

ConnPIRG

**Standing Up
To Powerful Interests**

**Testimony of Abraham Scarr, Director
Connecticut Public Interest Research Group (ConnPIRG)
in regards to
Proposed House Bill No. 5315:
An Act Allowing Employers to Pay Wages Using Payroll Cards**

Chairperson Holder-Winfield, Chairperson Tercyak and Members of the Committee: My name is Abe Scarr and I am the Director of the Connecticut Public Interest Research Group (ConnPIRG). Thank you for the opportunity to submit written testimony in regards to proposed House Bill No. 5315: An Act Allowing Employers to Pay Wages Using Payroll Cards.

ConnPIRG is a non-profit, non-partisan consumer group. Our consumer program works to alert the public to hidden dangers and scams and to ban anti-consumer practices and unsafe products.

ConnPIRG has advocated for consumer protections in credit and debit cards for years, including best practices on disclosure, marketing, fees, data security and more. We do not oppose the use of payroll cards for wages, but want to ensure appropriate consumer protections are in place.

First, we believe employees must have a real choice to opt in or out of using a payroll card. The proposed bill currently requires employees to opt-out of using a payroll card, and does not allow them to switch back to using paper checks if they wish to (they do have the ability to switch to direct deposit). This combination is particularly troublesome as an employee could miss or not understand their opportunity to opt-out, and then be locked into using a payroll card when they prefer a paper check. We believe the decision should be to opt in to a payroll card and employees should have the opportunity to switch back to a paper check.

Second, fees associated with payroll cards must be limited. Employees must be able to easily access their wages and without cost. While employers wish to save expenses and hassle by outsourcing payroll delivery, these costs and hassles should not be transferred to employees.

Considering restrictions on ATMs, employees will not be able to withdraw their entire wages from an ATM. Therefore, employees must have easy access to a large number of banks where they can withdraw their full income without charge. For employees that choose to withdraw their wages piece by piece from ATMs, they must similarly have access to a large network of ATMs where they can make regular withdrawals without fees, at least one free withdrawal a week.

Again, thank you for the opportunity to submit written testimony regarding proposed House Bill 5315.

Abe Scarr
860-233-7554
abe@connpirg.org