

DEPARTMENT OF TREASURY
BUREAU OF CONTROLLER OPERATIONS
STATE DIRECT DEPOSIT PROCESS

(By authority conferred on the department of treasury by section 4 of Act No. 190 of the Public Acts of 1991, being S487.2104 of the Michigan Compiled Laws)

R 487.2101 Definitions.

Rule 1. (1) As used in these rules:

(a) "Act" means Act No. 190 of the Public Acts of 1991, being S487.2101 et seq. of the Michigan Compiled Laws.

(b) "Direct deposit" means an option that is available to any state employee or the recipient of a state-administered pension benefit to have his or her net pay or benefit directly deposited into a savings or checking account at any financial institution. State colleges and universities shall have their monthly state payments directly deposited into a checking account at any financial institution.

(c) "EFT" means electronic funds transfer.

(d) "Electronic funds transfer" means an automated transfer of money from one financial institution account to the account of another.

(e) "Enrollment/authorization form" means a form that is provided to employees and retirees for the enrollment in, and authorization for, the direct deposit process. The payroll form will be available from the employee's personnel office. The forms for retirees will be available from the retiree's respective system. The form will be used for the initial enrollment and for any changes.

(f) "Enrollee" means someone who is designated to receive payroll or pension benefits by EFT direct deposit.

(g) "Net pay/pension benefit" means the amount that an enrollee receives in his or her biweekly payroll warrant or monthly benefit warrant.

(h) "Originating institution" means the financial institution that is contracted by the state to initiate all authorized EFTs.

(i) "Prenotification" means a zero dollar EFT that is initiated after an individual's valid enrollment/authorization form is processed. Prenotifications are used to provide an opportunity to test the accuracy of the information provided and the capture of this information into the payment system. A prenotification will be initiated upon the processing of any individual's enrollment/authorization form.

(j) "Receiving institution" means the financial institution that is designated by an enrollee to receive that enrollee's payment through direct deposit.

(2) A term that is defined in the act has the same meaning when used in these rules.

History: 1994 AACS.

R 487.2102 Forms; availability.

Rule 2. The department of management and budget shall have available, before January 1, 1993, at all department personnel offices and at the bureau of retirement systems, enrollment/authorization forms and procedures.

History: 1994 AACS.

R 487.2103 Enrollment forms and amendments; availability to employees and retirees.

Rule 3. Before the time that EFTs will be available for direct deposit, enrollment forms and subsequent amendments will be made available to every active employee and retiree through his or her personnel office or the bureau of retirement systems. A packet of information on what EFT is and

how it works will be made available. The department of management and budget will design the forms for EFT enrollment. New employees and retirees will receive the information specified in this rule in their new employee orientation packets and retirement applications.

History: 1994 AACCS.

R 487.2104 Enrollment; state university payments.

Rule 4. All state colleges and universities that receive monthly state payments shall enroll and receive their payments by EFT, subject to all of the following provisions:

(a) All state colleges and universities shall be instructed by the department of management and budget to provide the complete financial institution information that is necessary to enable the department to EFT monthly state payments.

(b) All state colleges and universities that receive their monthly payments by EFT shall voluntarily remit their Michigan sales, use, and withholding taxes by EFT when notified by the department.

(c) EFT direct deposits will be discontinued to state colleges and universities that are not in compliance with the provisions of subdivision (b) of this rule and they will receive their aid payments by means other than EFT direct deposit.

History: 1994 AACCS.

R 487.2105 State payroll deduction program participation.

Rule 5. The department of treasury and the department of management and budget have determined, for administrative efficiency, that financial institutions shall have not less than 50 participants to qualify to participate in a state payroll deduction program.

History: 1994 AACCS.

R 487.2106 Enrollment/authorization forms; signature of recipient.

Rule 6. For all enrollees, an enrollment/authorization form is not valid without the signature of the enrollee. The authorization form shall provide that the signators agree that the law of the state of Michigan will govern the rights and obligations of the signators and the state with respect to all transactions carried out pursuant to the authorization. By signing the enrollment form, the signator agrees to the terms of the form, including the selection of the laws of the state of Michigan as governing the rights and obligations of the parties.

History: 1994 AACCS.

R 487.2107 Enrollment/authorization; effective date.

Rule 7. Upon receipt of a valid enrollment/authorization form, state payments will be made by EFT within 32 days after a successful prenotification.

History: 1994 AACCS.

R 487.2108 Authorization; revocation.

Rule 8. An authorization shall be revoked if any of the following occurs:

(a) Receipt of a written request to revoke an authorization from the EFT recipient.

(b) Notification from the receiving financial institution that the authorization included erroneous information that resulted in the rejection of the EFT.

(c) Any circumstance where execution of the EFT results in a fraudulent payment.

(d) Receipt of a written request to revoke by the department of management and budget, the department of treasury, the employee's personnel office, or the bureau of retirement systems.

History: 1994 AACCS.

R 487.2109 Deposit errors.

Rule 9. The department shall withdraw from the designated account or deduct from subsequent payments all amounts that are erroneously deposited electronically. Employees and retirees shall contact their respective personnel offices or bureau of retirement systems if errors are discovered or if they have questions.

History: 1994 AACCS.

R 487.2110 Adoption of federal standards by reference.

Rule 10. The provisions of the federal standard entitled "Regulation E; Electronic Fund Transfers," 12 C.F.R. S205, effective March 30, 1979, as amended as of the effective date of these rules, are adopted by reference in these rules. Copies may be obtained from the recipient's financial institution. Copies may also be obtained from the Federal Reserve Bank of Chicago, 230 South LaSalle Street, Chicago, Illinois 60690, at no cost as of the time of adoption of these rules. Copies may also be obtained from the Michigan Department of Treasury, Receipts Processing Division, P.O. Box 15128, Lansing, Michigan 48901, at a cost, to cover reproduction and postage of \$9.00 as of the time of the adoption of these rules.

History: 1994 AACCS.