



COMMONWEALTH OF PENNSYLVANIA

July 2, 2008

William Dunn, CPP
Manager, Government Relations
American Payroll Association
1601 18th Street NW
Suite 1
Washington, DC 20009

Re: Prepaid Debit Cards

Dear Mr. Dunn:

Acting Secretary Sandi Vito requested that Labor & Industry's Bureau of Labor Law Compliance (Bureau) respond to your June 30, 2008 letter in which you asked this department to support legislation or regulations allowing payment of wages through debit cards. You addressed a law that falls within the Pennsylvania Department of Banking's jurisdiction. However, these laws allow employer payment of wages if an employee consents to this payment in writing.

The Pennsylvania Banking Code allows for the purposes of any statute, rule or regulation, including the Wage Payment and Collection Law and Minimum Wage Act, payment of wages "by credit to an account in a bank, credit union or other financial institution authorized to accept deposits or payments designated by the recipient of such payment if the recipient has requested such method of payment in writing." 7 P.S. § 6121. The agreement must outline the terms and conditions in which transfers are to be made. The employee may withdraw this authorization. 7 P.S. § 6122. Payment by direct deposit and debit card is also permissible under these conditions. A copy of these provisions is enclosed.

However, the Bureau may not initiate claims for unpaid wages under the Wage Payment and Collection Law if the claims and grievances are subject to grievance and arbitration procedures of a collective bargaining agreement. 43 P.S. § 260.8. It would be prudent, however, for an employer to obtain authorization from each employee if alternative forms of payment, such as direct deposit or debit cards, are being utilized.

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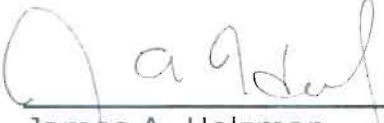
July 2, 2008

Page 2

Employers are also required to keep record of payment of wages and to make these records available to the Bureau for inspection. 43 P.S. § 260.8, 333.107, 333.108; 34 Pa. Code §§ 231.31, 231.35. Employers must also furnish a statement to each employee with every payment of wages, which lists hours worked, rates paid, gross wages, any allowances claimed as part of the minimum wage, deductions and net wages. 34 Pa. Code § 231.36.

Thank you for submitting this information.

FOR THE BUREAU OF LABOR LAW
COMPLIANCE



James A. Holzman
Deputy Chief Counsel

JAH/

cc w/ encl: The Honorable Sandi Vito, Acting Secretary
Robert V. O'Brien, Executive Deputy Secretary
A. Robert Risaliti, Director, Bureau of Labor Law Compliance

6121. Payment by cash or check; methods

For the purposes of any statute, rule or regulation requiring any payment to be made in lawful money or by check, whether for wages, salaries, commissions or other claims of any kind, such payment may be made by credit to an account in a bank, credit union or other financial institution authorized to accept deposits or payments designated by the recipient of such payment if the recipient has requested such method of payment in writing.

§ 6122. Request for payment; agreement

Every such request, as described in section 1, shall be effective provided that:

(i) the written agreement shall set forth all terms and conditions under which such transfers are to be made and the terms and conditions as to the method or methods to be used by which a wage-earner may withdraw such request and terminate the agreement; and

(ii) no funds transferred pursuant to a request as described in section 1, shall be transferred by any employer or other person to any account unless the party authorizing the transfer of such funds shall have received a separate written record of each such transfer at or prior to the time thereof.