

**Converting Paychecks to Direct Deposit**  
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*Abstract:*

*George Mason University Administrative Policy Number 2201 mandates electronic direct deposits for all employees hired on or after February 1, 2002. Until March of 2004, however, this policy had not been enforced. Our challenge was to begin to enforce the policy in order to increase the number of employees on direct deposit and reduce the number of physical paychecks we generated.*

## **Introduction of the Organization**

George Mason University is recognized internationally for its innovative, diverse, and entrepreneurial spirit. Mason offers a wide array of academic programs, enterprising scholars and teachers, and a student body representing 135 countries and all 50 states. Located in Virginia only minutes from Washington, D.C., Mason provides unparalleled opportunities in research, internships, and work experiences through strong alliances with business, the community, and government. Enrollment now tops 28,000, with students studying in 144 degree programs at campuses in Arlington, Fairfax, and Prince William Counties.

### **Restatement of the Problem/Initiative**

George Mason University Administrative Policy Number 2201 mandates electronic direct deposits for all employees hired on or after February 1, 2002. Until March of 2004, however, this policy had not been consistently enforced.

The Human Resources and Payroll Department at George Mason University is off campus. In the past, we had delivered the physical pay checks to our three campuses, necessitating someone from our office to be physically present on each of our three campuses on up to five separate pay dates per month (since we process payrolls on a bi-weekly and semi-monthly basis) to verify identification and hand out the checks. In addition, some checks were literally never picked up, creating a growing pile of checks which eventually expired.

In an effort to encourage our employees to switch to direct deposit, we stopped delivering checks to the various campuses and required employees to pick up their checks in person at our office. (We couriered the checks to our remote campuses; employees there also had to pick up their checks from a central location.)

Because so many people were not on direct deposit, traffic into the Human Resources and Payroll Office increased, especially on pay days. This placed a heavy burden on our two part-time receptionists, who not only had to continue to answer the telephone and handle “normal” walk in traffic, but now had to check identification cards and distribute

paychecks on a daily basis. This also posed a security risk due to the large number of checks which were not picked up on pay day.

Our challenge was to convert as many employees as possible from checks to direct deposit.

## **Design**

We decided to attack this problem from a variety of angles. The three primary angles were (1) banking relationships, (2) communication, and (3) process.

(1) The first thing we needed to do was investigate what alternatives to checks were open to our employees. The bank which handles our payroll account was pushing the pay card option, and while that would have been better than checks, it would have involved an initial distribution of pay cards to those employees who were receiving checks.

Switching them to direct deposit would eliminate that initial distribution.

Two other banking institutions have branches located in one of our main activities buildings. The bank required customers to set up their accounts in person because they needed to be able to enter information directly into their computer system.

The credit union, on the other hand, was more than willing to allow us to handle the paperwork involved in establishing new accounts. And, they would provide a savings account to everyone regardless of credit rating. They provided us with the necessary forms.

(2) We have a variety of communication vehicles here at Mason. One is e-Files, a weekly electronic newspaper, if you will, that is distributed every Monday morning to all faculty and staff. Another is an electronic distribution to our Human Resources and Payroll departmental liaisons. A third is directed emails to specific individuals. We were

going to communicate using all these methods, as well as at all in-person appearances we made.

(3) We worked with a related committee to add Direct Deposits to the hiring paperwork packets containing the W4s, I9s, and other required paperwork used when departments hire wage employees. We added Direct Deposits to the faculty orientation sessions conducted by our Benefits Administrators. And we added Direct Deposits to the paperwork packets containing the W4s, I9s, and other required paperwork for new classified employees.

## **Implementation**

We started out in mid-March by using e-Files to inform the Mason employee community about the direct deposit administrative policy. We encouraged them to bring a void check with them when they picked up their next pay check and told them that if they did not have a bank account, we could help them open up an account with the credit union.

We sent directed e-mails to the specific individuals addressed by the policies (omitting those employees whose length of service grandfathered them from being required to participate). We offered a Direct Deposit Authorization Form to everyone who came in to pick up a check until they were tired of hearing our sales pitches. We told those students who joked that they would miss us if they did not come in every two weeks to pick up their wage checks that they were still allowed to come visit even if they didn't have a check to pick up. In short, we used every opportunity we could to encourage people to enroll in direct deposit.

While this initial push was in progress, we continued to send directed emails to those employees still receiving pay checks, this time copying their supervisors. In the case of many wage employees, where the hiring is handled in the department rather than in Human Resources, the problem was that the supervisors either hadn't collected the void checks and authorization forms or hadn't forwarded them on to us.

We continued communicating with the department liaisons and in some cases contacted the supervisors of those who seemed remiss in forwarding the void check and direct

deposit authorizations to us. We encouraged those employees who had completed the paperwork to bring duplicate sets to us when they picked up their checks.

On paydays, we had everyone picking up a check get the check from a specific individual in the department who in many cases sat them down and had them complete the credit union paperwork right there. In other cases she made deals with them allowing them to return with their void checks and authorization forms later in the day or the following week. Of course some exceptions were made, especially in the cases of one-time pays.

We also worked with specific departments to increase their direct deposit participation. For example, we attended a Saturday morning orientation meeting for a specific summer program. This program brings several dozen public school teachers to campus each summer to work with identified high school students. We were able to answer a variety of payroll questions while, at the same time, discussing the direct deposit process and obtaining completed forms and void checks. This lowered the number of checks being generated for this program from sixteen down to two, an 80% reduction.

## **Benefits**

We started out with an average of 87 checks per biweekly pay period and 110 checks per semi monthly pay period. By the end of the semester we were down to 26 and 45 respectively. We cut the number of people receiving checks by almost 64%.

This resulted in a savings of money, resources, and time. If we use a conservative industry accepted cost differential of \$4.00 between a check and direct deposit, we save the university approximately \$12,584 a year, not to mention the time saved due to the reduction of traffic.

We also have increased customer satisfaction because checks don't get lost and people's salaries are immediately available on pay day regardless of weather, holidays, illness, vacations, etc.

## **Retrospect**

Given the monetary savings realized by the conversion of these checks to direct deposit, it would have been worthwhile to bring in additional resources to manage this project and work on it more systematically and consistently. An outlay of very little money, even today, would more than pay for itself by allowing us to virtually eliminate the production of physical pay checks.