PAYROLL DEPARTMENT BENCHMARKS AND ANALYSIS 2015–2016
Essential research and metrics on payroll operations, resources and performance

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Matthew Sottong, Surveys Manager
(msottong@bna.com)
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About the Authors

The following individuals contributed to the study design, data collection, analysis, writing, copyediting and production of this report.

Matthew R. Sottong
Research Director and Managing Editor

Andrew J. Hellwege
Survey Research Analyst

Cordelia Gaffney
Graphics Director

J. Michael Reidy
Consulting Editor
**Overview**

Bloomberg BNA’s *Payroll Department Benchmarks and Analysis 2015-2016* is a comprehensive survey-based report on payroll operations, staffs, budgets, responsibilities and performance. Based on the results of an in-depth survey questionnaire, the report’s narrative and graphics provide extensive research and analyses across a broad spectrum of topics and measures, including:

- payroll operations and parameters, including oversight of the payroll department, extent of domestic and international operations, pay cycles and means of time-worked submissions;
- payroll staffing and expenditures, particularly per capita measures of staff levels and budgets;
- payroll systems, technology and automation;
- outsourcing of payroll functions and activities;
- speed and efficiency of routine payroll transactions;
- incidence and resolution of payroll errors, inquiries and fraud; and
- evaluation and benchmarking of the payroll department.

This report is the second iteration of Bloomberg BNA’s most extensive survey research and analysis on the payroll function, conducted among more than 200 payroll professionals nationwide in 2014. The report’s extensive narrative is accompanied by more than 100 charts and tables, notes on methodology and “perspectives” pieces on the experiences, challenges and accomplishments of payroll departments and professionals.
Definitions of Terms

Please note the following definitions of several terms used throughout this report.

**Average**—The average, or mean, is the sum of all values divided by the number of values or observations in the data set or series.

**Median**—The median is the midpoint or middle value within a set of figures arranged in numerical order. That is, half the numbers in a set fall above the median and the other half below it. Medians are often used in statistical analyses to help ensure that a few extreme values in a range of numbers do not distort the results. Values at the extremes (“outliers”) tend to have a much greater impact on the mean than on the median.

**Central range or midrange**—The central range or midrange refers to the range between the 25th percentile (first quartile) and the 75th percentile (third quartile) in a numerical series. Fifty percent of the values fall within this range. Twenty-five percent fall below the 25th percentile figure and 25 percent lie above the 75th percentile mark. The central range or midrange (the middle 50 percent) might be characterized as a broad representation of the most common or prevalent percentages, ratios or amounts.

**Full-time equivalent (FTE)**—In this report, *full-time equivalents* are used primarily to adjust for the full-time or part-time status of workers in comparisons of staff levels in the payroll department. Therefore, a payroll office with three full-time employees (3.0 FTEs) and three half-time employees (3 x 0.5 = 1.5 FTEs) has 4.5 full-time equivalent workers.

**Employee headcount**—The total number of employees in an organization’s workforce (not including contractors, temporaries or contingent workers) regardless of full-time or part-time status. A company with 110 full-time workers and 17 part-time employees has an employee headcount of 127.
Study Design, Methodology, and Presentation

Bloomberg BNA's *Payroll Department Benchmarks and Analysis 2015-2016* is based on an extensive survey conducted among payroll professionals and executives in 2014, drawn from a sample of payroll professionals in Bloomberg BNA's nationwide database. The survey was conducted over a secure website, with several reminders to respond. As an incentive to participate, respondents receive a copy of the full survey report. A total of 230 respondents provided usable data for analysis.

Several steps were taken to ensure that survey participants' responses would remain confidential. As noted above, the survey was hosted on a secure website to ensure that information submitted by respondents could not be observed or obtained by third parties. Respondents were assured that neither individual respondents nor the organizations they represented would be identified without express permission from the participants. Apart from those exceptions, only aggregate data and statistics are presented and analyzed in this report.
Profile of Participating Employers

The responding payroll professionals represent a wide variety of enterprises, institutions and industries, as the summary data below demonstrates.

Manufacturing
Basic manufacturing 7%
Intermediate manufacturing 4%
Advanced manufacturing 11%

Nonmanufacturing
Business, personal and miscellaneous services 16%
Retail and wholesale trade 11%
Finance, insurance and real estate 8%
Transportation, warehousing and utilities 7%
Information services, telecommunications and data processing 4%
Consulting 3%
Construction 3%
Other *

Nonbusiness
Health care 11%
Government 7%
Education 6%
Membership organizations and associations 1%
Other *

Workforce Size (Total employee headcount)
Fewer than 250 employees 11%
250 to 499 employees 8%
500 to 999 employees 10%
1,000 to 2,499 employees 19%
2,500 or more employees 50%
No response 2%

Region
Northeast 17%
South 30%
North Central 33%
West 19%
No response *
Union Status

Union-represented employees 37%
Non-union 60%
No response 3%

*Less than 0.5 percent.
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