

## FUTURE ACTION ITEM #2

### Workday Contract Renewal (Leslie Brunelli/Matthew Skinner)

TO ALL MEMBERS OF THE BOARD OF REGENTS

**SUBJECT:** Renew the Workday software contracts for continued support of WSU's human resources, payroll, finance, grants and budgeting activities.

**PROPOSED:** It is proposed that the Board of Regents authorize and delegate authority to the President or his designee to enter into a renewal of the Workday contract for up to 10 years, with a cumulative total cost not to exceed \$22.3 million during that time period.

**SUBMITTED BY:** Leslie Brunelli, Executive Vice President, Finance & Administration/CFO

**SUPPORTING  
INFORMATION:**

**Background:**

In June 2018, the Board authorized and delegated authority for WSU to move forward with the university-wide effort to prevent business system failure and improve support for WSU's growing research and instruction activities through the replacement of our over 35-year-old mainframe system and processes. With the launch of Workday on January 1, 2021, the Modernization Initiative established a strong and flexible foundation to support the complex and ever-changing Finance, Payroll and HR business needs of the institution.

Since that time, WSU has stabilized the Workday system and is actively optimizing processes functionality to meet University needs system wide. Workday has streamlined numerous business processes, enhanced visibility through real-time reporting, improved compliance, and provides a better employee experience through self-service tools. Some example improvements include automating the creation of new grant awards, automating invoice creation on grants, executing common business processes within the platform including time and leave reporting, implementing a new budget planning system, supporting multi-state tax reporting, eliminating paper-based salary costing allocations (and the related time lag), building an industry leading grant forecasting module, and bringing employee performance reviews online.

The replacement of the mainframe was a foundational step towards the steady improvement of WSU's budget and financial processes and reporting. Finance and Administration is energized by the continued opportunity to address university needs and to continually improve processes by leveraging Workday.

### **Proposed Contract Renewal Details**

The initial Workday contract term was 5 years and expires in July 2024. The current contract also includes an optional second 5-year term with an annual cost inflation escalator percentage of 1 plus the consumer price index, not to exceed 3% per year.

WSU has negotiated a third 5-year term, with an annual cost escalator of 4% per year for years 6, 7, and 8, and 5% for years 9 and 10.

It is proposed that WSU execute the 10-year contract extension (second and third contract terms). The cumulative cost over 10 years will not exceed \$22.3 million. The annual cost of the contract will continue to be funded by a mix of central support and a user-based fee.

The contract renewal is scheduled for action item at the April 2024 meeting.