DIRECT DEPOSIT IS COMING!

Direct Deposit (aka Electronic Funds Transfer or EFT, not ET) is coming to the Los Angeles Community College District. This change in how employees receive their paychecks will make life easier for all. This issue of “What’s New” discusses the magic of direct deposit.

Understanding Direct Deposit
Direct deposit is the automatic electronic transfer of funds into an account opened at a bank, credit union, or other financial institution and replaces issuing paper checks. Direct deposit is proven to be a fast, safe, convenient banking method for employers and employees alike.

About 4,500 of the District’s 9,000 employees currently opt for direct deposit “paychecks.” These employees do not experience lost warrants or postal service delivery delays as can occur with paper warrants. Direct deposit eliminates security issues when paychecks are sent to the campus and will allow the District to redeploy several hundred thousand dollars used to mail checks to other purposes.

Delivery issues, although rare, can usually be resolved more quickly as opposed to a week or more as occurs with “paper checks.” Consequently most employers and employees today view direct deposit as the preferred method for distributing salary warrants. Our new computer system allows our District to update its salary warrant distribution to current industry practices. “Paper checks” will most likely become a piece of our past.

What to Expect
The change from paper to all electronic transactions begin July 1, 2005 when the new payroll system is implemented and will occur in three phases: credit union deductions, paychecks, and Employee Self-Service.

Phase 1: Starting July 1, 2005 direct deposit will be the only method used to transfer voluntary deductions to the four credit unions the District has deposit arrangements: California Credit Union, First Financial Credit Union, Los Angeles Schools Federal Credit Union, and Matadors Community Credit Union.

Although the change itself is significant in terms of work processes involved, for most employees this phase may seem primarily one of how their voluntary deduction is coded on their paycheck—and in what amount. For example, instead of the credit union payment appearing on the “pay check stub” as a voluntary deduction, the payment will be sent electronically to the credit union as part of an employee’s net pay. The credit union will then “deposit” the designated amount to the account specified by the employee.

Current credit union deductions are based on our old 13 pay periods per year system. In the new payroll system, deductions occur 12 times for monthly paid employees, 24 times for semi-monthly paid employees and 10 or 20 times as selected by 10-month employees.

Notification letters, authorization cards, and specific instructions are being sent to the approximately 1,200 employees affected by this change. Employees must complete and return authorization card(s) prior to May 31, 2005 to continue to have funds deposited in their credit union accounts. If a card is not returned, the amount previously deducted will be added to the employee’s paycheck.

Phase 2: Starting October 2005, all employee pay will be delivered electronically. “Paycheck stubs” will continue to be mailed.

Phase 3: In 2006, employees will no longer receive paycheck stubs via the U.S. Postal Service but will receive them through the new Employee Self-Service.

If you have been thinking about giving it a try, now is a good time to start. The Employee Tip Sheet—Setting Up Your Direct Deposit “Paycheck”—explains what you need to do. (Tip Sheets on this and other topics are found at laccd.edu / Faculty & Staff Resources.)

Project MAESTRO is about change. “What’s New” and other Project MAESTRO communications are sent primarily through email. Until all employees have computer access, hard copy will also be posted on the LACCD Bulletin Boards at each location.

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