

# AMERICAN PAYROLL ASSOCIATION

May 26, 2020

The Honorable Joseph V. Egan  
New Jersey General Assembly Labor Committee  
P.O. Box 098  
Trenton, NJ 08625-0098

Dear Chairman Egan:

The American Payroll Association (APA) appreciates the opportunity to comment on Assembly Bill 4047, which would legislatively enshrine existing administrative regulations recognizing that payroll cards are a permissible method of wage payment in New Jersey while ensuring that a number of consumer protections are in place. We support affirming the regulations authorizing payroll cards as a permissible wage payment method but recommend taking this opportunity to make changes to New Jersey's wage payment statute that would help both employers and employees. We encourage the General Assembly to amend AB 4047 to allow employers to achieve 100% electronic payment.

As the COVID-19 pandemic has thrown into sharp relief, electronic payment is vital for delivering wages quickly and safely. The last two months have seen dramatic changes to our economy. Many employees that have been fortunate enough to remain employed have quickly adapted to work-from-home arrangements. Unfortunately, under New Jersey law, employers must offer employees a paper check option. Accordingly, payroll personnel are forced to draft physical paper checks and send them via mail, resulting in otherwise unnecessary interpersonal physical contact and a slower delivery times of wages—especially where the pandemic has impacted USPS delivery service levels. Amending AB 4047 to allow employers to mandate electronic receipt of wages through the employee's choice of direct deposit or payroll card is the right decision for employers and employees.

## ***The American Payroll Association***

APA is a nonprofit professional association representing more than 20,000 payroll professionals and their companies in the United States. APA's primary mission is to educate its members and the payroll industry regarding best practices associated with paying America's workers while complying with applicable federal, state, and local laws. In addition, APA's Government Relations Task Force works with the legislative and executive branches of government to find ways to help employers satisfy their legal obligations, while minimizing the administrative burden on government, employers, and individual workers.

APA's Government Relations Task Force Payroll Card Subcommittee monitors the development and use of payroll cards within the employer community and helps educate policymakers and regulators about the benefits and uses of the cards. Since 2004, the committee has supported numerous legislative and regulatory initiatives that provide employers with clear guidance on

their responsibilities under the law, ensure that employees have full and free access to their wages on payday, and require that employees be provided with information on how to use a payroll card to their advantage.

### ***Payroll Cards Provide a Wide Array of Benefits to Employers and Employees***

Payroll cards bring the benefits of direct deposit to employees without bank accounts and to employees with limited access to traditional financial services. These benefits include increased security and convenience as well as prompt access to full wages regardless of employee location and during severe weather conditions and natural disasters. Many providers offer program features that consumers have come to expect only from mainstream financial service providers—including online bill pay, savings functions, and mobile cash checking. In light of these benefits, many employees receive their wages via a payroll card account. Indeed, a recent study revealed that 82% of payroll cardholders believed payroll cards were a major employer-provided benefit.<sup>1</sup>

Since 2007, employees with payroll cards have had the same unauthorized transaction and error resolution rights as consumers with traditional bank accounts. In April 2019, consumer protections were strengthened even more when the Consumer Financial Protection Bureau's Prepaid Accounts Rule went into effect. Payroll card issuers now must comply with prescriptive pre- and post-acquisition disclosure requirements aimed at providing increased transparency to consumers.

The ability to pay employees via payroll card benefits employers as well. Payroll cards allow employers to deliver wages in a timely manner to all employees including those who do not participate in direct deposit. This is true even when employees are away from the workplace and during periods of severe weather and natural disasters when mail delivery can be impeded. Payroll cards also allow employers to enjoy administrative efficiencies and, in many instances, cost savings.

### ***The General Assembly Should Amend AB 4047 to Allow Employers to Achieve Full Electronic Wage Payment***

We encourage the New Jersey General Assembly to amend AB 4047 to allow employers to mandate electronic receipt of wages to the employee's choice of direct deposit or payroll card. In our proposed amendment, an employee could designate any bank account for the receipt of his or her wages. However, if an employee does not have a bank account or fails to designate a bank account for the receipt of wages, an employer may pay the employee via payroll card.

Such an amendment would bring New Jersey in line with the majority of other jurisdictions and would allow employers to achieve 100% electronic payment of wages, while ensuring that employees have a safe, inexpensive, and convenient method of receiving their wages.

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<sup>1</sup> Results based on a 2017 survey of 815 active payroll cardholders conducted by Ipsos Loyalty.

Thank you for the opportunity to comment on this important issue. We would welcome the opportunity to discuss the above issues with you further. In this regard, please feel free to contact Bill Dunn by email at [bdunn@americanpayroll.org](mailto:bdunn@americanpayroll.org) or by phone at 202-232-6889.

Sincerely,



Stephen Middlebrook, Esq.  
Cochair, GRTF Subcommittee  
on Payroll Cards



Nancy Fletcher, CPP  
Cochair, GRTF Subcommittee  
on Payroll Cards



William Dunn, CPP  
Director, Government Relations