



NACo AND VISA DIGITAL PAYMENTS – PILOT COUNTY PROSPECTUS

Date:

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Services Performed By:

NACo Counties Futures Lab
And Visa Inc.

Services Performed For:

Pilot County – Lancaster County, NE

DIGITAL PAYMENTS PILOT COUNTY – SUMMARY, GOALS AND DELIVERABLES

Visa, Inc. and the National Association of Counties (NACo) are partnering to create a pilot project that will evaluate the impact of increased electronic payments usage in one U.S. county. The project is rooted in a series of questions that NACo and Visa would like to work with the selected county to answer:

- As digital payments increase in private industries, are they also increasing in the public sector?
- When presented with increased access to digital payments, will county residents transition their payment preferences?
- For which services, fees and obligations do county residents prefer to use digital payments rather than cash or check?
- What are the costs and benefits of using digital payment methods versus those of cash and check?
- For what reasons might county governments decide to grow in offering and accepting digital payments?

This study will measure how many payment transactions are completed using cash or checks versus electronic payment methods before, during and after implementation of the pilot project. In conducting this study, the project has three goals:

1. Help the Pilot County achieve their financial objectives by providing residents with more options to pay for taxes and services in a convenient, timely manner, with faster and more accurate accounting;
2. Provide a “blueprint” for other counties to replicate the program;
3. Measure the net impact for the County when transitioning to greater acceptance, procurement and disbursements through digital means, sharing with the county what it can expect in cost savings, process efficiencies, increased revenue, constituent satisfaction and through other indicators.

Primary pilot project deliverables include:

1. A report and workshop produced by NACo analyzing the Pilot County’s achievements and challenges in increasing digital payments. The project will examine 1. payments made by residents paying for taxes, 2. service fees and other payments to the County, any disbursements the County may be able to offer its residents, and 3. payments made by the Pilot County to its suppliers. The report and workshop will evaluate what is needed to successfully transition to greater digital payment capabilities. The estimated time required to conduct the Pilot is 6 months. NACo and Visa would like



to share preliminary findings, if not the final study (depending on date of Pilot conclusion), in an associated workshop at the NACo Legislative Conference in March of 2019. The Pilot outcome can also be highlighted, if deemed appropriate by NACo and the County, at the NACo Annual Conference in the summer of 2019.

2. Visa's customized support for the Pilot County may include the following:
 - a. Government fee structure for debit and credit cards
 - b. Customized direction for the county when migrating to a broader portfolio of digital payment offerings, including online portal, software, products and equipment
 - c. Various digital payment capabilities (online acceptance, purchasing cards, mobile technology, pilot promotion and marketing materials) on which Visa and the selected county will mutually agree
 - d. Dedicated project management and points of contact

The Pilot County will be featured in a report and workshop at a NACo event, in addition to inclusion in County News, NACo blog articles, social media and elsewhere through NACo and Visa's communication's platforms. Visa may consider sharing the success of the Pilot with relevant stakeholders globally where appropriate.

Visa and the Country will formalize terms of this engagement prior to the commencement of the Pilot.

NOTES ON PILOT PROJECT METHODOLOGY

To prepare for the onboarding of the Pilot County, the Lab has assembled the following topline notes on methodology, timeline, quantitative and qualitative variables that will allow the Lab to evaluate the effectiveness of the project. The goal of the analysis is to quantifiably and qualitatively determine the impact increased digital payments have on a county after transitioning from primarily using cash or checks. In addition to identifying measurable impacts on county government, the Lab will assess the effects upon constituents and suppliers. NACo and Visa will work with the County and its partner financial institutions to efficiently onboard a portfolio of digital payment services and products that the Pilot County agrees to institute.

The report from the pilot project will contain background, methodology, and findings based on the measurement of variables described below. It will include anecdotes, testimonials and/or other qualitative examples to add context and relevance to peer counties that seek to replicate the successes of this initiative. The final report can also include recommendations for how counties can boost acceptance and usage of electronic payments through its offices.

PROPOSED PILOT PROJECT TIMELINE

The timeline is subject to conditions that occur during the actual implementation of the pilot and may be adjusted over time. The target dates were selected to allow for the possibility of a workshop on the project at the 2019 NACo Legislative Conference. The conference will be held on March 6-9, 2019 in Washington, DC at



the Washington Hilton. NACo, Visa and the County will agree on an appropriate schedule. The one given below can be used as an example to work from. Certain initiatives, like planned institution of electronic tax collection processes, should be considered when developing the final schedule.

August 2018	<ul style="list-style-type: none"> • Pilot County approves prospectus and confirms project participation • Lab and Visa site visit to Lancaster County (August/September)
September 2018	<ul style="list-style-type: none"> • Visa and partners provide overview plan of the payments technology assistance to be implemented in the Pilot County • Onboard County with payment technology and technical assistance plan (Visa) • County will compile previous year data on county payment transactions and transmit to NACo • All parties to identify variables that staff anticipate will impact revenue collection regardless of the project • All parties to determine if county or a third party can survey constituents during the Pilot • NACo lab to finalize and deploy consumer survey
October 2018 - March 2019	<ul style="list-style-type: none"> • Pilot start • Check-in interview with the Lab • Continuing support from Visa
March 2019	<ul style="list-style-type: none"> • Final interview • Compile consumer survey data (county if applicable) • Compile consumer demographic data and transmit to the Lab (Visa)
March - May 2019	<ul style="list-style-type: none"> • Finalize analysis and author report on the pilot project • Review analysis and report with the Lab (Visa) • Publicize results and workshop at 2019 Legislative Conference

RECOMMENDED VARIABLES TO MEASURE

NACo will work with the Pilot County to obtain both quantitative and qualitative data to evaluate the project. The goal of the research is to provide insight for other counties looking to replicate the successes and avoid the pitfalls of expanding the use of digital payment methods. For consumer surveys, NACo will work with the pilot county to provide customers with a short set of questions that will help track change in payments and consumer habits.

Quantitative variables

- Percentage of payments made using credit or debit cards and other methods of payment from previous year, and change from previous year's percentage
- Revenue collection
 - Total amount of revenue collected overall



- Revenue collected by the different payment methods, e.g. cash/check, credit, electronic bank transfer and any other payment methods
 - Change in total amount of revenue collected from previous year
- Itemized totals of revenue collected, e.g. fees, property taxes, etc.
- Change in itemized totals of revenue collected from previous year
- Staff hours worked to process payments
 - Prior to implementation of pilot program
 - Following successful implementation of pilot program
- Change in staff hours worked to process payments from previous year
- Number of failed payments, e.g. bounced checks
- Change in number of failed payments from previous year
- Number of delinquent accounts
- Change in number of delinquent accounts from previous year
- Operational costs for the county, e.g. payroll, bank fees, processing fees, etc.
- Change in operational costs from previous year
- Changes in cash-related security cost
- Changes in online fraud costs
- Impact on criminal activity

Qualitative variables

- Anecdotal evidence – resident/supplier/employee/county official observations
- Resident/customer satisfaction
 - Convenience
 - Likely to use credit or debit card to make a payment again
 - Likely to recommend others the use of credit or debit card to make payments
 - Benefits of using a credit card, e.g. credit card rewards program
- Employee satisfaction
 - Convenience
 - Ease of the onboarding process (Examples: training, change in process))
 - Time – did the employee spend more time troubleshooting and helping customers? Was time saved because having more money collected by credit card easier to account for?
 - Overall business improvements

PROJECT CONTACTS

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