

**BOARD OF REGENTS
BRIEFING PAPER**

Agenda Item Title: Handbook Amendment –Electronic Payment of Employee Payroll

Meeting Date: September 5/6, 2013

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

Mandatory electronic payment (such as direct deposit or debit cards) of employee payroll has been identified as an area where NSHE can make its business processes more efficient. This was identified in both the Efficiency and Effectiveness Board report of 2011 as well as the recent Huron/ Integrate II business process evaluation, however prior NRS language prohibited the System from enacting a mandatory participation program. While voluntary compliance with direct deposit is already very high, the System still writes approximately 67,000 paper checks per year.

SB 21 of the 2013 Session contained enabling legislation to allow the Board of Regents to now approve a policy mandating electronic payments of payroll.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

Staff recommends approval of the attached Handbook amendment to allow mandatory electronic payment of employee payroll for most payroll transactions.

4. IMPETUS (WHY NOW?):

- With the passage of SB 21 in the 2013 Session, statutory restrictions prohibiting this action have been removed.
- Using a recent banking industry study, NSHE estimates that annual savings by moving to mandatory electronic payment will be approximately \$150,000/ year in direct costs, with an additional similar amount of savings in staff efficiency by eliminating the need to deposit paper checks, streamlining the reconciliation process, and other similar activities.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- This change will make NSHE consistent with many private employees as well as the State of Nevada, which is currently in the process of enacting a similar mandatory requirement.
- Cost savings and efficiencies from implementing this change will help mitigate the effects of budget cuts that have occurred over the past several years.
- The proposed Handbook amendment includes an exception procedure if mandatory electronic payment is found to cause an employee undue hardship.

- Some employees have indicated a preference for paper checks.

7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

- Do not approve this Handbook amendment and continue with a voluntary only plan.

8. COMPLIANCE WITH BOARD POLICY:

Consistent With Current Board Policy: Title # _____ Chapter # _____ Section # _____
 Amends Current Board Policy: Title # 4 Chapter # 10 Section # 31 (new) _____
 Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
 Other: _____
 Fiscal Impact: Yes No _____
Explain: This change will save an estimated \$150,000/ year in direct costs and a similar amount in staff time and efficiency. _____

POLICY PROPOSAL
TITLE 4, CHAPTER 10, *new* SECTION 31
Electronic Payment of Employee Payroll

Effective January 1, 2014

Additions appear in *boldface italics*; deletions are [~~stricken~~ and bracketed]