

Electronic Pay Stubs

A Report to the Governor and the Legislature

*Respectfully submitted as required by
CHAPTER 526 of the LAWS OF NEW YORK OF 2008*



**State of New York
Office of the State Comptroller
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1.0 EXECUTIVE SUMMARY

Introduction

Pursuant to Chapter 526 of the Laws of 2008, the New York State Office of the State Comptroller (OSC) is charged with providing a report to the Governor and the Legislature by February 17, 2009, that shall include at least the following:

1. The number of employees currently paid through direct deposit as compared to the total number of employees eligible for direct deposit;
2. any trends that can be observed in the number of employees paid through direct deposit;
3. estimates of how many employees would choose to accept electronic pay stubs, such estimate may be based on the experiences and results of other states;
4. estimates of the savings from printing, postage, and distribution of paper pay stubs;
5. any other benefits, costs, or risks that should be considered in deciding whether to implement electronic pay stubs in New York;
6. identification of the process that would be required to implement an electronic pay stub program and an estimated cost to implement that program; and,
7. any legislative recommendations necessary to implement the electronic pay stub program.

This report details the findings, research and analysis conducted by OSC to address all of the questions in the legislation. To fully understand the costs, benefits, risks, solutions, potential savings and pertinent issues associated with the implementation of an electronic pay stub system, the focus must be expanded beyond the questions in the legislation. Therefore, OSC has included certain information relating to the overall paycheck payment and distribution process, provided the costs incurred to maintain this process, and described the OSC projects that have already been initiated to make improvements to this process. The findings and conclusions in this report are summarized in the following points:

1. The implementation of only an electronic pay stub system in lieu of paper pay stubs will **not** provide the State with immediate or future net cost savings.
2. It would not be economically feasible to implement a stand-alone electronic pay stub system; since the printing and distribution methods of paper pay stubs and paper paychecks are exactly the same, it would be impossible to realize savings by implementing only an electronic pay stub system.
3. OSC's long-term strategic plan is to provide electronic pay stub access through new online services, but building this system requires infrastructure enhancements to OSC's Self-Service Portal. OSC has analyzed this and other alternatives to providing an electronic pay stub, and has determined it to be the most cost-effective approach.

OSC Strategic Plan: Self-Service Portal Strategy

A review of how organizations provide electronic pay stubs revealed that there are many potential approaches to implementing and maintaining an electronic pay stub system. These approaches vary based on the unique characteristics of each organization, taking into account such factors as organization size, legal environment, and industry type. The most effective approach for New York State, based on OSC's analysis of costs and other factors, is to develop an electronic pay stub system that is consistent with OSC's long-range strategic plan. The plan, which includes the development of a new electronic pay stub application via OSC's Self-Service Portal within the next 3 to 5 years, calls for continued enhancements to the enterprise portal and for the provision of new online services.

OSC's Self-Service Portal is currently used by members of the Retirement System and retirees to view retirement information. Many of OSC's future online interactions with customers will be managed through an enterprise identity and access management application, which will ensure secure access to personal and confidential data. When completed, a variety of future applications will allow citizens, State employees, and State agencies to interact with OSC online. Electronic pay stubs are but one of many applications that could be implemented with this infrastructure.

The costs associated with development and implementation are estimated herein. As a first step, the costs of the planned modifications to the OSC Self-Service Portal infrastructure are estimated at approximately \$993,000 for the first year, \$693,000 for the second year (for additional disk storage, licenses, etc.) and approximately \$168,000 each subsequent year in ongoing infrastructure maintenance and support. This includes wider enterprise use. Additionally, to develop a new electronic pay stub application within the Self-Service Portal, OSC estimates the hardware, software, labor, training, consulting, and technical support costs at approximately \$670,000 for one-time development. Total first year costs for planned modifications to the infrastructure and development of the electronic pay stub application is \$1,663,000 (see page 22). Ongoing software maintenance, labor to support the electronic pay stub application, and training and technical support for users is estimated to cost \$504,000 annually.

OSC has initiated an identity and access management project that is foundational for the new infrastructure. Once the new infrastructure outlined in OSC's Self-Service Portal strategy is in place, the marginal cost of providing for electronic viewing of pay stubs, as well as other payroll-related services, makes this approach more cost-effective than other approaches.

Even though our analysis indicates that OSC's strategic plan approach is more cost-effective, other options were considered that could accomplish the goal of eliminating the current costs associated with the printing, postage and distribution of paper pay stubs and paychecks (see page 5 and 18 for an itemization of these costs). Each of these options (email pay stubs to State employees, outsource pay stub hosting and implement paycards) was reviewed with respect to legal and other factors, and all fell short of providing clearly identifiable cost savings and/or were not in line with the strategic direction of OSC.

Options Considered

Email Check Stubs to State Employees

Email distribution of pay stubs was examined and deemed not feasible for security, privacy, and technical reasons. The administrative efforts to maintain valid email addresses and provide alternatives for those without email capabilities, along with technical issues (such as firewalls and spam filters), involve substantial obstacles that would be difficult to resolve. It is likely that the long-term costs of administering this alternative would exceed the costs of the other options considered.

Outsourced Pay Stub Hosting

Outsourcing the hosting of pay stub information to a vendor was also considered. This option would entail conducting a competitive procurement to identify a vendor. The estimated cost includes a one-time upfront cost of approximately \$1,358,000 and estimated ongoing annual costs of approximately \$1,400,000 for training, support, electronic hosting and customer service fees charged by the outside vendor. This solution would cost substantially more than the printing, mailing, and distribution of paper pay stubs. It could represent a threat to data security, and it is not consistent with the strategic direction of OSC.

Paycards with Outsourced Hosting of Pay Stubs

Paycards were researched because they could help eliminate all paper checks and all paper pay stubs. A paycard is a pre-paid debit card attached to an account that allows employers to pay their employee salaries by posting funds to the card electronically. An employee can access those funds online, via ATM machines, or via debit point-of-sale transactions. Implementation of a paycard program would require a competitive procurement to select a vendor. The full costs of a paycard program are unknown, since final contract negotiations with the selected vendor would identify detailed transaction costs and would likely specify provisions for the paycard vendor to provide electronic pay stub data for all State employees via Internet, ATM, and telephone.

There are a multitude of programs and options in the marketplace. As of January 2009, six states have adopted paycards (Missouri, Nebraska, Oklahoma, Oregon, South Dakota and Virginia). Three states (Arizona, Minnesota and North Carolina) indicated they were either starting a pilot program, or are indirectly offering paycards to State employees.

Further research and vetting would be required to determine if paycards are cost-effective and would be acceptable, particularly to State employees who already have direct deposit. Only after a formal competitive procurement and thorough legal review was conducted could it be determined whether paycards are a cost-effective option. Most importantly, however, this alternative is not consistent with the strategic direction of OSC, and may pose data security and significant legal issues.

Direct Deposit Data and Trends

OSC is responsible for ensuring salary payments to the employees of the New York State Executive, Legislative and Judicial branches, the State University of New York, and the City University of New York Senior Colleges. All 275,208 State employees paid through the State Payroll System as of October 2008 are potentially eligible for direct deposit. At that time, a total of 202,331 State employees were paid via direct deposit, 56,264 were paid by paper check, and 16,613 State employees had opted to split their payment, receiving both a check and a direct deposit on a biweekly basis.

In 2004, 64.6 percent of the state workforce was paid by direct deposit. Over the past four years, participation has steadily increased by approximately 2 percent per year. This increase can be partially attributed to OSC's annual drive in partnership with State agencies to increase participation in direct deposit, as well as continued communications to State agencies encouraging new hire participation. As of October 2008, 73.5 percent of the State workforce was paid via direct deposit.

State employees in the lower salary grades have the lowest rate of direct deposit participation, with 62.6 percent participation for salary grades 1-6, 61.7 percent participation for salary grades 7-9, and 68.0 percent participation for salary grades 10-13. It is also low for salary grades 500-700 (Correction and Parole Officers), with 68.6 percent participation for this group. Participation is highest in salary grade range 22-25, with 86.7 percent participating in direct deposit.

Estimate of Costs to Print, Mail, and Distribute Paper Paychecks and Pay Stubs

Currently, every State employee receives either a paper check or pay stub, biweekly, regardless of the payment method selected. The estimated hard cost of printing **pay stubs** for the State employees who currently participate in direct deposit is \$343,000 per year.¹ Printing and distributing paper checks costs an additional \$239,000 per year. In total, the State spends approximately \$582,000 in hard costs to print, mail, and distribute paper checks and paper pay stubs. These costs would be eliminated, or significantly reduced if 100 percent participation in direct deposit and electronic pay stub delivery could be achieved. In other words, without an 100 percent (or a significant increase) in direct deposit participation, the implementation of electronic pay stubs will not result in a substantial reduction in the distribution costs associated with delivering paper pay stubs to agencies for re-distribution to their employees. It should be noted, however, that even if 100 percent participation in direct deposit is achieved, the related savings would be offset by the new costs incurred to implement and maintain IT systems needed for an electronic pay stub system.

¹ These estimates do not include "soft" costs. Some savings can be realized on a cash basis (hard costs) but other benefits (soft costs such as reductions in labor) may be realized and not necessarily converted into cash savings.

Estimate of State Employee Acceptance of Electronic Pay Stubs

State employee acceptance must be carefully examined and resolved. Informal surveys indicate some State employees may be resistant to eliminating paper pay stubs and paychecks, but in the current fiscal climate there may be an opportunity to change the status-quo in a way that would benefit the State in the long-term. The potential challenges from changing the status quo, however, should not be discounted.

Idaho, Florida, Kentucky, and South Dakota have successfully deployed electronic pay stubs. State employee acceptance in these states varied, depending largely on the policies, incentives, and degree of communication efforts utilized. In Idaho, approximately 74 percent of State employees participating in direct deposit choose to view their pay stubs online. OSC recently completed an informal survey to estimate State employee acceptance at State agencies. A summary of the results contained in the body of this report indicate potentially mixed acceptance.

Other Benefits, Costs and Risks

The 2008 survey conducted by OSC of State agency payroll staff estimates that staff spend 140,000 hours per year in handling and distributing paper paychecks and pay stubs, accounting for nearly all of the estimated \$3.8 million in agency distribution costs statewide. If agency staff no longer had to handle and distribute paper paychecks and pay stubs, the savings in time and effort would not likely translate to a “hard” labor cost savings, since the staff that perform these responsibilities spend just a few hours on this task every two weeks. It is much more likely that staff time would be diverted to other value-added activities. Therefore, one additional benefit of an electronic payment and pay stub system would be the opportunity to redirect valuable staff resources.

Legal Considerations for Mandating Direct Deposit and Electronic Pay Stubs

By State law, New York State government cannot unilaterally require all State employees to enroll in direct deposit. Mandatory direct deposit would likely be considered a change in the terms and conditions of employment and, therefore, subject to collective bargaining. Part of the negotiations could include a commitment to examine opportunities to require direct deposit for newly hired State employees. If successful negotiations can be achieved, the State could realize greater savings. It is not clear whether mandatory electronic pay stubs would constitute a change in terms and conditions of employment and further legal review of this issue is required.

Conclusion

None of the options identified for implementing electronic viewing of pay stubs would provide the State with **immediate** net cost savings. Some of these options may never yield net cost savings, and would potentially increase the annual cost of administering the New York State payroll. The most cost effective approach for New York State, based on OSC analysis, is to take the long-term view and enhance OSC's Self-Service Portal infrastructure within the next 3 to 5 years. Once the new infrastructure is in place, the marginal cost of providing for electronic viewing of pay stubs and other online and payroll-related services will be reduced, making this approach more cost-effective than other approaches. The upfront costs associated with building this new infrastructure are anticipated to be recouped over time to create a net cost savings.

OSC's strategic plan includes providing electronic pay stub information to State employees, but building the new infrastructure is an important OSC priority that paves the way for electronic pay stubs, new online services, and new payroll functionality, such as State employee address updates and electronic delivery of W-2 forms. Pursuing a freestanding electronic pay stub resolution at this time without the prerequisite infrastructure would redirect already scarce resources, add costs and complexity, and jeopardize the ultimate success of key strategic initiatives currently underway which arguably offer greater benefit to New York State, in terms of cost savings and/or financial controls.

While the new Self-Service Portal infrastructure is being completed, OSC will attempt to resolve outstanding legal, legislative, collective bargaining issues, and any other questions with appropriate parties, including the Governor's Office, the Legislature, and Governor's Office of Employee Relations (GOER).

2.0 INTRODUCTION AND GENERAL INFORMATION

Scope

Pursuant to Chapter 526 of the Laws of 2008, the New York State Office of the State Comptroller (OSC) is charged with providing a report to the Governor and the Legislature by February 17, 2009, that shall include at least the following:

1. The number of employees currently paid through direct deposit as compared to the total number of employees eligible for direct deposit;
2. any trends that can be observed in the number of employees paid through direct deposit;
3. estimates of how many employees would choose to accept electronic pay stubs, such estimate may be based on the experiences and results of other states;
4. estimates of the savings from printing, postage, and distribution of paper pay stubs;
5. any other benefits, costs, or risks that should be considered in deciding whether to implement electronic pay stubs in New York;
6. identification of the process that would be required to implement an electronic pay stub program and an estimated cost to implement that program; and,
7. any legislative recommendations necessary to implement the electronic pay stub program.

An industry review of how organizations provide electronic pay stubs revealed that there are many potential approaches to implementing and maintaining an electronic pay stub distribution system. These approaches vary based on the unique characteristics of each organization, taking into account such factors as organization size, legal environment, and industry type.

Assumptions

Direct Deposit Eligibility

For the purpose of this study, it is assumed that all New York State employees are eligible for direct deposit. OSC consistently urges State agencies to encourage all State employees to enroll in the direct deposit program. However, State agencies have developed different rules and requirements for enrollment in direct deposit, which has created inconsistencies and has also limited the number of potential enrollees. For example, some agencies do not allow new hires to enroll in direct deposit because a new employee has not yet accumulated a sufficient number of leave accruals that could be used by the State agency to offset a potential salary overpayment. To address these issues, OSC plans to adopt and promulgate additional direct deposit rules and procedures, especially for new hires. This change may have a significant impact on increasing direct deposit enrollment.

Size of the New York State Workforce

To calculate costs in future years, OSC assumed the number of State employees will remain constant over the next three years.

Hard Costs versus Soft Costs

Hard costs reflect savings that can be realized on a cash basis (i.e., elimination of the cost to print, produce paper and mail). Soft costs (such as the reductions in the time and effort of personnel) may be realized but not necessarily converted into cash savings.

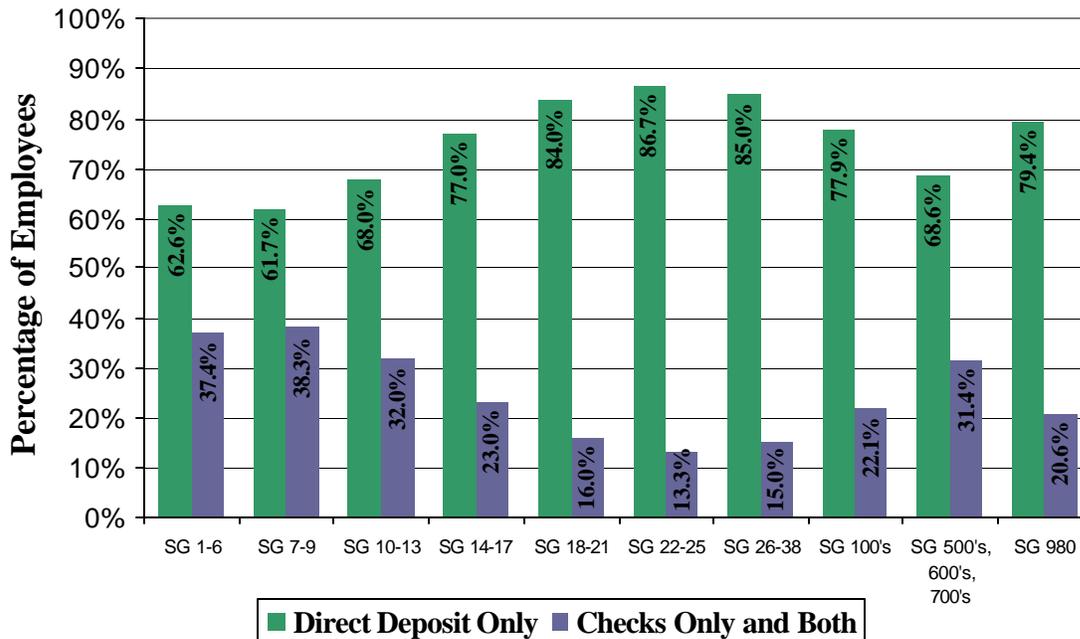
3.0 CURRENT DIRECT DEPOSIT DATA AND OBSERVABLE TRENDS

Current Direct Deposit Participation Data

As of October 2008, all 275,208 State employees are potentially eligible for direct deposit.² A total of 202,331 State employees are paid via direct deposit, 56,264 are paid by paper check, and 16,613 State employees opt to split their payment, receiving both a check and a direct deposit on a biweekly basis.³

State employees in the lower salary grades have the lowest rate of direct deposit participation, with 62.6 percent participation for salary grades 1-6, 61.7 percent participation for salary grades 7-9, and 68.0 percent participation for salary grades 10-13. It is also low for salary grades 500-700 (Corrections and Parole Officers), with 68.6 percent participation for this group. Participation is highest in salary grade range 22-25, with 86.7 percent participating in direct deposit.

Figure 1: *Statewide Direct Deposit Participation – Percentage within Salary Grade by Direct Deposit Status*



² The State Payroll System is capable of performing direct deposit for any and all State agencies. However, State agencies have developed different rules and requirements for enrollment in direct deposit, which has created inconsistencies and has limited the number of potential enrollees. Additional action by OSC may be required to standardize these rules and regulations.

³ Current OSC Bureau of State Payroll Services policy allows employees to split their biweekly wage via check and/or via direct deposit. Funds may be electronically deposited into a maximum of eight different bank accounts.

Figure 2: Statewide Direct Deposit Participation – Number of State Employees Paid by Salary Grade and Direct Deposit Status

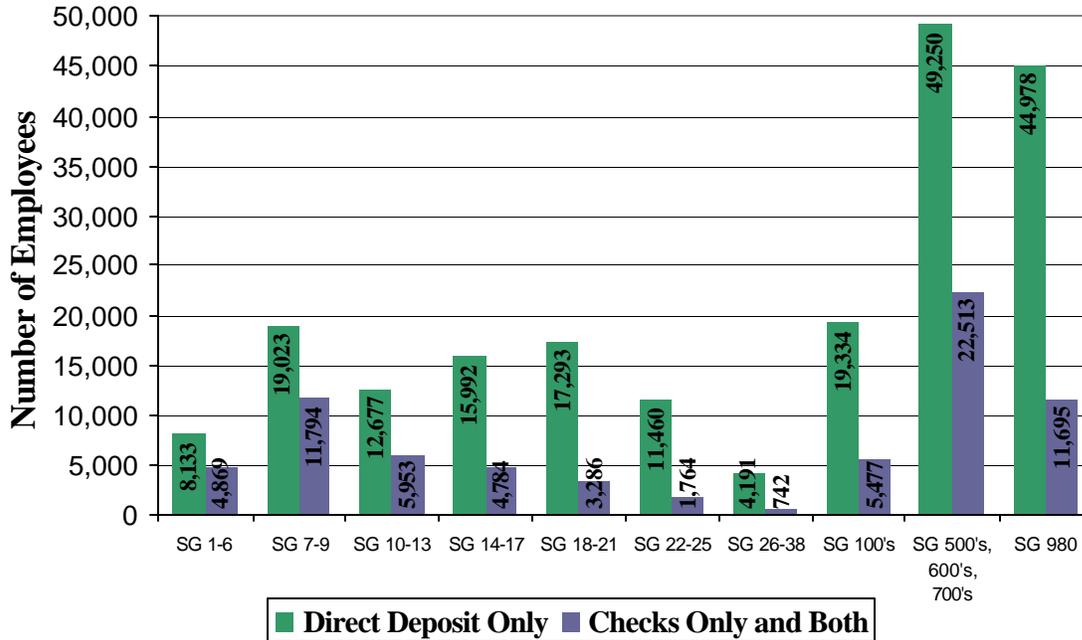


Figure 3: Statewide Direct Deposit Participation – Percentage of State Employees Paid By Salary Grade and Direct Deposit Status

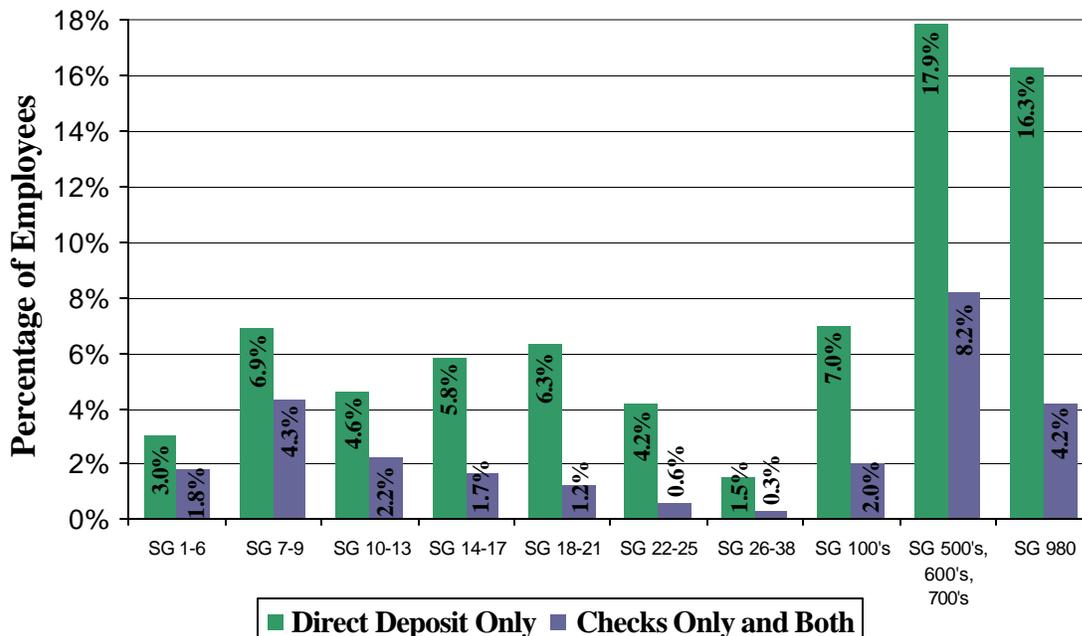
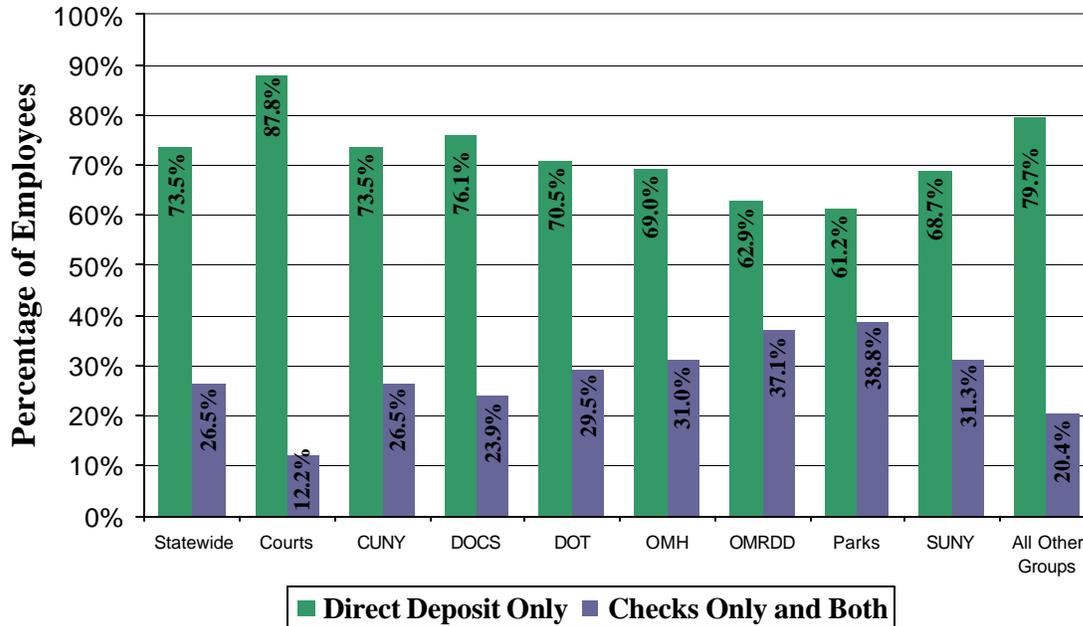


Figure 4: Statewide Direct Deposit Participation - by Agency Groups



Direct Deposit Trends

Direct deposit participation in New York State continues to grow over time. This trend is expected to continue into the foreseeable future. However, there are limitations which preclude full (100 percent) participation. To participate in direct deposit, State employees must have an active checking or savings account. According to the American Payroll Association (APA), approximately 5-10 percent of the national workforce lacks a bank account for various reasons. These “unbanked” workers currently use check cashing services with an average transaction cost of 2-3 percent per check (although a previous OSC survey indicates a higher transaction cost for New Yorkers of about 4.5 percent per check) or utilize accounts of friends or relatives to access their funds.⁴

Direct Deposit Participation Trends – New York State

In 2004, 64.6 percent of the State workforce was paid exclusively by direct deposit. Over the past four years, participation has steadily increased by approximately 2 percent per year. This increase can be partially attributed to OSC’s annual drive in partnership with State agencies to increase participation

⁴ The American Payroll Association's Government Affairs Task Force developed a June 2008 guide entitled “State Recognition of Payroll Debit Cards,” which contains a variety of paycard statistics and legal information at <http://legacy.americanpayroll.org/pdfs/paycard/APAPaycardGuide.pdf>. This source quotes a national average of 2-3 percent, while the 2005 OSC survey indicates an average rate of 4.5 percent per year for those who pay a check cashing fee. Regardless of which figure is used, these employees are paying significant fees to cash their checks.

in direct deposit, as well as continued communications to State agencies encouraging new hire participation. As of October 2008, 73.5 percent of the State workforce was paid via direct deposit.

Based on the recent growth in direct deposit participation of 2 percent per year, OSC expects State employees to exceed 85 percent participation over the next decade. However, it is important to note that the “unbanked” population, State employees who refuse to enroll in direct deposit, and union negotiation requirements will likely preclude 100 percent participation. Until full participation is achieved, the fixed costs associated with paper compensation are unlikely to decrease.

In addition to an increasing percentage of State employees enrolling in direct deposit, there has also been an increase in the total number of State employees on the New York State payroll. The rate of growth in direct deposit participation, however, has not kept pace with the rate of growth in the State workforce. As a result, the gains made in direct deposit growth are offset by the increasing numbers of employees on the State payroll. The growth rate in the State workforce impacts the volume of paper pay stubs and paychecks that are printed and distributed across the State.

Figure 5: New York State Payroll - Direct Deposit Status 2004-2008

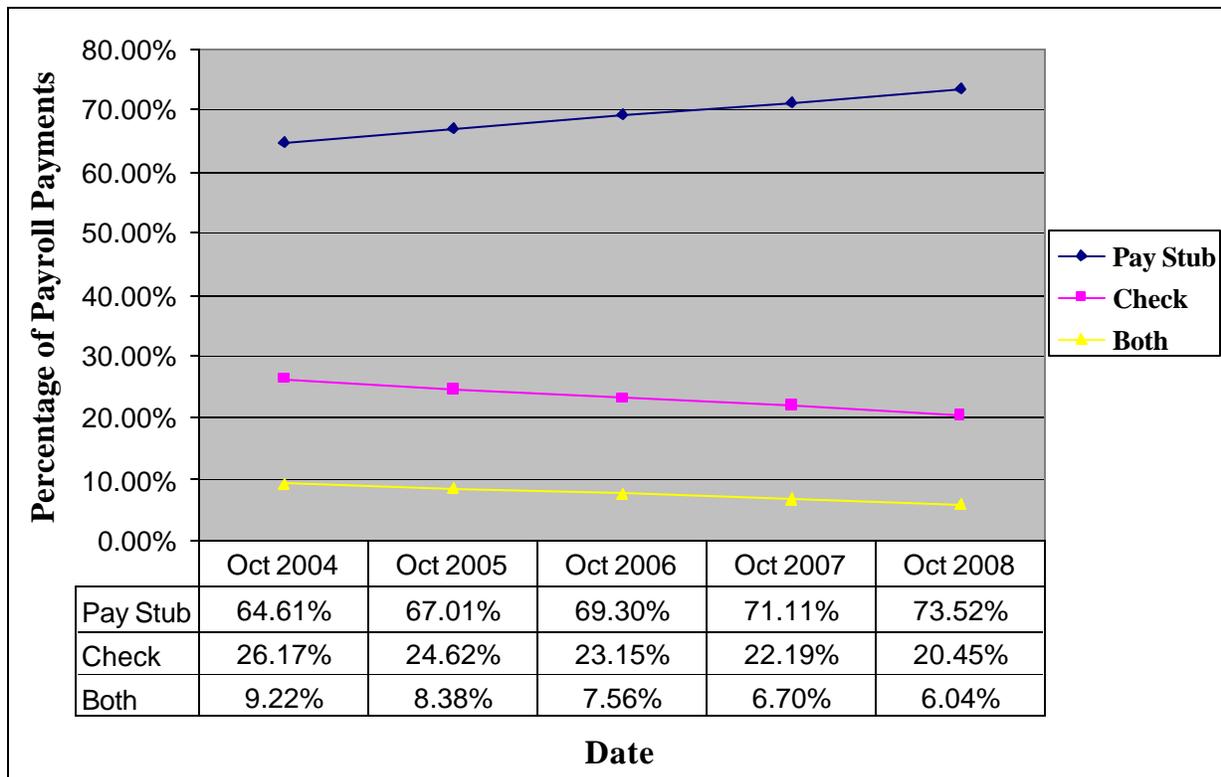
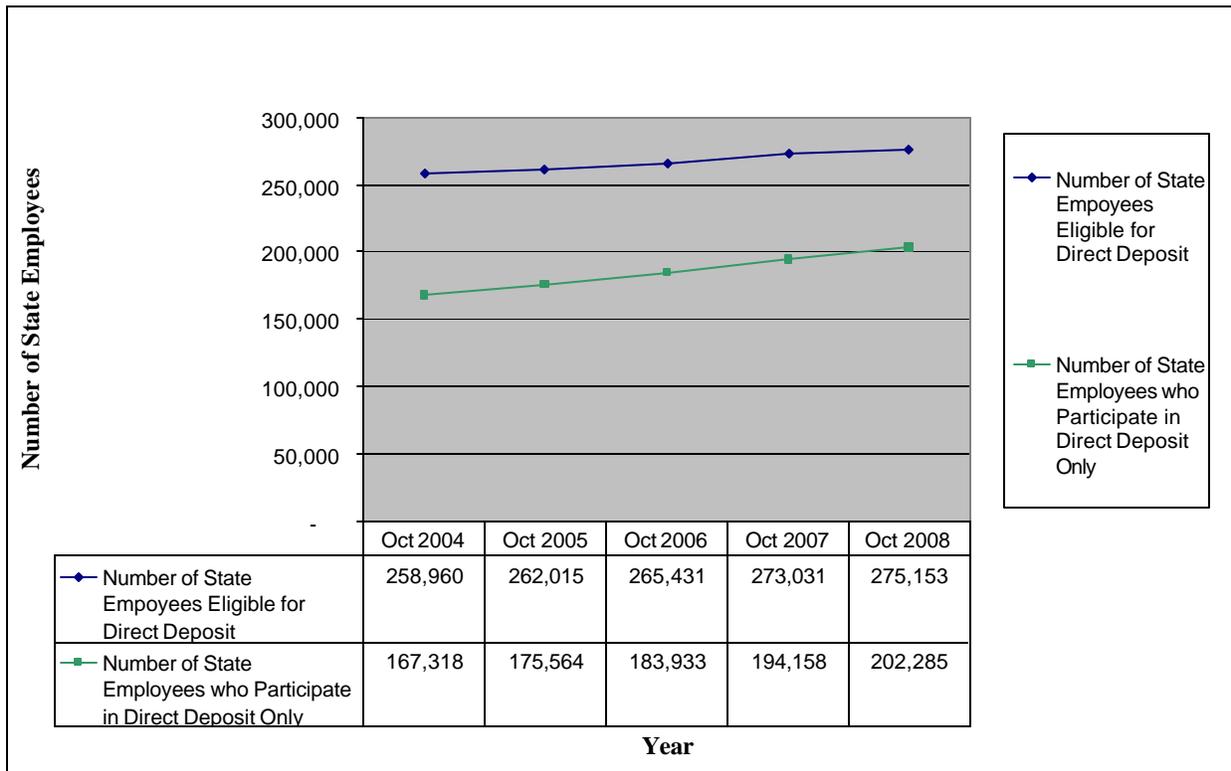


Figure 6: *Direct Deposit Participation Compared to Eligibility*



4.0 ESTIMATE OF STATE EMPLOYEE ACCEPTANCE OF ELECTRONIC PAY STUBS

Idaho, Florida, Kentucky, and South Dakota have successfully deployed electronic pay stubs.⁵ State employee acceptance in these states varied, depending largely on the policies, incentives, and degree of communication efforts utilized. For example, Idaho states that approximately 74 percent of State employees on direct deposit choose to view their stubs online. As a result of implementing electronic pay stubs online, its statewide direct deposit percentage increased from 75 percent to 82 percent.

2005 Direct Deposit Survey

In 2005, OSC conducted a survey of direct deposit non participants, who represented approximately one-quarter of the State employees at the time, to determine the root causes of resistance to direct deposit enrollment. The results show that:

Direct Deposit

- More than 9 out of 10 non-participant respondents (93.2%) had a bank or credit union account
- More than four-fifths of respondents (85.7%) were familiar with direct deposit
- Reasons for not enrolling in direct deposit:
 - a) 54.2% said they “are satisfied with receiving a check/do not wish to change”
 - b) 35.4% said they “have more control” with a check
 - c) 32.1% said they “enjoy receiving a check”
 - d) 30.1% said they like to see the check “to make sure it is the correct amount”
 - e) 12.3% said they have never been asked to enroll
 - f) 5.9% said they are not eligible due to agency policy
 - g) 4.5% said they did not know it was available
- More than one-fourth (29.1%) were “very” or “somewhat likely” to enroll in the next three months

Check Cashing Fees

- 6.2% of State employees regularly pay a fee to cash their paycheck (93.8% do not pay a fee)
- Of those who pay a fee:
 - a) 52.7% pay a percentage to cash their check (average percent charged is 4.5%)
 - b) 47.3% pay a flat fee (average flat fee is \$6.68)

⁵ When Idaho implemented an electronic pay stub system, the state launched a website at <http://www.sco.idaho.gov/web/dsp/dspweb.nsf/PayStubs?OpenPage> with FAQs and Lessons Learned. This data is from the FAQ page.

2008 State Agency Survey

In order to provide data on anticipated State employee acceptance rates and to estimate the costs involved in agency pay check and pay stub distribution, OSC surveyed all 235 State Payroll Officers in December 2008. More than 150 Payroll Officers voluntarily responded to this request.

State Agency Data on State Employee Acceptance

Responses from Payroll Officers ranged from full support and enthusiasm, to strongly worded caution against imposing any system on State employees. Some State agencies conducted their own surveys to gather a consensus internally and there was a wide range of acceptance levels.

The survey results indicate the need to conduct additional research in the future around the issue of State employee acceptance. The survey was intentionally designed to provide State agencies with the ability to provide broad feedback on a range of possible options, without proposing a specific alternative.

Best practices suggest that the policies associated with any proposed system (i.e., optional versus mandatory, or “carrot and stick” approach) would also impact State employee acceptance. Examples of implementation options include the Idaho policy of using a “carrot and stick” approach to encourage participation by only providing electronic pay stubs to direct deposit participants.

5.0 ESTIMATE OF COSTS TO PRINT, MAIL, AND DISTRIBUTE PAPER PAY STUBS AND PAYCHECKS

Currently, every State employee receives a paper check or pay stub, biweekly, regardless of the payment method selected. The estimated hard cost of printing **pay stubs** for the State employees who currently participate in direct deposit is \$343,000 per year.⁶ Printing and distributing **paper checks** costs an additional \$239,000 per year.⁷ In total, the State spends approximately \$582,000 in hard costs to print, mail, and distribute paper checks and paper pay stubs. These costs would be eliminated, or significantly reduced, if 100 percent participation in direct deposit and electronic pay stub delivery could be achieved.⁸ However, these savings would be offset by the new costs incurred to implement and maintain IT systems needed for electronic pay stub data distribution.

Current Cost Details – Printing, Postage and Distribution of Pay Stubs and Paychecks

New York State employees have the option of receiving a check and/or direct deposit. All State employees on the State payroll (even those who participate in direct deposit) receive either a paper check or pay stub each pay period. All checks and pay stubs must be printed and distributed statewide under strict handling guidelines to ensure proper delivery to the authorized recipient. OSC prints and delivers over 7 million payroll paper checks and pay stubs per year.

The costs of producing and distributing paper pay stubs accrue primarily to OSC (mostly printing), the New York State Treasury (mostly courier costs), and all State agencies (mostly distribution costs).

One of the key factors to consider in any future analysis that may be conducted from the data herein is the nature of the hard and soft costs related to distribution. Unlike the hard costs of paper and toner, distribution costs are unlikely to increase or decrease proportionately to the number of State employees that participate in direct deposit. For example, if the number of pay stubs sent to a rural New York State office decreased by 50 percent then the cost of the trip to that location remains unchanged so long as any checks or pay stubs need to be delivered. Therefore, the only way to eliminate distribution costs is to eliminate the need to distribute the information.

⁶ These estimates do not include “soft” costs. Some savings can be realized on a cash basis (hard costs) but other benefits (soft costs such as reductions in labor) may be realized and not necessarily converted into cash savings.

⁷ Printing and distributing paper checks costs: OSC Cost Check Printing \$143,000 + OSC courier costs \$60,000 + New York State Treasury Check distribution expenses \$36,000 = \$239,000. Please note that the OSC courier cost of \$60,000 includes handling of both pay stubs and checks.

⁸ Even states that implement 100 percent mandatory direct deposit have exceptions for hardships and religious exemptions that require a small number of manual checks to be produced.

OSC did not examine the cost structure of the statewide courier service administered by the Office of General Services (OGS). OGS provides a range of services outside the scope of payroll distribution. Savings may accrue to OGS if it is no longer required to distribute checks and/or pay stubs.

Hard Costs

In FY 2007-08 OSC and the New York State Treasury incurred the following “hard” costs for printing and distributing pay stubs and checks:

Table 1: *OSC and Treasury Hard Costs*

OSC Cost - Pay Stub Printing	
Blank pay stub paper	\$ 337,991.81
Toner cartridge (1 per week)	\$ 4,896.84
<i>Pay Stub Printing Subtotal</i>	\$ 342,888.65
OSC Cost - Paycheck Printing	
Blank paycheck stock	\$ 129,018.00
Toner cartridge and developer	\$ 11,804.00
Other printing expenses	\$ 2,356.00
<i>Paycheck Printing Subtotal</i>	\$ 143,178.00
OSC Cost - Paycheck and Pay Stub Distribution	
OSC courier costs (UPS & OGS)	\$ 60,000.00
<i>Distribution Subtotal</i>	\$ 60,000.00
New York State Treasury Cost - Paper Check Distribution	
Postage expense	\$ 36,000.00
Packaging expense	\$ 300.00
<i>Paper Check Distribution Subtotal</i>	\$ 36,300.00
Total OSC and New York State Treasury Hard Costs	\$ 582,366.65

Soft Costs

In FY 2007-08 OSC, the New York State Treasury, and State agencies incurred the following expenses:

Table 2: OSC, New York State Treasury, and State Agency Soft Costs for Statewide Distribution

Paper Paycheck & Pay Stub Distribution Labor

Estimated State Agency Paper Paycheck & Pay Stub Distribution Labor	\$3,817,801.53
New York State Treasury Paycheck Distribution Labor	\$ 90,000.00
OSC Pay Stub Related Labor Cost - Mail Center	\$ 15,281.24
OSC Check Related Labor Cost - Mail Center	\$ 13,000.00
"Soft" Distribution Costs	\$3,936,082.77

State Agency Distribution Costs – in Detail

The 2008 OSC survey data from responding Payroll Officer provided estimated costs for each State agency or agencies they represent. OSC extrapolated data from the 65% that responded to reach the following estimate:

Total Yearly State Agency Distribution Cost: \$3,817,801.53 ⁹

This translates to over 140,000 hours per year in State agency staff time spent handling and distributing paper paychecks and pay stubs, which accounts for nearly all of the estimated \$3.8 million in State agency distribution costs statewide. If State agency staff no longer had to handle and distribute paper paychecks and pay stubs, the savings in time and effort would not likely translate to a “hard” labor cost savings, since the staff performing such tasks spend just a few hours every two weeks on them. It is much more likely that staff time could be diverted to other value-added activities. The additional benefit of an electronic payment and pay stub system is the opportunity to redirect valuable staff resources.

Estimated Cost from OSC Survey	\$ 2,431,721
57% X \$2,431,721 = Fringe Benefit Cost	\$ 1,386,081
Total Estimated State Agency Distribution Labor	\$ 3,817,802

⁹ OSC used the midpoint G18 salary (range is \$49,391 to \$61,289) and civil service guidelines of 2088 hours per year to reach an hourly rate of \$26.50. The estimate totaled \$2,431,720.72 in raw labor, equating to 144,047 hours of effort. Previous studies indicate a fringe benefit rate of 57 percent should be applied to basic salary costs to approximate actual costs. Therefore, a total of \$848,515.31 in additional fringe benefits was added to reach a total State agency distribution cost estimate of \$3,817,801.53 per year.

6.0 OSC STRATEGIC PLAN: SELF-SERVICE PORTAL STRATEGY

The OSC strategic plan calls for continued enhancements to OSC's enterprise portal and for the provision of new online services. Many of OSC's future online interactions with its customers will be managed through an enterprise identity and access management application. When completed, a variety of future applications will allow citizens, State employees, and agencies to interact with OSC online. Electronic pay stubs are but one of many applications that could be implemented with this infrastructure.

OSC's Bureau of Payroll Services plans to use the new infrastructure, once completed, to deliver better payroll information and services to State employees, increase the security of online services, and adopt self-service as the preferred approach for conducting certain payroll transactions.

Some of the transactions that could be available to State employees are:

View Transactions

- Compensation History
- View Paycheck
- Personal Information

Update Transactions

- Email Address
- Emergency Contacts
- Home and Mailing Address
- Marital Status Change
- Name Change
- Direct Deposit
- W-2 Reissue Request
- Voluntary Deductions
- W-4 Tax Information

Using the OSC Portal infrastructure strategy will reduce the State agency and OSC staff time that is currently required to assist State employees with these time-consuming transactions.

7.0 OPTIONS CONSIDERED

In performing the research and analysis for this report, OSC considered many options including:

Develop a New Electronic Pay Stub Application Through OSC's Self-Service Portal

OSC plans to develop a new electronic payroll system application to provide online viewing of pay stubs through the OSC portal.

As a first step, the cost of the planned modifications to the OSC Self-Service Portal infrastructure is estimated at approximately \$993,000 for the first year, \$693,000 for the second year (for additional disk storage, licenses, etc.) and approximately \$168,000 each subsequent year thereafter in ongoing maintenance and support. This includes wider enterprise use. To develop a new electronic pay stub application within the Self-Service Portal, OSC estimates first year hardware, software, labor, support and consulting cost at approximately \$670,000 for one-time development.¹⁰ Ongoing software maintenance, labor to support the electronic pay stub application, and training/technical support for users is estimated to cost \$504,000 annually.¹¹ These ongoing costs do not include the costs associated with the licensing of PeopleSoft eApps, the use of which has yet to be determined, and does not reflect the cost of user support (i.e., help desk), intrusion testing, login monitoring, and the development of any other payroll self service functionality or modules.

Outlined below are detailed three year implementation costs for developing a new electronic pay stub application through OSC's Self-Service Portal.

¹⁰ Development costs: Hardware, Software, & Labor (systems and programming) \$390,000 + Payroll Labor and Expertise, Developing Requirements \$44,000 for one half year + Consultant \$80,000 + \$156,000 estimated for documentation, training and support = \$670,000.

¹¹ Ongoing costs: Hardware, Software, & Labor (systems and programming) \$156,000 + Payroll Labor and Expertise, Developing Requirements \$88,000 + Documentation, Training, and Support \$260,000 = \$504,000 for FY 2010-2011 as well as FY 2011-2012.

Table 3: Augment OSC Portal Capabilities and Develop a New Electronic Pay Stub Application

Description	FY 2009-2010	FY 2010-2011	FY 2011-2012	TOTAL
Hardware, Software, & Labor (systems and programming)	\$ 390,000	\$ 156,000	\$ 156,000	\$ 702,000
Payroll Labor and Expertise, Developing Requirements	\$ 44,000	\$ 88,000	\$ 88,000	\$ 220,000
Documentation, Training, and Support	\$ 156,000	\$ 260,000	\$ 260,000	\$ 676,000
Infrastructure Required for Portal	\$ 993,000	\$ 693,000	\$ 168,000	\$ 1,854,000
Consulting Services	\$ 80,000	\$ -	\$ -	\$ 80,000
Total Cost	\$ 1,663,000	\$ 1,197,000	\$ 672,000	\$ 3,532,000
Printing & Distribution Savings	\$ 582,367	\$ 582,367	\$ 582,367	\$ 1,747,100
Net Savings (Cost)	(\$1,080,633)	(\$614,633)	(\$89,633)	(\$1,784,900)
<p><i>NOTE: This option assumes that printed pay stubs and printed paychecks are eliminated. The use of consulting services requires competitive procurement and is sought by OSC only when supplemental resources are needed.</i></p>				

Outsourced Pay Stub Hosting

The hosting of pay stub information to an outside vendor was also considered, but determined to be prohibitively expensive. This solution would cost substantially more in outsourcing fees than it would save in printing, postage, and distribution of paper pay stubs.

The estimated cost includes a one-time upfront cost of approximately \$1,358,000 and estimated ongoing annual costs of approximately \$1,400,000 for training, support, electronic hosting and customer service fees charged by the outside vendor.

Outlined below is a three year estimate of the cost of outsourcing pay stub hosting to an outside vendor, assuming 100 percent direct deposit participation:

Table 4: *Outsourced Pay Stub Hosting with 100 Percent Direct Deposit*

Description	FY 2009-2010	FY 2010-2011	FY 2011-2012	TOTAL
Hardware, Software, and Technology Staff Labor	\$ 61,000	\$ 12,200	\$ 12,200	\$ 85,400
Payroll Labor and Expertise, Developing Requirements	\$ 65,000	\$ 130,000	\$ 130,000	\$ 325,000
Prepare RFP, Contract Management & Billing Review	\$ 26,000	\$ 52,000	\$ 52,000	\$ 130,000
Contractor - Electronic Hosting and Customer Service	\$ 1,206,673	\$ 1,202,253	\$ 1,202,253	\$ 3,611,180
Total Cost	\$ 1,358,673	\$ 1,396,453	\$ 1,396,453	\$ 4,151,580
Printing Savings	\$ 342,889	\$ 342,889	\$ 342,889	\$ 1,028,666
Net Savings (Cost)	\$ (1,015,785)	\$ (1,053,565)	\$ (1,053,565)	\$ (3,122,914)

NOTE: Contractor cost listed assumes 272,003 State employees times \$0.17 (estimated vendor charge per employee per pay period) times 26 pay periods. Some contractors may charge additional setup fees and/or rates higher than \$0.17 per State employee/period. These figures assume pay stub printing and distribution are eliminated.

This approach is not consistent with the strategic direction of OSC, and would draw resources away from OSC's Self-Service Portal initiative.

Paycards With Outsourced Hosting of Pay Stubs

Paycards were preliminarily researched because they could help eliminate all paper checks and all paper pay stubs. A paycard is a prepaid debit card attached to an account that allows employers to pay their employees by adding funds to the paycard electronically. Unlike traditional bank accounts, which have several requirements on behalf of the person opening the account, these paycard accounts are simply individual accounts created for the purpose of holding funds with a known origin. The paycard vendor has an infrastructure that allows State employees to access those funds via online checking, ATM machines, or reusable plastic debit cards (mailed to each State employee by the vendor). The plastic card can be used like a credit card and is protected with a PIN code.

Implementation of a paycard would require a competitive procurement to select a paycard vendor. In order to ensure the continuity of service for the State and its employees, a multi-year contract would be required. Final contract negotiations would likely detail transaction costs and specify provisions for the paycard vendor to provide electronic pay stub data for all 275,208 State employees via Internet, ATM, and phone. Some paycard vendors claim to offer free electronic pay stubs and W-2 hosting, but there is no way for OSC to validate this claim without a formal engagement with these vendors.

The full costs of entering into a contract with a paycard vendor are unknown at this point. There are a multitude of programs and options in the marketplace. Further research and vetting would be required to determine if paycards are a cost-effective, legally permissible option. For example, some paycard contracts are structured to pass fees along to State employees, while others are designed to minimize fees to be borne by State employees. Only after a formal RFP process and thorough legal review could OSC begin to understand the impacts and costs of an optional or mandatory paycard program.

This alternative is not consistent with the strategic direction of OSC, and may have personal data security as well as significant legal hurdles.

Email Check Stubs to State Employees

Email distribution of pay stubs was examined and deemed not feasible, primarily for security and privacy reasons. The administrative efforts and costs associated with maintaining valid email addresses and providing alternatives for those without email capabilities were also considered to be prohibitive. Technical issues, such as firewalls and spam filters, provide substantial obstacles that may or may not be able to be completely resolved, based on the volume of email and different email systems used by State employees. Finally, providing this option as a sole solution would require all State employees to have email access. With the size and diversity of the New York State workforce, this is not a realistic expectation and would place an undue burden on a significant segment of the workforce that may not have computers and/or Internet access in the workplace or in their place of residence.

Research shows that this option is not utilized often in the industry as a sole solution for providing electronic pay stubs. According to an American Payroll Association (APA) in 2001, less than 4 percent of employers email stubs to their employees.¹² Employers who do offer it, often do so because it is an “opt-in” feature of another existing payroll application.

¹² <http://legacy.americanpayroll.org/epx/survey/survey05.html>

8.0 OTHER BENEFITS, COSTS AND RISKS

A number of other benefits, costs, and risks should be considered in deciding whether to implement electronic pay stubs for New York State employees.

Greater Information Security

OSC believes a strong statewide approach to identity and access management, which OSC is pursuing as part of its strategic plan, will help provide secure access to personal and confidential data. This approach would be more secure than paper stubs, because the stubs would no longer pass through multiple hands to get to the State employee. Encrypted data transmissions using strong industry-standard Secure Sockets Layer (SSL) protocols provide considerable enhancements over the current paper pay stub and check. All of these systems have the capability to provide State employees with greater overall security against identity theft.

While a well designed system would improve information security, a poorly designed system would add cost and could introduce security threats. Any potential implementation must comply with all applicable laws and OSC policies on transmitting, receiving, and handling personal data.

“Soft” Cost Savings

If State agency staff no longer had to handle and distribute paper paychecks and pay stubs, the savings in time and effort would not likely translate to a “hard” labor cost savings, since the staff performing such tasks spend just a few hours doing so every two weeks. It is much more likely that staff time would be diverted to other value added activities.

State Employee Acceptance

Although State Employees may be resistant to the elimination of paper pay stubs and checks, a wide range of public polls indicate a new willingness of employees to accept certain changes and inconveniences to save money. While the current fiscal climate creates an opportunity to make a positive change to benefit the State in the long-term, the reality is that most State employees are happy with the status quo. The potential challenges from changing the current system are not to be discounted.

More than 50 percent of State employees who do not participate in direct deposit say they “are satisfied with receiving a check and do not wish to change.”¹³ If electronic pay stubs are to be implemented, stakeholders should be identified and engaged to encourage participation. This may require strong executive support, and an emphasis on communications to educate State employees on the advantages of the new system.

¹³ According to the 2005 OSC survey introduced earlier in this report.

Operational Impacts

Any potential implementation of an electronic pay stub program would require significant communication and training to ensure success. Ample resources must be allocated to train State agencies and end users to ensure proper implementation of such program and to also provide ongoing call center support.

9.0 CONCLUSION

None of the options identified for implementing electronic viewing of pay stubs would provide the State with an **immediate** net cost savings. Some of these options may never yield any net cost savings, and would potentially increase the annual cost of administering the New York State payroll. The most cost-effective approach for New York State, based on OSC analysis, is to take the long-term view and enhance, within the next 3 to 5 years, OSC's Self-Service Portal infrastructure. Once the new infrastructure outlined in OSC's strategic plan is in place, the marginal cost of providing for electronic viewing of pay stubs, as well as other online and payroll related services, makes this approach more cost-effective than other approaches. The upfront cost associated with building this new infrastructure is anticipated to be recouped over time to create a net cost savings.

OSC's strategic plan includes providing electronic pay stub information to State employees. Building the new infrastructure is an important OSC priority that paves the way for electronic pay stubs, new online services, and new payroll functionality, such as State employee address updates and electronic W-2 delivery. Pursuing a freestanding electronic pay stub system at this time, without the prerequisite infrastructure, would redirect already scarce resources, add costs and complexity, and jeopardize the ultimate success of key strategic initiatives currently underway within OSC. These strategic initiatives arguably offer greater benefit to New York State, in terms of cost savings and/or financial controls.

The State currently spends approximately \$582,000 in hard costs to print, mail, and distribute paper checks and paper pay stubs. These costs would be eliminated, or significantly reduced if 100 percent participation in direct deposit and electronic pay stub delivery could be achieved (*as previously noted, the savings would be offset by new costs to implement and maintain IT systems needed to develop an electronic pay stub system*). Mandatory direct deposit would likely be considered a change in the terms and conditions of employment and, therefore, subject to collective bargaining. If successful negotiations can be achieved with direct deposit participation, the State would still need clarification on whether mandatory electronic pay stubs would constitute a change in terms and conditions of employment.

While the new infrastructure is being completed, OSC will attempt to resolve outstanding legal, legislative, collective bargaining issues, and any other questions with appropriate parties, including the Governor's Office, the Legislature, and the Governor's Office of Employee Relations (GOER).

10.0 APPENDIX A – DIRECT DEPOSIT PARTICIPATION RATE BY STATE AGENCY AS OF OCTOBER 2008

State Agency Code	State Agency Name	Direct Deposit Participation Rate	Number of State employees Paid
01620	Prevention of Domestic Violence	100.00%	29
05015	New York State Lawyers Fund	100.00%	5
10880	Buffalo Correctional Facility	100.00%	32
19002	Lake George Park Commission	100.00%	7
21012	Welfare Inspector General	100.00%	6
21292	Hudson River Valley Greenway Council	100.00%	2
21723	Deferred Compensation Board	100.00%	4
21940	NYS Financial Control Board	100.00%	14
21080	NYS Commission on Judicial Conduct	97.87%	47
05609	NYC Judges	96.66%	329
55630	NYS Foundation Science Technology and Innovation	96.43%	28
07000	NYS Banking Department	96.15%	572
01360	Council Of Arts	95.92%	49
01300	Adirondack Park Agency	95.06%	81
05117	Appellate Division 1st Dept	94.43%	305
21220	Labor Management Committee	94.25%	87
05127	Appellate Division 2nd Dept	94.13%	477
21700	State Inspector General	94.03%	67
10410	DOCS Trainees	93.94%	33
05147	Appellate Division 4th Dept	92.08%	202
0559x	Ninth Judicial District	92.01%	1,114
28118	Upstate Medical University Hospital	91.94%	3,423
21110	Governor's Office of Regulatory Reform	91.89%	37
01590	Commission on Quality of Care & Advocacy	91.09%	101
01077	Office of Homeland Security	90.77%	195
05097	NYS Court of Claims	90.77%	130
05007	Office of Court Administration	90.73%	982
17110	DOT Region 11	90.59%	510
01130, 01190	Veterans Affairs	90.57%	106
01010	Division of Budget	90.44%	387
05647	Supreme Court Bronx County	90.42%	908
0100x	Executive Department	90.17%	173
7000x	CUNY University Management	90.09%	1,049

0106x	New York State Police	89.97%	6,002
10370	Five Points Correctional Facility	89.74%	653
05677	Supreme Court Richmond County	89.66%	145
05627	NYC Family Court	89.44%	1,174
01150	Employee Relations	89.29%	56
059xx	Supreme Court Justices	89.26%	1,303
05657	Supreme Court Kings County	89.21%	908
10300	Rochester Correctional Facility	88.89%	27
05607	NYC Civil Court	88.82%	1,127
05137	Appellate Division 3rd Dept	88.76%	178
05617	NYC Criminal Court	88.47%	1,258
05667	Supreme Court Queens County	88.24%	689
05637	Supreme Court New York County	88.13%	1,019
13000	NY State Insurance Department	88.06%	980
28990	State University Construction Fund	87.61%	113
50340	Nathan Kline Institute	87.43%	167
20050	NYS Division of the Lottery	87.39%	349
19005	NYS Commission on Public Integrity	87.27%	55
0200x	Office of the State Comptroller	87.17%	2,688
01080	Housing and Community Renewal	86.97%	936
28110, 28111, 28113, 28119	Upstate Medical University	86.76%	1,616
7015x	CUNY School of Law	86.45%	214
22000	Department of Economic Development	86.01%	193
12200	Medicaid Inspector General	85.74%	568
05697	Surrogates' Court Within NYC	85.54%	242
01400	Crime Victims Board	85.11%	94
0552x	Suffolk County Supreme Court	85.01%	1,081
01020	Division of Parole	85.00%	2,167
01112	Statewide Wireless Network	85.00%	40
0558x	Fourth Judicial Department	84.68%	2,011
10800	Livingston Correctional Facility	84.68%	346
14010	Workers' Compensation Board	84.63%	1,503
10660	Wyoming Correctional Facility	84.41%	603
53000	Alcoholism & Substance Abuse	84.32%	440
030xx	Department of Law/Attorney General	84.30%	2,179
27000	Temporary & Disability Assistance	84.19%	2,328
7016x	School of Professional Studies	84.18%	177
0568x	County Clerks Within NYC	84.18%	512
10520	Butler Shock Incarceration Facility	84.16%	221
7017x	School of Journalism	84.13%	63
7009x	Graduate College	84.13%	1,745
12000	NYS Department of Health	84.02%	4,255
2858x	College of Optometry	83.95%	405
0551x	Nassau County Supreme Court	83.85%	1,040
14020	Department of Labor	83.76%	3,663
10460	Groveland Correctional Facility	83.70%	583

10450	Gowanda Correctional Facility	83.50%	806
50390	Central New York Psychiatric Center	83.46%	1,312
21450	Commission of Investigation	83.33%	30
51000	Office of Mental Retardation	83.26%	920
17000	Department of Transportation	83.13%	1,595
01075	State Emergency Mgmt Office	83.12%	154
01310	Office Real Property Services	83.00%	353
006xx	State Insurance Fund	82.93%	2,648
21750	NYS Environmental Facilities Corp	82.65%	98
51430	Institute for Basic Research	82.56%	195
10840	Upstate Correctional Facility	82.42%	529
10000	Attica Correctional Facility	82.16%	863
7005x	Baruch College	82.01%	2,135
16000	Public Service Commission	81.95%	565
28058	Stony Brook University Hospital	81.90%	5,386
10500	DOCS NYC Central Administration	81.82%	55
28650	SUNY System Administration	81.73%	613
01370	Office for the Aging	81.34%	134
10580	Cape Vincent Correctional Facility	81.32%	380
01110	Office for Technology	81.26%	635
06000, 06010, 06150	NYS Dept of Agriculture & Markets	81.23%	618
10600	Lakeview Shock Incarceration Facility	81.12%	535
01540	Board of Elections	80.95%	63
0553x	Third Judicial Department	80.86%	1,426
10030	Watertown Correctional Facility	80.80%	349
05017	Court of Appeals	80.47%	169
5133x	Western New York DDSO	80.38%	2,599
10310	Bayview Correctional Facility	80.37%	163
50030	Buffalo Psychiatric Center	80.34%	697
10160	Dept of Correctional Services	80.29%	883
01090	Division of Human Rights	80.28%	213
10640	Orleans Correctional Facility	80.24%	415
10080	Green Haven Correctional Facility	80.11%	875
23000	Department of Motor Vehicles	80.04%	3,182
10050	Fishkill Correctional Facility	79.98%	1,179
01030	Division of Alcoholic Beverage Control	79.88%	164
01200, 01490, 01530	Division of Criminal Justice Services	79.85%	809
10280	Mid Orange Correctional Facility	79.84%	377
20010-20030	Dept of Taxation & Finance	79.65%	5,312
09xxx	Environmental Conservation	79.45%	4,243
10230	Adirondack Correctional Facility	79.43%	282
10220	Camp Gabriels Correctional Facility	79.20%	125
04040, 04060	Legislative Bill Drafting Commission	79.15%	211
50440	Mid Hudson Psychiatric Center	79.01%	586
17040	DOT Region 4	78.84%	761

50210, 50540	Mohawk Valley Psychiatric Center	78.71%	620
10090	Albion Correctional Facility	78.53%	624
10810	Gouverneur Correctional Facility	78.47%	404
50000	NYS Office of Mental Health	78.39%	1,129
10260	Mt McGregor Correctional Facility	77.84%	379
10820	Willard Drug Treatment Campus	77.80%	410
49070, 49270	Main Office Parks & Recreation	77.71%	314
10430	Wende Correctional Facility	77.65%	810
10860	Chateaugay Correctional Facility	77.31%	119
08010	Public Employment Relations Board	77.14%	35
10530	Franklin Correctional Facility	77.14%	573
10670	Greene Correctional Facility	76.98%	682
110xx	NYS Education Department	76.95%	3,202
10470	Collins Correctional Facility	76.94%	555
50180, 50510	NYS Psychiatric Institute	76.84%	613
49120, 49320	Central State Park Commission	76.71%	249
50550, 50920	Elmira Psychiatric Center	76.34%	393
10020	Clinton Correctional Facility	76.32%	1,326
10150	Arthur Kill Correctional Facility	76.23%	446
10040	Great Meadow Correctional Facility	75.93%	777
10440	Oneida Correctional Facility	75.90%	639
01120	State Consumer Protection Board	75.86%	29
51240	Central NY DDSO	75.86%	2,929
10590	Lyon Mountain Correctional Facility	75.76%	99
10650	Washington Correctional Facility	75.69%	436
50810	Western NY Childrens Psychiatric Center	75.65%	193
10180	Camp Pharsalia	75.53%	94
21600	The IOLA Fund	75.00%	8
7007x	Lehman College	74.92%	1,838
2802x	Binghamton University	74.75%	4,468
10560	Bare Hill Correctional Facility	74.73%	558
50350	Kirby Forensic Psychiatric Center	74.68%	387
10550	Cayuga Correctional Facility	74.51%	408
7006x	John Jay College	74.27%	1,916
0400x, 04210, 04310, 04430, 04660, 04810	NYS Senate	74.17%	1,417
10690	Sullivan Correctional Facility	74.07%	536
10190	Monterey Shock Incarceration Facility	73.98%	123
10510	Moriah Shock Incarceration Facility	73.98%	123
2855x	SUNY Environmental Science & Forestry	73.97%	749
10120	Bedford Hills	73.96%	695
50860	Rockland Childrens Psychiatric Center	73.76%	263
7003x	Hunter College	73.62%	3,252
28100, 28101, 28103, 28109	SUNY Downstate Medical Center	73.58%	1,582
10540	Altona Correctional Facility	73.55%	242
10250	Taconic Correctional Facility	73.39%	218

10390	Mohawk Correctional Facility	73.31%	727
10240	Downstate Correctional Facility	73.26%	763
53500	Alcoholism Treatment Centers	73.25%	587
08000, 08020, 08060	Department of Civil Service	73.14%	659
19000, 19010	Department of State	73.05%	987
2803x, 2804x	University at Buffalo	72.97%	8,723
10070	Sing Sing Correctional Facility	72.88%	874
7012x	NYC Technical College	72.85%	1,993
10290	Otisville Correctional Facility	72.67%	311
7004x	Queens College	72.59%	2,579
10170	Queensboro Correctional Facility	72.37%	228
12190	NYS Home for Veterans at Montrose	72.33%	347
10340	Beacon Correctional Facility	72.03%	118
50880	Bronx Childrens Psychiatric Center	71.82%	291
01050	Office of General Services	71.69%	1,932
10350	Ogdensburg Correctional Facility	71.61%	310
50110, 50743	Rochester Psychiatric Center	71.56%	647
7010x	Staten Island College	71.53%	2,150
10110	Elmira Correctional & Reception Center	71.48%	761
50520	Brooklyn Childrens Psychiatric Center	71.12%	187
10140	Woodbourne Correctional Facility	70.94%	413
10010	Auburn Correctional Facility	70.94%	843
17030	DOT Region 3	70.92%	698
50170	Rockland Psychiatric Center	70.75%	1,364
2815x	SUNY Brockport	70.39%	2,415
10480	Mid State Correctional Facility	70.25%	679
10610	Ulster Correctional Facility	70.19%	416
10130	Coxsackie Correctional Facility	70.14%	556
28050, 28051, 28052, 28053, 28059	Stony Brook University	70.00%	7,923
50190, 50738	Hutchings Psychiatric Center	69.71%	525
10680	Shawangunk Correctional Facility	69.67%	399
10570	Riverview Correctional Facility	69.57%	368
10210	Camp Georgetown	69.47%	95
01510	NYS Racing & Wagering Board	69.35%	261
51270	Staten Island DDSO	69.11%	845
49090, 49290	Finger Lakes State Park Commission	69.09%	275
10360	Lincoln Correctional Facility	68.91%	119
2828x	Empire State College	68.84%	1,348
50590, 50980	Capital District Psychiatric Center	68.63%	593
50120, 50570	St Lawrence Psychiatric Center	68.61%	532
49140, 49340	Thousand Isles St Park Commission	68.45%	168
2857x	Maritime College	68.43%	415
10380	Fulton Correctional Facility	68.22%	107
10490	Marcy Correctional Facility	68.14%	452
10200	Summit Shock Incarceration Facility	68.10%	116

10320	Edgecombe Correctional Facility	68.10%	116
50010, 50731	Binghamton Psychiatric Center	67.95%	440
28108	SUNY Downstate Medical Center Hospital	67.90%	3,053
7002x	City College	67.67%	2,592
17100	DOT Region 10	67.40%	960
10850	Hale Creek Annex ASACTC	67.33%	202
17090	DOT Region 9	67.24%	821
10060	Walkkill Correctional Facility	67.15%	274
51780	Finger Lakes DDSO	67.06%	3,257
01070, 01071, 01072	Military and Naval Affairs	67.01%	579
10630	Southport Correctional Facility	66.89%	444
5129x	Capital District DDSO	66.89%	1,643
50150	Creedmoor Psychiatric Center	66.76%	1,113
50060	Hudson River Psychiatric Center	66.74%	439
7014x	Medgar Evers College	66.74%	923
17060	DOT Region 6	66.38%	464
11100	NYS Higher Education Services Corp	66.33%	695
2820x	Old Westbury	66.19%	769
2825x	SUNY Potsdam	66.12%	1,396
17080	DOT Region 8	65.61%	1,076
2816x	Buffalo State College	65.14%	2,335
17070	DOT Region 7	65.00%	680
7001x	Brooklyn College	64.95%	2,779
17050	DOT Region 5	64.30%	1,056
51940	Broome Developmental Center	64.14%	1,888
7008x	York College	64.00%	1,139
10270	Hudson Correctional Facility	63.71%	248
49030, 49230	Genesee State Park Commission	63.64%	154
50850	Sagamore Childrens Psychiatric Services	63.20%	269
51210	Hudson Valley DDSO	63.19%	2,078
11270	NYS School For The Deaf	63.11%	122
12150	NYS Veterans Home - St. Albans	63.09%	298
2835x	Alfred State College	63.04%	790
17010	DOT Region 1	62.90%	930
51500	Valley Ridge CIT	62.90%	248
49200, 49400	New York City Park Commission	62.89%	256
2826x	Purchase College	62.82%	1,334
50080	Manhattan Psychiatric Center	62.69%	788
2801x	University at Albany	62.58%	5,305
25000	Office of Child & Family Services	62.15%	4,037
0402x-3x, 04120, 04220, 04320, 04870	NYS Assembly	62.03%	1,875
12180	Western New York Home - Batavia	62.01%	229
2823x	SUNY Oswego	60.89%	2,222
2818x	SUNY Fredonia	60.76%	1,654

4905x	Palisades Interstate Park Commission	60.70%	369
2824x	SUNY Plattsburgh	60.63%	1,811
17020	DOT Region 2	60.56%	644
10100	Eastern NY Correctional Facility	60.35%	623
2819x	SUNY Geneseo	59.72%	1,795
50310	Bronx Psychiatric Center	59.58%	851
2827x	SUNY IT	58.93%	560
12030	The Helen Hayes Hospital	57.64%	713
50870	Queens Childrens' Psychiatric Center	57.44%	336
49100, 49300	Allegany State Park Commission	57.23%	173
49040, 49240	Niagara State Park Commission	57.19%	299
49010, 49210	Saratoga/CD State Park Commission	56.31%	222
49130, 49330	Taconic State Park Commission	56.10%	246
2840x	Morrisville State College	56.03%	912
2839x	Farmingdale State College	55.85%	1,223
51420	Sunmount Developmental Center	55.51%	1,614
51250	Taconic DDSO	55.45%	1,744
50200	Pilgrim Psychiatric Center	55.42%	1,642
2822x	College at Oneonta	54.75%	1,830
50500, 50790	South Beach Psychiatric Center	53.91%	933
2817x	SUNY Cortland	53.54%	1,877
50020	Kingsboro Psychiatric Center	53.30%	728
2836x	SUNY Canton	53.20%	671
2838x	SUNY Delhi	53.01%	632
11260	NYS School For The Blind	52.90%	138
49020, 49220	Long Island State Park Commission	50.99%	857
2821x	SUNY New Paltz	50.42%	2,364
19001	Tug Hill Commission	50.00%	18
04050, 04150-80, 04250, 04860	Legislative Services	48.28%	58
2837x	SUNY Cobleskill	47.96%	784
12120	Oxford Home For Veterans	47.00%	400
51380	Brooklyn DDSO	45.56%	1,273
06110	New York State Fair	44.44%	9
51450	Metro New York DDSO	43.18%	931
51470	Bernard Fineson Developmental Center	40.59%	1,094
5135x	L. I. Developmental Center	34.11%	1,536
55030	Industrial Exhibit Authority	27.59%	116
21810	Northeastern Queens Nature & Historical Preserve Commission	0.00%	2
Grand Total	Statewide	73.52%	275,208

11.0 APPENDIX B – ASSUMPTIONS USED TO CALCULATE COST ESTIMATES

These assumptions were used to calculate the cost estimates herein and are incorporated in the financial figures provided in this document.

- All labor estimates to develop a new electronic pay stub application through OSC’s Self-Service Portal or to implement an outsourced pay stub hosting solution are based on an October 2009 start date.
- OSC will need to hire new staff resources and consultants to develop a new electronic pay stub application or to implement an outsourced pay stub hosting solution.
- New hardware and software carry a 20% ongoing yearly maintenance cost.
- Outsourced pay stub hosting costs were derived from discussions with two electronic pay stub hosting vendors.
- A pay stub opt-out mechanism is not included in these cost estimates and would likely add cost to develop, implement, and support.