



American Payroll Association

Government Relations • Washington, DC

February 6, 2007

Mr. David Fish
Regulatory Officer
Office of Legal and Regulatory Services
N.J. Department of Labor and Workforce Development
PO Box 110 - 13th Floor
Trenton, New Jersey 08625-0110
Via Fax (609) 292-8246

Re: Proposed Amendments: N.J.A.C. 12:55-2.4(i) Wage Payments: Time and Mode of Payment

Dear Mr. Fish,

This letter represents the consensus opinions of the American Payroll Association concerning the referenced regulations, and specifically the provisions regarding payroll debit cards. The American Payroll Association is a nonprofit professional association representing more than 22,000 individuals and their companies in the United States and Canada. The APA works with legislative and executive branches of all levels of government to find ways for employers to meet their requirements under law and support government objectives, while minimizing administrative burden for government, employers, and individual workers/taxpayers. To address members' interest in the use of paycards in the United States, the APA monitors their development and use with an aim toward helping educate policymakers and regulators about the benefits and uses of these cards.

I spoke on behalf of the APA at the hearing on January 16 and provided background information on payroll debit cards, including excerpts of laws and regulations enacted in the various states that have explicitly addressed the issue to date. As expressed at the hearing, the APA strongly believes that the proposed regulation, as written, would be a "win-win" for New Jersey workers and employers. It would clarify that New Jersey workers have the *option* to elect to receive their wages via payroll debit card ("paycard"), in addition to direct deposit or paper checks.

According to a report issued by the Federal Reserve Board, more than 8.4 million workers nationwide have already chosen to receive their pay via paycard as of May 2005; up from 2.2 million in 2003. Paycards offer substantial benefits to workers, notably improved security and cost savings. Some of these benefits follow:

- Employees who are absent from work due to illness, travel, or even winter storms get immediate access to their pay, since they don't have to pick up a check or go to the bank.
- Employees without bank accounts often have no alternative to check cashing stores, which charge 2% - 3%, on average, of the check's face value. The FRB estimates that about 13% of households do not have a bank account.

- Paycards are particularly important as a transaction account for the hundreds of thousands of Americans who can not get a bank account because of prior banking problems.
- Once they cash their check, the employee is carrying two weeks' net pay in cash, which can be stolen or lost. Employees with paycards are protected from loss. Lost cards are easily replaced, with remaining funds transferred to a new card.
- Workers are also protected from fraudulent use by their PIN, and by federal liability limitations under Federal Regulation E. Workers can also dispute transactions in accordance with Regulation E.
- Paycard holders can avoid real difficulties and costs in paying bills. With paper paychecks, they typically have to buy money orders or pay in cash, in person, by traveling to the each store, utility company and so on.
- Paycards include customer service to answer questions, and provide account balances, and deposit and withdrawal history.
- Workers receive periodic paper or on-line statements detailing all credits and spending, which helps them manage their money and become comfortable with the banking system.
- Payroll cards provide new purchasing power for goods and services that require a debit or credit card, such as auto rentals, hotel reservations, utility bills and on-line purchases.

As discussed in our testimony, employees can access their pay in numerous ways:

- Virtually all paycards offer one free ATM transaction each pay period
- Purchases at Point-of Sale terminals with cash back (no fees apply);
- Transfer funds from the payroll card to any other financial account (no fees apply);
- Free convenience checks that can be used for bill payment or to cash out all funds;
- Free teller withdrawals at any bank that displays the card logo
- Purchase money orders
- Pay bills on-line (no fees apply)

In summary, we believe that many workers would like the option to receive their pay via a paycard, and the proposed regulation appropriately clarifies that New Jersey employers may offer this alternative. We appreciate the opportunity to comment on the proposed regulation.

Sincerely,



Pete Isberg
 American Payroll Association
 Paycard Legislative Subcommittee, Government Affairs Task Force



William Dunn, CPP
 American Payroll Association
 Manager of Government Relations

Cc: Mr. Michael McCarthy, NJDOL