



# United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, D.C. 20240

November 20, 1996

HUMAN RESOURCES MANAGEMENT BULLETIN NO. 96- 3 (550)

SUBJECT: DIRECT DEPOSIT OF EMPLOYEE PAY

The purpose of this bulletin is to update Departmental policy. Re: Direct Deposit.

The Debt Collection Improvement Act of 1996, signed by the President on April 26, 1996, affirms Direct Deposit as a permanent provision for the pay of all new Federal hires. Direct Deposit, also known as electronic fund transfer (EFT), is intended to streamline delivery of federal payments. As defined by law and this policy, the term new federal hires applies to all federal employees hired on or after July 26, 1996. This includes transfers from other agencies or those rehired after a break in Federal service. Although direct deposit of pay was established by previous legislation, the Debt Collection Improvement Act of 1996 sharpens federal compliance with direct deposit, and expands it to a higher level that all federal agencies must comply with by January 1, 1999.

Therefore, effective two pay periods from the date of this memorandum, Bureaus are directed to refocus internal procedures and integrate necessary requirements into their personnel processes, including:

- o Ensure Direct Deposit is treated in the personnel process as a condition of employment:
- o Ensure new employees make a commitment their first day of appointment to duty, either to utilize direct deposit or seek to waive this requirement. Employees will then have up to 2 pay periods from this date to complete the particulars required by their direct deposit transaction;
- o Requests for waivers are only to be approved in intractable or severe extenuating circumstances which pose a major hardship on the employee. To request exclusion from Direct Deposit, new employees must request a waiver to this requirement in writing. The waiver request will consist of a memorandum from the employee to the designated Bureau official, at or above the regional or commensurate level of Bureau management, identifying the extenuating circumstances that make utilizing Direct Deposit an intractable hardship for the employee. For example, an employee must provide written certification that he/she has no access to a financial institution or other authorized payment agent. Increased public access to advanced electronic technologies and wider acceptance of electronic banking in recent years should facilitate our efforts to promote direct deposit.

Bureau officials designated for this responsibility will approve waivers on a case-by-case basis, in consultation with Bureau Finance officials as appropriate. **Approvals of waivers should be extremely rare.** Records of approved waivers are to be centrally maintained in the Bureau headquarters Personnel office, and will be subject to review as necessary.

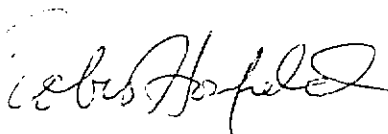
#### LOOKING AHEAD: LONG TERM IMPACT ON FEDERAL EMPLOYEES

The Debt Collection Improvement Act of 1996 clearly capitalizes on maximizing available technologies to make federal payments paperless, enhance federal debt collection, and streamline the timeliness of federal payments. **All employees need to be advised that the direct deposit trend is not going away. It will be used for ALL federal employee travel reimbursements, retirement, and other paid benefits, including payment of social security benefits, beginning January 1, 1999.** The only exception cited in this legislation is an IRS federal tax refund check.

In addition to this policy for new hires, Bureaus are encouraged to seek creative ways to increase participation of the on-board workforce prior to the January 1, 1999 deadline. The attached Finance report shows the gaps of direct deposit participation by Bureau, and as compared to other client agencies. Monetary incentives now being offered by commercial banks in some areas may assist the direct deposit marketing effort as we anticipate the legislated deadline.

This Human Resource Management Bulletin will be retained until superseded by a new issuance. This bulletin supersedes previous Departmental policies found in PMB #88-9, dated January 26, 1989, and PMB #89-75 (550), dated April 18, 1989. Inquiries may be directed to Dana McGee at 202-208-6107, or mailstop 5221 MIB.

Bureaus are reminded to fulfill any collective bargaining obligations prior to implementing this policy.

  
Dolores Chacon  
Acting Director of Personnel

Attachment

DIRECT DEPOSIT (EFT) PARTICIPATION AS OF PP9622  
 (PP ending October 12, 1996; Pay Date of 10/24/96)

<u>CLIENT</u>	<u>TOTAL EMPLOYEES PAID</u>	<u>TOTAL EMPLOYEES WITH EFT</u>	<u>PERCENTAGE OF EFT PARTICIPATION</u>
BIA	11,736	6,325	53.9
BLM	10,251	8,501	82.9
BOR	5,880	5,226	88.9
FWS	7,563	6,793	89.4
MMS	1,761	1,661	94.3
NBS	20,864	15,780	75.6
OAS	87	80	92.0
OIG	263	250	97.3
OSM	677	635	93.4
OS	1,165	1,110	95.3
USGS	8,742	8,176	93.5
INTERIOR	70,617	55,986	87.25%
EDU	4,680	4,451	95.1
FLRA	227	196	86.3
SEL SVC SYS	179	155	86.6
FTC	941	895	95.1
ITC	365	374	97.6
OPIC	175	174	99.4
PBGC	764	727	95.2
UTRECCMM	13	11	84.6
NON-DOI CLIENTS	7,353	6,974	94.8%
ALL CLIENTS	77,970	62,960	89.3%