

Beaver County, Pennsylvania



The need

Like many public sector institutions, Pennsylvania's rural Beaver County (population: approximately 180,000) found that it needed to maximize revenues, through improved cash flow and payment compliance, and reduce costs in order to better address its budgetary realities. At the same time, the county wished to enhance customer service by bringing its collection processes in line with those of the private sector, where payment cards and multiple acceptance channels are welcome everyday options.

With an overall annual budget of \$250 million and a \$55 million general fund generated primarily through the collection of property taxes and fees, the county needed a solution that could be extended across several county offices, from the courts to the Recreation and Tourism Department.

Specifically, the county wished to upgrade its payment practices and procedures to achieve the following:

- Enhance customer convenience
- Increase its effectiveness and efficiency in collecting unpaid court fines and fees
- Limit the amount of cash being handled, especially in the court-related offices

Finding a solution

The successful and increasing use of payment cards in the public sector—today, legislation permitting card acceptance is in place in all 50 states—motivated Beaver County officials to consider accepting MasterCard® cards as a solution to their needs. Not only could acceptance help them accomplish their immediate objectives, but it could also facilitate the modernization of several county processes whose efficiency and convenience were compromised by slow, costly payment procedures.

“The county commissioners are always looking for ways to be more accommodating in their business transactions,” says Dan Donatella, chairman, County Commissioners, who notes that his constituents had already shifted to a greater use of debit cards and credit cards when shopping and were looking for similar convenience at county offices.

“Accepting credit cards and debit cards seemed a logical decision,” he says. “In addition, the court-related offices were especially interested in finding ways to collect fines and fees in a more efficient and effective manner. For those without cash or checks, these often went unpaid. For those using checks, there was the recurring problem of checks returned for insufficient funds, which led to additional costs in time and effort to collect fines and fees.”

The case for acceptance

In recent years in the public sector, credit card and debit card use has generated an impressive track record. That helped convince Beaver County that MasterCard card acceptance was the solution it was seeking.

Just for starters, all of the largest 25 municipal court systems in the United States now accept card payments. Across the board, courts have realized improved compliance with the introduction of card acceptance, and collection of fines and court costs owed is now a performance measure for court systems.

Payment cards have been shown to provide government agencies and institutions the same sort of benefits they deliver to the private sector, including labor and operational efficiencies, improved cash flow, reduced risk of loss from bad checks, enhanced payment compliance, and increased customer satisfaction.

At the same time, they also help the public sector leverage technology (for example, by facilitating online payments), and their built-in payment flexibility—24/7, any time, anywhere—helps improve customer service. What’s more, they can reduce face-to-face contact and its associated costs, and they’ve proven to be effective in increasing revenues in certain segments.

No convenience fee

Given the potential benefits of payment card acceptance, Beaver County wished to maximize card use and eliminate potential obstacles. As a result, instead of imposing a “convenience fee” on transactions, the county absorbs the costs associated with card acceptance. (A convenience fee is a charge imposed by payees on all like transactions regardless of the form of payment used.)

“As many of our ‘customers’ do not come here by choice (for example, customers are sometimes individuals required to pay property taxes, court fees, and fines), we wanted to make sure that there was no disadvantage in paying by credit or debit cards,” says Donatella.

“For instance, if we added a convenience fee to a property tax bill, that additional charge would seem like an increase in that tax, even if it were only a dollar or two,” he says. “Similarly, for the court fees and fines, we have a difficult enough time collecting these as it is. Credit card acceptance has allowed us to collect in a much safer, efficient, and successful manner, so we do not want to create a disincentive for the use of these cards. The benefit of increased collections far outweighs the cost of acceptance.”

Initial rollout

Beaver County introduced credit card and debit card acceptance at several county offices simultaneously for a variety of payments:

- Treasurer’s Office—property taxes
- Clerk of Courts Office—fines, judgments, and fees associated with the Court of Common Pleas
- Magisterial District Justice Offices (equivalent of local small claims courts)—fines, judgments, and fees
- Recreation and Tourism Department—rental fees at seasonal facilities (for example, ice-skating rink, tennis courts, shelters) and purchase of county tourism items

MasterCard acceptance was communicated via postings at county offices.

Benefits for Beaver County

Card acceptance has proven successful for Beaver County, providing an efficient and effective way of doing business with constituents while meeting business objectives. The project’s success can be measured, first of all, by decreasing use of other forms of payment and the resulting avoidance of some of their associated costs. Specifically, the Treasurer and Clerk of Courts offices have seen a reduction in the number of

checks, while Recreation and Tourism has experienced a decrease in the use of cash. In addition, payment cards have delivered these significant benefits:

- Acceptance of MasterCard cards facilitates the timely collection of property taxes in full, even from taxpayers who might not have the cash on hand.
- Refunds on recreation deposits (for example, for picnic-shelter damage) can be issued more easily by crediting the MasterCard card versus producing and remitting a refund check.
- Payments of fines and fees, especially at district justice offices, are being made more quickly, and the number of bad checks has been reduced.
- The county has enhanced its image as a modern, efficient customer-oriented operation.

Reducing the number of refund checks and bad checks alone, which cost about \$22.00 each to process, provides significant savings for the county. With more than 30,000 filings a year in the Magisterial District Justice Offices and over 17,000 receipts in the Clerk of Courts Office in 2005, most which involve monetary transactions, card use offers fast and consistent collection of fines and fees. This, coupled with the reduction of bad checks and its associated costs, represents a major advance. "The usage of credit cards has really begun to have an effect on our collections," says Judy Enslin, clerk of courts. "An influx of collections is seen on each day in which probation violation hearings are held. Also, by permitting credit cards, we are seeing those individuals who live outside of Beaver County using their credit cards to pay off their accounts immediately upon sentencing."

Credit card use ultimately saves Beaver County money, due to defendants who have paid off their accounts being able to pursue an early termination of probation," she adds. "This, in itself, removes the individual from probation and alleviates the client base for the Adult Probation Department, district attorney, public defender, and all court offices. The end result is a financial saving to the county."

Finally, department heads report that they appreciate having a daily record that is so easily accessible to them, and they are grateful that they now deal with fewer bad checks and fewer people who cannot pay. On a side note, county employees have also indicated that they are pleased with how easy the point-of-sale terminals are to operate.

Benefits for consumers

Customers quickly took advantage of payment card acceptance, which has offered them several benefits:

- Card acceptance at county offices offers constituents the same convenience they've come to expect in the private sector. They appreciate not having to carry cash or a checkbook to pay fines or access recreational services.

- Customers are able to pay their fines, fees, and taxes immediately, even if they do not have the cash on hand, thereby avoiding penalties for late payment.
- Those who have loyalty cards can earn rewards/points while making a mandatory payment.

Brian Hayden, communications director, County of Beaver, notes that in the past the county had received inquiries from constituents concerning the acceptance and use of payment cards, probably because people use their cards every day in the private sector, and the program has generated good response.

“Numerous people have commented that they like paying the property tax bills with affinity cards, as it provides them with a benefit—airline miles, cash back, and so on,” he says. “In the District Justice Offices, many of these people are charged with minor traffic offenses, [and] they just want to pay the fine and get out of there. This is a quick and convenient way to do so.”

Future uses

With the successful introduction of MasterCard acceptance, Beaver County hopes to extend the program to the Beaver County Airport, where credit cards and debit cards would offer convenience for fuel purchases, hangar-space rental, and other transactions. While all transactions are currently face-to-face, MasterCard acceptance enables the county to consider rollout of additional acceptance channels. For example, telephone payments for Magisterial District Justice Offices fines and fees would offer added convenience, particularly for those who live outside the county, and perhaps would further reduce collection costs. Similarly, the Recreation and Tourism Department could benefit from introducing both phone and Internet channels for reservations and payment.

Satisfying resolution

The introduction of MasterCard acceptance by Beaver County has offered an easy, inexpensive resolution across a number of business needs, achieving all of the county's objectives. “As county commissioners, we are always looking for ways to serve our citizens better while increasing efficiency of government operations,” says Donatella. “Accepting credit cards and debit cards was a relatively easy and successful way to do this. It is an option that we were willing to provide, and it has been well received. In fact, I am not aware of any complaints from residents or employees—a very rare occurrence for government!”