

For: State and County Offices

Reducing Paper Checks and Increasing Electronic Payments

Approved by: Administrator

Zach Ducheneaux

1 Overview

A Background

The FPAC Business Center, Financial Management Division (FMD) has partnered with the U.S. Department of Treasury in supporting its Treasury Agency Priority Goal “Reducing Paper Checks and Increasing Electronic Payments”. The goal’s benefits include:

- improving the speed of getting payments to FSA/CCC customers or producers
- reducing processing and mailing time by 5 to 12 business days
- reducing government payment processing costs
- providing safer, more secure payments



Note: Paper checks account for approximately four percent of the disbursements by the Treasury, but account for approximately 50 percent of the issues that arise throughout the year.

- State and County Offices are the first points of contact when issues arise.

By converting paper checks to electronic funds transfer (EFT) payments, FMD reduces the number of customer complaints, which in turn, reduces the workload by State and County Office employees.

Why Electronic Payments?

Electronic payments are...

 FASTER Payments arrive on time, on payment day, every time.	 SAFER Payments are sent securely without worry of being lost, stolen or not received.	 EASIER Payments are automatically deposited into the recipient's account.
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Electronic payments improve customer experience

Disposal Date	Distribution
October 1, 2021	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

B Purpose

This notice provides a reminder and updated procedures to State and County Offices for obtaining EFT information according to 63-FI. FMD will provide measurement data to State Offices on the results for increasing EFT sign-ups to:

- obtain EFT information or valid hardship waiver information, for producers and in entering that information in FSA Financial Services Web Applications (FSAFS), at the time the producer is created
- document and report State and County Office success converting customers or producers who are receiving checks over to receive payments by EFT.

C Contact

For questions about this notice, use the appropriate contact according to this table.

Issue	Contact														
Software-related problems	FPAC Service Desk at 800-255-2434. Note: Select option 2 for hardware and application software issues.														
Policies for this notice	FPAC Business Center, FMD, Payment Operations Section (POS), Disbursement Operations Team according to the following. <table border="1" style="margin-left: 20px;"> <thead> <tr> <th align="center">Step</th> <th align="center">Action</th> </tr> </thead> <tbody> <tr> <td align="center">1</td> <td>Access the FPAC ServiceNow portal at Service Intake - myFPAC Services (servicenowservices.com).</td> </tr> <tr> <td align="center">2</td> <td>From the “Request Type” drop-down menu, SELECT “Payment Operations”.</td> </tr> <tr> <td align="center">3</td> <td>From the “Request Type Subcategory” drop-down menu, SELECT “Questions and Inquiries”.</td> </tr> <tr> <td align="center">4</td> <td>In the “Requesting on Behalf of” field, type your name.</td> </tr> <tr> <td align="center">5</td> <td>In the “Description of Request” field, note that the request is for the Disbursement Operations Teams and type your question.</td> </tr> <tr> <td align="center">6</td> <td>CLICK “Submit”.</td> </tr> </tbody> </table>	Step	Action	1	Access the FPAC ServiceNow portal at Service Intake - myFPAC Services (servicenowservices.com) .	2	From the “Request Type” drop-down menu, SELECT “Payment Operations” .	3	From the “Request Type Subcategory” drop-down menu, SELECT “Questions and Inquiries” .	4	In the “Requesting on Behalf of” field, type your name.	5	In the “Description of Request” field, note that the request is for the Disbursement Operations Teams and type your question.	6	CLICK “Submit” .
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2 FSA-CCC Treasury Initiative

A Reducing Checks and Increasing Electronic Payments Analysis

In FY20 (through 2nd quarter), 168,094 FSA/CCC producers received 549,911 checks. The estimated cost of sending the producer a check instead of sending payment by EFT was \$934,848.

In FY21 (through 2nd quarter), 191,519 FSA/CCC producers received 507,354 checks. The estimated cost of sending the producer a check instead of sending payment by EFT was \$862,502.

Overall:

- Year over year the number of individual producers receiving checks increased by 23,425 but the total number of checks disbursed decreased by 42,557. The reduction of checks represents an estimated cost savings of \$72,347.
- The year over year percentage trend of EFT or electronic transactions increasing and check transactions decreasing are moving in the right direction. At 1.1 percent that movement is less than what is needed.

B FSA/CCC (Non-FMMI) Checks vs. EFT Fiscal Year to Date 2020 and 2021 (Through 2nd Quarter):

The total number of disbursements (EFT and check) year over year decreased by 56,418 from 2,267,230 in FY 2020 to 2,253,369 in FY 2021. As a percentage of the total disbursements, checks decreased by 1.1 percent while EFT transactions increased by 1.1 percent. The actual number of checks that were reduced year over year was 42,557. That reduction is estimated to have lowered the cost to disburse by \$72,347.

Note: Based on the disbursement administrative policies of the transaction, some checks (joint payee, assignee, other agency offset, Bureau of Indian Affairs) cannot be eliminated.

The following table provides year over year information showing the minimal movement in converting producers from checks to EFT transactions.

Transaction Type	FY 20 / 1st & 2nd Quarters		FY 21 / 1st & 2nd Quarters		Trend	
	Transactions	Percentage	Transactions	Percentage	Transactions	Percentage
EFT	2,267,230	80.5%	2,253,369	81.6%	↓	↑
Check	549,911	19.5%	507,354	18.4%	↓	↓
Totals	2,817,141	100%	2,760,723	100%		

Legend

	Right direction
	Wrong direction
	Neutral

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3 Hardship Waiver Analysis

A Overall Year Over Year Results and Category Descriptions

The number of producers who received checks during the first two quarters of FY21 increased by 23,425 when compared to FY20. Waiver status was divided into the following categories.

Category	Description
Producers with Current Waiver	When a producer has a hardship waiver on file that is from the current year or the prior year.
Producers with Expired Waiver	When a producer has a hardship waiver on file, but the date of that waiver is not from the current or prior year.
Producers with No Waiver	When no waiver date is noted for the producer.

B Overall Trends

The following trends were noted:

- in both years:
 - over 80 percent of the producers who are receiving checks do not have hardship waivers on record in FSAFS
 - only 5 percent of the producers have current hardship waivers on record in FSAFS
- only 5 percent of the producers who are receiving checks and should have a hardship waiver on record in FSAFS, have one that is compliant according to 63-FI.

The following table provides year over year information showing the number of producers who have current hardship waivers on record in FSAFS.

Waiver Status Category	FY 20 (1st & 2nd Quarters)		FY 21 (1st & 2nd Quarters)		Trend	
	# of Producers	Percentage	# of Producers	Percentage	Transactions	Percentage
Producers with Current Waiver	8,976	5.3%	9,494	5.0%	↑	↓
Producers with Expired Waiver	23,627	14.1%	26,202	13.7%	↑	↓
Producers with No Waiver	135,491	80.6%	155,823	81.4%	↑	↑
Total Producers	168,094	100.0%	191,519	100.0%		

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4 General EFT Authority and Expectations (63-FI, Part 2)

A Authority for EFT's

Debt Collection Improvement Act (DCIA) mandates that Federal payments to a recipient who became first eligible for that type of payment after July 25, 1996, shall be made by EFT. DCIA further **requires** that, subject to the authority of the Secretary of the Treasury to grant waivers, all Federal payments other than payments under the Internal Revenue Code of 1986, **must** be made by EFT effective January 1, 1999.

B FSA-FS Customer Maintenance - SF-3881

For new customers or producers to receive FSA/CCC program payments electronically, they will need to fill out SF-3881 for direct deposit and return it to the County Office.

63-FI provides the background information about the requirement for payments to be made by EFT. Use SF-3881 to elect direct deposit of payments to a financial institution.

According to 63-FI, County Offices will provide SF-3881 to producers at the time of application for program benefits and answer any questions about completing SF-3881. The producer or the financial institution **must** return the completed SF-3881 to the County Office to initiate the direct deposit.

NPS will disburse payments by EFT or Treasury check depending on the customer's financial profile in FSAFS.

C Hardship Waivers Approved for Individuals

The requirement to receive payment by EFT is waived if the individual determines, at their sole discretion, that one of the following conditions exists:

- payment by EFT would impose a hardship because of physical or mental disability
- the individual faces a geographic, language, or literacy barrier to receiving payment by EFT
- payment by EFT would impose a financial hardship.

4 General EFT Authority and Expectations (Continued)

D Request for Waiver

A producer may use the FPAC-FMD-12, EFT Hardship Waiver Request (Exhibit 1) to invoke a hardship waiver. State and County Offices shall include the FPAC-FMD-12 in the mailing with the disclosure letter.

Hardship waivers may be invoked by **any** of the following methods:

- in writing:
 - using FPAC-FMD-12
 - stating that the recipient is invoking a hardship waiver
- orally.

Note: If a payment recipient notifies the State or County Office orally that the payment recipient is invoking a hardship waiver, the employee taking the information shall annotate the oral notification on the FPAC-FMD-12.

5 Action

A Notifying Check Recipients of Payment Alternatives Communication

By July 15, 2021, County Offices shall obtain a list of producers who received checks from their County Office from October 1, 2019, to April 30, 2021. A list of all producers who received 4 or more checks are located at **Disbursement Operations - Annual Notification of Check Payment Alternatives - All Documents (sharepoint.com)**. If the producer does not update their EFT information and does not provide FPAC-FMD-12 by August 15, 2021, the State or County Office will follow up with a phone call or email to the producer by September 15, 2021. If EFT information or FPAC-FMD-12 is not obtained a representative from that office will document their efforts in the appropriate tracking spreadsheet.

The following table provides instructions to access the list of producers.

Step	Action
1	Go to the Payment Operations Section SharePoint site at Disbursement Operations - Annual Notification of Check Payment Alternatives - All Documents (sharepoint.com) Note: If user does not have access, CLICK “ Request Access ”. In the note box add “Request Access to the Annual Notification of Check Payment Alternatives”.
2	Under the “Search” menu on the left-hand side click “ The Annual Notification of Check Payment Alternatives ” folder. The Annual Notification of Check Alternatives Screen will appear. Select the State Report folder. A list of the available States will populate.

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5 Action (Continued)

A Notifying Check Recipients of Payment Alternatives Communication (Continued)

Step	Action
3	User will select their individual State. Open the Excel document.
4	Click the “Data” tab in the Excel document.
5	Locate your individual County Office using the information in column A.

Note: State and County Office employees who currently have access to the Unliquidated Obligations information also have access to the Annual Notification of Check Payment Alternatives information. Since both sites contain PII it is critical to limit access to the site to authorized users.

B Annual Disclosure Letter

Between July 1, 2021, and July 15, 2021, County Offices shall send a letter to producers to ask them to either convert to EFT or to obtain a hardship waiver.

The following table provides instructions to access the Annual Disclosure Letter.

Step	Action
1	Go to the Payment Operations Section SharePoint site at Disbursement Operations - Annual Notification of Check Payment Alternatives - All Documents (sharepoint.com) Note: To request access CLICK “ Request Access ”. In the note box add “Request Access to the Annual Notification of Check Payment Alternatives.”
2	Next, user will navigate to the “Search” menu on the left-hand side and CLICK “ The Annual Notification of Check Payment Alternatives ” folder. The “Annual Notification of Check Alternatives” screen will appear, user will SELECT the “Annual Disclosure” folder.
3	The Annual Disclosure template will populate. (See Exhibit 2)

Example of FPAC-FMD-12

FPAC-FMD-12 (06-14-21)		U.S. DEPARTMENT OF AGRICULTURE Farm Production and Conservation	
ELECTRONIC FUNDS TRANSFER (EFT) HARDSHIP WAIVER REQUEST			
1. FULL NAME <i>(please print or type)</i>		2. REQUESTOR'S ADDRESS	

The Secretary of Treasury has granted a waiver of the requirement to receive a Federal payment by electronic funds transfer (EFT) for individuals if the individual determines, at his or her sole discretion, that:

- payment by EFT would impose a hardship due to a physical or mental disability
- the individual faces a geographic, language, or literacy barrier to receiving payment by EFT; or
- payment by EFT poses a financial hardship to the individual.

I have determined that payment by EFT creates a hardship, and I invoke this waiver.

3. SIGNATURE		5. RETURN THE COMPLETED FORM TO <i>(Office Name & Address):</i>
4. DATE SIGNED <i>(MM-DD-YYYY)</i>		

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

New Annual Disclosure Letter



Dear Payment Recipient,

The U.S. Department of Agriculture (USDA) Farm Service Agency (FSA)/Commodity Credit Corporation (CCC) is required to comply with the Debt Collection Improvement Act of 1996:

- The Debt Collection Improvement Act (DCIA) of 1996 requires that all federal payments be made by electronic funds transfer (EFT).
- 31 CFR Part 208 implements provisions of DCIA to require that federal payments be made electronically, with certain exceptions. The latest version of the regulation can be viewed here: <https://www.govinfo.gov/content/pkg/FR-2020-05-01/pdf/2020-08058.pdf>

If you are currently receiving your FSA/CCC program payment by paper check, or if you have just become eligible to begin receiving an FSA/CCC payment, you should elect to receive your payment by direct deposit through a financial institution of your choice. FSA/CCC makes payments electronically through a program called direct deposit, which is a safe, convenient, and a reliable way to receive your FSA/CCC payment directly to your bank account.

Unless you have an approved hardship waiver filed with your FSA County Office, you should enroll in direct deposit to begin receiving your payments electronically. In order to receive your FSA/CCC program payments electronically, you will need fill out a direct deposit form and return it to the address below. You can download the form at: <https://www.gsa.gov/cdnstatic/SF3881-03.pdf?forceDownload=1>

The SF-3881 is the form approved to elect direct deposit of FSA/CCC program payments to a financial institution. If needed, the County Offices will provide the SF-3881 to customers at the time of application for program benefits and answer any questions about completing the SF-3881. The customer or the financial institution must return the completed SF-3881 to the County Office to initiate the direct deposit. The customer may also attach a voided check to the SF-3881 instead of having the financial institution complete the SF-3881. State and County Offices will verify the information on the SF-3881 to the check.

Once you are enrolled in direct deposit, your payments will be automatically deposited into your bank account. With direct deposit, your payments will arrive on time, every time, because electronic payments are faster, safer, and more convenient than a paper check.

Electronic payments are *faster*

- Paper checks take days to arrive in the mail and can require additional time to cash or deposit the check, whereas electronic payments arrive on time, every time, on the payment date.

Electronic payments are *cheaper*

- Every paper check that is converted to an electronic payment saves the American taxpayer and allows the government to save tens of millions of dollars.

If you have questions please call [name of County or State] or feel free to contact your local County Office at [XXX-XXX-XXXX].

Sincerely,

[typed name]
[County/State] Executive Director



USDA is an equal opportunity provider, employer, and lender