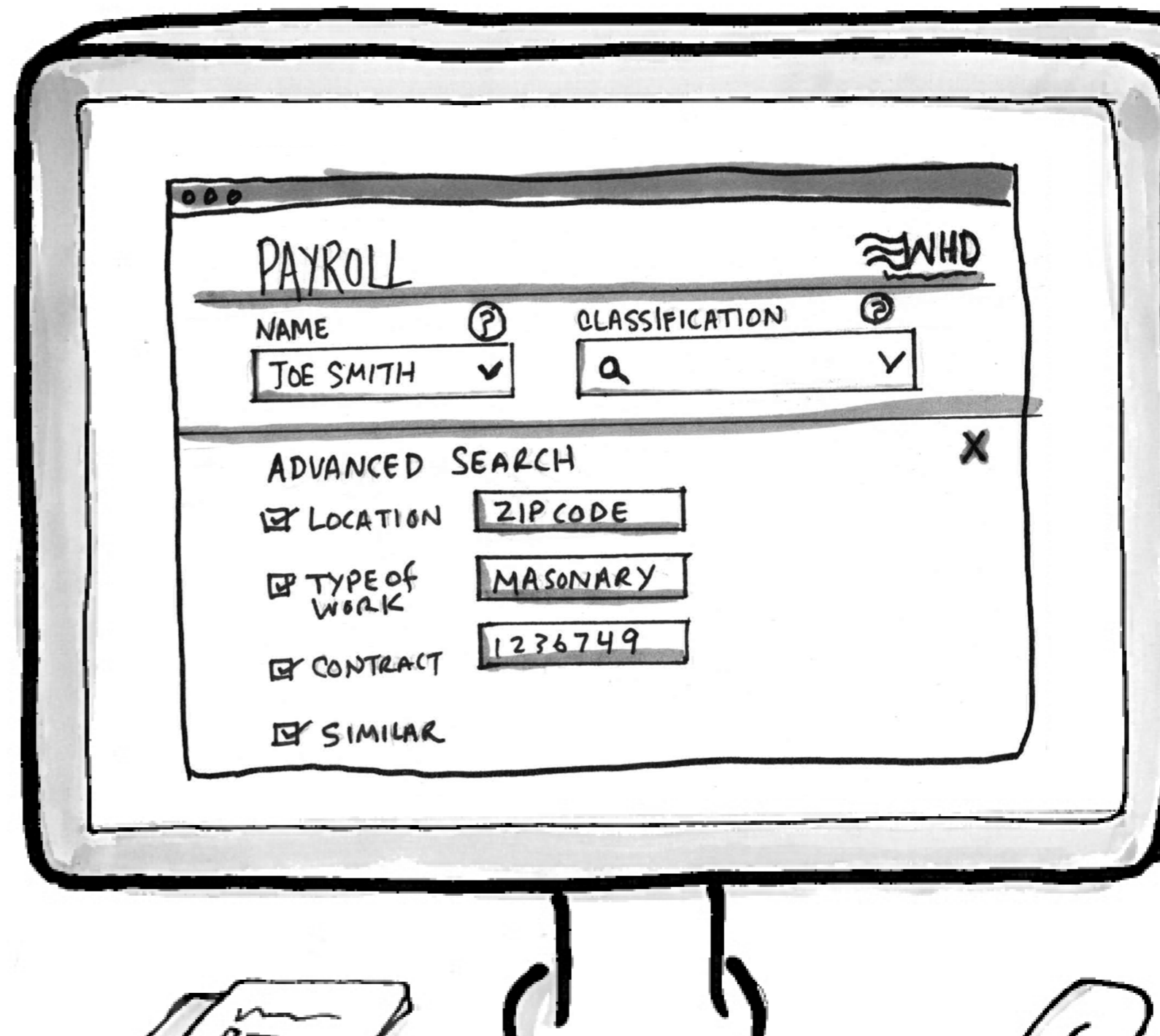
Work classifications used to be difficult to determine. Melanie relies on a classification “look-up” tool that is integrated in her accounting software to search and compare classifications in her area. She relies on descriptions of the classifications to help understand the scope of work.

“It’s confusing trying to figure out which classification to use but now that I can search by area and scope of work there is a lot less guess work.”

–Subcontractor’s Office Manger

“It’s easier to spot non-compliance issues now that we have access to contractor data and are automatically alerted when skilled to unskilled laborer ratios on a contract are off.”

–Contracting Officer

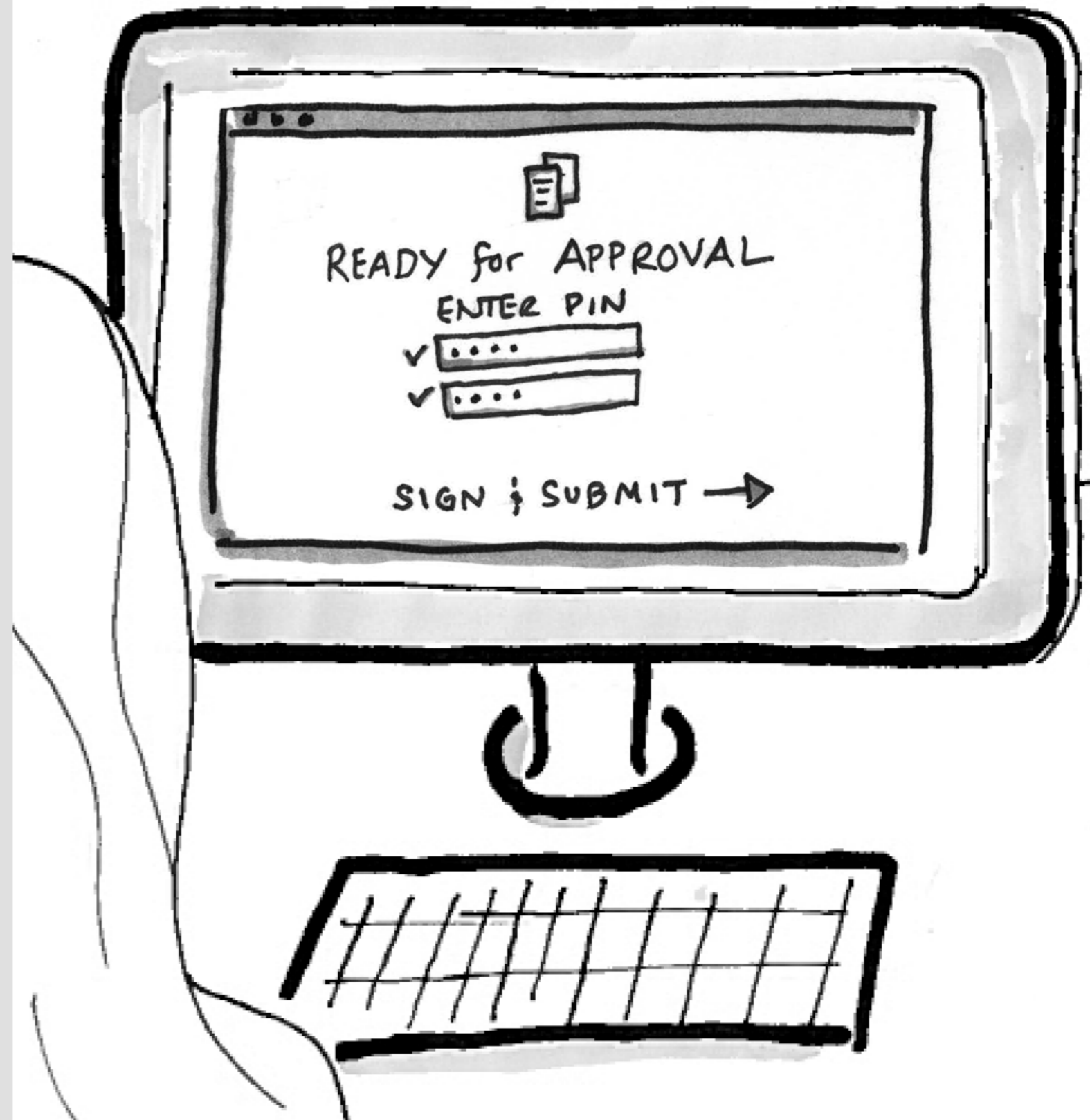


E-Signature

Melanie prepares certified payroll using her preferred accounting software. When her forms are complete she is given the option to sign electronically using her “e-signature pin”. Upon completion, she receives a message that her documents have been sent to her prime contractor for approval.

*“It’s so much easier now that I don’t have to manage multiple contractors signature requirements. I can do it all on my computer and click submit!”
–Subcontractor’s Office Manger*

“I’m notified when a contractors submit certified payroll and have access to a contract dashboard which provides an overview of all subs and links to their payroll reports.” –Contracting Officer



Open API

Melanie's friend told her about an App that her company's field managers can use that integrates with their accounting software. For a small monthly fee the foremen will be able to enter payroll data, sign and submit certified payroll forms and access updated tools from their phones. Since the project site does not have good cell phone service, she decides they should try it.

*"I like trying out the latest apps and not being tied to old clunky software."
—Subcontractor's Office Manger*

*"Software companies are adding features to support contractors that we wouldn't have imagined or built. Better tools for contractors allow me to focus on what's important."
—Contracting Officer*



05 Next Steps



Recommended Next Steps

- **Scope Alignment:** Host a cross-functional, cross-agency workshop to align on the key experiences and technical features for the pilot.
- **Concept Validation:** Develop a low fidelity prototype to test with an ongoing group of contractors and contracting officers in order to validate assumption and refine user experience.
- **Pilot and Refine:** Engage designers and developers to build and test an API and small pilot that meets the technical and experience needs of users.

Initiative Roadmap

	PHASE 1	PHASE 2	PHASE 3
Policy / Agency Coordination	<ul style="list-style-type: none"> FAR council recommendations <ul style="list-style-type: none"> Standardized requirements across agencies Reduced frequency of payroll reporting Agency outreach for requirement standardization 	<ul style="list-style-type: none"> Interagency coordination: <ul style="list-style-type: none"> GSA and DOL BLS and DOL IAE / WDOL.gov Agency outreach for e-signature policy 	<ul style="list-style-type: none"> Share and leverage data between relevant government organizations
Digital Tools	<ul style="list-style-type: none"> <i>Build read API for Classifications</i> Build read / write API for Reporting Conceptual Prototype: <ul style="list-style-type: none"> Design and validate concepts <ul style="list-style-type: none"> E-signature Submission tracker Classification finder Engineers and IA collaborate to design API 	<ul style="list-style-type: none"> Release version 1 API(s) Develop working alpha of e-sign / submission tools Refine and Iterate to enable data import functionality 	<ul style="list-style-type: none"> Create dashboard for monitoring compliance Refine and Iterate to enable alerts and notifications Integrate with contracting ecosystem to enable burdenless payroll reporting
Education	<ul style="list-style-type: none"> Create timely, plain language materials that clearly articulate requirements and process of Davis-Bacon reporting Continue providing regional workshops and training 	<ul style="list-style-type: none"> Outreach to accounting software developer community Launch education campaign around new tools and changes to payroll reporting process Develop online training and webinars Provide Contracting Officer training on new procedures 	<ul style="list-style-type: none"> Integrate educational materials into payroll reporting system Provide personalized support and up-to-date information

Thank you!

Appendix

Technical Solution Tiers

Tier 1: Standardize digital data format for certified payroll submissions

KEY CONSIDERATIONS:

- A standardized digital data format needs to be adopted to collect data efficiently
- Standardizing data formats will save time, allow for larger aggregate data to be crunched, significantly reduces errors reducing burden to contractors, contracting officers, and the Department of Labor.

Tier 2: Build an API to receive and export data

KEY CONSIDERATIONS:

- Follow best practices for API development in the government

<https://pages.18f.gov/API-All-the-X/>

<https://github.com/18F/api-standards>

Technical Solution Tiers

Tier 3: Mobile-Optimized website for submission

KEY CONSIDERATIONS:

- Request as much browser cache for storing data in submission in case there's an interruption in service
- Optimize for performance and save for offline (due to work conditions wireless conditions might not be constant or fast, so making an experience that loads fast, saves regularly and to the local device in case a connection interruption happens, is critical.)

Tier 4: Native Application API support for Submission

KEY CONSIDERATIONS:

- Geo-location API support for automated rate calculation
- Offline saving to App
- Secure identity and payroll signature signing
- Push notifications for starting/ending time periods tracking payroll to ensure complete and accurate data

UX Considerations

SYSTEM DEVELOPMENT CONSIDERATIONS

- API Driven
- Cloud Based
- Data, not PDFs
- Agile, user-centered process
- Responsive, mobile entry screens
- Build a pilot group of cos, primes, subs and payroll providers as a test group to ground assumptions.

SAMPLE USER STORIES:

- As a construction payroll industry developer, I want an API that allows me to customize my software for the customers who need certified payroll support

- As a contracting officer, I need an “always on” modern, payroll system that allows me to conduct analysis of wage data to find trends and target enforcement and training.
- As a sub, I want to understand the process and be notified about changes in my status.
- As a sub, I need to integrate wage classification and fringe calculations into my payroll software.
- As a prime, I need to notify subs of problems with their payroll submissions
- As a sub, I need to keep track of filing deadlines or maybe to submit prepay submissions?
- As a sub considering a contract, I need to understand the process and burden of certified payroll
- As a sub I need to pay my workers on the pay schedule I deem appropriate

Sample User Stories

SAMPLE USER STORIES (CONTINUED):

- As a payroll processing company or software vendor, I want to have a uniform standard that is not drastically different than the current process but uniform as to minimize the impact/burden so that I can easily tie this into our current systems and workflow.
- As a Contractor, I want a simple form that does as much automatic error checking, filling out, math for benefits and classifications as possible, so that it minimizes the burden, time commitment, improves accuracy and the overall experience
- As a small subcontractor without access to accounting services or API developers, I need a simple way to submit my certified payroll to my payroll team as well as to the contracting officer in one easy form so that I can stop doing paperwork or making more paperwork for everyone else, while increasing the speed and accuracy of compliance.

Service Blueprint

See PDF for better viewing

Davis-Bacon Payroll Reporting Process
SERVICE BLUEPRINT

