



# OVERCOME THE COMPLEXITIES OF CONSTRUCTION PAYROLL

*BY MIKE ODE*

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As any contractor who has tried running payroll through general-purpose accounting software or payroll service knows, construction payroll is different from any other industry. From working in multiple states and localities, on multiple jobs with multiple pay rates, to preparing and submitting compliance reports, maintaining an accurate payroll can be frustrating and discouraging. Many contractors can feel overwhelmed by all of the complexities under today's requirements. And sadly, that can mean letting jobs pass that don't seem worth the trouble. Fortunately, the tools do exist to bring prevailing wage, certified payroll and other complex payroll jobs within reach, even without a big office staff.

## THE BAD AND THE UGLY

As a construction company grows, it's important for its owners and office staff to be aware of the nuances of processing construction payroll and the ways to handle it efficiently and effectively. Here are just some of the payroll complexities that contractors regularly deal with:

### ***Multiple Jobs, States, Localities and Pay Rates.***

Contractors can work on different jobs in different cities and in different states, all in the same day. Even a single employee can work on multiple jobs under multiple tax authorities and multiple unions on the same timecard. Considering how these variables can affect pay rates, tax rates, worker's compensation and fringes, calculating payroll in these cases is certainly difficult, but it's also hard to keep track of. Spreadsheets stack up, and formulas can become convoluted. At the end, how sure are you that you calculated the right fringe from overtime for that out-of-state union?



**Construction Reporting.** Between minority compliance reports, tax filings, various certified payroll forms for different agencies and new ACA reports, all of those complex calculations have to find their way into numerous configurations. Plus, someone actually has to fill all of them out. Yet with construction payroll, *payroll* reports are only half the fight. Accurate *project* reports also rely on up-to-date labor and burden costs distributed to a job-costing structure. But if a company's payroll isn't integrated into its job-costing software, figures that are already difficult to get aren't going to get there. Reports like work-in-progress and projected job labor may be an uphill battle to complete, and they might not be readily available in the level of detail needed.

## THE GOOD

Using a construction-specific accounting package or [construction-specific payroll service](#) has a multitude of advantages. Construction-specific solutions are built to handle the industry's many complex variables with sophisticated reporting and integration capabilities.

**Multiple Everything, No Problem.** Not only can accounting software made for the construction industry juggle the many variables of multiple tax authorities, jobs and unions by preserving distinct records for each; it can also use sequencing and if-then logic to catch almost every rule and exception you might come across. Foundation's user-defined sequencing and home/away logic, for example, allow users to preset what deduction will go to which union when working outside of an employee's home union.

**Capable Reporting.** A top-flight application for construction accounting will contain 10 to 20 pre-check reports to help you ensure an accurate payroll in every respect before you post a cent to your general ledger or print a single check. There's no guessing or crossing your fingers. Once users do complete their payroll, running the reports you need is easy and automatic. Standard reports include:

- Certified Payroll (federal, state-specific and more)
- Union Deductions/Fringes
- New Hire
- EEO Minority Compliance
- Job History Detail
- Workers' Compensation
- Job Labor
- Job Hour Variance
- Employee Wage Detail
- And many more

With construction-specific applications, the result is not only accuracy and efficiency; these tools can also save money lost in mis-paid fringes and taxes and open up new work opportunities. The complications that accompany working with prevailing wage, multiple unions, payroll taxes and government contracts can discourage even experienced contractors. Yet with the right tools, even the most complex jobs can be managed, and contractors can bid with confidence. With a little work on the front end, Foundation does the heavy lifting for you so that you can run payroll with ease, and if paired with Payroll4Construction.com—the only payroll service just for contractors—payroll can even become the easiest part of your business.

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Foundation Software is the developer of FOUNDATION® – America's #1 Construction Accounting Software. Since 1985, we've been dedicated to giving contractors the back office tools they need to manage their job cost accounting, project management, and scheduling.

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