

## Economic Feasibility Study (EFS) Summary

### What is an EFS?

- Cost/benefit analysis of your agency's proposed electronic payment project.
- Demonstrates the economic feasibility (net benefit) of the proposed project.

### What is the definition of economic feasibility?

- A project is economically feasible; when over a reasonable period of time, the project's cumulative benefits (increased revenues and/or decreased costs) outweigh or are equal to the project's cumulative costs (decreased revenues and/or increased costs).

### Why do you need to prepare an EFS?

- State law RCW 43.41.180 says, "(1) The office of financial management is authorized to approve the use of electronic and other technological means to transfer both funds and information whenever economically feasible...(2) No state agency may use electronic or other technological means, including credit cards, without specific continuing authorization from the office of financial management."
- *State Administrative and Accounting Manual (SAAM)* [Chapter 40](#) requires agencies to prepare an EFS to help OFM determine whether your project is economically feasible.

### When do you need an EFS?

- Required for:
  - New or expanded electronic payment projects.
  - Acceptance and disbursement of electronic payments including: credit cards, debit cards, prepaid debit cards, ACH payments processed through a third party vendor, electronic checks, Internet checks, electronic benefit transfers, payroll cards, lockbox services, etc.
  - Pilot and permanent projects.
- Not required for:
  - ACH payments processed through the Office of the State Treasurer (OST) and AFRS.
  - State or federal legislative mandates to accept or disburse electronic payments.\*
  - Electronic transfers of information including: invoices, remittance advices, employee earnings statements, etc. An EFS is only required when electronic payments are involved.
  - Inter-Agency Payments (IAPs) and Interfund Payments (IFTs) via AFRS.

\*It may still be helpful to prepare one for internal use to understand the costs and benefits involved.

### What are the components of an EFS?

- Business Case Form
- Cost Benefit Analysis Form (Excel spreadsheets)
- Supporting Documentation (if necessary)

We recommend that agencies submit drafts of their EFS forms to OFM and OST for review before officially submitting their EFS to OFM for approval.

## Resources

### **OFM Resources:**

- *State Administrative and Accounting Manual (SAAM)* Chapter 40 – E-Commerce
  - <http://www.ofm.wa.gov/policy/40.htm>
- OFM E-Commerce Resources webpage
  - <http://www.ofm.wa.gov/resources/ecommerce.asp>
  - Provides:
    - Required EFS forms (Business Case and Cost Benefit Analysis forms)
    - Helpful hints for preparing your EFS
    - List of possible revenue and cost elements to include in the EFS
    - General guide of whether an EFS is required for the most common electronic payment types
    - List of legislative exceptions to the EFS requirement
- OFM Statewide Accounting, E-Government Consultant
  - Anna Quichocho, [anna.quichocho@ofm.wa.gov](mailto:anna.quichocho@ofm.wa.gov), (360) 725-0187

### **OST Resources:**

- OST has a 2 hour presentation on payment options for state agencies contemplating electronic payment options. For more information, contact: Ryan Pitroff, [ryan.pitroff@tre.wa.gov](mailto:ryan.pitroff@tre.wa.gov), (360) 902-8917.

## Other Considerations:

- **Office of the Chief Information Officer (OCIO) approval may be required for information technology investments** - If OCIO approval is required, it must be obtained before releasing or issuing any acquisition documents. For more information, refer to: <http://ocio.wa.gov/> or your OCIO Information Technology Consultant.
- **Financial Service Agreements** – OST has the authority to negotiate master contracts with financial institutions (RCW 43.08.015). Certain responsibilities may be delegated to agencies with OFM’s concurrence. For more information, refer to SAAM Chapter 65 (<http://www.ofm.wa.gov/policy/65.htm>).