

## APA Supports Pennsylvania Bill on Payment of Wages

The Government Relations Task Force State and Local Topics Subcommittee in June [supported](#) Pennsylvania [H.B. 1762](#) on the use of electronic funds transfer systems. The bill would allow employers to mandate that employees select some form of electronic wage payments. While employers cannot mandate a particular electronic pay method, they can eliminate paper checks.

### Explanation of APA's position

APA's position is that electronic wage payments through direct deposit or payroll card are an efficient, reliable, and cost-saving decision for employers, as well as a vast improvement over paper checks in terms of consumer protections and convenience. With mandatory electronic payments, employees can still choose between direct deposit or payroll cards. Employers could continue to offer paper checks if they prefer.

Over the past two years, business shutdowns and travel restrictions caused by the COVID-19 pandemic have made it nearly impossible for employers to meet their wage payment obligations on payday because of the Pennsylvania requirement to offer employees paper checks, APA said.

The APA shared with the Pennsylvania House Chair of the Labor and Industry Committee Jim Cox that the response to COVID-19 highlighted the limitations of paper checks when bad weather or other local emergencies make travel difficult. Electronic payments eliminate the concern and enable employers to meet their obligations to pay employees on payday regardless of the circumstances.

### More on the need for electronic wage payments

APA shared these points to demonstrate why electronic wage payments and the elimination of paper checks should be allowed.

*No employee complaints.* Most states already allow employers to offer electronic wage payment options. In these states, there have been no complaints and employees quickly adapt and are often thankful for the change.

*Government payments are electronic.* Virtually all government payments are electronic (e.g., tax refunds, unemployment, social security, nutrition assistance, disability). According to Nacha, 93% of American workers are already paid via direct deposit. In addition, public sector employees are generally paid electronically.

*Employee financial security and convenience.* Paper checks can interfere with workers' financial security since checks do not allow for easy and timely access to funds. Employees often take extra steps to travel to the workplace to receive paper checks, go to a bank to deposit the checks, and wait for the checks to clear. If mail is

slow, employees may not receive their pay on schedule. Some employees use costly check-cashing stores and then carry their entire paycheck in cash, which is subject to loss or theft.

Unlike paper checks, payroll cards offer employees additional consumer protection and convenience. Cardholders can use payroll cards anywhere they would use a check, credit card, or debit card. For example, payroll cards often allow free online bill payments and internet shopping as well as offering savings features and financial wellness tools. Payroll cards also provide protections from fraud or unauthorized use and offer dispute resolution. Workers generally cannot overdraw payroll card accounts, so, unlike a traditional bank account, there are no insufficient fund fees.

*Early pay options.* Electronic wage payments open the door to earlier availability of earned pay. Many credit unions and banks will credit the direct deposit of payroll payments before the pay date. Banks also wave certain fees when consumers directly deposit their wages. Electronic wage pay statements are generally available a day or two before payday.

*Earned wage access (EWA) limited.* EWA services offered by employers allow employees to access earned wages before scheduled paydays, but the benefits are only available to employees who are paid electronically.