Modernizing Government Payments:

The Shift from Paper Checks to Prepaid and Digital Disbursements

FSFOA 2026 Fall Conference— The Magic of Sound Financial Stewardship

Flagstar Bank — Government Banking

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Every great magic show starts with a trick

Today’s trick: safer, faster, easier payments, without taking choice away.

01

Make the problem visible

Paper checks feel familiar but bring delay, handling, fraud exposure and reconciliation work.

02

Replace the risky step

Move eligible payments to secure electronic options with clear controls and measurable outcomes.

03

Keep people in control

Offer recipients a real choice of payment methods, with support for those who need alternatives.

The promise: modernize the payment experience, not just the payment rail.

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Tonight's Magic Tour

01 Where government payments actually stand today — the honest picture

02 Executive Order 14247 — the federal mandate that changes everything

03 Fraud, security & the real risk of staying on paper

04 The digital toolkit: prepaid cards, direct deposit, real-time payments

05 What this means specifically for Florida school districts

06 What you should do when you get back to your desk Monday morning

07 10 minutes of Q&A — your questions, real answers

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THE SPELL WE NEED TO BREAK

The Old Curse
Paper Checks

- Printed, stuffed, mailed, then you wait
- Lost or stolen in the mail
- Altered, forged, cashed by the wrong person
- Returned undeliverable. Now what?

The New Magic
Digital Payments

- Instant, traceable, fully auditable
- Nothing to lose in the mail
- Fraud controls on every transaction
- Lower cost per payment, no added headcount

The magic is the outcome: fewer failure points, better control, and a payment choice that fits the recipient.

16x

Treasury checks are 16 times more likely to be reported lost, stolen, returned undeliverable, or altered than an electronic funds transfer

Source: Executive Order 14247, March 25, 2025

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THE PRICE OF THE OLD SPELL

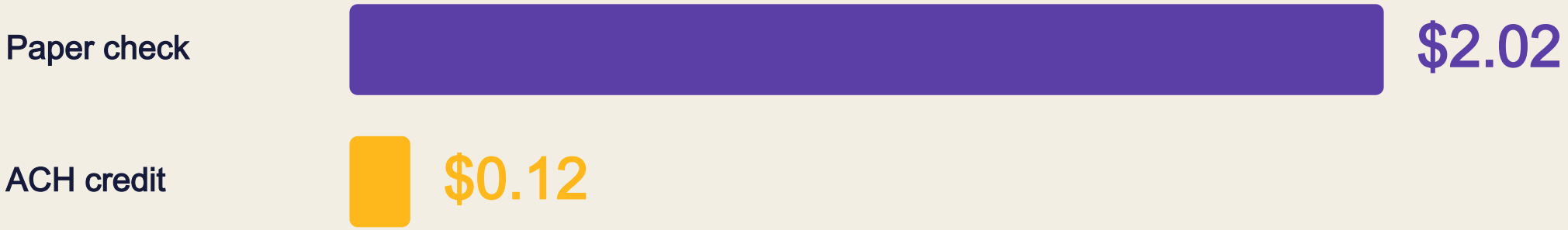
$657M

What American taxpayers paid in Fiscal Year 2024 just to maintain the physical infrastructure and specialized technology for paper check processing before a single check was even written .

Source: Executive Order 14247, March 25, 2025

COST PER PAYMENT

One payment, two price tags



Treasury issued 36 million paper checks in 2024.
Paying them by ACH would have saved more than **$68 million**.

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THE FEDERAL MANDATE

Enter Executive Order 14247

Mar 25, 2025

Order signed: “Modernizing Payments To and From America’s Bank Account”

+90 days

Agencies submit compliance plans to OMB

+180 days

Treasury reports implementation to the President

Sep 30, 2025

Treasury stops issuing paper checks for most federal disbursements

Approved methods

Direct deposit, prepaid card accounts, digital wallets, real -time payments

Narrow exceptions

No banking access, emergency hardship, national security, Treasury discretion. Exceptions need a defined process, not a workaround.

FLORIDA SCHOOL DISTRICTS

Where districts fit in

Vendor and contractor payments

Often still check -based, especially small nonprofits

Part -time and seasonal payroll

Substitutes, coaches, event staff

Student and fee refunds

Activity refunds, course and billing adjustments

Subgrant disbursements

Funds to community organizations

Emergency and disaster relief

Hurricane season needs same -day funds

One strategy, many recipients

Different needs. Clear choices at the point of payment.

FRAUD IS NOT THEORETICAL

Vanishing acts in the mail

⚠ Check fraud realities

- Mail theft keeps climbing
- Check washing: bleach out the ink, add a new payee
- Counterfeits printed from stolen account numbers
- Amounts altered after issuance
- Vendor impersonation redirects payments
- Once cashed, recovery is extremely difficult

What digital controls give you

- Audit trail on every dollar, every step
- Real-time monitoring and alerts
- Recipient and account validation
- Instant freeze or cancel on suspected fraud
- No physical instrument to steal or alter
- Reconciliation without a magnifying glass

THE DIGITAL TOOLKIT

Your new spellbook

Prepaid cards

Best for: emergency relief, student refunds, unbanked staff

- Approved EFT under EO 14247
- No bank account required
- Spending controls, rapid rollout
- Offered as a choice, never a mandate

Direct deposit

Best for: payroll, recurring vendor payments

- The gold standard for recurring pay
- Low cost, high reliability
- Requires bank account enrollment

Real-time

Best for: emergency and time -sensitive payments

- FedNow and RTP networks
- Same-day or instant settlement

PAYMENT READINESS

Where are you on the map?

Payment type	Current method	Best digital path	Readiness	Key consideration
Vendor / contractor payments	Check / ACH	ACH / digital invoice portal	Medium - High	Vendor onboarding is the main barrier
Part- time / seasonal payroll	Paper check	Prepaid card / Payroll card / direct deposit	Medium	Offer a choice: payroll card or direct deposit
Student / fee refunds	Paper check	Prepaid Card / ACH / digital wallet	Medium	Offer accessible digital options and support
Subgrant disbursements	Check / ACH	ACH / digital portal	Medium	Nonprofit recipient capacity varies
Emergency / disaster relief	Check	Prepaid card / FedNow / RTP	High	Same- day delivery required

CONSUMER CHOICE · NO ONE LEFT BEHIND

Pick your potion

Direct deposit

For banked staff and vendors. Low cost, recurring.

Prepaid card

No bank account needed. Same speed and security as direct deposit.

Digital wallet or real - time

Instant funds for refunds and emergencies.

Paper check

By exception only. The last resort, not the default.

Choice principles: transparent fees, accessible enrollment, clear instructions, privacy, a reliable exception path.

Choice is the compliant design. Under Regulation E, employers can't require a payroll card and must offer at least one alternative. In Florida, direct deposit is voluntary and needs written authorization.

Sources: CFPB; Florida Statutes. General information, not legal advice.

BUSTING THE MYTHS

What modernization looks like

Myth: it means…

- Replacing every system overnight
- A massive IT project or a new ERP
- Going it alone
- Going digital without recipient support

Reality: it means…

- Picking ONE payment category and modernizing it fully
- Measuring cost, fraud, processing time and recipient outcomes
- Using the win to build momentum for the next category
- Partners who have done this in government before

Start small | Measure everything | Build momentum | Repeat

THE PILOT APPROACH

Cast your first spell

Pick your pilot payment

- High volume, low complexity first
- Part-time payroll for one department
- Define recipient segments and choice paths
- Vendor payments for one category
- Small enough to manage, big enough to matter

Measure and celebrate

- Cost per payment, before vs. after
- Processing time, before vs. after
- Fraud incidents, before vs. after
- Enrollment, adoption and recipient feedback
- Share results with leadership, fund the next phase

Pilot success = safer payments + measurable savings + recipients who can access their funds

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WHAT SUCCESS TAKES

Three ingredients for the spell

1

Executive champion

- Align finance, IT, procurement and program teams
- A leader who owns the outcome
- Find your champion before your vendor

2

The right partner

- Don’t build from scratch
- Look for government -specific experience
- Your bank as a strategic partner, not a vendor

3

The decision to start

- The technology exists today
- Your first pilot doesn’t need to solve everything
- The only thing missing is a start date

BACK AT YOUR DESK

Your Monday morning action list

1. **Audit** your paper check volume by category and dollar amount
2. **Identify** your highest-volume, lowest-complexity payment type
3. **Calculate** your true cost per check: printing, postage, staff time, reconciliation
4. **Find** your executive champion
5. **Review** vendor enrollment: who is still check-only?
6. **Design** your payment menu: digital by default, choice for every recipient

You don’t need a perfect plan. You need a first step.

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QUESTIONS, CHALLENGES AND REAL TALK

Now let’s make some magic together

Safer disbursements. Faster access. More consumer choice.
Start with one payment type.

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THE FINAL TRICK

The Vanishing Check

Now you see it.
Now you don’t.

No mail. No forgery. No reissue.