

# **Electronic Payments Project**

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## Abstract

*Georgia State University dramatically improved customer service while achieving efficiencies and cost savings by significantly expanding the use of direct deposit in combination with electronic payment notification. With more than 115,000 payroll payments and 40,000 financial aid disbursements, annually, the benefits of this project are significant. After full implementation, 97% of payroll payments are being made electronically. Employees and students can access funds and payment information in the safest, most secure and confidential manner. The University realizes cost savings from eliminating the printing and mailing of thousands of pieces of paper and staff efficiencies are realized campus wide in all departments.*

## Description of the Organization.

Georgia State University is a public research institution located in downtown Atlanta, Georgia. The University is one of 34 institutions in the University System of Georgia. Georgia State's overarching goal is to become one of the nation's premier research universities located in an urban setting. The University has enrollment of more than 28,000 students served by more than 1,700 faculty. Georgia State is nationally recognized for the diversity of the student body. Students are served through 6 colleges and schools: Arts & Sciences, Business, Education, Health and Human Sciences, and Law; as well as the Andrew Young School of Policy Studies. The University is experiencing a period of significant growth with more than 15% increase in headcount over the past 5 years. As with many state-supported institutions, the University is facing the challenge of providing quality services to an expanding student population in an era of declining state funding.

## Statement of Initiative.

Leadership in the Division of Finance and Administration recognized significant potential to improve customer service while achieving efficiencies and cost savings by significantly expanding the use of direct deposit in combination with electronic payment notification. Prior to implementation of the Electronic Payments project, direct deposit was offered only to full-time employees for payroll only and had never been aggressively marketed. Graduate Students, student assistants, adjunct faculty and many others were not permitted to enroll in direct deposit. Less than 50% of employees were utilizing

direct deposit. With more than 115,000 payroll payments annually, expansion of direct deposit had significant potential. Additionally, with enrollment growth and participation in the Federal Direct Loan Program, the University experienced significant growth in financial aid transactions resulting in more than 40,000 checks per year being mailed to students.

## Design

The first step we took was to secure the support of the University's President and senior leadership. Additionally, direct deposit was proposed to students in student/administrator forums and was received with, "How soon can we get it?" With a clear demonstration of support from the top, we assembled a project team that included representatives from payroll, student accounts, financial operations, legal affairs, and information systems and technology. The assistant comptroller for financial operations led the project. The project was broken into major phases and a detailed, step-by-step implementation plan was developed. Each phase included a communications and marketing plan to keep the University community informed of the project status. The initiative did not require additional personnel but it has been a significant time commitment for everyone on the project team. The most significant cost was approximately \$60,000 for software and hardware.

## Implementation

From start to finish, this project has taken approximately two years. The project was phased as listed below, with some phases running simultaneously. Specific issues are listed with each phase.

1. Selection and installation of software to support check printing, electronic funds transfer payments, and e-mail payment notification. Key factors in selection included the ease of use with our financial system (PeopleSoft).

2. Conversion of substantially all employees to direct deposit. This phase involved taking an existing process and expanding the scope. One key decision was to make direct deposit a condition of employment for all new hires after an effective date. Existing employees would be strongly encouraged, but not required, to convert to direct deposit.

The project team developed a comprehensive communication and marketing plan to encourage direct deposit enrollment. Innovative promotions included a raffle of gift certificates for all employees who enrolled by a specified date. Another key decision was to mail paychecks on payday to those employees who did not enroll in direct deposit.

Only a handful of full time employees chose to continue to receive paychecks. One of the biggest obstacles we had to address was how to handle employees without bank accounts. For those employees, we offered a banking product that is a debit /ATM card attached to a limited service bank account that only accepts funds from employer direct deposits.

3. Adoption of direct deposit as the only method for reimbursing employees for travel and other expense reimbursements. With all employees receiving pay through direct deposit, the implementation of expense reimbursement was a natural fit and met with a high level of employee satisfaction.

4. Offer electronic funds transfer to vendors. We identified high volume vendors and consultants as the best candidates to target for electronic funds transfer.
5. Convert employee paper payment advices to electronic pay stubs. This phase was the most challenging to implement. From the beginning of the project, the team determined that security of confidential information was the most important consideration. The e-mail that is sent to employees every time they receive a payment contains a link that directs them to the payment information on the University's server. Employees must then login using authentication software and encryption technology to view their payment information. The project team took special efforts to ensure security for example, by disabling the "back" button on the screens and removing social security numbers and bank account information from the pay stubs. One key decision was how to handle approximately 200 employees, primarily custodians, who do not have easy access to a computer at work. For these employees, we determined the best approach would be to continue printing their payment advices. We conducted a three month test of the electronic pay stub with one of the colleges and found it very beneficial to identify problems working with a smaller group before rolling out campus wide.
6. Convert student employees to direct deposit with electronic notification for financial aid payments. The pilot concept worked so well with employees that we identified a pilot group of students for the roll out of financial aid payments. We tested the financial aid disbursements with students who also were in the payroll system. These students were already receiving direct deposit so our efforts could focus on expanding an existing service. Key decisions include having students view their financial aid payments in the student system, rather than taking them to the disbursement system. Students are sent an

e-mail when ever a payment is made to them. The e-mail contains a link that takes them into the student system (SCT Banner) where they log in and view their refund information.

7. Open direct deposit with electronic notification to entire student body. The key decision that we made was to have the students be responsible for entering and maintaining their bank routing/transit and account number. We built a web interface that enables students to enter their information and have it load into the student system. We developed an innovative method to prevent errors by requiring them to enter the information twice: once forwards and the second time backwards.

#### Benefits

Direct deposit has long been recognized as the safest, most efficient and secure method to make payments. Combining direct deposit with electronic payment notification provides the same benefits. Students who are participating in the project have expressed a very high level of satisfaction. The University realizes hard dollar cost savings from eliminating supplies, printing and postage expenses for thousands of pieces of paper. Personnel performance improvements are realized through simplification of the bank reconciliation process, and staff time across the university that has been spent distributing pay stubs every payday can now be directed to value added activities.

#### Retrospect

This project has brought all of the benefits that we anticipated. Doing the project right took precedence over doing it fast. Although at inception we did not envision a two-year project, that is what it has taken to ensure the safety and security of sensitive information.