

Economic Feasibility Study (EFS) Summary

What is an EFS?

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

What is the definition of economic feasibility?

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

Why do you need to prepare an EFS?

- State law RCW 43.41.180 says, "(1) The office of financial management is authorized to approve the use of electronic and other technological means to transfer both funds and information whenever economically feasible...(2) No state agency may use electronic or other technological means, including credit cards, without specific continuing authorization from the office of financial management."
- *State Administrative and Accounting Manual (SAAM)* [Chapter 40](#) requires agencies to prepare an EFS. The EFS helps OFM to determine whether or not your project is economically feasible.

When do you need an EFS?

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

*Even though an EFS is not required, an agency should consider preparing one for internal use to gain an understanding of costs/benefits involved.

Required Components of an EFS:

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

OFM Resources:

- *State Administrative and Accounting Manual (SAAM)* Chapter 40 – E-Commerce
 - <http://www.ofm.wa.gov/policy/40.htm>
- OFM E-Commerce Resources webpage
 - <http://www.ofm.wa.gov/resources/ecommerce.asp>
 - Provides the required EFS forms (Business Case form and Cost Benefit Analysis form)
 - Provides list of helpful hints for preparing your EFS
 - Provides list of possible economic feasibility revenue and cost elements
 - Provides a general guide of the most common electronic payment/information types and whether or not an EFS is required
 - Provides list of legislative exceptions to the EFS requirement
- OFM Statewide Accounting, E-Government Consultant
 - Sandy McGough, sandy.mcgough@ofm.wa.gov, (360) 725-0194
 - We recommend that agencies submit drafts of their EFS forms to OFM and OST for review before officially submitting your EFS to OFM for approval.

OST Resources:

- OST has a 2 hour presentation on payment options for state agencies. This is available to any state agency who is contemplating electronic payment options. For more information, contact: Ryan Pitroff, ryan.pitroff@tre.wa.gov, (360) 902-8917.

Other Considerations:

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