

AMERICAN PAYROLL ASSOCIATION

December 5, 2022

The Honorable Alma S. Adams, Ph.D.
U.S. House of Representatives
2436 Rayburn House Office Building
Washington DC 20515-3312

Dear Representative Adams:

Re: Comments on H.R. 9224, *Protecting Wages of Essential Workers Act of 2022*

The American Payroll Association (APA) is pleased to support the policy decisions of Congress, but because we do not represent employers or employees, we cannot position the association regarding government decisions on consumer garnishment policy as identified in H.R. 9224. However, because APA was contacted by the National Consumer Law Center regarding this bill, we wanted to contact you to explain APA's position.

APA'S POSITION EXPLAINED

APA Membership and Representation

The APA represents more than 20,000 payroll professionals nationwide. They work for all different types of employers in all industries. The APA is a non-profit professional association and does not represent employers or employees, although member sympathies lie with both. An APA member could manage the payroll for an employer/creditor and another member could process the payroll for an employer/consumer. An APA member could sympathize with employees that owe money or employers to which money is owed. This creates equal sympathies before identifying payroll concerns.

Payroll Burden and Processing

For payroll processing, APA's interest is not about the burden on payroll departments as defined by the amount of garnishment limits in the Consumer Credit Protection Act or the number of garnishment orders. The burden lies with the method of calculation and annual software or programming adjustments, in particular, the timing of adjustments.

For example, a payroll department receives a garnishment order for an employee and reviews the employee's situation, such as legal withholding requirements, whether other garnishments are already in place and the priority order of those garnishments, union or

other employment agreements impacting the garnishment for the employee, and so forth. Accordingly, payroll must calculate an amount that can legally be paid to the creditor. All of this information is part of an employee's record in the payroll system whether managed internally or through a payroll service provider.

If an employee's situation changes, such as receipt of a new priority order garnishment (tax levy, child support), a change in wage amounts, or termination of an existing garnishment, the payroll department must conduct a review of the employee's situation and notify creditors.

When garnishment limits are changed by law, a payroll system must be programmed to conduct a review of all employee orders. If an employer is not using a software system, these reviews must be performed manually.

State Impacts

Some states do not allow wage garnishments and other states have a set of rules on garnishment limits and procedures. A change in federal rules may or may not impact these state requirements. Potential impacts will vary depending on whether a state limit exceeds federal limits or a state changes its rules to accommodate new federal limits and indexing.

Because state laws are inconsistent, APA participated in a wage garnishment committee of the National Conference of Commissioners on Uniform State Laws to develop model legislation -- [Wage Garnishment Act - Uniform Law Commission \(uniformlaws.org\)](http://uniformlaws.org). Unfortunately, to date, no state has adopted the model act.

APA SUPPORT

The APA supports H.R. 9224 § 3 that would prevent the “[t]aking or threatening to take any action in connection with the collection of a debt to cause the arrest or imprisonment of any person, including taking or threatening to take any action to seek the issuance or service of a civil arrest warrant in State court.”

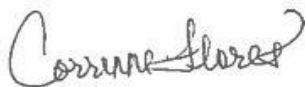
The APA does not support any predatory practices. The same predatory practices identified in section 3 impact payroll professionals when creditors contact payroll departments demanding employee information and making threats about withholding. Unfortunately, the bad behavior of a few negatively impacts legitimate collection practices.

The APA also supports provisions that prevent adverse action against employees because of garnishment orders. A wage garnishment should not disparage a valuable worker. This

approach has been well-documented when addressing child support withholding. Showing respect for non-custodial or paying parents has been a key component of program success.

The APA would be pleased to discuss garnishments and wage withholding with you and your staff. You can reach us through Corrinne Flores at corrinne.flores@adp.com or 909-971-5858 and Alice Jacobsohn, Esq., at ajacobsohn@americanpayroll.org or 202-669-4001. Thank you for your attention to this matter.

Sincerely,



Corrinne Flores
Chair, Garnishments Subcommittee



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