

May 9, 2014

Secretary Thomas E. Perez
U.S. Department of Labor
200 Constitution Ave NW
Washington, DC 20210

Director Richard Cordray
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20006

Re: Employee payroll cards

Dear Secretary Perez and Director Cordray,

The AFL-CIO, American Federation of State, County and Municipal Employees (AFSCME), Interfaith Worker Justice, the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), the National Employment Law Project, the National Consumer Law Center (on behalf of its low income clients), the Service Employees International Union (SEIU), and the United Food & Commercial Workers International Union (UFCW) are concerned about gaps in the protections for employees who are offered their pay on payroll cards.

As payroll cards become a growing method of paying employees, too many employees find that wages that are already too low may be eroded by inappropriate fees. Some employers steer employees toward payroll cards without offering a clear, easy choice of payment method, as required by law. In addition, barriers to account and wage information frustrate workers from managing their financial lives. We urge you to address these problems so that employees can easily choose their payment method and, if they choose payroll cards, use those cards safely and with confidence.

1. Limit Inappropriate Fees

Many employees who are paid by payroll card are low wage workers who may not even have a full time job. Every penny counts for those workers. To protect the scarce wages needed by these employees and their families, the CFPB and DOL should:

- *Ensure free and clear access to wages and full minimum wages.*
- *Ban overdraft fees.*
- *Ban fees for access to basic account information.*
- *Ban or discourage other inappropriate fees.*

Payroll cards should be used as a safe and free to receive wages, not a vehicle for steering employees toward costly accounts or forms of credit. Preventing inappropriate fees will protect employees and level the playing field among card providers.

2. Ensure Choice of Payment Method

Last year, the CFPB reminded employers that they may not use payroll cards as the sole method of paying wages. Nonetheless, we remained concerned that, even at workplaces that do not require use of a payroll card, employees may be inhibited from exercising their choice of payment method. We urge the CFPB and DOL to ensure:

- *Clear information on payment options.*
- *Early, easy method of exercising choice.*
- *Sufficient time to exercise the employee's choice before being given a payroll card.*
- *The option of direct deposit to an account of the employee's choosing.*
- *Clear information about how to opt out and disenroll from a payroll card.*
- *Compliance by payroll card providers as well as employers.*

Employees should be able to manage their money in an account of their own choosing, and should not be steered into a payroll card they do not choose.

3. Provide Better Access to Statements and Transaction Histories

Employees should have access to paper statements upon request for a modest fee. Not every employee can conveniently access account information on the internet. Access to statements is important for budgeting, monitoring accounts for unauthorized charges, recordkeeping, and other reasons.

4. Ensure Access to Paper Paystubs with Clear Information

Some employers are eliminating paper paystubs as they move to electronic pay. Employees must access their earnings and leave statements online or sometimes at a computer at the workplace. But not all employees have convenient internet access or are computer fluent. Impeding access to earnings statements can make it harder for employees to discover errors in their pay or to supply proof of income, such as when renting an apartment.

Together, DOL and the CFPB should ensure that choice of paystub method has the same protections as those outlined above for choice of payment method:

- *Clear early choice.*
- *Easy method of exercising choice.*
- *Paper paystub for the first 30 days or until the employee chooses a method.*
- *Clear notice about the right to opt out of electronic pay stubs.*

Employees who elect paper paystubs should never be charged for them.

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Clear basic standards and rules will protect employees, employers, and payroll card providers alike. Thank you for your attention to this issue and for all of your work to protect consumers and employees.

Yours very truly,

AFL-CIO

American Federation of State, County and Municipal Employees

Interfaith Worker Justice

International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)

National Employment Law Project

National Consumer Law Center (on behalf of its low income clients)

Service Employees International Union

United Food & Commercial Workers International Union