FUTURE OF DIGITAL PAYMENTS:

SOLUTIONS FOR A PUBLIC-PRIVATE PARTNERSHIP

Pilot Project in Lancaster County, Nebraska

The National Association of Counties (NACo) and Visa Inc.

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FOREWORD

Visa has long understood the value of digital payments. Over a half century ago, Dee Hock, Founder and Chairman Emeritus of Visa, envisioned the electronification of money, allowing individuals to use money "any time, wherever they happened to be, seven days a week, 24 hours a day." Today, it is hard to imagine making a payment without the option of swiping or tapping a card or using a mobile wallet at check out.

The benefits are vast for those on both sides of a transaction. As a consumer, the option to transact digitally means less time waiting in line, fewer trips to the bank to withdraw cash, and the convenience of buying online. For the merchant, digital payments are efficient and secure, helping to reduce bottlenecks at the point of sale and reducing costs associated with cash and check handling.

Many of these same benefits also apply to government payments. Whether an individual is renewing a driver's license or paying property taxes, the ability to pay digitally increases payment options and convenience for consumers while reducing acceptance-related costs for government agencies.

With these benefits in mind, Visa partnered with the National Association of Counties (NACo) to study the impact of expanded digital payment options at the county government level. The Future of Digital Payments Pilot Project in Lancaster County, Nebraska, co-sponsored by Visa and NACo, launched in 2019 to track and analyze the benefits of enhanced digital payment infrastructure across government departments and agencies.

The results are compelling. Expanding the use and acceptance of digital payments for property taxes provided Lancaster County with substantial benefits, including lower costs of managing cash and check transactions, at the same time providing taxpayers greater convenience and less friction. The County also looked internally at its own payment practices and launched a purchasing card program to utilize digital payments infrastructure to make payments for the County's own business expenses. As of July 2020, this program has generated significant cost savings and spending volume across departments has generated cash rebates for the County since the program began.

While the study was completed before the onset of the Covid-19 pandemic, the health crisis has further emphasized the importance of digital payments. Digital payments have become a lifeline for many small businesses affected by the crisis. For governments – up to and including national governments – digital payments have facilitated distribution of relief funds, and enabled the continuity of basic services, especially at the county and local levels.

Visa recognizes that there are choices when it comes to payment acceptance. Each county is unique and is best positioned to determine the most meaningful opportunities to increase its use and acceptance of digital payments. With that in mind, we are excited to share **Future of Digital Payments: Solutions for a Public-Private Partnership** to help spark ideas and illustrate the benefits of digital payments for consumers, businesses, and governments everywhere.

Robert B. Thomson, III

Senior Vice President, Head of U.S. Government Engagement

Visa Inc.

RECOMMENDATIONS AND KEY FINDINGS

1. **Adopting (or expanding) digital payments provides counties with substantial benefits, such as lower costs of managing cash and check transactions.**

   • Before the pilot project's onset, Lancaster County engaged in heavy marketing efforts to encourage residents to utilize available digital platforms. The County Treasurer's Office, which processed over 84,000 checks in the 2017 tax season, stands to save over $300,000 in staff labor and other costs associated with the processing of check payments.

2. **Seek insights into how constituents prefer to make payments for various services and how vendors prefer to accept payments for purchases before expanding digital payment systems.**

   • In Lancaster County, survey respondents preferred digital payment methods when renewing motor vehicle registrations; however, checks are the preferred payment method when paying property taxes due to the low transaction costs or fees.

   • Lancaster County receives special pricing with contracted vendors and in some cases, vendors will not accept P-cards as payment due to the fees and transaction charges that would further reduce their profit margins. Thus, Lancaster County continues to use traditional payment methods such as checks and automated clearing house (ACH) remittance to maintain lower pricing with contracted vendors.

3. **Research the county demographic profile in relation to usage of digital payment systems.**

   • In Lancaster County, young and middle-aged residents had a strong interest in using digital payments for future transactions with the county; however, older residents preferred traditional payment options such as cash or check.

4. **Analyze internal processes and staff impacts across all departments to effectively foster widespread adoption of new digital payment systems.**

   • Digital payment services were easily adopted in most Lancaster County departments; however, it was not advantageous or possible to switch completely in other departments. Furthermore, some long-time staff members were less open to the change due to its disruptions in their established processes, highlighting the need for strong county communication and staff training.

INTRODUCTION

In an era of social distancing, the COVID-19 pandemic is accelerating the transition from traditional to digital payment methods for businesses and local governments. A Granicus survey of 1,490 government officials and citizens found that **61 percent of officials indicated that COVID-19 had accelerated their digital transformation efforts.**[1] Many counties have been forced to rely primarily or even solely on digital operations to continue serving residents while adhering to health guidelines and enforcing social distancing.

To adjust to the "new normal," counties have deployed or invested in infrastructure to support the use of digital capabilities. In a recent member poll by NACo, **96 percent of respondents reported shifting operations or services to a digital platform, and 71 percent indicated that they were able to reopen operations or services more quickly due to already having a virtual option available.**[2] Previous investments in digital platforms allowed some counties to adapt more rapidly to the pandemic and thereby minimize the impact on county service delivery to residents.

In Lancaster County, Neb., the subject of this study, the pandemic has not slowed down the pace of the county's business, particularly with its constituents. The county reports about the same level of transaction activity with a shift from in-person transactions toward online transactions. Though the pandemic offers counties an opportunity to expand digital payment systems, the change or transition will not be immediate. Counties must invest in infrastructure and in communication and marketing efforts to inform their constituents of the benefits of using digital payments with the county.

96 PERCENT PERCENT OF RESPONDENTS REPORTED SHIFTING OPERATIONS OR SERVICES TO A DIGITAL PLATFORM

This report presents the results of a pilot project conducted in Lancaster County, Neb. Although the project took place before the pandemic, the results shed light on the possibilities for expanded digital payment options across counties, especially in a time when in-person transactions (i.e., cash and check transactions) are not as feasible. This report also provides recommendations and key takeaways for counties looking to expand digital payment usage and capacity to support the constituents' shifting needs of their constituents.

Through this pilot project, NACo examined how county staff use digital payment systems to accept payments, disburse funds and procure goods and services and to examine how residents make payments to the county NACo examined time and transaction costs for the county and its constituents when using current payment methods, countywide revenue collection practices and how departments disburse funds and make purchases. The project allowed Lancaster County to expand ongoing outreach and marketing efforts that informed residents of the various options available to pay for taxes and services in a convenient and timely manner. Additionally, through the project, NACo had a platform through which to assess the effects of changes in transaction fee structures on digital payment usage. Though the county's purchasing program was not part of the pilot project, there are useful insights from Lancaster County's experience that can help other counties shape the path toward the digitization of procurement.

Note: *In this report, "digital payment" refers to electronic payment methods, including credit and debit cards and electronic transfers, while "traditional payment" refers to payments made with cash or check.*

SELECTION OF THE PILOT COUNTY

Visa and NACo partnered up to examine the current state of revenue collection practices and possibilities for expanding digital payments in counties. NACo, with the support of the National Association of County Collectors, Treasurers and Finance Officers (NACCTFO) and Visa, identified one county government to participate in the pilot program. The pilot program's overall objective was to track and analyze the impact of increased or enhanced digital payment usage by residents and across county departments.

NACo deployed a survey to counties with populations between 100,000 and 500,000 residents. The survey questions assessed digital payment usage in counties and the county's willingness to participate in a pilot program.

TABLE 1
Topline Results from Survey

Why does your office operate primarily with cash or check?	Count
Resident preference	258
Lack of county resources	26
Lack of support from county leadership in accepting other forms of payments	9
Other	59

Source: *NACo Analysis of Survey Data from County Leaders, 2017*
Note: *Nearly 700 responses were received. This table is based on the 447 finished survey responses, excluding the 128 responses that left this question blank.*

In 2018, NACo, NACCTFO and Visa hosted a focus group discussion with county finance staff on revenue collection practices and the solutions that can be provided to strengthen operations and efficiency. The results from the focus group established the basis for the pilot project. NACo and Visa then developed selection criteria to identify candidate counties with the most potential to expand digital payment capabilities. Based on the agreed-upon standards and responses to the survey, Lancaster County, Neb. was selected out of nearly 700 counties to participate in the pilot project.

Selection Criteria Included:

- population level between 100,000 and 500,000
- median household income for each jurisdiction ideally above the 75th percentile of median household income— i.e., at or above $53,515
- population over 65 years of age and older is less than 20 percent
- current use of digital payments makes up a minority of payment transactions (under 50 percent)
- the county has solid working relationships with acquiring and issuing banks.

ABOUT LANCASTER COUNTY, NEBRASKA

Lancaster County, Nebraska is a medium-sized county of over 300,000 residents occupying approximately 838 square miles.[3] With an annual operating budget of more than $146 million and $152 million collected in revenue,[4] the County supports more than 30 departments and employs over 900 workers. Lancaster County is the home of the University of Nebraska, the flagship institution for the state. Ninety-three (93) percent of the population has completed high school in the county, including 38 percent with a bachelor's degree or higher.[5]

In 2018, Lancaster County produced $16.6 billion in economic output, with top contributions from Government and Government Enterprises ($2.9 billion), Finance & Insurance ($1.9 billion) and Professional & Business Services ($1.8 billion).[6] Nearly 213,000 individuals in their prime working age (67 percent of the population) drive the county's economy,[7] earning a median household income of $58,000 in 2018.[8] These workers are distributed across industries such as Government & Government Enterprises (34,990 workers), Health Care and Social Assistance (27,107 workers) and Retail Trade (22,582 workers).[9]

LANCASTER COUNTY, NEBRASKA, AT A GLANCE (PRE-COVID)

County Expenditures:
$146.4 million

Median Household Income:
$55,747

Property Tax Revenue:
$65 million

Population:
317,090

Share of Population Over 65:
14 percent

Civlian Labor Force Population:
177,186

Unemployment Rate:
2.8%

County Structure:
Board of Commissioners (5), no elected Executive and there is an appointed County Administrator

County Revenue:
$152 million

Tax Revenue:
$83 million

Administration Revenue:
$33.3 million

Source: NACo County Explorer Data, 2020

DIGITAL TRANSACTIONS LANDSCAPE IN LANCASTER COUNTY, NEBRASKA

Typically, county government transactions involve interactions with residents at counters or point-of-sale locations (POS), online, via phone and mail. Counties make and accept payments and disburse funds in various ways, including cash, check and different digital methods such as credit and debit cards and electronic transfers. Like any other organization, counties can meet the growing demand for services from constituents through investing, expanding and implementing digital infrastructure. Digital platforms present public sector organizations with approaches to efficiently achieve their financial objectives, streamline operations and boost productivity. These platforms or infrastructure allow for the automation of high-volume transactions, reduce transaction costs and eliminate inefficiencies across all functions while increasing overall constituent satisfaction.

NACo and Visa tracked the increased usage of digital payment methods by Lancaster County, Nebraska, departments and residents, as well as the resulting impacts. Specifically, the project examined county departments' experience in **accepting payments (revenue collection) and issuing disbursements and payments (purchasing/procurement).**

In a series of interviews with staff from various county departments, NACo and Visa determined where each agency had varying needs across these transaction channels. Areas for support and expanded scope of services were identified through these interviews to foster increased usage of digital payment methods.

Lancaster County has 37 departments, nearly all of which participated in the pilot project in any of the transaction channels in some capacity. The departments in the table below collect revenue within the county, among other responsibilities.

Note: In this report, these departments are referred to as "revenue-accepting departments."

TABLE 2
Transaction Channels Across Lancaster County Departments

COUNTY DEPARTMENT	ACCEPTANCE	PROCUREMENT	DISBURSEMENT
Assessor/Register of Deeds	Assessment Fees, other services	Office supplies, operating supplies, energy supplies, other contracted services, travel communications, equipment, rentals, repairs	ACH transfers, P-Cards, checks
County Attorney	Grants, fees, other	Office supplies, operating supplies, services, travel communications, equipment, rentals, repairs	
Clerk of District Court	Court fees, attorney filings, bond payments (cash), grants		Child support, alimony, restitution.
Community Corrections	Inmate phone bills		Inmate account payouts, restitution
County Department of Corrections	Commissions, boarding, grants, sale of fixes assets		
County Clerk	fees		
Mental Health Crisis Center	Grants, fees, other reimbursement		
Election Commissioner	Fees		
County Engineer	Sale of fixed assets, fees, reimbursements	Office supplies, operating supplies, other contracted services, travel communications, equipment, rentals, repairs	ACH transfers, P-Cards, checks
County Extension	Fees		
Human Services/ General Assistance	Fees		
Property Management	Parking fees, fees, rents collected	Office supplies, operating supplies, energy supplies, other contracted services, travel communications, equipment, rentals, repairs	ACH transfers, P-Cards, checks
Records and Information Management	Fees		
Sheriff's Office	Gun permits, distress warrants, grants, fees, sale of fixed assets		
County Treasurer	Property tax payments, motor vehicle registrations, driver's license fees	Supply purchasing, other contracted services, travel communications, equipment, rentals, repairs	Tax/fee refunds, registration fee refunds (overpayment)
Weed Control Authority	Fees		
Youth Services Center	State revenues, commissions, boarding cost reimbursement, other services	Office supplies, operating supplies, energy supplies, other contracted services, travel communications, equipment, rentals, repairs	ACH transfers, P-Cards, checks

Source: Lancaster County, Nebraska

FUTURE OF DIGITAL PAYMENTS: SOLUTIONS FOR A PUBLIC-PRIVATE PARTNERSHIP

ACCEPTANCE (REVENUE COLLECTION)

In Cashless Cities: Realizing the Benefits of Digital Payments, Visa outlined the gains of cities adopting digital payment systems and a digital maturity model. The model includes five levels of digital payment maturity with entities at the lower end of the spectrum, described as cash centric, categorized by a large unbanked population, very limited digital payment infrastructure and poor utilization of digital payments.[20] In between the spectrum, you have entities characterized as digitally maturing or digitally advanced.[21] In the case of the former, entities have digital payment usage with some infrastructure available and high usage of traditional payment methods. In the case of the latter, entities have digital infrastructure in place but maintain substantial cash or check usage.[22]

Before the project began, Lancaster County implemented digital payment systems, though not robust, across all departments. Thus, in some ways, Lancaster County can be characterized as an entity that is between digitally maturing and digitally advanced. The various ways offered for residents to complete digital transactions, include credit card terminals, online portals and electronic deposits. **Among the revenue-accepting departments, more than half (59 percent) accepted payments by debit/card at an on-site credit card terminal**. At the start of the pilot project, only four departments (i.e., County Treasurer, Community Corrections, County Clerk and the Sheriff's Office) offered an online portal for residents to make payments. Most recently, the Human Services/General Assistance department launched an online portal for accepting payments for diversion and restitution. Nearly all the departments that collect revenue accept payments via Automated clearing house (ACH) deposit.

NACo collected aggregate revenue data from Lancaster County for fiscal years (FY) 2017-2018 and 2018-2019 for all revenue-accepting departments. Data includes revenue collected by payment methods offered, such as credit card terminals, online payment platforms, ACH deposit and traditional payment methods such as cash or check.

TABLE 3
Revenue Collection by Payment Method Offered

COUNTY DEPARTMENT	FY 17-18 COLLECTIONS	SHARE OF CASH OR CHECK COLLECTIONS	SHARE OF CREDIT CARD TERMINAL COLLECTIONS	SHARE OF ONLINE COLLECTIONS	SHARE OF ACH COLLECTIONS
County Treasurer	$546,804,526	56%	3%	9%	47%
County Engineer	$9,913,146	6%	0%	0%	94%
Assessor/ Register of Deeds	$5,558,771	33%	0%	0%	67%
Property Management	$4,779,054	1%	0%	0%	99%
Youth Services Center	$2,810,656	1%	0%	0%	99%
Mental Health Crisis Center	$1,843,245	84%	0%	0%	16%
County Attorney	$1,410,328	0%	0%	0%	100%
Community Corrections	$1,282,136	23%	31%	45%	-
Sheriff's Office	$1,137,395	85%	6%	5%	3%
County Department of Corrections	$711,088	93%	0%	0%	7%
Clerk of the District Court	$529,316	32%	11%	0%	56%
Human Services/ General Assistance	$195,528	7%	2%	0%	91%

COUNTY DEPARTMENT	FY 17-18 COLLECTIONS	SHARE OF CASH OR CHECK COLLECTIONS	SHARE OF CREDIT CARD TERMINAL COLLECTIONS	SHARE OF ONLINE COLLECTIONS	SHARE OF ACH COLLECTIONS
Weed Control Authority	$185,841	12%	0%	0%	88%
County Clerk	$104,359	55%	39%	5%	
Records Management	$95,657	22%	0%	0%	78%
Election Commissioner	$84,158	100%	0%	0%	0%
County Extension	$82,218	93%	3%	0%	4%

Source: *Lancaster County, Nebraska. Revenue Collections (FY17-18)*

The revenue-accepting departments provided insight into revenue collection practices across Lancaster County, Nebraska. They were critical in identifying opportunities for expanding electronic payment options, as well as some barriers, such as, employee pushback on new technology, state mandates that require payment using traditional methods, internal processes like the requirement to guarantee bail bonds with cash, resident payment preferences and residents not having bank accounts.

In FY17-18, the revenue-accepting departments collected more than $577 million in revenue. Traditional payment transactions (i.e., cash or check) comprised more than half (55 percent) of the funds collected by these departments. Among the revenue-accepting departments, the **top five by revenue collection accounted for nearly 99 percent of the revenue collected**—that is, over $569 million—in FY17-18 (see departments shaded in blue in Table 3).

For the nine departments listed below, cash or check collections accounted for 20 percent or more of revenue collected in FY17-18. Among these departments, the top five by share of cash or check revenue collections represented over $3.8 million in revenue collected in FY17-18 (see departments shaded in blue in Table 4). These agencies are opportunities for expanding digital payment channels in the future where applicable.

TABLE 4
Top County Departments by Cash or Check Collections

COUNTY DEPARTMENT	FY 17-18 COLLECTIONS	SHARE OF CASH OR CHECK COLLECTIONS	SHARE OF ACH COLLECTIONS
Election Commissioner	$ 84,158	100%	0%
Corrections Department	$711,088	93%	7%
Extension	$ 82,218	93%	4%
Sheriff	$ 1,137,395	85%	3%
Crisis Center	$ 1,843,245	84%	16%
County Clerk	$104,359	55%	-
Clerk of the District Court	$529,316	32%	56%
Community Corrections	$1,282,136	23%	-
Records Management	$95,657	22%	78%

Source: *Lancaster County, Nebraska. Revenue Collections (FY17-18)*

I. **Election Commissioner:** This office conducts all federal, state and local elections within Lancaster County. They also maintain a database of all registered voters in Lancaster County, recruit and train over 1,000 poll workers for each election and manage polling locations for 199 voting precincts. **This department has the highest share of cash or check collections—99.8 percent of its revenue collections—though its total FY17-18 collections accounted for approximately 0.01 percent of all revenue collected**. This department collects only 0.2 percent of its revenue through electronic (ACH) deposit, and no revenue is collected using other electronic payment options such as credit card terminals and web portals.

II. **Corrections Department:** This department oversees the Adult Detention Facility (ADF) within Lancaster County. **Cash or check transactions accounted for 93 percent of revenue collected and only 7 percent of revenue collected through ACH**.

III. **Extension:** This office is a partnership between Lancaster County, the University of Nebraska-Lincoln and the United States Department of Agriculture. Its purpose is to extend knowledge, provide solutions and conduct educational programs in 4-H, cropping and water systems, food, nutrition, health, and more. Like the Election Commissioner's office, **cash or check transactions accounted for more than 90 percent of revenue collections**. Seven (7) percent of revenue is collected electronically with about three percent and four percent from credit card terminals and ACH deposits, respectively.

IV. **Sheriff's Office:** This office manages the law enforcement services for Lancaster County. The office enforces traffic laws, serves as a representative of the County Coroner in death investigations and investigates criminal offenses and traffic accidents. **Cash or check transactions accounted for 85 percent of the department's total revenue**.

V. **Mental Health Crisis Center:** The mission of the Crisis Center is to provide custody, screening, emergency evaluation and crisis intervention to acutely mentally ill individuals, age 18 and older, detained under Nebraska Civil Commitment Statutes within Region V. Total revenue collected by the Crisis Center accounts for 0.32 percent of the revenue collected by the county. **Cash or check transactions accounted for 84 percent of the revenue collected by this department**.

VI. **Office of the County Clerk and Community Corrections:** In addition to being the administrative officer of the court, the clerks of the district courts are responsible for maintenance of the court's dockets, processing judgments, the record-keeping and collection of child support, criminal, civil and juvenile cases and other support payments. Community Corrections, on the other hand, administers 13 programs designed to decrease the reliance on the use of jail facilities by providing alternatives to incarceration for Lancaster County and District Courts. These departments each collected over 30 percent of their revenue through credit card terminals. Online transactions accounted for 45 percent of the revenue collected by the Community Corrections department. **Among the nine agencies with high cash or check collections, Records Management and Clerk of the district court collected over 50 percent of their revenue via ACH deposit**.

SPOTLIGHT ON COUNTY TREASURER'S OFFICE

The County Treasurer's Office administers the collection and distribution of property and motor vehicle taxes, special assessments, driver's license fees and inheritance taxes. Additionally, the department is responsible for cash management and investment of county funds. The County Treasurer also collaborates with the Sheriff's Office by issuing distress warrants to minimize personal property and mobile homes delinquency.

Payments to the department can be made online, by mail or over the counter at county POS locations. Online payment options include eChecks, credit and debit cards and ACH deposit. **In FY17-18, the County Treasurer's Office collections accounted for 95 percent of the revenue collected by the revenue-accepting departments—that is, more than $546 million in revenue**. Cash or check transactions accounted for 56 percent of the revenue collected by this department.

Most of the revenue collected by the County Treasurer's Office is property tax revenue. Despite the availability of digital payment options, checks in FY17-18 were the second-highest form of payment method used to pay for property taxes next to ACH deposit. Overall, checks and ACH deposits are the most used payment methods by residents for property taxes. The County Treasurer's Office processed more than 84,000 checks received in person and by mail with a dollar value of $265,644,295 for property tax payments in FY17-18. **In fact, in the last six fiscal years, the department has processed over 85,000 paper checks on average**. Paper checks and electronic transfers (ACH deposit) accounted for 43 percent and 49 percent of property tax revenue collected, respectively in FY17-18.

FIGURE 1

Checks and ACH deposits are the most used payment methods by residents for paying property taxes

Volume of property tax transactions by payment method offered
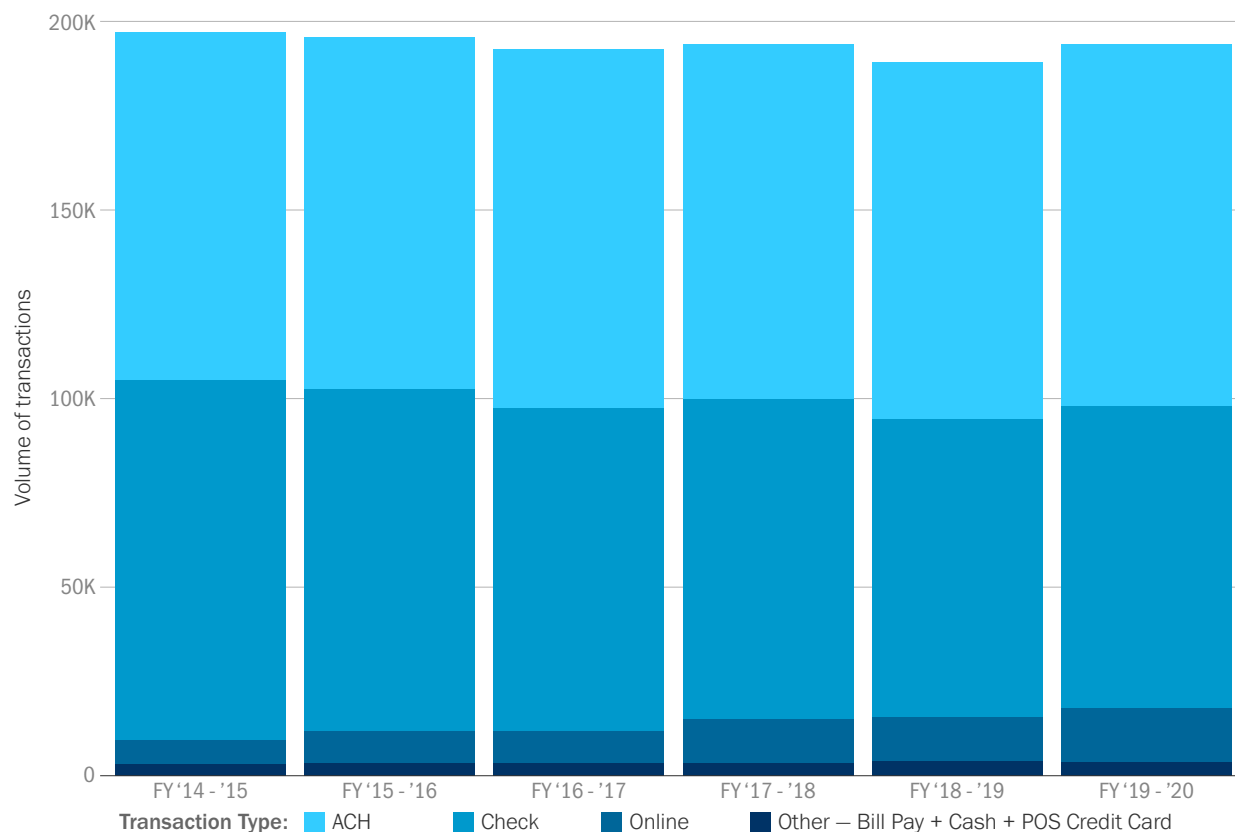
Source: Lancaster County, Nebraska. Property Tax Revenue Collections (FY14-15 to FY19-20)

Cost to County Treasurer's Office Per Transaction Type

Though traditional transactions (i.e., cash and check) may be viewed by residents as a cost-free method of making payments to the county, there are costs associated with these transactions that the county incurs. Check transactions take substantial time, staff and financial resources to process and complete. The county devotes significant resources toward these transactions, from receiving the mail and reviewing the information to processing the transaction and entering the dollar amounts in the accounting system. However, costs associated with check payments vary depending on the mode of the transaction (whether in-person or by-mail) and can pile up. For a property tax payment made in person by check, the county estimates that it incurs a time and monetary cost of $1.23. However, for a property tax payment made via mail by check, the county estimates a cost of $3.12. These estimates translate into transaction costs of over $300,000 in staff time and other costs to process the over 84,000 paper checks received in person and by mail in FY17-18. In comparison to digital payment methods, which cost $0.52, $0.40 and $0.32 for every transaction via electronic transfers, credit cards, and online portals (respectively), Lancaster County stands to save significantly in terms of time and resources.

FIGURE 2

Lancaster County incurs more to process and complete check property tax transactions by mail than for in-person check property tax transactions

Estimated cost per property tax transaction, by payment method offered
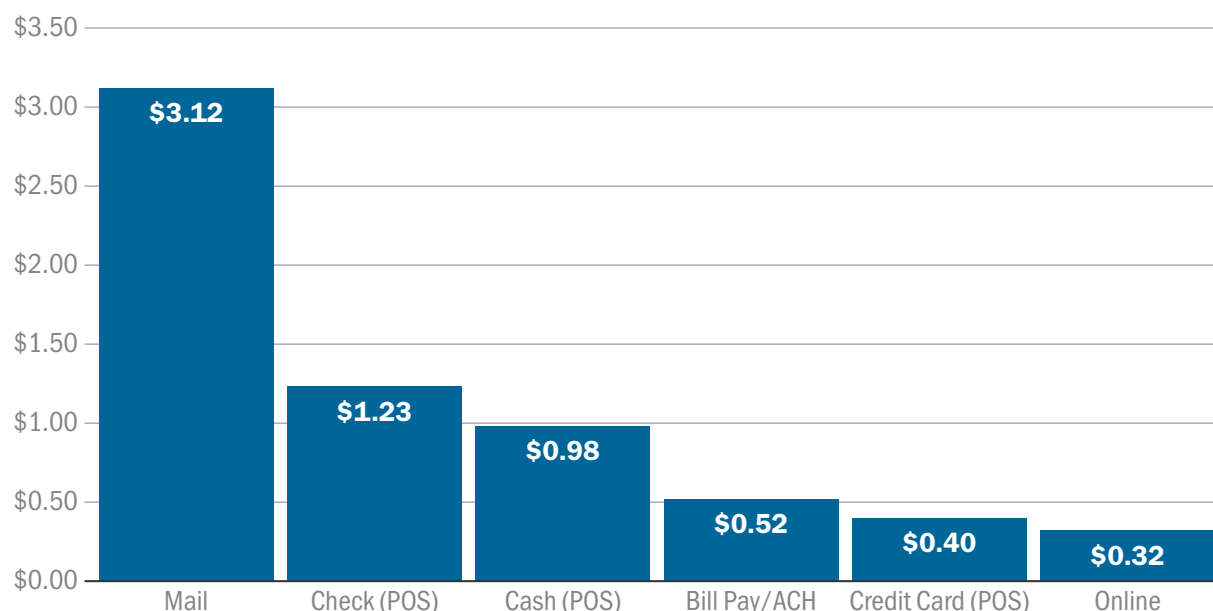
Source: *Lancaster County, Nebraska*

Aside from property taxes, the County Treasurer's Office also issues vehicle titles, registrations, permits and license plates on behalf of the state within Lancaster County and manages the payment streams for these services. The department collects payments for boat registrations, trailer registrations and mobile home taxes and registrations, then transmits the payments to the state, excluding online payments. On the other hand, all online motor vehicle transactions are processed through the state's online portal. **On average, the County Treasurer's Office processed more than 194,000 payments for property taxes and over 375,000 payments for motor vehicle registrations and drivers' licenses annually between 2014 and 2019.**

TABLE 5
Property Tax and Motor Vehicle Registration Transaction Volume

YEAR	VOLUME OF MOTOR VEHICLE REGISTRATION TRANSACTIONS PROCESSED	VOLUME OF PROPERTY TAX TRANSACTIONS PROCESSED
2014	354,009	197,592
2015	366,158	195,848
2016	373,745	195,528
2017	382,665	197,053
2018	388,756	184,736
2019	385,562	194,202

Source: NACo Analysis of Lancaster County, Nebraska. Property Tax and Motor Vehicle Transaction Data (2014-2019)

FIGURE 3

Check payments have accounted for over 35 percent of motor vehicle transactions in the last five fiscal years

Motor vehicle registration and driver's license revenue collections by payment method offered
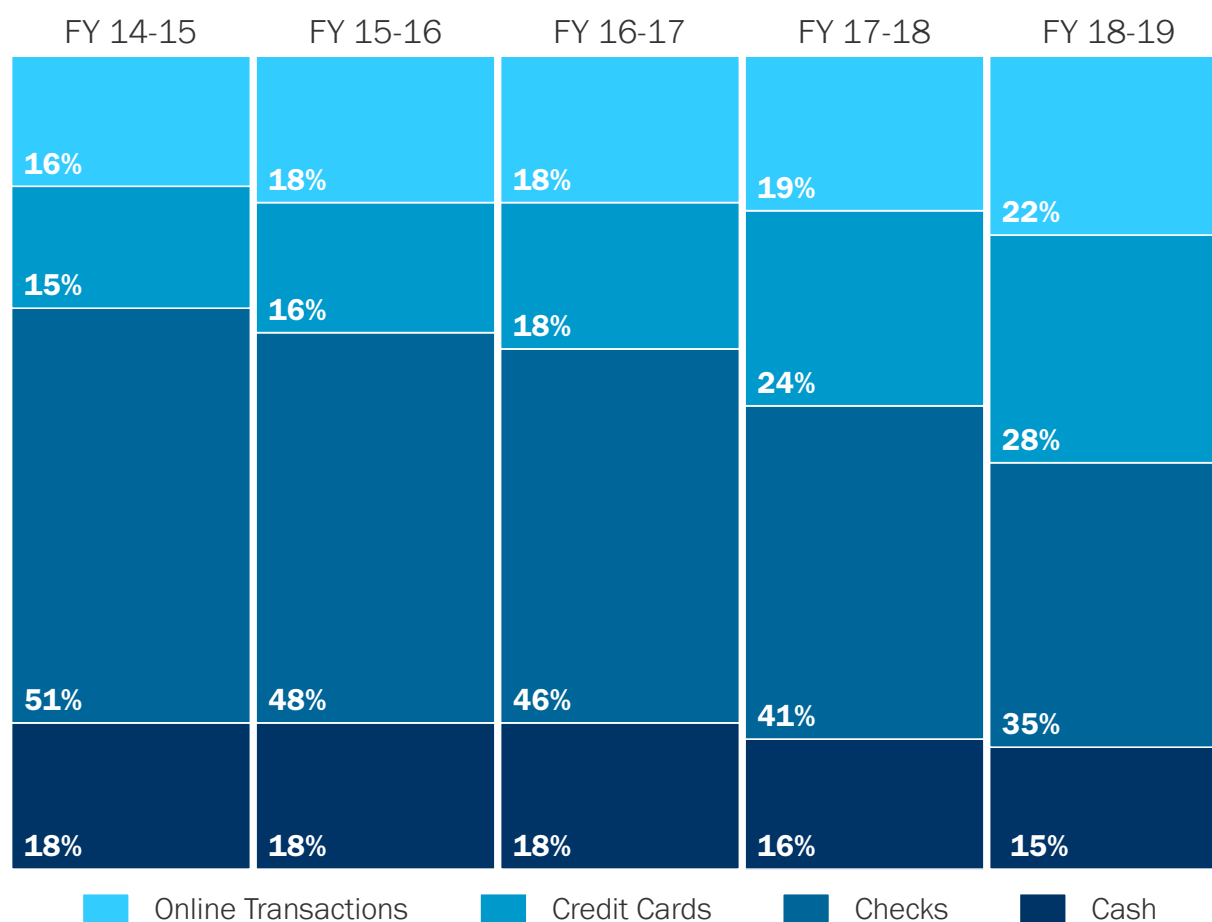
Source: Lancaster County, Nebraska. Revenue Collections (FY14-15 to FY18-19)
Note: Online transactions are processed through the state's website. All other revenue collection types by handled by Lancaster County on behalf of the state per state statue.

As with the case of property tax receipts, paper checks account for a significant share of motor vehicle transactions. Check payments accounted for at least 35 percent of the motor collections in the last five fiscal years (see figure 3). Similarly, as in the case with property tax payments, check transactions cost Lancaster County more to process and complete. Lancaster County estimates a cost of $5.77 to process each check received by mail and $1.62 to process each check received in person. For online and by mail motor vehicle transactions particularly, the county incurs additional costs to process and complete the transactions, including envelope and postage costs. The county incurs these additional costs because it is responsible for administering the motor vehicle program on behalf of the state. For instance, when a resident is renewing their registration, the county must mail the new registration information to the resident whether they paid online or by check.

FIGURE 4

Lancaster County incurs more cost to process and complete check motor vehicle transactions by mail than for in-person check transactions

Estimated cost per motor vehicle registration transaction by payment method offered
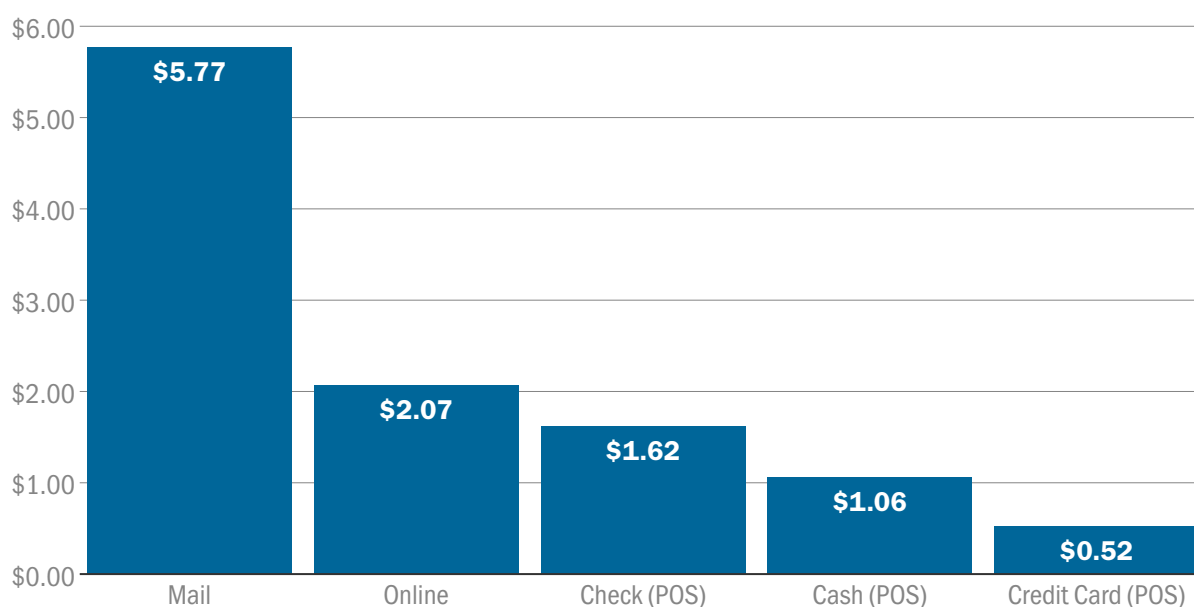
Source: Lancaster County, Nebraska

PURCHASING (PROCUREMENT OR P-CARDS)

Purchasing cards (also known as procurement cards or P-Cards) are commercial cards that allow organizations to utilize existing digital payment infrastructure to make payments for various business expenses. Adopting a P-Card system facilitates an efficient and cost-effective approach to procuring goods and services for county governments. P-Cards offer reduced administrative and transaction costs, quicker payments to vendors, improved transparency, efficient tracking of expenses and a streamlined purchasing and payment process. They eliminate the need for traditional procurement processes such as petty cash, purchase orders, invoices, reimbursements, payment vouchers and checks, all of which can be costly when doing business with many vendors or suppliers. **According to the National Association of Purchasing Card Professionals (NAPCP), organizations can generate efficiency savings in the range of 55 to 80 percent of transaction costs when switching from traditional procure-to-pay processes to a P-Card process.**[24]

Generally, P-Cards can be used with any vendors or suppliers that accept credit cards. There is no cost to the organization when using P-Cards for transactions. Another benefit of using purchasing cards is the P-Card issuing bank may provide a rebate based on transaction volume. Organizations develop policies, guidelines and procedures for P-Card usage, such as reviewing and approving transactions periodically. Additionally, restrictions can be placed on P-Cards (such as total cycle dollar limit per month or maximum dollar limits per transaction cycle) and the county can monitor transaction activity by reviewing and updating merchant category codes (MCCs).

Lancaster County, Nebraska P-Card Program

Lancaster County, Nebraska, launched its purchasing card program in October 2018 across seven departments with experienced cardholders. These departments had a one-card program (that is, a department credit card) in place and transitioned over to P-Cards. The county issued 50 P-Cards in the program's early stages across those departments and recorded more than $100,000 in transactions. **As of November 2020, 415 P-Cards are active across the county, with 48 percent (200 cards) used regularly.**

Lancaster County's P-Card program was created utilizing the participating addendum in the contract between the State of Nebraska and US Bank, from which the county and US Bank entered a Memorandum of Understanding (MOU). The county receives a higher rebate through the MOU, the collective spending of all participating entities in Nebraska.

Prior to the P-Card program, the purchase of supplies, equipment and other services were conducted through the County Clerk's office using payment vouchers. Currently, payment vouchers are the method for payment if a P-Card is not used and involve the issuance of ACH remittance or checks from the JDE Financial System, the county's accounting system. The P-Card program is an addition to the county's procurement process. Payment vouchers are used over P-Cards in instances where the price is impacted by transaction fees or service charges applied to the vendor. Lancaster County obtains special (lower) pricing through contracts with vendors. However, in some instances, transaction fees and service charges may dissuade vendors from accepting payment by P-cards as their profit margin might be impacted. Thus, to maintain lower pricing, in those instances the county will pay vendors using checks or ACH remittance.

AS OF JULY 2020, THE P-CARD PROGRAM GENERATED LANCASTER COUNTY CHECK PROCESS SAVINGS OF $7.50 PER TRANSACTION.

Though, the procurement process still involves the usage of checks, the county now has more transparency and accountability for purchases, and a streamlined and efficient procure-to-pay process. P-Cards are used across 30 county departments, and county staff use the cards to routinely purchase supplies, materials and make payments for utilities and services from contract and non-contract vendors.

P-Card Program Administration

The purchasing department administers the P-Card system, though the review and validation procedures for purchases are decentralized. The table below summarizes the roles and responsibilities of all stakeholders for Lancaster County's P-Card program.

TABLE 6

Summary of P-Card Roles and Responsibilities

ROLES	RESPONSIBILITIES
Cardholders	• County personnel authorized to make purchases using the P-Cards. • Account for all transactions and maintain a purchase record with supporting documentation such as invoices or receipts. • Submit supporting documentation to card coordinators (account clerks). • Verify the correctness of P-Card statements against the purchase record and receipts.
Department P-Card Coordinators	• Attach the invoices or receipts to the bank site. • Assign the accounting code(s) for each transaction. • Verify the correctness of P-Card statements against the purchase record and receipts.
Approving Officials (Department/Division Directors)	• Select an employee as that department or agency's P-Card Coordinator. • Approve the transactions at the end of the billing cycle.
Central Accounting	• Upload the transactions to the accounting system each month. • Audit tax payments.
P-Card Administrator	• Responsible for all details of the program countywide. • Monitors transaction activity and periodically checks for policy violations. • Keeps a complete list of all Merchant Category Classification (MCC) codes allowable for each individual and department card issued. • Conduct random audits of P-Card use with department staff designated by the department head or elected official, as well as the County Clerk's Office. • Notify the county's P-Card provider when a card is lost or stolen and initiate the process of reissuing a new card.

Source: Lancaster County, Nebraska. Purchasing Card (P-Card) Procedures

P-Card Transactions, Spending and Organizational Impact

In FY18-19, Lancaster County spent nearly $3 million for over 7,000 P-Card transactions, with estimated check process savings of over $59,000. Between July 2019 and June 2020, county departments spent $5.6 million across over 12,000 P-Card transactions (see Figure 4 for a breakdown of FY 19-20 spending by department). **The top 20 vendors, by total dollars spent accounted for $1.4 million, or approximately 48 percent of the county's total P-Card spending in FY18-19.**

TABLE 7

Top Vendors by Number of Transactions

MERCHANT NAME	NUMBER OF TRANSACTIONS
Office Depot	1,073
Amazon	463
National Everything Whole	386
Menards	348
Lincoln Electric System	276
Windstream	247

Source: Lancaster County, Nebraska. P-Card Transactions (FY19-20)
Notes: The table above shows the vendors for the which there were 200 or more transactions.

As of July 2020, the P-Card program generated Lancaster County check process savings of $7.50 per transaction. This translated into cost savings of approximately $162,000. The amount of check process savings and the number of P-Card transactions both increased by 60 percent between FY18-19 and FY19-20. Furthermore, since the P-Card program began, spending volume across departments earned the county nearly $138,000 in cash rebates.

FIGURE 5

County departments spent $5.6 million across over 12,000 P-Card transactions in FY19-20

County-wide P-Card expenses for departments that spent $10,000 or more in FY19-20
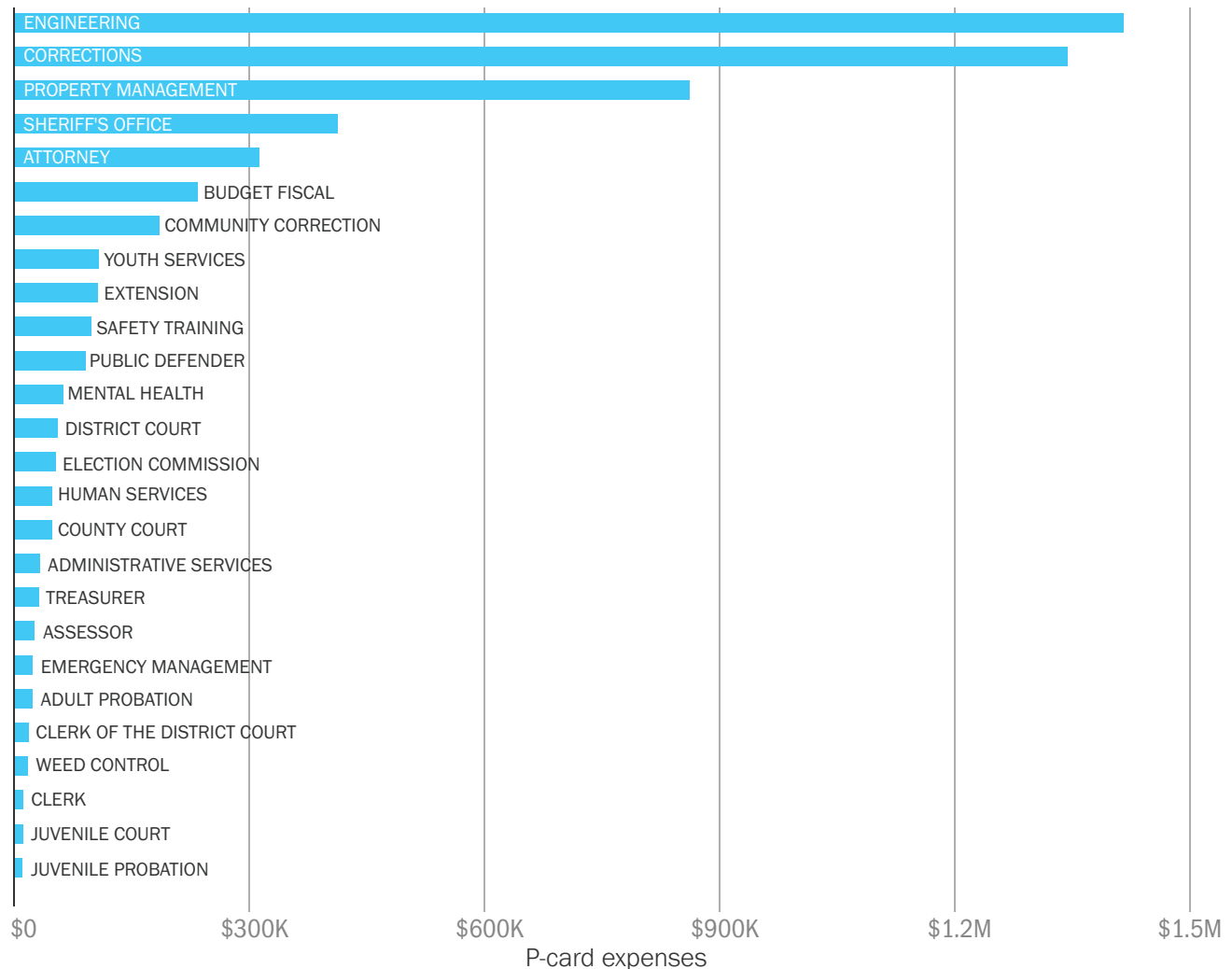
Source: NACo Analysis of Lancaster County, Nebraska. P-Card Transactions (FY19-20)

Purchasing Card Survey

Survey responses from cardholders and approving officials from the top four departments by P-Card usage (see table 8) indicated that they were satisfied with the county's program. All cardholders who responded to the survey stated that they attended employee training and often used their cards to purchase supplies and make payments for services.

TABLE 8

Top Four Lancaster County Departments by P-Card Spending

COUNTY DEPARTMENT	TOTAL SPEND ON P-CARDS	SHARE OF TOTAL
County Engineer	$1,415,476	25%
Department of Corrections	$1,344,337	24%
Property Management	$861,983	15%
Sheriff's Office	$412,768	7%

Source: NACo Analysis of Lancaster County, Nebraska. P-Card Transactions (FY19-20)

While many individuals expressed their overall satisfaction with the program, they also identified some areas for improvement. Suggestions to enhance the P-Card program included the ability to have the card added to their digital wallet on their mobile device.

P-Card Program Barriers

Conversations with county staff and survey responses from cardholders and approving officials highlighted barriers to implementation, challenges with the program's rollout and the solutions deployed to address them.

- **Limitations with contracted vendors accepting payments using P-Cards**. As the county began rolling out their program, there were concerns of suppliers not accepting their P-Cards for payment. This was a program roadblock that arose from mismatched in information from the local issuing bank. The bank provided a list of vendors who accepted credit cards from the public, assuming that they accepted P-Cards. This was not the case as the bank did not take into account the fact that the county receives contracted pricing (special pricing) with many of these vendors who were not willing to accept additional processing fees for taking a P-Card as payment. To address this issue, the P-Card administrator identified vendors that would accept P-Cards as payment and vendor requirements for using the cards. As a result, a list of vendors that accept P-Cards was developed and provided to departments for reference such that at the time of the contract, all stakeholders are on the same page. The list is constantly being updated with every bid the county accepts as vendors are asked whether they accept P-Cards as payment, if they charge a fee to do so and what that fee is. Furthermore, to maintain contracted low pricing with vendors, the county continues to pay those vendors that will not accept P-Cards with ACH or check.

- **Issues with monthly billing to vendors**. The issue evolved from a misunderstanding between the issuing bank and vendors, as to which vendors would actually accept the P-Cards as payments. However, once an accurate list of vendors that accept P-Cards was developed, it was then just a matter of departments adapting to those vendor's requirements for P-Card usage. In some instances, the P-Cards could be set to autopay each month, while others required call-in payments. In other occurrences, the cards could be used to make payments online, or vendors would allow for the card to be kept on file and charge upon shipping. However, after adapting to these issues the county now has a more precise picture of the types of purchases made. This information has fostered greater accountability and more precise data for the county to determine contract needs and provide contract information. Overall, these new processes have provided greater transparency and accountability for purchases and related data needed for contracts.

- **Time-consuming data entry procedures**. County staff found it time-consuming to enter all documentation and relevant information into the banking portal system in comparison to paper filing under the alternative purchasing system. Over time, staff have adapted to the new procedures, though they report that it takes about the same amount of time to reconcile P-Card transactions as it does under the alternative purchasing process.

- **State statute requirements**. The State of Nebraska requires for the 13 CCE form to be filled out for every P-Card in use. This requirement forced the county to fill out hundreds of these forms and all the corresponding

documentation to comply with state statute. This process was cumbersome, and the county highlighted this challenge as a potential barrier to other counties in the state looking to develop a similar program.

- **Staff resistance to a new process or change**. Various department representatives shared that staff are reluctant to adopt a new way of conducting business as they have been using their current systems for some time.

Current P-Card Program Benefits and Opportunities for Improvement

- **Faster payment process for vendors**. The P-Card program allows for contracted vendors to receive swifter payments that typically would take weeks with the traditional purchase method. This improved process has increased vendor satisfaction and allowed for money to be quickly recirculated back into the local economy.

- **Increased competition for business with the county government**. With a more efficient payment process, vendors are more inclined to do business with the county. This improved efficiency could lead to greater competition for county project bids, thus ensuring that the project's best vendors are more likely to be hired.

- **Using the P-Cards with mobile wallets**. County staff stated that being able to use the card from their mobile devices could be more convenient and would save on plastic.

- **Efficient transaction management and reporting**. The P-Card program eliminated purchase orders, invoices and payment vouchers. The program also fostered streamlined transaction management as the previous One Card/ Corporate Card system did not have standardized procedures associated with those cards. The previous card system entailed monthly statement and use of payment vouchers.

Overall, the county has addressed challenges with the P-Card program as they were encountered. The P-Card administrator communicated with county departments to address issues and the departments are responding well by using the P-Cards as much as possible. This is evident as the total spend and rebates earned so far have surpassed the county's forecasts for P-Card usage. The county continues to look for new ways to utilize P-Cards in place of traditional methods such as checks.

DISBURSEMENTS (PAYMENTS TO RESIDENTS AND BETWEEN DEPARTMENTS)

Technology has contributed to the rapid change of payments, providing a variety of options for organizations such as county governments to disburse funds. According to a recent report by Visa Inc. Traditional payment methods (i.e., checks, and cash) comprise 66 percent of the total disbursement transactions.[25] Generally, governments such as counties and their agencies disburse payments via traditional means such as paper checks, cash payouts and vouchers. County government disbursements include, for example, child support payments, real estate tax refunds, alimony and restitution payments.

Note: In this report, disbursements include the exchange of funds between departments (county to county) and the transfer of funds from the county to residents.

Disbursements in Lancaster County, Nebraska

In conversations with Lancaster County, NACo and Visa determined that departments that issued disbursements did so using a payment voucher and check settlement system primarily for cross departmental transfers and cash disbursements to residents. While some departments started to utilize electronic disbursement options such as ACH transfers, others still mainly issued checks for disbursements. The County Treasurer's Office estimated that 12,000 refund checks are issued annually for real estate taxes, motor vehicle registrations, Jury fees, witness fees, poll worker fees and restitution, among other reasons.

The Clerk of the District Court primarily collects revenue from court fees and is a pass-through entity for alimony, general judgments and other support payments in the county. The department used to process 200 transactions of cash and check on average. The department pushed for electronic payment methods and disbursement options and

now processes about 20 transactions of cash and checks. The department managed to attain these results through setting up auto payments for judgments and alimony, e-filing for attorneys and an electronic online payment system that accepts payment by credit case and eChecks.

Other county departments, such as corrections, have seen increased benefits by switching from check to electronic payments. Previously, when inmates were released from the county jail, they would receive a check with the remaining balance on their inmate accounts. Now, the agency utilizes a prepaid debit card system that has decreased the chances of fraud by restricting access to the county's account and routing number. Furthermore, this solution addresses the issue of released inmates who do not have access to a bank account to cash their check upon release.

Disbursement Solutions Implemented in Other Counties

Many government entities are exploring cost-effective options for disbursing funds to residents, especially such as electronic payment methods (i.e., ACH (eChecks) or wire transfers and prepaid debit cards). These methods allow residents to receive disbursements in a timely and convenient manner while reducing the cost of traditional disbursement methods which include mailing and processing checks. California counties such as Orange County, and Solano County, implemented digital disbursement methods that allow residents to receive child support payments faster through direct deposits or electronic payment cards. Counties in Maryland and Indiana also use these methods for child support payments.

Substantial barriers remain for many counties trying to digitize payment systems. In 2005 the state of Michigan piloted a program in three counties that would send prepaid debit cards to individuals receiving child support. This program has since been expanded to include counties statewide; however, specific exclusions of individuals highlight potential barriers that debit card disbursement programs may face. Individuals exempt from this program include those with mental or physical disabilities, those with language or literacy barriers and individuals living outside of a 30-mile ATM or bank radius. As such, implementation of a debit card disbursement program may be difficult for counties with large communities of non-native English speakers. Additionally, communities in which residents would not have convenient access to ATM's or bank branches could see implementation of debit cards as more problematic than helpful to the county.

Digital Disbursement Payment Solutions

Although county agencies are increasingly embracing and adopting digital disbursements, traditional payment methods, such as paper checks, remain relevant for the disbursement of funds. In 2017, checks accounted for over 600 million transactions for disbursed funds totaling approximately $1.8 trillion.[26] **The estimated median cost to issue checks is between $2.01 to $4.00 per check**.[27] These traditional methods have associated costs that are substantial over time and across many transactions. For example, if a single county department were issuing roughly 200 checks per month, they would incur a monthly cost ranging from $402 to $800, totaling $4,824 to $9,600 each year.

Digital disbursements utilize methods such as ACH (e-checks), wire transfers or prepaid debit cards to distribute funds to recipients person-to-person (P2P), business-to-consumer (B2C) and business-to business (B2B), with the funds reaching the recipient's accounts within 30 minutes. As in the case of revenue collection and procurement, counties stand to gain numerous benefits from digital disbursements such as:

- Reduced costs through eliminating checks and associated fraud losses

> ALTHOUGH COUNTY AGENCIES ARE INCREASINGLY EMBRACING AND ADOPTING DIGITAL DISBURSEMENTS, TRADITIONAL PAYMENT METHODS, SUCH AS PAPER CHECKS, REMAIN RELEVANT FOR THE DISBURSEMENT OF FUNDS

- Increased constituent satisfaction with the faster distribution of funds
- Efficient and secure operational processes that simplify tracking payments and protect sensitive financial information of the county and the recipient.

One example of a digital disbursement solution available to counties is VISA Direct, a real-time payment platform, which utilizes the established payment flow of the VISA network to allow payouts to debit and reloadable pre-paid cards. Because the platform is currently in the development process, these features still only apply to certain VISA cards and acceptance still depends on the cardholder's issuer. However, the program offers several possible benefits to its users, including increased speed of payment disbursements and improved customer experience.

SOLUTIONS IMPLEMENTED TO FOSTER INCREASED ADOPTION OF DIGITAL PAYMENTS IN THE COUNTY

SOLUTION I: MARKETING MATERIALS AND EDUCATION CAMPAIGN

Before the launch of the pilot project, some Lancaster County departments engaged in marketing efforts to encourage residents to switch from traditional payment methods to electronic forms of payment. For instance, the Clerk of the District Courts sent out educational materials to residents to encourage them to sign up for electronic payments with the department. **As a result, 90 percent of the revenue that was coming through checks is now collected through online payments.**

The County Treasurer's Office also engaged in marketing and communication efforts that encouraged residents to pay their property taxes online. Subsequently, the county department reported a record number of property tax transactions as more residents used the online tax payment option. Additionally, the county signed a contract in 2017 with Lexis Nexis, an online payment solution company, to reduce service fees to residents. **The impact of increased marketing and lower service fees was that the county reported 2,400 more online property tax transactions in December 2017 compared to December 2016.**

FIGURE 6

A record 2,400 online property tax transactions more were reported in December 2017 compared to December 2016

Online property tax transactions for the month of December, 2014-2019
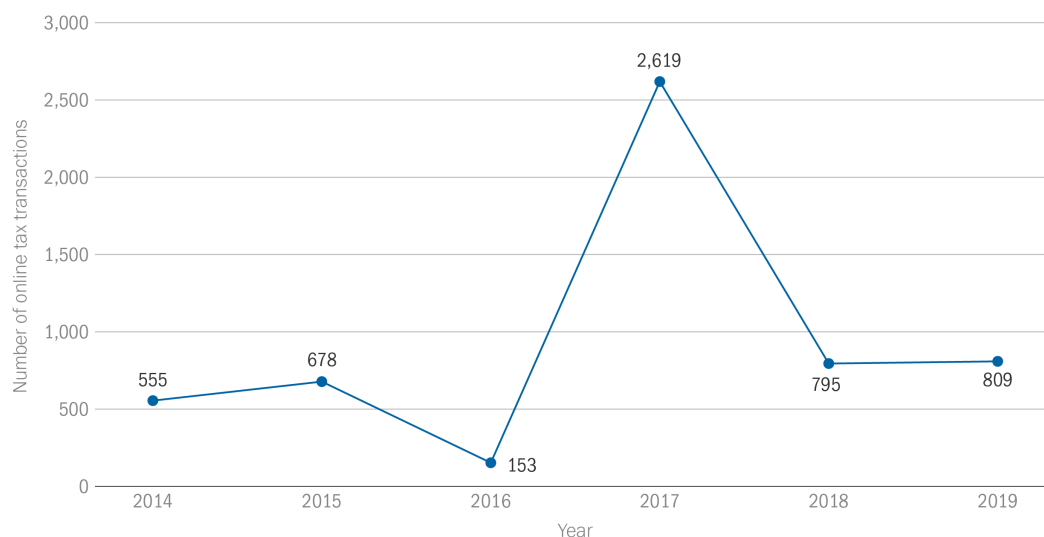
Source: NACo Analysis of Lancaster County, Nebraska. Property Tax Transactions (2014-2019)

When examining trends in the number of transactions using traditional payment methods such as checks, and those using digital payment methods such as the online portal, the County Treasurer's Office has processed an average of 85,948 check transactions and a median of 9,971 online transactions for property taxes between 2014 and 2019. The chart below (Figure 7) compares the trend in the volume of check transactions and online transactions. Between FY16-17 and FY17-18, the county department saw a 43 percent increase in the number of online property tax transactions. Additionally, over the same period, the number for check property transactions dropped by 1 percent. The increase in the number of online property tax transactions in FY17-18 followed the marketing and communication efforts of the County Treasurer's Office. Based on further conversations with the county, the percentage increase in online property tax transactions between that period can also be attributed to a change in Federal Tax Code whereby, starting in 2018 taxpayers could no longer deduct property tax payments from their Federal Income Tax. As a result, many residents paid their 2018 property taxes earlier in December 2017 to take advantage of the tax incentive that was to expire at the end of 2017." Under the Tax Cuts and Jobs Act (TCJA), taxpayers can still deduct state and local real estate, personal property, and either income or sales taxes in tax years after 2017, but the TCJA capped the total SALT deduction at $10,000 for tax years 2018 through 2025.[28]

FIGURE 7

The number of online property tax transactions increased by 43 percent between FY16-17 and FY17-18

Volume of check and online property tax transactions
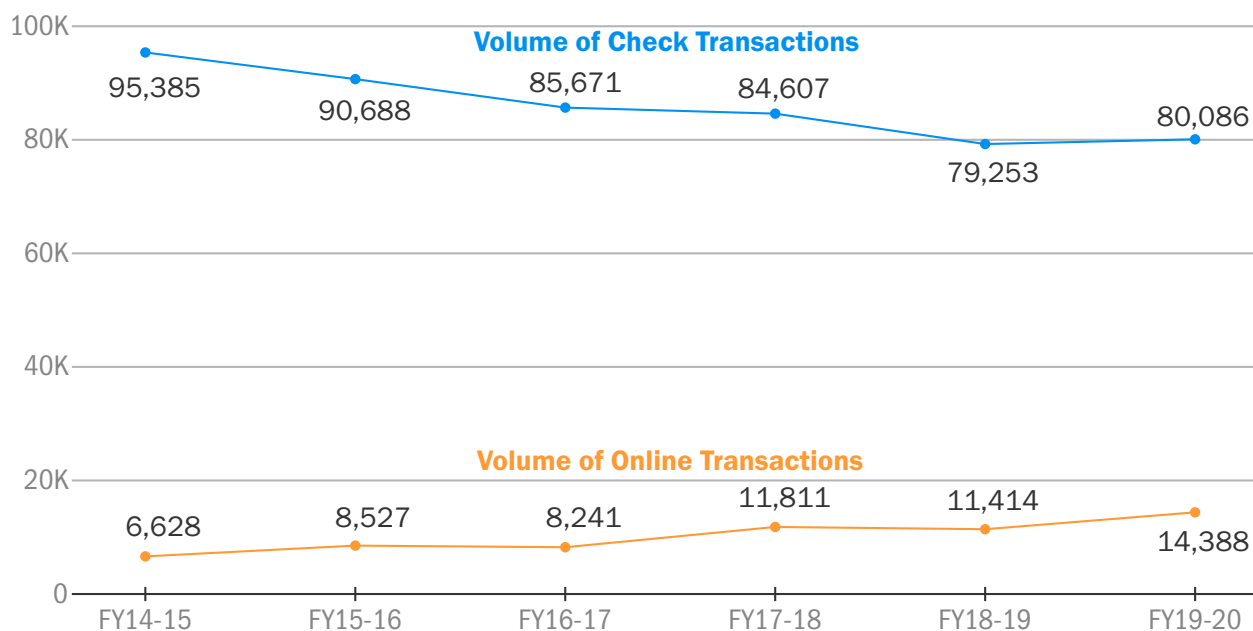
Source: *NACo Analysis of Lancaster County, Nebraska. Property Tax Transactions (2014-2019)*

Online usage remained steady through FY18-19 and increased significantly by 2,974 transactions in FY19-20. This can be attributed to the COVID-19 pandemic which limited in-person transactions and was accompanied by a one percent increase in check transactions.

County Treasurer Online Payment Option

In August 2018, the Lancaster County Treasurer's Office enhanced their online payment solution by launching a new digital payment tool, MyCart, allowing residents to not only pay their property taxes online, but also to pay special assessments and redeem tax certificates online. The new tool also allowed residents to select and pay multiple tax bills in one transaction.

Source: Lancaster County, Nebraska.

The solution offered an easier user experience for residents who pay their property taxes online, and it fostered efficiency in the County Treasurer's office for collecting and distributing funds from property and motor vehicle taxes, special assessments, driver's license fees and inheritance taxes. With this new feature, the County Treasurer sought to reduce the number of delinquent property tax parcels and checks collected for real estate taxes. In fact, there was such a significant increase in the use of the county's online portal (MyCart) that the delinquent tax rate was lower in comparison to prior years. At the peak of tax season, property owners of **750 out of the 120,000 parcels** had not paid their taxes, whereas in the past, the delinquency rate has been between **1,200 and 1,500 of 120,000** parcels. The county attributes the decreased delinquency rate to the raised awareness of the online payment options. **Additionally, the county continues to see an increase in the amount of online property tax payments even through the COVID-19 pandemic.**

TABLE 9

Online Property Tax Payments for December - June

TAX YEAR 2016-2020	PROPERTY TAX ONLINE QUANTITY
2016	5,372
2017	3,918
2018	7,715
2019	7,171
2020	9,596

Source: NACo Analysis of Lancaster County, Neb. Property Tax Transaction Data (Tax Years 2016-2020

County Partnership with Visa Inc.

Visa worked with Lancaster County and local issuing banks on a county-wide marketing effort to promote the fee structure and general use of digital payments with the county. Outreach and educational materials were developed and placed at county POS locations at the various revenue accepting departments, as well as at banks.

Source: Visa Inc.

SOLUTION II: CHANGE IN SERVICE FEE STRUCTURES AND IMPACT ON DIGITAL PAYMENT ADOPTION

Transaction charges and service fees represent additional costs on both digital and traditional payment methods. Typically, transaction fees account for a percentage of a payment amount (e.g. 2.35 percent of a payment amount), a flat service charge ($1.00 on payments using an online check), or in some cases, a capped percentage of the total amount (e.g. 2.35 percent of a payment amount capped at $5.00). With that said, **transaction fees are a barrier to a resident's decision to use digital payments.** To pay for county services or taxes using digital payments, residents must pay transaction fees or charges.

FIGURE 8

86 percent of in-person respondents indicated that charges and services fees influence their decision to use digital payment methods

Impact of fees and service charges on the digital payment usage among residents
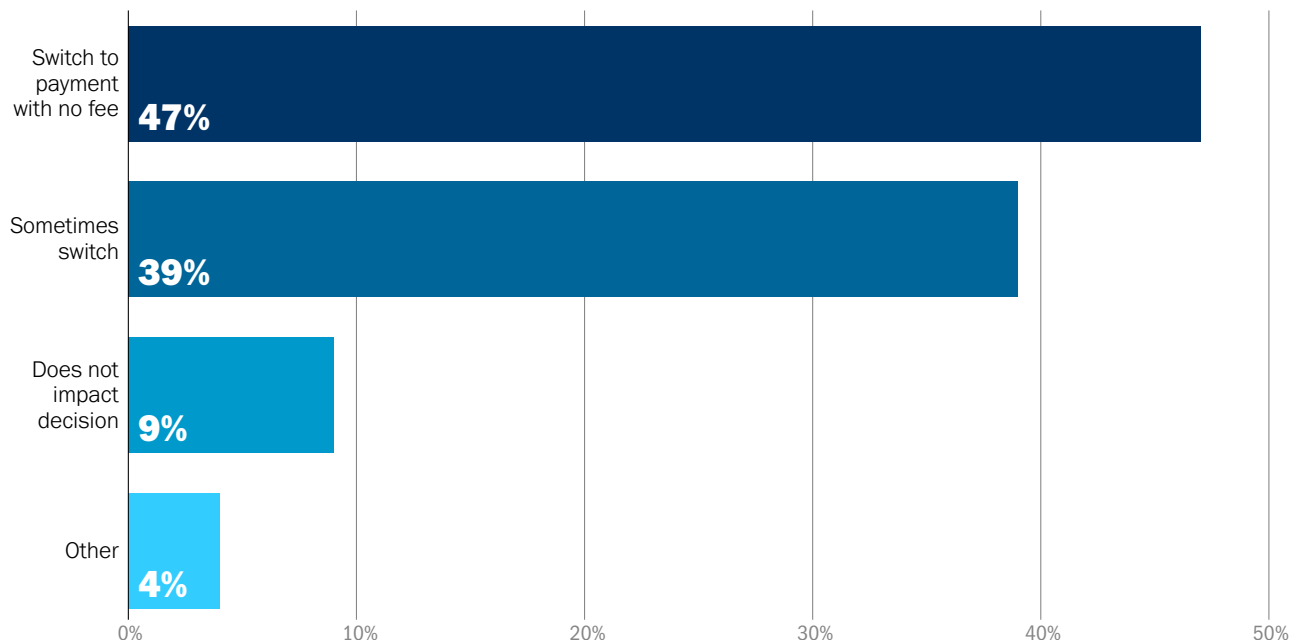
Source: *NACo Survey of Lancaster County residents, 2019-2020*

Notes: *The second survey was administered in two modes: in-person and online. The chart above is based on analysis of in-person survey results.*

NACo conducted two surveys throughout the pilot project's duration — one conducted in 2018 and the second in 2019. In the first survey, 22 percent of the respondents noted that transaction fees influence their decisions on what payment type to use when conducting transactions with the county.[28] Furthermore, the second survey found that 86 percent of in-person respondents were influenced by charges or fees when deciding how to complete transactions with the county. The additional costs imposed on residents might lead them to switch to a more traditional form of payments — which are less likely to incur additional fees.

THE ADDITIONAL COSTS IMPOSED ON RESIDENTS MIGHT LEAD THEM TO SWITCH TO A MORE TRADITIONAL FORM OF PAYMENTS — WHICH ARE LESS LIKELY TO INCUR ADDITIONAL FEES.

FIGURE 9

91 percent of respondents indicated that a fee or service charge would affect their decision to use digital payment methods

Impact of fees and service charges on the digital payment usage among residents for property taxes
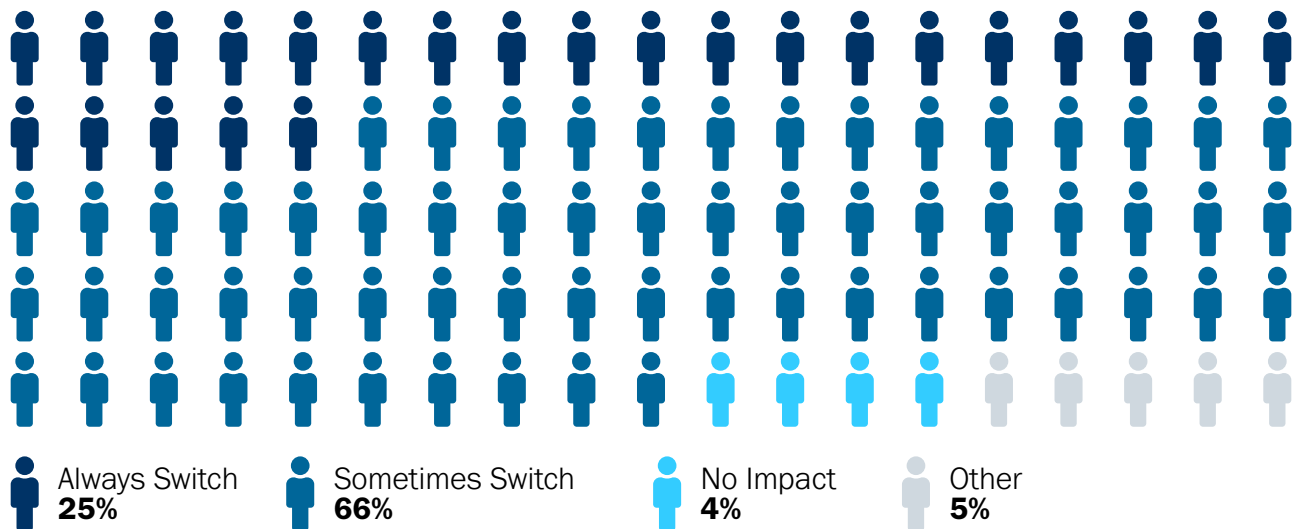
| Always Switch **25%** | Sometimes Switch **66%** | No Impact **4%** | Other **5%** |

Source: NACo Survey of Lancaster County residents, 2019-2020

Notes: The second survey was administered in two modes: in-person and online. The chart above is based on analysis of online survey results. Only residents who pay property taxes directly to county were directed to that section of survey for property.

Two hundred and twenty-four (224) residents responded online to questions about paying property taxes. As with the in-person surveys, **91 percent of respondents indicated that a fee or service charge would affect their decision somehow — always to switch their payment method or sometimes switch their payment method.** Likewise, the online survey results related to paying for motor vehicle transactions showed that among 181 respondents, 92 percent indicated that their payment method decision is influenced by fees imposed on different payment types — they would either always or sometimes switch to methods with lower fees. These results show the significant influence that fees and service charges have on an individual's payment method selection, regardless of the type of transaction.

The Lancaster County pilot project provided a testing platform to assess the impact changes in transaction fee structures have on digital payment usage. Effective March 1st, 2019, all transactions made on the County Treasurer's website using a Visa debit card are subject to a capped $5.00 fee. Visa worked with the county's acquirer processor, Lexis Nexis, to agree upon this fee cap for the purpose of the project. The fee structure change was in place through December 2019. Prior to this change, all credit and debit cards were subject to a 2.35 percent processing fee. The county communicated the fee change to residents email updates (for those who signed up to receive them), and on the back of property tax statements that are mailed out to residents at the start of tax season. As of July 2020, the capped fee for debit cards are extended to include other types of debit cards. Lancaster County announced that in addition to Visa debit cards, MasterCard and Discover debit cards now have a maximum fee of $5.00. These fees are only applicable to online property tax payments.

Rachel Garver
Lancaster County Treasurer

NACo and Visa Inc. Digital Payments Project

Lancaster County is participating in a pilot project with the National Association of Counties (NACo) and Visa Inc. that will evaluate the impact of increased electronic payments in our county. The study will show how many payment transactions are completed using cash or check versus electronic payment methods before, during and after implementation of the pilot project. You can learn more about the project here.

ANNOUNCEMENT: As part of the pilot program, if you are making a property tax payment and use a Visa debit card, your fee will be capped at $5.00. **Please note this is for Visa debit cards only.** All other **credit cards** will still incur a 2.35% e-processing fee. E-checks debited electronically from a checking account have a $1 flat service fee.

All fees charged to use credit cards and e-checks are retained by the payment processing company. The county does not retain any portion of the fees.

Pay or View Property Tax

Rachel Garver
County Treasurer

Source: Lancaster County, Neb.

Note: It is difficult to determine the impact of the initial fee structure adjustment on residents' payment choices, given the change's short duration. Additionally, the restriction to Visa debit cardholders limits the generalizability of the preliminary results from the online transactions made on the County Treasurer's portal during that period. At the time, Lancaster County did not have the capabilities to differentiate between Visa Debit and other Debit cards.

DIGITAL PAYMENT COUNTY RESIDENT SURVEYS

KEY HIGHLIGHTS

Findings from the Digital Payment County Resident Surveys underline several key takeaways:

• When paying their property taxes, the majority of respondents make payments directly to the county and prefer to use checks. Respondents largely indicated that **checks are preferred as they are convenient and have low transaction fees.**

• When renewing their motor vehicle registrations, **results indicated a preference for digital payment methods,** such as eChecks, credit cards or debit/ATM cards, citing convenience as the main reason.

• **Most respondents indicated that fees and service charges have impacted their usage of digital payment options** such as credit or debit cards and eChecks.

• The second survey revealed that **most respondents have previously used digital payment methods for transactions with the county.** Furthermore, most respondents indicated they are very likely to continue doing so in the future.

• Even individuals that preferred to pay their property taxes in-person or by mail indicated they are **likely to use digital payments in the future.**

TOPLINE RESULTS FROM 2018 - 2019 RESIDENT SURVEY

NACo, in collaboration with Lancaster County, developed and administered a survey to county residents in 2018. The survey used two means of administration: in-person and online. In-person surveys were administered at POS station in county offices.

TABLE 10
Survey Results by Method of Administration

In-Person Survey Responses (Total)	Online Survey Responses	Real Estate Survey Responses	Total Survey Responses
665	270	166	1,101

Source: *NACo Survey of Lancaster County residents, 2018-2019*

The surveys targeted residents who were paying their real estate taxes, motor vehicle registration fees or driver's license renewal fees. Online surveys were made available at the County Treasurer's website and MyCart — Lancaster County's real estate tax web portal. Through the survey, NACo sought to track resident satisfaction and perception of digital payments — specifically, seeking insights into residents who prefer traditional payment methods versus those who prefer digital payment methods.

ANALYSIS OF SURVEY RESPONSES (IN-PERSON AND ONLINE)

FIGURE 10
Most respondents indicated they prefer to use digital payment methods when renewing their motor vehicle registrations and checks when paying property taxes
Preferred payment types

MOTOR VEHICLE REGISTRATION
1101 survey responses

| Check 28% | Debit/ATM 23% | Credit Card 22% | Online 17% | Cash 9% | Other 1% |

PROPERTY TAXES
935 survey responses

| Check 39% | Debit/ATM 19% | Credit Card 15% | Cash 4% | Other 23% |

Source: *NACo Survey of Lancaster County residents, 2018-2019*

Notes: *The first Digital Payments Survey was administered through two modes: in-person at county locations and online. The online surveys were placed on the County Treasurer's website and on the Online Real Estate payment receipt (i.e. for those who paid property taxes online). This chart is based on analysis of the combined survey results.*

Digital payment methods (credit/debit cards and online transactions) are preferred amongst residents when renewing their motor vehicle registrations. Most respondents (62 percent) indicated that when renewing their motor vehicle registrations, they prefer to use digital payments whereas only 34 percent prefer using digital methods when paying property taxes. In 2018, the typical motor vehicle transaction cost a resident an average of $185.63. Because of the lower dollar amounts, an average transaction incurs low fees, incentivizing residents to pay using digital means. These smaller transactions might explain why 62 percent of respondents prefer to go digital when renewing their vehicle registration or driver's license. In descending order, the most preferred methods of payment for motor vehicle

registration across all surveys were check (28 percent of respondents), debit/ATM card (23 percent), credit card (22 percent), online (17 percent), cash (9 percent) and other (1 percent).

On the other hand, residents who are paying for their property tax typically prefer using checks. Forty-three (43) percent of respondents indicated that they prefer to use traditional payment methods (i.e., cash and checks) while **34 percent** prefer to pay with digital payment methods. During 2018, the average check transaction was $3,153.67. Unlike the lower dollar amounts of the motor vehicle registrations, these larger transactions incentivize residents to use payment methods without additional fees. In descending order, the most preferred methods of payments for property taxes across paper and online surveys were check **(39 percent)**, other **(23 percent)**, debit/ATM card **(19 percent)**, credit card **(15 percent)**, and cash **(4 percent)**. Other responses included payment methods such as money order, escrow or over the phone.

FIGURE 11
58 percent of respondents indicated that they are likely to use digital payments for future transactions with the county

Likelihood of using digital payments for future transactions.

Source: NACo Survey of Lancaster County residents, 2018-2019

Notes: The first Digital Payments Survey was administered through two modes: in-person at county locations and online. The online surveys were placed on the County Treasurer's website and on the Online Real Estate payment receipt (i.e. for those who paid property taxes online). This chart is based on analysis of the combined survey results.

Overall, 75 percent of respondents reported being "very likely" or "somewhat likely" to use digital payments for future transactions with the county. This response highlights the importance of having digital payment options avaliable for residents in the future, since the majority will want to use these methods. Only 9 percent indicated they are "not at all likely." The "unlikely" and "do not know" options each received 8 percent of responses.

TOPLINE RESULTS FROM 2019-2020 RESIDENT SURVEY

A second survey was administered to county residents to track the usage of digital payments with the goal of comparing results from the previous survey, and to better understand resident payment preferences. Additionally, a link to the online survey was included in the property tax receipts sent to residents. The in-person surveys were distributed at the downtown county building and Department of Motor Vehicles (DMV) locations. The survey was administered from December 2019 through April 2020.

TABLE 11
Survey Results by Method of Administration

PAPER SURVEY RESPONSES (TOTAL)	ONLINE SURVEY RESPONSES	PROPERTY TAX IN-PERSON SURVEY RESPONSES	DMV IN-PERSON SURVEY RESPONSES	TOTAL SURVEY RESPONSES
1,232	283	193	1039	1,515

Source: NACo Survey of Lancaster County residents, 2019-2020

Analysis of In-Person Survey Responses

FIGURE 12
Most of respondents have used digital payments in the past when completing a transaction to the county
Percentage of Respondents that have used digital payments with the county

Yes 64%   No 36%
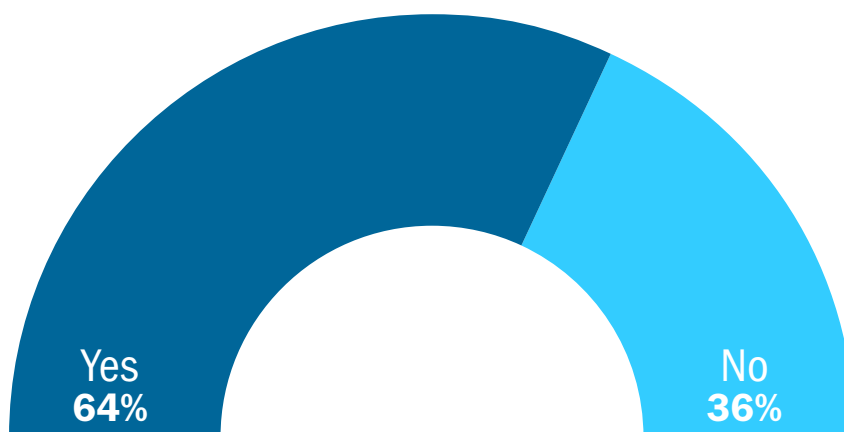
In-person survey responses revealed that most residents have a history of using digital payment methods with the county. There were **788 respondents (64 percent) who indicated that when making payments to the county, they have used digital payment options such as ACH, eChecks, Bill Pay, credit card and debit card**. There were 444 respondents (36 percent) who indicated that they have not used digital methods when making payments to the county and instead utilize cash or check payment options.

Source: NACo Survey of Lancaster County residents, 2019-2020
Notes: The second Digital Payments Survey was administered through two modes: in-person at county locations and online. The above chart is based on analysis of combined in-person survey responses about property tax and motor vehicle transactions.

FIGURE 13

Results from the second survey showed a continued interest in residents using digital payment methods for future transactions with the county

Likelihood of using digital payment methods for future transactions with the county

Source: NACo Survey of Lancaster County residents, 2019-2020

Notes: The second Digital Payments Survey was administered through two modes: in-person at county locations and online. The above chart is based on analysis of combined in-person survey responses about property tax and motor vehicle transactions.

Nearly half of respondents (47 percent) indicated that they are very likely to use digital payments for future transactions. Building off the responses from the first survey, this further validates respondents' interests in using digital payments for future transactions with the county. Furthermore, only **19 percent** of respondents indicated "somewhat likely" and **nine percent** of respondents indicated "not at all likely". "Unlikely" and "don't know" were selected by **10 percent and 15 percent** of respondents, respectively.

NEARLY HALF OF RESPONDENTS (47 PERCENT) INDICATED THAT THEY ARE VERY LIKELY TO USE DIGITAL PAYMENTS FOR FUTURE TRANSACTIONS.

FIGURE 14

Younger cohorts of residents (between ages 18 and 44) report a greater likelihood to use digital payment options for future transactions with the county than older cohorts (age 45 and up)

Likelihood of using digital payments for future transactions.
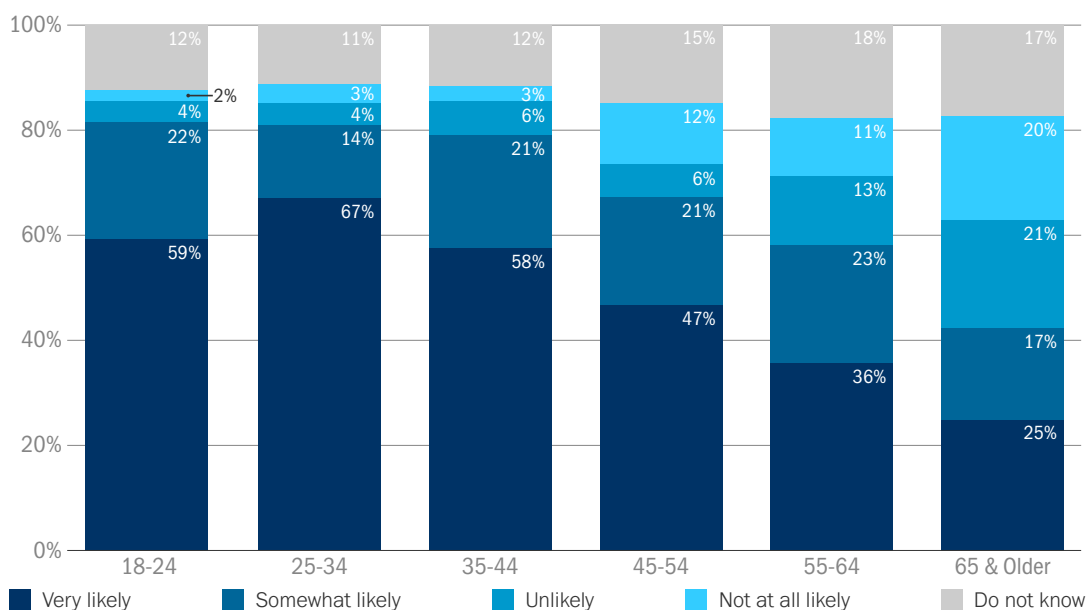
Source: NACo Survey of Lancaster County residents, 2019-2020

Notes: The second Digital Payments Survey was administered through two modes: in-person at county locations and online. The above chart is based on analysis of combined in-person survey responses about property tax and motor vehicle transactions.

Overall, **47 percent** of respondents across all the age groups said they were very likely to use digital payments in the future when renewing their motor vehicle registration or paying their property taxes. In the three youngest categories (that is, 18-24, 25-34 and 35-44), most respondents indicated that they were very likely to use digital payments in the future. The largest percentage was seen from the 25-34 age group where **67 percent** responded that they would be very likely to use digital payments in the future. These results show resident support or buy-in for digitizing future county transactions and illustrate how counties must consider the interests of their unique demographics before implementing digital payment methods.

NOTES ON ONLINE SURVEY METHODOLOGY

To prevent respondents from seeing questions that do not apply to them, the second Digital Payments Survey (online version) contained skip logic or conditional branching functionality. This ensured that respondents obtained a custom path through the survey that varies based on their answers. For instance:

- Respondents that indicated they paid their property taxes through their mortgage company or escrow account were redirected to the survey questions about payment preferences for DMV transactions.
- Individuals that indicated that they preferred to pay their property taxes in-person or by mail were redirected to questions asking about their behavior and opinion towards digital payments

Thus, the following analysis of the online survey responses is done by subgroups (i.e., property taxes paid directly to the county, online property tax payment, in-person or by-mail property tax payments, and whether or not a respondent owns a motor vehicle registered in the county).

ANALYSIS OF ONLINE SURVEY RESPONSES

PROPERTY TAX PAYMENTS

Most respondents (270) pay their property taxes directly to the county rather than paying through their mortgage company or an escrow account. Among these individuals, 83 percent of them indicated that they prefer to pay their property taxes online. The remaining 17 percent indicated that they prefer to make their property tax payments in person. These respondents were redirected to the "In Person or Mail Property Tax Property Tax Payments" section of the survey.

FIGURE 15
There is greater preference for using digital payment methods over traditional when paying property taxes

Payment Preferences for Property Taxes
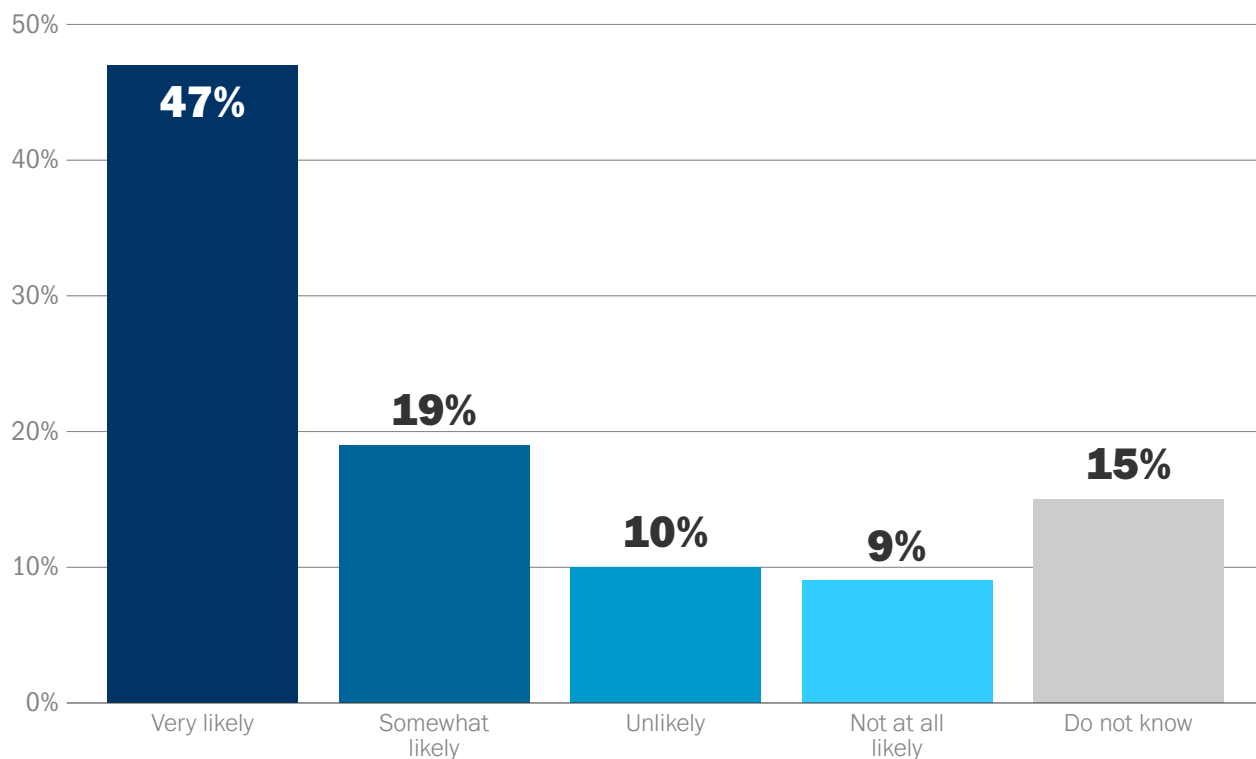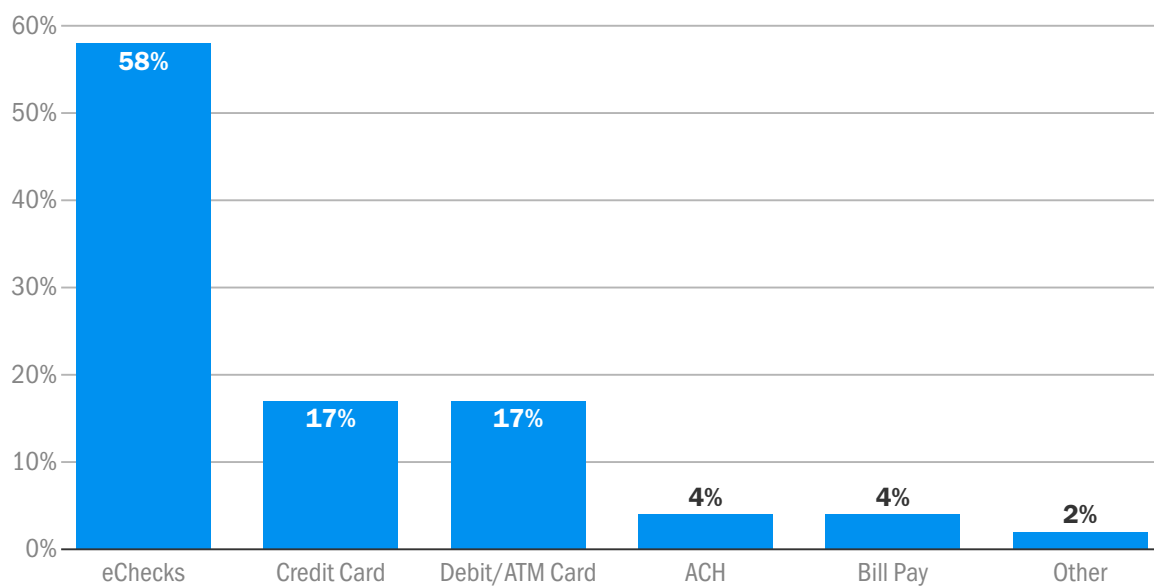

Source: *NACo Survey of Lancaster County residents, 2019-2020*

Notes: *The second Digital Payments Survey was administered through two modes: in-person at county locations and online. The above chart is based on analysis of online survey responses from residents who indicated that they pay their about property taxes directly to the county.*

The second survey showed a greater preference for using digital payment methods over traditional when paying property taxes. Among respondents who specified that they pay their own property taxes, **58 percent** indicated that they prefer to use eChecks, **17 percent** prefer using credit cards and debit/ATM, **4 percent** prefer using ACH and Bill Pay and **2 percent** selected "other." Thus, the most preferred method when paying property taxes online is eChecks.

FIGURE 16

Majority of respondents listed reasons such as using their credit card to earn points or being able to pay the amount in installments when asked about their preferred payment method for property taxes

Reasons for Payment Preferences for Property Taxes

Source: *NACo Survey of Lancaster County residents, 2019-2020*

Notes: *The second Digital Payments Survey was administered through two modes: in-person at county locations and online. The above chart is based on analysis of online survey responses from residents who indicated that they pay their about property taxes directly to the county.*

When asked about why they used their preferred payment method, **the majority of respondents (57 percent) selected "other"** and included reasons such as using their credit card to earn points or being able to pay the amount in installments. The next highest response was convenience with **23 percent** then low fees with **15 percent**. "Large transaction amount" and "small transaction amount" each received **2 percent** and secure transactions received just **1 percent** of responses.

MOTOR VEHICLE REGISTRATION PAYMENTS, ONLINE SURVEY RESPONSES

FIGURE 17

Digital payments are preferred payment method even for renewing motor vehicle registrations

Payment Preferences for Renewing Motor Vehicle Registrations
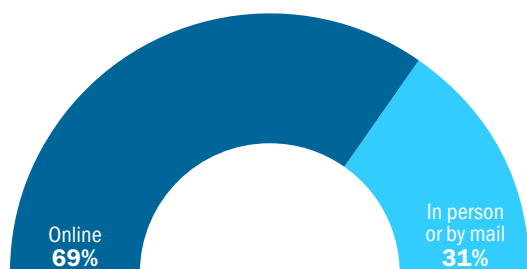
Out of the 262 respondents who indicated that they currently have a vehicle registered in Lancaster County, 181 respondents indicated that they prefer to pay online when renewing their motor vehicle registration. On the other hand, 81 respondents indicated that they preferred to pay in person or by mail.

Source: *NACo Survey of Lancaster County residents, 2019-2020*

FIGURE 18

Convenience is the main priority when individuals choose their payment method

Reasons for Payment Preferences for Renewing Motor Vehicle Registrations
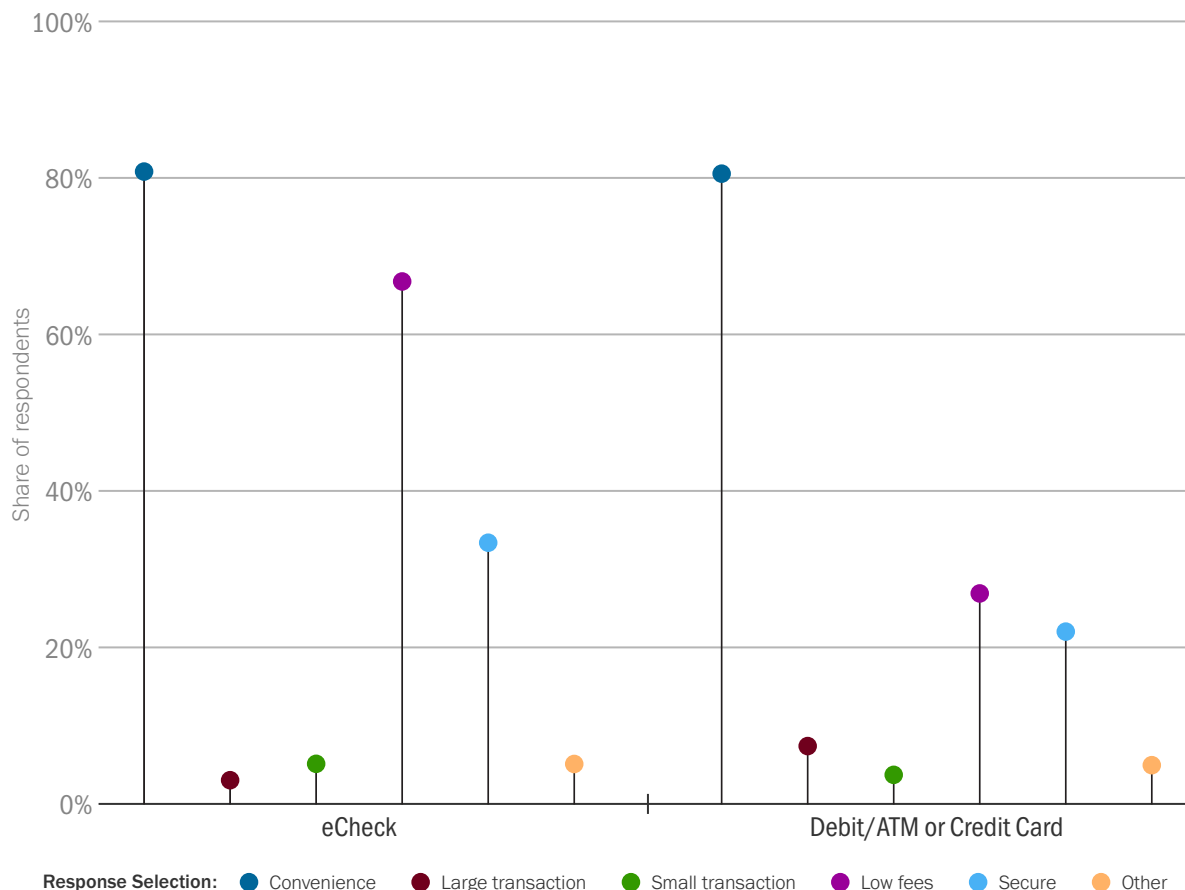
In addition to asking respondents their preferred payment method when renewing motor vehicle registrations, we also asked why they prefer the selected method. Respondents could check all that apply and among those who indicated that they prefer online payments, 99 of them reported that they prefer to pay with eChecks. **Eighty-one (81) percent** of those respondents stated that they preferred this method because of its convenience and **67 percent** because of the low fees. On the other hand, among the 82 respondents that indicated that they either preferred using credit or debit/ATM cards, **81 percent** of those individuals said they preferred this payment method because of its convenience and only **27 percent** said it was because of low fees. Therefore, individuals seem to prefer eChecks as the primary method of paying their registrations online because it is convenient and has low fees. Additionally, it seems those who use credit or debit/ATM cards do so mostly because it is convenient and not because of low fees.

In-Person or Mail Preference for Payments, Online Survey Responses

Overall, 126 individuals indicated that they preferred to pay for their motor vehicle registrations or property taxes in-person or by mail. When asked if they had used digital payments with the county before, the majority **(62 percent)**

indicated that they had while **38 percent** responded that they have not (see Table 12 below).

TABLE 12

Breakdown of Online Survey Responses Related to In-Person Transactions

OVERALL		PROPERTY TAXES		MOTOR VEHICLE REGISTRATION	
Yes	No	Yes	No	Yes	No
62% (78)	38% (48)	60% (27)	40% (18)	63% (51)	37% (30)

Source: NACo Survey of Lancaster County residents, 2019-2020

Survey question: Have you ever used digital payment methods for a payment to the county?
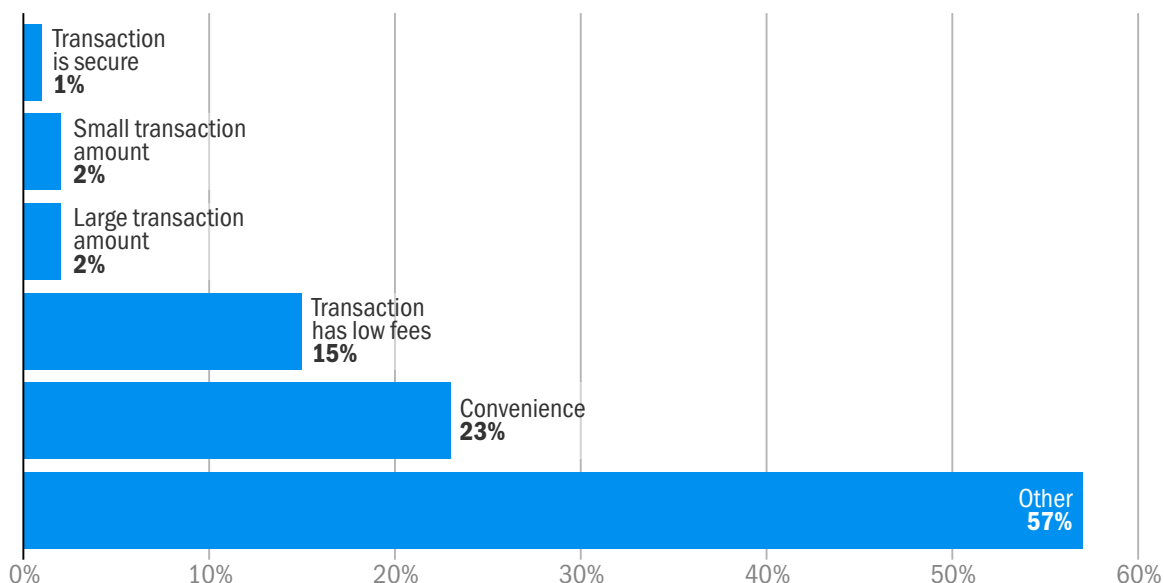
Notes: The second Digital Payments Survey was administered through two modes: in-person at county locations and online. The above chart is based on analysis of survey responses from residents who indicated that they have a motor vehicle registered in the county.

The majority of individuals that prefer to pay their property taxes in-person or by mail reported that they have used digital payment methods when making a payment to the county. For property taxes, 45 respondents indicated that they prefer to pay in-person by mail; however, **60 percent** indicated that they have used digital payment methods before that include ACH, eChecks, Bill Pay, credit card and debit card. For motor vehicle registration fees, 81 individuals indicated that they preferred to pay their registration fees in-person or by mail, yet the majority **(63 percent)** have used digital payments for past payments to the county.

FIGURE 19

Respondents that prefer to pay their property taxes in-person or by mail are likely to use digital payments in the future.

Future use of digital payment methods

HOW LIKELY ARE YOU TO USE DIGITAL PAYMENTS FOR FUTURE TRANSACTIONS WITH THE COUNTY?

Very likely	Somewhat likely	Unlikely	Not at all likely	Do not know
24%	20%	17%	15%	24%
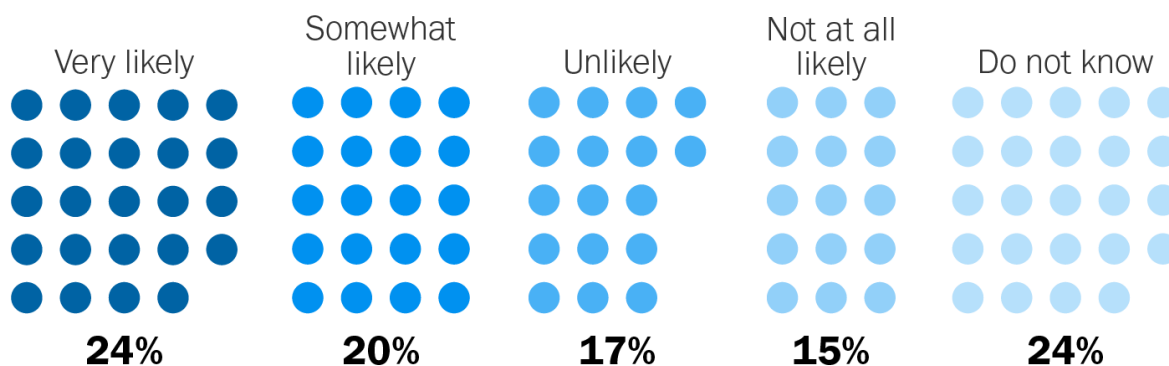
Source: NACo Survey of Lancaster County residents, 2019-2020

Survey question: How likely are you to use digital payments for future transactions with the county?

Notes: The second Digital Payments Survey was administered through two modes: in-person at county locations and online. The above chart is based on analysis of survey responses from residents who indicated that they have a motor vehicle registered in the county.

The respondents that prefer to pay their property taxes in-person or by mail are likely to use digital payments in the future. Out of 46 individuals, **44 percent** indicated that they are very likely or somewhat likely to use digital payments for their future transactions with the county.

NOTES ON METHODOLOGY

RESEARCH OBJECTIVES AND SCOPE OF REPORT

This study highlights the potential benefits and possible barriers of increased adoption of digital payment solutions by county governments. The report provides key takeaways for counties looking to expand their digital payment usage and capacity.

RESEARCH GOALS

- Highlight the impact of digital payments on county government operations in revenue collection, savings and employee productivity.
- Identify reasons county governments might decide to offer more digital transaction services and foster digital payment usage and acceptance among residents and departments.
- Pinpoint the barriers that might prevent county governments from expanding or transitioning to digital payments successfully.
- Understand the factors influencing resident choice of payment methods.
- Underscore costs and benefits of using digital payment methods compared to traditional payment methods for residents and the county government.

For this study, NACo researchers surveyed Lancaster County residents to understand their payment preferences, perceptions and usage of digital payment methods. These surveys emphasized how constituents prefer to make payments and the types of services for which they prefer to use digital payments rather than traditional payments. Additionally, insights such as the resident demographic profile in relation to digital payment usage and assessing resident willingness and buy-in to adopt digital payment methods were some of the useful information derived from the surveys.

Through interviews with county stakeholders (i.e., department heads, supervisors and county staff) across county departments, Visa identified areas for meaningful transition to digital payments methods, to support and maximize the scope of services, allowing for the increased usage in digital payment usage across the transaction channels of acceptance, disbursements and purchasing.

NACo also surveyed a sample of county departments that utilize the P-card system to collect information on the employee experience with the onboarding and training, roadblocks that emerged during implementation barriers and how the county worked to navigate these barriers.

NACo researchers analyzed financial data from the county in addition information sourced from interviews with county staff to gain an understanding of the extent to which all the departments were operating in traditional payment methods (that is, cash or check) in comparison to digital payment methods (that is, card or online) across the transaction channels.

GLOSSARY OF SELECTED TERMS USED IN THIS STUDY

Automated clearing house (ACH) — the electronic transfer funds (both credit and debit) in a batch process directly to or from participants' account. This electronic payment method is best for high volume, low dollar transactions such as payroll, expense reimbursement and routine vendor payments, as the cost per transaction is low relative to other forms of electronic payment.

Cardholder — a county employee to whom a P-Card is issues for making purchases or payments on behalf of the county.

Digital (or electronic) payment methods — are electronic payment methods including credit and debit cards, wire transfers and ACH.

Direct Deposit — payments deposited directly into a checking or savings account.

Disbursement — disbursing monies and/or payment information through electronic or traditional means. Thus, payment by cash, warrant, check, journal voucher, ACH or any other technological payment method.

Electronic accounts payable — is a credit card transaction that allows county governments to make payments electronically without a physical card. Like purchasing cards, vendors usually pay a processing fee, and there is usually no cost to the government.

Electronic Payment Card (EPC) — a card onto which payments are deposited.

Traditional payment methods — include payments made with cash or check.

Merchant Category Codes (MCCs) — are a system of four-digit codes, maintained by the networks, used to identify a supplier's or vendor's principal trade, profession or line of business. An MCC is assigned to a supplier or vendor by the merchant acquirer in the process of becoming credit card capable. These codes are used to permit, restrict or block certain merchant types.

Petty cash — A small amount of cash kept on hand by an organization for incidental expenses, such as reimbursement to employees for small, out-of-pocket business expenses.

Point of Sale (POS) — The location or technology system for which card payments for goods and services are initiated.

Prepaid cards — is not associated with a bank checking account or to a credit union share draft account. Rather, a user spends money that has been loaded onto the prepaid card account in advance.

Procurement — the process of obtaining or acquiring goods and services.

Procure-to-pay (P2P) process — the process for requisitioning, acquiring and paying vendors for goods and services.

Purchasing (Procurement or P-Cards) cards — are commercial cards or charge cards used for the purchase or payment of goods and services on behalf of an organization. P-Cards are designed to provide and efficient and cost-effective method for business expenses. P-Cards can be used with vendors that accept credit cards. They are used as an alternative to traditional procurement processes such as issuing purchase orders, invoices, petty cash and checks.

Rebates — incentives received from any merchants or the issuing bank

Vendor or supplier — a merchant with whom an organization does business.

Wire transfer — a type of electronic fund transfer that guarantees immediate available funds or same day settlement. The payments are conducted on the Federal Reserve System's federal wire (Fed Wire) network.

ACKNOWLEDGMENTS

CONTACT

If you have any questions, or would like additional information, feel free to contact us at Research@NACo.org.

APPENDIX

Note: The order of the questions in this appendix follow the skip logic within the survey design and therefore are not necessarily listed in consecutive order.

RESPONSES TO ALL DIGITAL PAYMENT RESIDENT SURVEYS

2018 – 2019 Resident Survey Tables

Q.1. What is your preferred payment type when renewing your motor vehicle registration? (n=1,101)

Cash		Check		Credit Card		Debit/ATM		Online		Other	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
103	9%	311	28%	243	22%	247	23%	188	17%	9	1%

Q.3. Why do you use your specific payment method when renewing your motor vehicle registration? (n=1,720)

Cash (n=115)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	58	50%	2	2%	6	5%	10	9%	14	12%	9	8%	14	12%	2	2%

Check (n= 450)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	156	35%	42	9%	10	2%	51	11%	80	18%	54	12%	31	7%	26	6%

Credit Card (n=370)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	203	55%	41	11%	7	2%	10	3%	17	5%	37	10%	36	10%	19	5%

Debit/ATM (n= 408)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	211	52%	24	6%	8	2%	7	2%	30	7%	41	10%	81	20%	6	1%

Online (DMV site) (n= 361)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	174	48%	4	1%	3	0.8%	0	0%	28	8%	26	7%	120	33%	6	2%

Other (n= 16)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	4	25%	0	0%	0	0%	4	25%	4	25%	0	0%	0	0%	4	25%

Q.4. What is your preferred payment type when paying property taxes? (n=935)

Cash		Check		Credit Card		Debit/ATM		Online	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
35	4%	361	39%	143	15%	178	19%	218	23%

Q.5. Why do you use your preferred payment method? (n=1,364)

Cash (n=44)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	24	55%	4	9%	1	2%	3	7%	4	9%	5	11%	3	7%	0	0%

Check (n=521)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	173	33%	102	20%	7	1%	33	6%	72	14%	72	14%	37	7%	25	5%

Credit Card (n=241)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	103	43%	30	12%	4	2%	4	2%	12	5%	27	11%	49	20%	12	5%

Debit/ATM (n=294)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	147	50%	24	8%	1	0.3%	1	0.3%	20	7%	28	10%	64	22%	9	3%

Other (n=264)

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security		Time Saving		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	75	28%	10	4%	0	0%	3	1%	11	4%	15	6%	15	6%	135	51%

Q.6. How likely are you to use digital payments (credit or debit card) for future transactions with the county? (n=1,101)									
Very Likely		Somewhat Likely		Unlikely		Not at all likely		Don't know	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
639	58%	181	16%	91	8%	99	9%	91	8%

Q.7. Are you familiar with the county's property tax online payment system? (n=935)			
Yes		No	
Number	Percent	Number	Percent
545	58%	390	42%

Q.8. Please indicate your age: (n=1,101)													
18-24		25-34		35-44		45-54		55-64		65 and older		No answer	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
72	7%	161	15%	186	17%	184	17%	254	23%	235	21%	9	0.8%

Note: *In-person response stats for motor vehicles and property tax payments are combined in the analysis of this report.*

2019-2020 Department of Motor Vehicles In-Person Responses

Q.1.Have You Ever Used Digital Payments for Payments to the County? (n=1,039)			
Yes		No	
Number of Respondents	Percent of Respondents	Number of Respondents	Percent of Respondents
717	69%	322	31%

Q.2.How Do You Prefer to Pay? (n=1,039)											
Cash		Check		Credit Card		Debit/ATM		E-Check		N/A	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
151	15%	332	32%	250	24%	299	29%	1	0%	6	1%

Q.4. Why do you use your preferred payment method? (n=1,213)									
	Convenience		No Fees		Small Transaction		Secure		
Cash	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
	110	9%	22	2%	13	1%	18	1%	
	Convenience		No Fees		Large Transactio		Small Transaction		Secure
Check	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	176	15%	95	8%	45	4%	11	1%	60	5%
	Convenience		Large Transaction		Small Transaction		High Fees		
Credit Car	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
	219	18%	37	3%	35	3%	13	1%	
	Convenience		Large Transaction		Small Transaction		High Fees		
Debit/ATM	Number	Percent	Number	Percent	Number	Percent	Number	Percent	
	262	22%	29	2%	45	4%	23	2%	

Q.5. How Likely Are You to Use Digital Payments in the Future with the County? (n=1,039)									
Very Likely		Somewhat Likely		Unlikely		Not at all likely		Don't know	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
549	53%	203	20%	80	8%	68	7%	139	13%

Q.6. When I see a fee or service charge to complete a digital payment: (n = 1,039)							
I will always switch		I will sometimes switch		Does not impact my decision		Other	
Number	Percent	Number	Percent	Number	Percent	Number	Percent
461	44%	442	43%	98	9%	38	4%

Q.7. Please indicate your age: (n=1,039)													
18-24		25-34		35-44		45-54		55-64		65 and older		No answer	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
140	13%	218	21%	189	18%	156	15%	151	15%	177	17%	8	1%

2019-2020 Property Tax In-Person Responses

Q.1. Have you ever used digital payments to the county? (n=193)			
Yes		No	
Number of Respondents	Percent of Respondents	Number of Respondents	Percent of Respondents
67	35%	126	65%

Q.2.How Do You Prefer to Pay? (n=1,039)											
Cash		Check		Credit Card		Debit/ATM		Escrow		N/A	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
20	10%	136	70%	16	8%	18	9%	1	1%	2	1%

Q.3. Why do you use your preferred payment method? (n=186)								
Cash	Convenience		No Fees		Large Transcation		Secure	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	5	3%	1	1%	3	2%	4	2%
Check	Convenience		No Fees		Large Transcation		Secure	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	53	28%	24	13%	27	15%	40	22%
Credit Car	Convenience		Secure		Other			
	Number	Percent	Number	Percent	Number	Percent		
	5	3%	3	2%	2	1%		
Debit/ATM	Convenience		Secure		Other			
	Number	Percent	Number	Percent	Number	Percent		
	14	8%	4	2%	1	1%		

Q.5. How Likely Are You to Use Digital Payments in the Future with the County? (n=193)									
Very Likely		Somewhat Likely		Unlikely		Not at all likely		Don't know	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
32	17%	36	19%	40	21%	44	23%	41	21%

Q.6. Are you aware that you can pay your property taxes online? (n=193)			
Yes		No	
Number	Percent	Number	Percent
163	84%	30	16%

Q.7. When I see a fee or service charge to complete a digital payment: (n = 193)							
I will always switch		I will sometimes switch		Does not impact my decision		Other	
Number	Percent	Number	Percent	Number	Percent	Number	Percent
119	62%	42	22%	15	8%	17	9%

Q.8. Please indicate your age: (n=193)													
18-24		25-34		35-44		45-54		55-64		65 and older		No answer	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
5	3%	12	6%	16	8%	24	12%	57	30%	76	39%	3	2%

Q.15.Do you currently have a vehicle registered in Lancaster County? (n=283)

Yes		No	
Number of Respondents	Percent of Respondents	Number of Respondents	Percent of Respondents
262	93%	21	7%

Q.16.How Do You Prefer to Pay? (n=283)

Online		In person/mail		N/A	
Number	Percent	Number	Percent	Number	Percent
181	64%	81	29%	21	7%

Q.17. How do you prefer to pay when renewing your motor vehicle registration online? (n=181)

E-check		Credit Card		Debit/ATM	
Number	Percent	Number	Percent	Number	Percent
99	55%	50	27%	32	18%

Q.19. Why do you use your preferred payment method? (n=309)

	Convenience		Large Transaction		Small Transaction		Low Fees		Secure		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
E-check	80	26%	3	1%	5	2%	67	22%	33	11%	2	1%
Credit Card	40	13%	5	2%	0	0%	9	3%	12	4%	3	1%
Debit/ATM	26	8%	2	1%	3	1%	13	4%	6	2%	0	0%

Q.20. When I see a fee or service charge to complete a digital payment: (n = 181)

I will always switch		I will sometimes switch		Does not impact my decision		Other	
Number	Percent	Number	Percent	Number	Percent	Number	Percent
56	31%	111	61%	10	6%	4	2%

Q.21. For individuals that prefer to pay in person or by mail: Have you used digital payments for a payment to the county? (n=81)

Yes		No	
Number	Percent	Number	Percent
51	63%	30	37%

Q.22. For Individuals that prefer to pay in-person or by mail: How do you prefer to pay when renewing your motor vehicle registration? (n=81)

Cash		Check		Credit Card		Debit/ATM		Other	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
4	5%	54	67%	4	5%	17	21%	2	2%

Q.24. For individuals that prefer to pay in-person or by mail: Why do you use your preferred payment method? (n=121)

	Convenience		Large Transaction		Small Transaction		Low Fees		Secure		Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Cash	2	2%	1	1%	0	0%	3	2%	1	1%	0	0%

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Check	34	28%	3	2%	2	2%	20	17%	16	13%	3	2%

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Credit Card	4	3%	1	1%	0	0%	2	2%	2	2%	1	1%

	Convenience		Large Transaction		Small Transaction		High Fees		Low Fees		Security	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Debit/ATM	11	9%	1	1%	0	0%	7	6%	6	5%	1	1%

Q.25. For Individuals that prefer to pay in-person or by mail: How likely are you to use digital payments for future transactions? (n=81)									
Very Likely		Somewhat Likely		Don't Know		Unlikely		Not at all Likely	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
27	33%	23	28%	14	17%	10	12%	7	9%

Q.26. For individuals that prefer to pay in-person or by mail: When I see a fee or service charge to complete a digital payment: (n=81)							
I will always switch		I will sometimes switch		Does not impact my decision		Other	
Number	Percent	Number	Percent	Number	Percent	Number	Percent
28	35%	46	57%	3	4%	4	5%

2019-2020 Property Tax Payments Online Responses

Q.1. Please indicate your age (n=283)													
18-24		25-34		35-44		45-54		55-64		65 and older		No answer	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
0	0%	16	6%	22	8%	32	11%	74	26%	130	46%	9	3%

Q.2. How do you pay property tax? (n=283)			
Mortgage company of a bank pays (escrow)		I make the payment	
Number	Percent	Number	Percent
13	5%	270	95%

Q.3. How do you prefer to pay your property tax payments? (n=270)			
Online		In person or through the mail	
Number	Percent	Number	Percent
224	83%	46	17%

Q.4. How do you prefer to pay when paying property taxes? (n=224)											
Credit Card		Debit/ATM		ACH		E-Check		Bill Pay		Other	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
37	17%	37	17%	8	4%	129	58%	8	4%	5	2%

Q.5. Why do you use your preferred payment method? (n=224)											
Convenience		Large Transaction		Small Transaction		Low Fees		Secure		Other	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
52	23%	4	2%	4	2%	33	15%	3	1%	128	57%

Q.7. When I see a fee or service charge to complete a digital payment: (n=224)							
I will always switch		I will sometimes switch		Does not impact my decision		Other	
Number	Percent	Number	Percent	Number	Percent	Number	Percent
57	25%	148	66%	8	4%	11	5%

Q.8. For individuals that prefer to pay in-person or by mail, have you ever used digital payment methods for a payment to the county? (n=45)			
Yes		No	
Number	Percent	Number	Percent
27	60%	18	40%

Q.9. For individuals that prefer to pay in-person or by mail, how do you prefer to pay when paying property taxes? (n=46)									
Cash		Check		Credit Card		Debit/ATM		N/A	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	2%	37	80%	2	4%	5	11%	1	2%

Q.10. For individuals that prefer to pay in-person or by mail, why do you use your preferred payment method? (n=45)											
Convenience		Large Transaction		Small Transaction		Low Fees		Secure		Other	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
6	13%	2	4%	0	0%	7	16%	3	7%	27	60%

Q.12. For individuals that prefer to pay in-person or by mail, how likely are you to use digital payments for future transactions with the county? (n= 46)									
Very Likely		Somewhat Likely		Unlikely		Not at all likely		Don't know	
Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
11	24%	9	20%	8	17%	7	15%	11	24%

Q.13. For individuals that prefer to pay in-person or by mail, are you aware that you can pay your property taxes online? (n=46)			
Yes		No	
Number	Percent	Number	Percent
45	98%	1	2%

ENDNOTES

[1] Granicus, "New Research Shows COVID-19 Drives Government Digital Transformation" Available at: https://granicus.com/blog/new-research-shows-covid-19-drives-government-digital-transformation/ (2020)

[2] NACo Analysis of Survey Data from County Leaders, 2020.

[3] NACo Analysis of U.S. Census Bureau – Gazetteer Files, 2019; NACo Analysis of U.S. Census Bureau - Population Estimates Program (PEP), 2018. NACo categorizes counties according to population size. Large counties have more than 500,000 residents, medium-sized counties have between 50,000 and 500,000 residents and small counties have less than 50,000 residents.

[4] NACo Analysis of U.S. Census Bureau – Census of Individual Governments: Finance.

[5] NACo Analysis of U.S. Census Bureau –American Community Survey (ACS) 5-year estimates, 2017.

[6] NACo Analysis of U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product by County, 2018.

[7] NACo Analysis of U.S. Census Bureau - Population Estimates Program (PEP), 2019.

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[21] Ibid.

[22] Ibid.

[23] National Association of Purchasing Card Professionals (NAPCP), "Why Use P-Cards?" Available at https://www.napcp.org/page/WhyUsePCards (July, 2020)

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[26] Ibid.

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[28] NACo Survey Analysis of Lancaster County Residents, 2019-2020

ABOUT VISA INC.

Visa Inc. (NYSE: V) is the world's leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network - enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world, and is capable of handling more than 65,000 transaction messages a second. The company's relentless focus on innovation is a catalyst for the rapid growth of digital commerce on any device for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce.

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ABOUT NACo

The National Association of Counties (NACo) unites America's 3,069 county governments. Founded in 1935, NACo brings county officials together to advocate with a collective voice on national policy, exchange ideas and build new leadership skills, pursue transformational county solutions, enrich the public's understanding of county government, and exercise exemplary leadership in public service.

MISSION

Through NACo, county officials:

- Advocate with a collective voice on national policy
- Exchange ideas and build new leadership skills
- Pursue transformational, cost-effective solutions
- Enrich the public's understanding of county government, and
- Exercise exemplary leadership in public service.

VISION

Healthy, vibrant and safe counties across the United States.