



**ADP, LLC**  
One ADP Boulevard Roseland, NJ 07068  
(909) 971-7670

---

**Written Testimony of  
Pete Isberg, Vice President of Government Relations for ADP  
Member of the American Payroll Association  
Government Relations Task Force Payroll Card Subcommittee**

**In Support of SB 211, An Act Allowing Employers To Pay Wages Using Payroll Cards**

**Labor & Public Employees Committee  
Public Hearing  
February 25, 2016**

Senator Gomes, Representative Tercyak, Senator Hwang, Representative Rutigliano and the distinguished members of the Committee, thank you for this opportunity to express our support for SB 211, a bill to clarify that payroll cards are an accepted form of wage payment in the State of Connecticut.

ADP is one of the world's largest providers of human capital management solutions, including various payroll administration solutions such as paper checks, direct deposit, and a payroll card - the ADP ALINE Card. The ALINE Card by ADP is a payroll card that makes every payday a faster, easier experience for employers and employees. When an employee opts into the ALINE Card program, their wages are instantly available on payday through the card, even if they are away from the workplace due to illness, inclement weather, natural disaster or just a scheduled day off. There is no need to travel to the workplace to pick up a check, and no need to go to a financial institution to deposit or cash the check.

**Employers and Employees Benefit From Payroll Cards**

The legislation being considered by the committee today will benefit employers and employees who want and elect this method of wage payment. Employers benefit from greater efficiencies and cost savings associated with electronic payments. According to NACHA, the electronic payments organization, employers can save about \$3.00 per payment by using an electronic payment method. And a study from the Office of the Comptroller of the Currency (OCC), found that the cost to employers for lost or stolen checks can be \$8-\$10 for each check<sup>1</sup>, and that nearly 4 million payroll checks are lost or stolen each year.

For employees, availability of payroll cards serves an important role in ensuring they have access to their wages without cost. For the roughly 20% of households that are unbanked or underbanked in Connecticut<sup>2</sup>, direct deposit may not be viable due to the costs of maintaining traditional checking accounts. Employees who receive paper payroll checks but don't have an account with a financial institution that provides free check cashing too often incur costs to cash their checks; to buy money orders and postage, and to travel to pick up their paychecks, go to the bank, and pay monthly bills. In contrast, payroll cards such as ALINE often come with free online bill payment, which could save Connecticut workers substantial time and costs. Additionally, payroll cards afford employees a new tool

---

<sup>1</sup>Comptroller of the Currency, *Payroll Cards: An Innovative Product for Reaching the Unbanked and Underbanked*, 2005

<sup>2</sup>Federal Deposit Insurance Corporation, *2013 FDIC National Survey of Unbanked and Underbanked Households*, 2014

to protect their wages. Employees paid by a paper check often get all of their earnings at once in cash, which is susceptible to theft or loss. Branded payroll cards (such as those with a Visa or MasterCard logo), however, offer limited liability protection if the card is lost or stolen. Payroll cards also help bring unbanked employees into the financial mainstream. By having a branded payroll card, the employee will be able to easily shop online, rent cars and book airline tickets or hotel rooms – things that we all take for granted.

### **Broad Support for SB 211**

Due to the many benefits to employers and employees, SB 211 is supported by a diverse coalition of Connecticut-based and national stakeholders comprised of employers, payroll card providers, consumer advocacy organizations, and organized labor. Key provisions of this bill include:

1. Payroll cards would be a recognized form of wage payment in Connecticut.  
Nearly every state recognizes payroll cards as form of wage payment through either statute or agency guidance. This bill would bring Connecticut on par with all other jurisdictions, improving the business environment for employers and offering the Connecticut workforce vastly improved options for their pay, with affirmative and informed consent.
2. Convenient access to wages  
SB 211 ensures that an employee will be able to make at least three withdrawals from the payroll card account each pay period without cost, including at least one method to receive their full net wages. Payroll card programs utilize a number of ways for employees to access their wages free of charge in a convenient manner, such as over-the-counter withdrawals at a bank teller, routine spending at retail establishments or online; cash withdrawals at ATMs and cash back at retail locations.
3. Key Protections for employees  
SB 211 requires full disclosure of the terms of the payroll card before an employee elects to choose a payroll card. The bill also limits the fees an employee may incur, while providing a number of free and convenient ways to access wages. Additionally, the bill ensures that payroll card accounts are covered by federal deposit insurance (through either the Federal Deposit Insurance Corporation or the National Credit Union Administration).
4. More Options for Employees  
Employers that wish to offer payroll cards must also offer direct deposit and paper checks. Employees can easily switch to any method of wage payment at any time.
5. Employer Savings  
The bill would enable more efficient electronic payment methods and minimization of the costs of handling lost and stolen checks.

SB 211 is a product of several years of work by current and former members of this committee, and the bill's affected stakeholders. We urge the Labor Committee and the Connecticut Legislature to enact SB 211, which will modernize wage payments by offering convenience, cost savings and protection for employees and cost savings for employers.