

MSU PayCard

Introduction/Overview

February 20, 2015



What Problem Are We Trying to Solve?

- Eliminate paper checks
- Increase security
- Increase convenience for employees
 - e.g., paper checks were delivered to units on 12/24/14 and 12/31/14
- Reduce costs



Options Identified

- Encourage all employees to use direct deposit (cannot legally require)
- Adding payroll debit card option (PayCard)
 - Change in Michigan law permits requiring a debit card option when employees choose not to have direct deposit
- Others?



Guiding Principles

- Utilize best practices
- Identify and comply with legal constraints
- Address known and anticipated cyber security issues
- Improve employee convenience
- Generate net cost savings



Research and Analysis Led to Proposal for Debit Card Option

Comprehensive Banking Services RFP

- Six banking service groups
 - 15 banks responded to RFP
- Responses independently evaluated by:
 - MSU's Banking Services Selection Committee, which included PFM (MSU's external banking services consultant), and faculty
- MSUFCU selected to provide payroll debit card service



What is PayCard?

- It is a reloadable debit card
- PayCards work just like direct deposit of payroll
 - Allows the University to pay faculty, staff, and employees electronically, which is more convenient, more secure, and saves money
 - Payroll and expense reimbursements are loaded directly to employee's PayCard
- MSU Federal Credit Union will provide all services for a reloadable VISA payroll debit card (PayCard)

Who Will Be Affected?

- **Current Employees:** About 200 (2%) salary employees (150 faculty and 50 staff) and 2,000 hourly employees (14%) are still paid via paper check. They would have to choose either direct deposit or PayCard beginning August 1, 2015, when paper checks will be phased out.
- **New Employees:** New employees after August 1, 2015, will be required to choose either direct deposit or the PayCard.
- **Use for Temporary Workers:** PayCards can also be used to pay temporary and project pay workers.

Why Implement?

- **More Convenient for the Employee:** Deposits automatic, the PayCard can be used to withdraw funds at an ATM or MSUFCU branch. PayCard could also be used as a VISA debit card for “point of sale” transactions.
- **More Secure:** Electronic payment of wages provides increased security over employee wages
 - Alternative to carrying cash
 - Reduces fraud costs related to lost, stolen, or duplicated checks
 - Uninterrupted payments due to storms, natural disasters, or holidays
 - Protection if card is lost or stolen – card will be blocked and stop payments will be issued for charges that are not yours
- **Saves Money:** Each paper check cost about \$5.00 more to process. Eliminating these regular checks would fund another faculty member.

Why Implement? (cont'd)

- **Michigan law change**: Allowed mandated electronic payroll payments (direct deposit or debit card)
- **Many Benefits**:
 - Strong local presence of MSUFCU branches throughout greater Lansing makes using the card convenient for employees and students
 - No cost to employees to open a PayCard
 - No transaction fees
 - No cash withdrawal fees if MSUFCU or Co-Op ATMs used
 - \$2 fee per replacement card
 - No cost to the University

When and How Will the Program be Implemented?

When	Communication/Training
Jan-Feb 2015	Work with Academic HR & HR to provide information to employee groups UCFA/University Council and all unions
Jun-Jul 2015	Target communications to affected employees and hold open meetings to answer questions, including: how to sign up, how the debit card works, how to immediately convert to cash, what to do if card is lost, how to receive electronic monthly statements, how to easily avoid fees, etc.
May 2015	Distribute all-employee communication FAQ – post to Payroll and HR websites
July 2015	Send weekly updates to various employee Listservs
July 2015	Roll out dedicated MSUFCU website for MSU PayCard
August 2015	PayCards begin being used for payroll

Questions?

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