



STATE CONTROLLER'S BULLETIN

Edward Karass
State Controller

Rebecca M. Wyke, Commissioner
Administrative & Financial Services

Bulletin #FY08-05


SUBJECT: Implementation of Part E, Section E-1, Chapter 539, PL 2007

DATE: April 4, 2008
TO: Service Centers and Agencies
FROM: Edward A. Karass, State Controller
CC: Rebecca Wyke, Commissioner
Ellen Schneider State Budget Officer

The recently enacted budget Chapter 539, PL 2007 amends Title 5, by enacting §1543-A by requiring that the State Controller and State Treasurer establish an electronic funds transfer system for the purpose of transferring the payment of any amount owed or obligation of the state directly into an account held by an employee in an accredited financial institution. Simply stated, all payments for salaries and wages as well as other reimbursements to all current employees as well as those individuals who may become employed by the state will be through direct deposit.

The law also requires the Office of the State Controller (OSC) to develop criteria should an employee wish to apply for an exemption to the requirements of the direct deposit requirement. The three areas that may be considered for a waiver include:

- A. The employee has a physical or mental disability that would impede the employee's ability to gain access to electronically deposited funds;
- B. The employee has religious convictions that preclude the use of direct deposits; or
- C. The facts of the particular case warrant a waiver of the mandatory direct deposit of the employee's wages or salary.



Each payroll officer will be responsible for the initial evaluation of waiver requests originating from the client agencies served with a recommendation made to the Office of the State Controller's Statewide Payroll Manager for appropriate action. Documentation supporting each recommendation for a waiver must be included that will demonstrate the compelling circumstances surrounding the employee's request.

We have drafted a new section to the Statewide Administrative and Accounting Manual (SAAM), Section 25.95 Mandatory Direct Deposit. Section 25.95 describes the requirements of the newly enacted law. Additionally, we have developed the necessary forms to advise new hires of the direct deposit requirement and a Direct Deposit Exemption Request Form for any employee who may wish to apply for a waiver. We believe that all employees who are not currently direct deposit participants will use the forms we already have in place to request participation in the direct deposit program.

As part of this initiative, the OSC is working with the Office of Information Technology on enhancements to the Statewide Time and Attendance System (TAMS) to make payroll advices available to employees electronically even though they may not use TAMS to record their time. The roll out of this feature will take place sometime after the direct deposit program initiative is complete.

Our plans are to meet with all departments and service centers on an individual basis to discuss the direct deposit program with the human resources and payroll processing staff to answer any questions regarding timeframes, roles and responsibilities, forms, and other issues of interest. A schedule is under development by the Statewide Payroll Manager and will be communicated at the meetings. We will also provide each department examples of the new forms to be deployed, Section 25.95 of the SAAM Manual, and a timeline for implementation.

You should begin a campaign to enroll your employees in the direct deposit program immediately as our target date for all employees to be on direct deposit is the payroll closest to July 1, 2008.

Should you have any questions or concerns, please feel free to contact the Terry Brann at 626-8423 or Betty Everatt at 626-8442 at your earliest convenience.