

Memorandum

To: Members of the Board of Education

From: Vicki Goodlett, Finance Officer 

RE: Electronic Pay Stubs, W-2s and Contract Renewal and Mandatory Direct Deposit

Every so often I have an employee ask me about receiving electronic pay stubs and W-2s. I have researched this before but the cost always seems too extravagant to justify. I recently came across a more economical option at the KASBO conference I attended and would like to present this option for your consideration.

NATPAY offers a variety of online documents and will also create documents to our specifications. We are currently interested in electronic pay stubs, W-2s and employee contract renewals.

Gwen and I have participated in an on line tutorial and were pleased with how user friendly the program is. The employee has up to nine email addresses they can utilize to access their information. They can also access the information via the internet, a PDA or their mobile phone.

The information is stored for seven years so it is available to the employee, both active and terminated, for an extended time. This is very helpful to them when submitting pay information for loans, loan renewals and various other types of requests we receive throughout the year.

Using the past twelve months of payroll data – I calculate a direct savings of approximately \$900 annually in printing paper forms versus electronic issue. This does not include the one time set up fee. I only included the continual cost of producing pay stubs. The real savings comes in the form of time. Time saved in printing, folding and sealing and delivery of the stubs to the schools. It also saves school receptionists and/or payroll clerks the time involved in disbursing the stubs to staff. It saves the staff time from having to go to the office to pick up their stub and/or W-2. It would be an exceptional time saver during break periods and holidays when employees run in to the office to pick up their pay information when the pay period falls during the break.

We are also asking the board's consideration for the employee contract renewal forms. We believe the electronic version will be more efficient, a time saver, and will be quite helpful in expediting the contract renewal process for both the personnel department and the employees.

The forms documents mentioned in the quote are forms such as, change of name and address, W-4 forms and direct deposit authorization. As a KASBO member we can receive these three forms for the \$500 set up fee bundled in the package – rather than \$1,500 (\$500 each per the unbundled quote). This allows the employees to send the information to the payroll department electronically – rather than having to stop in and fill out a paper form.

We are continually looking for ways to manage the ever increasing reporting requirements of KDE, the IRS and the various other reporting agencies. I believe this product will help us with efficiency and at a reasonable cost.

It should be noted that while the board can mandate electronic pay stubs – the employee must agree in writing to receive their W-2 electronically. If an employee chooses not to receive their W-2 electronically, a paper W-2 will be issued and mailed to them per IRS regulations.

While NATPAY has many corporate clients across the country, they are new to Kentucky school districts. Knowing that, Gwen contacted the Payroll & Benefits Coordinator with Butler County who enrolled with NATPAY in 2012. I have included that correspondence with your attachment as a reference to the product and its ability to work with MUNIS software.

PLEASE NOTE: We are also requesting your consideration of mandatory direct deposit. When the District moved to direct deposit years ago, it was made mandatory for only new employees – it remained voluntary for all employees on staff at that time. We have experienced no problems with the ACH through Peoples Bank in processing direct deposits accurately and on time. Currently about 7.5% of our employees (both contract and substitutes included) receive paper checks each pay period. That is around 34 individuals in total.

Some of these hang on to their checks for months (sometimes up to 9 months) before cashing them. Some of them have misplaced their checks and request reissue. Others have not received them when mailed and request us to reissue after two days, only to receive the check the day later. I understand that some employees may still be hesitant to receive their pay electronically or they just want to 'cash' their check and not deal with an account – but I believe once they utilize the direct deposit they too will find it more efficient and come to like it. The time savings would be a repeat of those stated in the previous paragraph for utilizing electronic pay stubs.

In addition, this would solve the problem of having to juggle the schedules of the signatories around conferences, meetings, holidays and breaks to make certain they are available to sign pay checks.

For any employee who may not have a checking account, The Peoples Bank will open an account for them at no cost. The account can be used for the direct deposit and the employee would only need to go to the bank to access their funds.

Should the board approve this request for mandatory direct deposit, we would ask that it become effective September 1, 2013 to allow the employees sufficient time complete the authorization form upon their return to work in August and/or to open an account if necessary.

Your consideration of both the electronic document delivery and mandatory direct deposit is certainly appreciated.



DOCULIVERY

Online Document Solutions

Proposal for:
Spencer County School District
Online Solutions

This proposal has been prepared by:

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National Payment Corporation (NatPay)
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6/11/2013

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Executive Overview

How Spencer County School District Will Benefit from Online Pay Stub, W-2, & Form Solutions

The proposal is for Spencer County School District, and is based on 400 FT employees and 450 W-2s. This proposal addresses integration, branding, and per item costs.

Business Challenges

Many businesses such as Spencer County School District are faced with essentially the same challenges....

Online Pay Stubs

NatPay's online pay stub solution brings immediate savings to many companies because they eliminate the cost of printing and delivering paper pay stubs.

- *Guaranteed on-time delivery*
- *Accessible via internet, intranet, mobile phone, or PDA*
- *Instant access to past stubs (pay stubs are stored online for seven years)*
- *Simple to implement with no new software to buy or upgrade*
- *24/7 Personal Support*
- *Fully customized solution for your company*

Online W-2s

Choosing to offer online W-2s is a wise investment that reduces HR headaches and provides a valuable employee benefit. Online delivery gives employees access to W-2s earlier than the traditional process of receiving your W-2 by mail. It also eliminates the chance that employee W-2s will get lost, misdirected, or delayed during delivery. Signing up or enrolling for online delivery is easy and secure.

- *Guaranteed on-time delivery*
- *Accessible via internet, intranet, mobile phone, or PDA*
- *Instant access to past W-2 statements (W-2s are stored online for seven years)*
- *Reduced HR Administration with Immediate ROI*

Online Forms

NatPay's online forms solution brings immediate savings to many companies because they eliminate the cost of printing and delivering paper pay stubs.

- *Accessible via internet, intranet, mobile phone, or PDA*
- *Simple to implement with no new software to buy or upgrade*
- *24/7 Personal Support*
- *Fully customized solution for your company*



Solution Investment

This solution investment for Spencer County School District is based on 400 FT Employees and 450 W-2s.

ONE-TIME SETUP FEES	
One-Time Setup Fees include:	
<ul style="list-style-type: none">• Initial file format integration• Free online training via WebEX with optional on-site* training available• Employee login ID and password setup / administration• Dedicated customer support• Data testing and file transmission support• Online monthly reports setup	
One-Time Setup Fees	Price
Pay Stubs, W-2s, 1099s, Forms Bundled One-Time Setup Fee	\$3,500.00 (\$250 for each form over 3) 2 page limit per form
Pay Stubs One-Time Setup Fee (Un-Bundled)	\$1,500.00
W-2s / 1099 One-Time Setup Fee (Un-Bundled) each	\$1,500.00
Forms Setup Fee (Un-Bundled)	\$500 per each form design
Employee Contract Renewal	\$1,750.00

*** On-site Training:**

Two days of on-site training are available with initial setup. (Client would pay direct expenses like: flight, lodging, car rental, food, etc. if on-site training was requested.)

BUNDLED REOCCURRING FEES	
Pay Stub Component	Price
Per Item Fee	\$0.15/each (WAIVED 1 st 6 months)
Unlimited Monthly Processing	\$9.95 Unlimited Files Submissions
Messaging Fee	WAIVED (All Services)
W-2 Component	Price
Per Item Fee	\$0.75/each
Print and Mail Fee	\$0.45/each + postage
Forms Component	Price
Form Execution Fee	\$0.08/each
Contract Renewal	Price
Per Item Fee	\$0.75



UNBUNDLED REOCCURRING FEES	
Pay Stub Component (UNBUNDLED)	Price
Per Item Fee	\$0.25/each
W-2 Component (UNBUNDLED)	Price
Per Item Fee	\$0.85/each
Print and Mail Fee	\$0.55/each + postage
Forms Component (UNBUNDLED)	Price
Form Execution Fee	\$0.10/each
Report Management Component	Price
Monthly Report Fee	\$2/each
Contract Renewal	Price
Per Item Fee	\$0.75

Component Selection

Please select the Doculivery components that your organization is interested in, then sign, date, and fax this entire proposal back to NatPay at 813.221.8651. By signing this Doculivery proposal, you acknowledge, understand, and accept the terms of this proposal.

- ☐ *Pay Stubs*
- ☐ *W-2s*
- ☐ *Contract Renewal Statements*
- ☐ *Forms*
- ☐ *Report Management*

Client Signature

Print Name

Date



MISCELLANEOUS FEES	
File Format Integration Fee	Price
Any software enhancements, upgrades, or other changes that alter your files and their formats outlined during the initial integration process may incur this fee.	\$125/hour (if applicable)
** W-2 Software Assurance Fee	Price
<p>This fee will be assessed each year, after the first year of service, only if the client's primary W-2 file does not meet EFW2 file format specifications. (The EFW2 file format is the official format of the IRS for reporting W-2 information.)</p> <p>The secondary W-2 file (that may include Box 14 data and other data not required or allowed in the EFW2 file format) must contain the following information: employee SSN, information identifier, and all of the information. The secondary file must conform to one of the following formats: comma delimited (CSV), Excel spreadsheet, or standard columnar data format (text or SDF).</p> <p>If W-2 files do not fall into the specified formats mentioned above, but do qualify as a data file, clients may apply for a waiver. Please note that a PDF file produced for W-2s does not comply as a data file eligible for a waiver.</p>	\$2,400 per year (if applicable)



Return on Investment

Solution Value Analysis

This return on investment for the selected components is based on 400 FT employees and 450 W-2s.

Current Yearly Costs*	Paper Pay Stub	Paper W-2	Contract Renewal	Paper Forms
Postage	-	\$ -	\$ 0.46	\$ -
Paper / Printing	\$0.33	\$ 0.33	\$ 0.33	\$ 0.33
Equipment Maintenance	\$0.25	\$ 0.25	\$ 0.25	\$ 0.25
Labor	\$0.71	\$ 1.80	\$ 1.80	\$ 3.28
Resissue Rate	10%	15%	15%	15%
Cost to Reissue	\$ 0.13	\$ 0.36	\$ 0.43	\$ 0.58
Items Annually	9,600	450	450	-
Total Cost Per Item	\$ 1.42	\$ 2.74	\$ 3.27	\$ 4.44
Total Yearly Costs Per Category	\$ 13,632	\$ 1,233	\$ 1,472	\$ -
Total Yearly Costs	\$ 16,337			
Doculivery Yearly Costs	Electronic Pay Stub	Electronic W-2	Electronic W-2	Electronic Forms
Cost Per Item	\$ 0.15	\$ 0.75	\$ 0.75	\$ 0.08
One-time Setup Fee	\$ 2,000	\$ 1,000	\$ 1,750	\$ 500
One-time Branding Fee		\$ -	\$ -	\$ -
Monthly File Processing Fee	\$ 9.95	-	-	-
Daily File Processing Fee	\$ -	-	-	-
Number of Pay Periods	24	-	-	-
Number of Employees	400	-	-	-
Items Annually	9,600	450	450	-
Total First Year Costs Per Category	\$ 3,559	\$ 1,338	\$ 2,088	\$ 500
Total First Year Costs	\$ 7,484			
Total Subsequent Yearly Costs	\$ 2,234			
Your Savings				
Category Per Item Savings	\$ 1.27	\$ 1.99	\$ 2.52	\$ 4.36
Subsequent Yearly Savings Per Category	\$ 12,073	\$ 896	\$ 1,134	\$ -
Total Subsequent Yearly Savings	\$ 14,102	86%		
Total First Year Savings	\$ 8,852	54%		

*Average Per Item Costs

According to NACHA, the average cost to produce a pay stub in-house is \$1.90 for each employee. This includes labor, forms, and postage.

Research shows that the average cost to produce a W-2 or 1099 in-house is about \$3.24 for each employee. This includes labor, forms, and postage.

A 2008 Aberdeen Group report states that the cost to produce and maintain any type of bill or statement internally ranges from \$12.71 to \$21.86.

When AR/AP related, the cost to process a payment ranges from \$3 to \$10.

Please note that the ranges discussed above depend on the systems and processes currently employed.



Implementation Considerations and Requirements

File Types and Specifications Overview

NatPay strides towards a high level of functionality and accuracy in every product that we deliver. Our products rely on the quality of files that we receive from our clients.

We accept a wide variety of file types, and do not require them to be in any specific format. We do however require that the information in the file be presented in a clear and consistent format. The files must contain all of the information necessary for us to deliver an excellent product to our customers.

Any software enhancements, upgrades, or other changes that alter your files and their formats outlined during the initial integration process may require additional setup fees at \$125 an hour.

W-2 File Types And Specifications

W-2 files should be in the IRS EFW2 file format. This is the official format of the IRS for reporting W-2 information. If W-2 files are not in this format, a W-2 Software Assurance Fee will be assessed each year, after the first year of service, only if the client's primary W-2 file does not meet EFW2 file format specifications.

A secondary W-2 file (that may include Box 14 data and other data not required or allowed in the EFW2 file format) must contain the following information: employee SSN, information identifier, and all of the information. The secondary file must conform to one of the following formats: comma delimited (CSV), Excel spreadsheet, or standard columnar data format (text or SDF).

If W-2 files do not fall into the specified formats mentioned above, but do qualify as a data file, clients may apply for a Software Assurance Fee waiver. Please note that a PDF file produced for W-2s does not comply as a data file eligible for a waiver.

Internet Browsers

Although Doculivity's basic features work with older versions of Internet browser applications, NatPay suggests using the newest versions available to ensure that all Doculivity features work as expected, and that all sessions are as safe and secure as possible.

NatPay highly recommends using Internet Explorer 7 and above, or Firefox 3 and above to access and use Doculivity.



Why choose NatPay?

System and paper administration cost savings

- *Doculivery requires no additional software or hardware investment*
- *No long term contracts – provides a more flexible solution investment*
- *There are no annual maintenance fees or upgrade fees – you only pay for what you use*
- *Reduces or eliminates IT staffing costs, system administrators and support staff as compared to software or in-house systems*
- *Doculivery TCO is generally lower than other application software*
- *Reduction in paper production and administration costs (processing, distribution, mailing, etc.)*

Faster Integration Time

- *With no on-site hardware or software installations to perform, our web-based system is ready for operation in weeks, not months*
- *Capital investment is minimum for installation with a relative ROI in as little as two months*
- *Flexible APIs are possible with Doculivery's modular system – with utilizes the latest in .NET technology*
- *Training investment is protected (No SQL expertise required) and system navigation is customizable that is supported by online and email technical support*

Stability

- *Doculivery utilizes SSL (Secure Socket Layer) encryption and advanced password management to ensure the protection of sensitive information*
- *Dedicated support technicians for each account ensure smooth integration and ongoing operations*
- *Independently audited by 2 firms every year*
- *Employs industry latest encryption technologies for highest security standards such as GeoTrust certificates and 3-tier firewall protection*
- *SSAE 16 SOC 1 audited organization*
- *HIPAA compliant*
- *Outsourced solutions from an industry leader*
- *Transmits over \$8 billion annual of client funds with 100% accuracy*
- *Processes over 4 million statements and documents annually across the nation*
- *Gain a competitive advantage by storing documents in one secure location*
- *All documents gain a "live data" component – creating endless reporting possibilities*
- *Over 20 years of electronic data and distribution service experience*
- *Outsourcing IT administration and management allows companies to apply greater time and focus to core competencies*

NatPay offers a comprehensive portfolio of payroll, human resource, and financial solutions with services that help clients do what they do best — run their business. With customized SaaS (Software as a Service) solutions and online document management services, NatPay provides their clients relief from administrative hassles so they can focus on their human capital needs and profitability by reducing G&A costs and streamlining business processes.

NatPay appreciates the opportunity to earn your business, and be a trusted advisor to your tactical and strategic business needs.

Sincerely,

Bo Journey
bo.jurney@nationalpayment.com
813.222.0333 x 121

Goodlett, Vicki

From: Shouse, Gwen
Sent: Monday, June 10, 2013 4:31 PM
To: Goodlett, Vicki
Subject: FW: Nat Pay

Travis with Butler County replied below.

Gwen Shouse
Payroll Administrator
Spencer County Board of Education
(502) 477-3250

'The happiest people don't necessarily have the best of everything; They just make the best of everything they have.'

From: Johnson, Travis
Sent: Monday, June 10, 2013 4:22 PM
To: Shouse, Gwen
Subject: RE: Nat Pay

1. We use direct deposit (e-stubs) and W2's.
2. While I'm running payroll in the Print Payroll Advices, I hit save to file. Then I go to saved reports and save that direct deposit file as a text document. That is what I upload to the Nat Pay site. It's very simple and I can give better detail if needed.
3. Very easy to access. They login from any computer. They can have e-mails sent with paystubs in them, e-mail reminders sent or even text messages.
4. I've never tried to delete a record, but when I pulled up an old file I see there is an option, so I'm assuming it works.
5. We have never had any problems. I was very worried about them working with munis, but it's been great and saved us a lot of money so far. We started with them last August. The W2's took us a few tries (we had them right during test, but then we had to add the Health Insurance amounts), but they worked with us and got it working with very little trouble. I would recommend them to anyone.

If I can answer any other questions or get more in-depth about how we get our reports just let me know.

Travis Johnson

Payroll & Benefits
Butler County Schools

270-526-5624 (p)
270-526-5625 (f)

From: Shouse, Gwen
Sent: Monday, June 10, 2013 3:03 PM
To: Johnson, Travis
Subject: Nat Pay

Good afternoon Travis,

We are considering Nat Pay for our district for the next school year. They sent us information stating that Butler County currently uses the system. I was hoping you might answer a few questions for me and give us your opinion of the product.

1. What parts of Nat Pay do you currently use? (Direct deposit, W2?)
2. Do you prepare a file in Munis that is then sent to the Nat Pay site or does Nat Pay have to interface with Munis for the information?
3. Is it easy for employees to access the information?
4. If you have to void a direct deposit, can you delete it in the Nat Pay side?
5. Please let us know if there are any issues with this system.

Thank you so much in advance for your time. I know it's a very busy time of year.

Gwen Shouse

Payroll Administrator

Spencer County Board of Education

(502) 477-3250

