

# County of Santa Clara

Social Services Agency

333 West Julian Street  
San Jose, California 95110-2335



**DATE:** September 11, 2019

**TO:** Board of Supervisors  
Jeffrey V. Smith, M.D., J.D., County Executive

**FROM:** Robert Menicocci, Agency Director

**SUBJECT: Off-agenda Report Addressing the 2019 Intern & Earn Program:  
ADP Card Concerns**

The Social Services Agency's (SSA) Intern and Earn Program is designed to reduce the effects of generational poverty by providing low-income and disadvantaged youth with employment-based opportunities that foster career exploration and exposure to public service. The Intern and Earn programs components include: A summer program that provides paid internships to only youth in CalWORKs and Foster Care programs and a year-round series of employment workshops to youth in the CalWORKs, CalFRESH and Foster Care programs.

Following the conclusion of the 2019 Intern and Earn summer program, some interns reported Automatic Data Processing, Inc. (ADP) payroll problems. Supervisor Chavez requested SSA to produce an off-agenda report addressing the pros and cons of the different payment options for the Intern and Earn Program.

***Summary:***

The biweekly pay for interns is delivered on an electronic ADP payroll card (the Aline card) that allows quick access to funds, online and mobile app account access, and numerous no-fee withdrawal and payment options. Some interns reported difficulty with late pay, unexpected fees, and mobile and online usage.

FMS and CWES investigated these concerns and others and provide recommendations regarding how to improve the intern experience in future programs. Recognizing that no pay system is perfect, we recommend retaining pay card delivery with improved intern training. Electronic funds management is a financial skillset that will benefit the interns immediately and in their adult lives, consistent with the overall goals of the Intern & Earn program. Direct deposit and paper checks present significant problems. We also are aware of some difficulties on the ADP side, and have provided feedback to the company. In addition, ADP has implemented an upgraded card service (Wisely Pay) that will be available for the 2020 program, changes noted below.

A review of the reported concerns, pros and cons of various payment methods, and recommended solutions follows.

### ***Reported Issues:***

- Delays in getting paid. Three interns said they did not get paid until Saturday, following the biweekly Friday payday. FMS reviewed detailed system time stamps for the loading of funds into the card accounts. For one example, system records show that for these three interns pay was loaded at 2:15:53 AM, 2:15:49 AM, and 2:15:50 AM, respectively, on Friday, August 9<sup>th</sup>, the final payday. It is ADP policy that funds are available by 9:00AM each payday, and paycards are loaded via a batch process. If there were late payment problems, we would expect to see a widespread impact. **We have not been able to find any evidence of late payroll payments.** However, we realize there could be something going wrong on the system side, and we will request that FMS be notified immediately if this issue arises so the problem can be investigated and solved in real time.
- Excessive fees. If the cards are used within program guidelines, the interns need not incur any fees to access their funds. All interns were allotted one free in-network ATM cash withdrawal per pay period. There are four ATM networks (Allpoint, MoneyPass, PNC Bank, and MB Financial Bank) with numerous ATM locations in San Jose. In the new Wisely Pay program, there will be no limit to free in-network ATM withdrawals. The interns also have unlimited free withdrawals from over the counter tellers in any VISA network bank in the US, and the card can be used to make payments anywhere that a VISA card is accepted in stores, online, etc. Written fee guidelines are provided with every paycard and discussed with the interns; however, going forward additional training will be provided by CWES and FMS staff on how interns may use their paycards to avoid fees. Understanding these electronic funds management rules will be a part of valuable financial literacy for the interns.
- Reports of interns locked out of the ADP Mobile App. Users are locked out after 3 failed log-in attempts. ADP has confirmed there have been no reports of any widespread app issues. If a user gets locked out, they must contact the ADP helpdesk to reset their password. If interns do not like the mobile app, another option is account access via ADP's website.
- Reports of interns locked out of their online account. Users will be locked out after 3 failed log-in attempts. One example – an intern selected a user ID incorporating their last name. However, there was a misspelling resulting in an eventual lock out. Additional training is needed to help interns when creating their user ID's.
- Some interns experienced long wait times to connect with customer service. Unfortunately, this can occur, and feedback has been delivered to ADP. By providing the interns with additional training for account set-up and paycard usage, the need to contact customer service to resolve paycard issues should greatly decrease.
- Some difficulties in activating paycards this year. There were some activation problems with the Aline paycard this year. ADP is upgrading to the Wisely Pay program and a new platform in 2020 in part to remedy these glitches. Some interns complained that they needed a code to set up an account. This code is part of two factor authentication, an industry standard for electronic security. Again, this is valuable information for the interns, and more assistance is needed here.

### ***Pros and Cons of various payment methods:***

## **Paper Paychecks:**

### **Pros:**

- 1) No paycard activation needed.
- 2) No need to provide online or mobile tools.

### **Cons:**

- 1) Difficult and potentially expensive for unbanked interns to cash checks
  - a. Majority of the interns are unbanked (estimated at least 70-80%)
  - b. Difficult for interns without standard government-issued ID's to cash checks at issuing bank
  - c. Payday lending stores charge a minimum of 5% of the check value, plus transaction fees. Other servicers may charge even higher rates or refuse to disclose the check cashing fees upfront.
- 2) Not feasible for Intern & Earn staff to distribute 400+ checks to 154 different work sites within the County each payday
- 3) Interns that work in the afternoon may not be able to get to a bank by the end of the payday
- 4) Interns may sign over checks to others
- 5) Interns may lose checks; the check replacement process is manually intensive and slow
- 6) Interns may not timely cash checks, resulting in stale dated checks and possible escheatment

## **Direct Deposit:**

### **Pros:**

- 1) Funds deposited directly into an account
- 2) No paycard activation
- 3) No need to provide online or mobile tools

### **Cons:**

- 1) Majority of the interns are unbanked (at least 70-80%), and the interns would need to have bank accounts prior to the start of the summer program
- 2) Difficult for interns without standard government-issued ID's to open bank accounts
- 3) Establishing direct deposit is a long process
  - a. A prenote process is required
    - A pre-note (or prenotification) is a zero-dollar test to validate bank account information before a direct deposit payroll can be processed
    - The pre-note process takes at least one pay period to complete
    - During the pre-note process, each intern will receive at least one paper paycheck, with potential problems note above
  - b. Each intern must complete a direct deposit enrollment form and provide a voided check to FMS to start the pre-note process
    - Starter checks are not allowed per County policy
    - The payor's name must be printed on the face of the check

- In the case of an under-age intern, the minor's name as well as the name of the parent/legal guardian must be printed on the face of the check
- 4) Administrative support for verification of bank accounts and ABA routing information during direct deposit enrollment would add considerable complexity to the employee set-up process, decreasing current efficiencies

### **Paycards:**

#### **Pros:**

- 1) Intern pay is automatically deposited onto their cards and available to use by 9:00am each pay day
- 2) No fees are incurred if the paycard is used within the guidelines
- 3) Interns without standard government-issued ID or a bank account may use their card at an ATM to obtain cash
- 4) Paycards are a standard and industry wide practice for payroll, especially for organizations with a high percentage of unbanked employees
- 5) Interns may receive their annual tax refunds electronically via their paycard
- 6) The paycards provide flexibility, reliability, and efficiency
- 7) Fraud protections are standard with paycards

#### **Cons:**

- 1) Fees can be incurred if the paycard is used outside the guidelines
- 2) Mobile app problems: these will be reduced with the upgrade to the new card platform and improved guidance
- 3) Replacement of lost cards takes time (sometimes up to two weeks). If the card has not yet been activated and FMS is notified, the replacement card may come within three days

### **Changes coming in 2020:**

- ADP is upgrading their paycard from Aline to Wisely Pay. This should reduce the activation issues experienced this year
- Additional training and personal guidance to be provided to interns during orientation for account set-up, efficient ways to use cards and access funds, and how to avoid incurring fees.
- Unlimited free ATM withdrawals with Wisely Pay

### **Conclusion:**

After analysis of the pros and cons of different payment options, paycards are currently the best option available for the Intern & Earn Program due to their flexibility, convenience, and ability to best serve the client population. The Wisely Pay paycard upgrade and additional guidance for the interns at the start of the program will get them off to a better start using electronic funds.

c: Chief Board Aides  
Miguel Marquez, Chief Operating Officer  
James R. Williams, County Counsel  
Megan Doyle, Clerk of the Board