

ERC Payroll Practices Survey

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Conducted by ERC

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Overview

In January of 2010, ERC conducted a survey on organizations in Northeast Ohio to determine trends in payroll administration, pay practices (particularly frequency of pay), and direct deposit. The results show several key trends among Northeast Ohio employers in terms of their payroll practices.

Key findings in the survey

- Accounting and Human Resource departments most commonly handle the processing of payroll at local employers' organizations.
- Paper pay stubs are most commonly provided by respondents.
- ADP, Paychex, and Paycor are the most commonly used payroll systems by respondents.
- Most employers pay both non-exempt and exempt employees bi-weekly.
- Most employers do not require employees to have direct deposit. Nearly all employers allow employees to set up direct deposit to more than one bank and with more than one account.

Payroll Administration

Most organizations' Accounting or HR departments handle the processing of payroll. Forty-one percent of respondents claimed that their Accounting department is responsible for payroll processing and 33% of respondents said their Human Resources department handles payroll. Other departments cited as responsible for payroll by respondents include a combination of both HR and Accounting departments, Finance, Office Management, and outsourcing.

Figure 1 | What department handles the processing of payroll at your company?

	Percent
Accounting	41%
Human Resources	33%
Operations	1%
Payroll	14%
Other department	10%

The majority of respondents provide paper paycheck stubs. Fewer (21%) use electronic stubs or a combination of both paper and electronic stubs.

Figure 2 | What type of paycheck stub does your organization use?

	Percent
Electronic	21%
Paper	61%
Both electronic and paper	18%

Most respondents use one of three payroll systems – ADP (used by 46%), Paychex (used by 16%), or Paycor (used by 8%). Overall, respondents reported using twenty-five (25) different payroll systems.

Figure 3 | What payroll system do you currently use?

	Percent
ADP	46%
Paychex	16%
Paycor	8%
Ahola	3%
ECI	3%
Paytime	3%
Internally developed system	3%
Abra	2%
AccuFund	2%
Ceridian	2%
ECCA Millennium	2%
Oracle	2%
Sure Payroll	2%
CTR	1%
Fidelity	1%
GEMS	1%
Great Plains	1%
Kronos	1%
Lawson	1%
MAS 200	1%
Microsoft Dynamics	1%
Solana	1%
Soloman	1%
United Way Services	1%

Pay Practices

Most employers pay their non-exempt and exempt employees bi-weekly. The second most common frequency of paying non-exempt employees was weekly (provided by 30% of employers). For exempt employees, the second most common frequency of pay was twice a month (15th and last day of month).

Figure 4 | How often do you pay the following employees (non-exempt and exempt)?

	Both	Non-Exempt	Exempt
Weekly	22%	30%	15%
Twice a month (15th and last day of month)	25%	20%	30%
Bi-weekly	49%	48%	50%
Once a month	4%	3%	5%

In years that have 27 payrolls, most employers that pay exempt employees every two weeks don't change anything and continue to pay employees as usual.

Figure 5 | If you pay every two weeks, how does your organization handle years that have 27 payrolls versus 26 for exempt employees?

	Percent
We don't change anything and continue to pay as usual and budget for it	81%
We divide employees salaries by 27 pays instead of 26 and adjust benefit deductions	7%
We pay exempt employees twice a month versus biweekly in the year of the 27th pay	2%
Other	9%

Direct Deposit

Most employers (62%) do not require employees to have direct deposit. Thirty-eight percent of respondents do require this of their employees.

Figure 6 | Does your organization require employees to have direct deposit?

	Percent
Yes	38%
No	62%

Nearly every respondent (99%) allow employees to set up direct deposit to more than one bank and more than one account.

Figure 7 | Can employees set up direct deposit to more than one bank?

	Percent
Yes	99%
No	1%

Figure 8 | Can employees set up direct deposit to more than one account?

	Percent
Yes	99%
No	1%

Respondent Demographics

One-hundred and twenty-six (126) organizations in Northeast Ohio participated in the survey; a breakdown of the industries and sizes they represent is provided below.

Figure 9 | Respondent demographics by industry and organizational size

	Percent
Industry	
Manufacturing	49%
Non-Manufacturing	34%
Non-Profit	17%
Organizational size	
1-50	16%
51-200	60%
201-500	14%
501+	10%

About ERC

ERC is Northeast Ohio's largest organization dedicated to HR and workplace programs, practices, training and consulting. ERC membership provides employers access to an incredible amount of information, expertise, and cost savings that supports the attraction, retention, and development of great employees. We also host the nationally recognized NorthCoast 99 program and sponsor the ERC Health insurance program. For more information about ERC, please visit www.ercnet.org.

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