

MISSISSIPPI ELIMINATES UNEMPLOYMENT CHECKS



1,100,000¹

THE ANNUAL NUMBER OF UNEMPLOYMENT
CHECKS ELIMINATED BY THE MISSISSIPPI DEBIT
MASTERCARD® CARD

EXECUTIVE SUMMARY

Background

- Mississippi Department of Employment Security (MDES) is a federally funded state agency that provides employment and training services, unemployment benefits and labor market information for the state
- As demand for services increased, MDES implemented a modernization initiative to streamline operations, reduce costs and more efficiently serve clients

Challenge

- Expedite payments to clients and reduce costs by eliminating the internal printing and mailing of 1,100,000 checks per year
- Provide clients that have no bank account with an electronic payment alternative
- Utilize a payment platform capable of reaching temporarily or permanently displaced clients regardless of their location

Solution

- Mississippi Debit MasterCard® Card as the default payment option for unemployment benefits
- ACS, a Xerox company, as the payment processor and program manager, Comerica Bank as the card issuer, and MasterCard as the financial network

Results

- MDES pays unemployment benefits to an average of 67,000 people per week with 95% receiving them on the new prepaid debit card²
- 90% of clients receive payments before noon on Monday, at least two days earlier than when paid by check³
- Eliminating time wasted printing, mailing and investigating lost, stolen or forged checks enabled MDES to reclaim the time of three and a half full-time employees⁴



BACKGROUND

Mississippi Department of Employment Security (MDES) is a federally funded state agency that provides employment and training services, unemployment benefits and labor market information for the state. The agency's goal is to foster and enhance economic development and growth by providing labor market information and promoting employment opportunities to both workers and employers.

Given economic conditions the past few years, MDES has played a critical role in many people's lives as the unemployment rate in Mississippi rose from an annual average of 6.8% in 2006 to 9.5% in 2009.⁵ These are not just numbers – they are real people and ones whose employment was often impacted by factors beyond their control due to the recession impacting the broader global economy.

DISASTER RESPONSE: FIND-ME, FOLLOW-ME BENEFITS

From single-home fires to large-scale floods and hurricanes, natural or manmade disasters can strike at any time. Often people displaced by these disasters are getting unemployment, child support or other state benefits that they will not receive if payment is by check and they are forced to leave their homes. In these situations, debit cards provide key advantages:

- Funds available immediately, regardless of a client's location
- No wasted time by the agency trying to find and update addresses and resend checks
- Broad access to retailers, ATMs and other locations to purchase whatever the client needs with MasterCard Zero Liability protection*

Those same economic factors also affected MDES, as they were unable to add staff or resources even as their client base rose significantly. To improve operating leverage, the agency implemented a modernization initiative in 2005 that analyzed where and how they could automate their business processes to streamline operations, reduce costs and more efficiently serve clients.

CHALLENGE

A key part of the modernization plan was eliminating checks, which had become an administrative and cost burden for MDES, especially with unemployment rising. Key MDES check statistics included:

- Printing and issuing 1,100,000 checks per year⁶
- Annual check costs averaged \$1,298,000 per year or \$1.18 per check⁷

MDES also printed all of the checks in-house, which added to the cost, but also put additional security requirements on the agency for handling those sensitive documents through that internal process.

While direct deposit provided an electronic option, MDES recognized they needed something that could address their entire client base, many of whom do not have accounts with banks or traditional financial institutions. According to the agency, often these clients would use a check cashing service and support their households using cash. Based on its own analysis and programs in other states, MDES targeted prepaid debit cards as a means to get benefits to all stakeholders – faster, with more secure electronic delivery of benefits to clients, increasing operating efficiency for the agency, and at the lowest cost to taxpayers.

As MDES was preparing to launch a debit card program in 2005, Hurricane Katrina hit and devastated the state's coastal communities. The storm and its aftermath displaced many people, forcing them to move to temporary housing, stay with relatives or move away permanently – including many people receiving unemployment benefits.

In the wake of this unexpected uprooting of people, MDES did not have updated addresses to reach its displaced clients with their benefits checks. The process of tracking down and verifying new addresses – often resulting in the additional expense of mailing checks, having them returned and sending out new ones – exacerbated the administrative and cost headaches of issuing checks.

For MDES, Hurricane Katrina only served to further highlight the advantages of the debit card solution since benefits can still be received regardless of a client's physical location.

95%

The number of Mississippi Department of Employment Security clients that receive unemployment benefit payments on the Mississippi Debit MasterCard® Card each week

SOLUTION

After getting through the storm response and further studying the programs in other states, MDES immediately began work with the state contract vendor, ACS, a Xerox company, as the payment processor and program manager, Comerica Bank as the issuer, and MasterCard as the financial network.

Offered as the Mississippi Debit MasterCard® Card, it is the default option for all unemployment payments with direct deposit offered as an alternative – checks have been completely eliminated. In addition, filing claims, account status and other unemployment benefit transactions are all now available online, further streamlining the administrative process.

For MDES clients, the benefits are significant:

- Safer and more immediate payment, regardless of their physical location
- No carrying around cash or paying check cashing fees
- No worrying about checks that are lost, stolen or sent to the wrong address
- Purchases and cash-back from millions of retailers that accept Debit MasterCard
- Get cash at millions of ATMs and branch locations that accept Debit MasterCard
- MasterCard Zero Liability protection against unauthorized transactions

“ The Mississippi Debit MasterCard® Card has played a key role in our agency’s modernization strategy, from delivering significant cost savings to streamlining our administrative processes. Now our staff can scale to handle spikes in unemployment claims without additional resources and focus on helping people get and keep jobs instead of chasing down lost or stolen checks. Perhaps the biggest testament to its success is that I haven’t gotten a single complaint from a client about it – not one. ”

Jimmy Giles
 Director, Customer Operations Support
 Mississippi Department of Employment Security

RESULTS

MDES kicked off its debit card program in May 2006 with a pilot in three regional MDES offices and picked select individuals receiving unemployment benefits to test it. The test was so successful that MDES launched the debit card program statewide the following month with 23,000 cards, underscoring how quickly and easily ACS could roll out the program for MDES and how beneficial clients found the move to electronic payments.⁸

And it has only grown from there. In January 2010, MDES paid out an average weekly payment of \$186 to clients and a total of nearly \$25,000,000 in unemployment benefits with the majority paid on the Mississippi Debit MasterCard® Card⁹:

- 95% of MDES clients receive unemployment benefits on the debit card¹⁰
- MDES pays unemployment benefits to about 67,000 people per week¹¹



CONCLUSION

Eliminating checks not only provides faster, more secure delivery of benefits to clients, it also enabled MDES to recapture staff time that was consumed with check-related administration tasks, including:

- One and half full-time employees required for in-house check printing and mailing
- Two full-time employees for investigating lost, stolen or forged checks

The Mississippi Debit MasterCard® Card has allowed MDES to redeploy those internal resources to improve client service and support, enabling the agency to keep pace with the increase in their client base without adding staff and other resources.



FOR MORE INFORMATION, PLEASE CONTACT YOUR MASTERCARD ACCOUNT REPRESENTATIVE.

1-4, 6-7, 9-11 Mississippi Department of Employment Security, March 2010
 5, 8 Mississippi Department of Employment Security, Labor Market Data, January 2010

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