DATE: November 22, 1999

TO: Department Secretaries and Elected Officials on Uniform Payroll System

FROM: Mark C. Drennen
Commissioner of Administration

SUBJECT: Mandatory Direct Deposit (EFT)

As most of you are aware, electronic processing of payments is the direction that the private sector, Federal Government and many states are moving towards. This is especially true in the area of employee payroll compensation. Direct Deposit has proven to be a very dependable, safe and economic way of doing business. However, we are still processing approximately 21,000 checks on a biweekly basis through the Uniform Payroll System. This is a very costly and time-consuming activity with significant risk. In order to reduce this large volume of payroll checks, the Division of Administration will be requiring Mandatory Direct Deposit for all employees paid through UPS effective April, 2000 unless there is a proven hardship.

Request for hardship exemptions must be submitted by each employee on the Request For Direct Deposit Waiver Form explaining the hardship condition. The form must be requested from the employing agency and returned to them for their recommended approval or denial. The form is then forwarded to the Division of Administration for final resolution.

Earnings statements will continue to be provided to employees on direct deposit until the new Human Resource System (HRS) is in production for projected date of January 2001. The new HRS will provide employees their own personal access to pay information via Employee Self Service Center.

In order to implement mandatory direct deposit for April 2000, the following steps need to be taken:
1. **Office of State Uniform Payroll (OSUP)** will forward memo to agencies detailing responsibilities, functions, hardship waiver guidelines, financial WEB site service and other important information pertaining to direct deposit. This memo should be distributed in the early part of December, 1999.

2. A letter with my signature will be forwarded to all employees who are not currently set up for direct deposit advising them of the requirement and advantages of going on direct deposit. OSUP will forward these letters to employees with a Direct Deposit Form. Agencies will be given a report listing all employees that were mailed a letter concerning direct deposit. This letter should be distributed in late December, 1999.

3. Payroll checks have continued to be distributed on Wednesday prior to the actual payday Friday (similar to before direct deposit came into affect in 1995). With direct deposit available to employees, the policy of distributing/mailing of checks on Wednesday is no longer a requirement. Therefore, effective May 2000, checks will be mailed on payday, which is usually Friday.

4. Failure of employees to adhere to this mandate will result in their checks not being mailed until payday Friday, and Stop Pays on a lost payroll check and subsequent reimbursement not being extended until Wednesday of the next payday week.

The intent of this letter is to advise you of the direction the Division of Administration is going with direct deposit effective April 2000. As indicated above, a more detailed memo will be forwarded to each agency concerning direct deposit by OSUP towards the beginning of December 1999. If you have any questions on this matter, please direct them to either Ron Mitchell, OSUP, at (225) 342-5333 or Jena Cary, OSUP, at (225) 342-0718.

MCD/RM/sm