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State lauds benefits of electronic payments

By BRUCE EDWARDS STAFF WRITER

The state has embarked on a campaign to encourage its business vendors to accept electronic payments for their goods and services.

For the state, it means savings of \$1 to \$3 per check, adding up to hundreds of thousands of dollars in annual savings.

"The estimate is if we got everybody, we could save \$400,000 a year," state Treasurer Jeb Spaulding said.

Realistically, though, he put the savings at \$200,000 a year.

According to the state Department of Finance and Management, the state issued 200,000 paper checks to vendors last year compared to just 33,000 electronic payments.

Spaulding said the state over the last few months has made a push to let businesses know that deposits can be made by electronic transfer.

"One of the most significant disincentives we've learned from vendors has been with electronic deposits their bookkeepers often don't know, especially with a large vendor, what the deposit was for," Spaulding said.

He said the system used by the state not only provides instantaneous deposit but also details of the transaction and a summary page showing each payment and amount by date.

Spaulding said he hopes the improvement provides vendors with added incentive to switch to electronic deposits.

He said electronic payment is available to both in-state and out-of-state vendors.

In addition to receiving quicker payment, vendors also benefit from the added security of the electronic payment system, or automated clearinghouse.

Vendors who sign up for e-payments are given 24-hour access to a secure online system called Vendor Portal.

Spaulding said while switching to e-payments is voluntary for vendors currently under contract with the state, new vendors are required to accept electronic deposits. Vendors who renew their contracts are subject to the same requirement.

"This is another step in the state's effort to go electronic in terms of our financial transactions," he said.

With few exceptions, all state employees receive their pay via electronic deposit to their bank account.

Spaulding said almost all of the state's retirees receive their pension payments electronically.

"This is sort of one of the last areas where we have a lot of paper checks going out and it's costing us substantially to do so," he said, referring to vendor payments.

An estimated 500 vendors currently are registered for the Vendor Portal, including the city of Burlington and the University of Vermont.

For the state, there are savings on postage, paper, and personnel time to process paper checks.

The Treasurer's office reports that ACH-related bank charges are just 5 cents per transaction. In fiscal year 2009, 5,000 vendors received 11 or more paper checks.

For more information, call the Treasurer's office at (800) 642-3191 or visit www.VermontTreasurer.gov.

bruce.edwards@rutlandherald.com