



October 11, 2023

Wisconsin State Assembly
Committee on Financial Institutions
P.O. Box 8952, State Capitol
Madison, WI 53708

Attn. The Honorable Cindi Duchow, Chair - Rep.Duchow@legis.wisconsin.gov
The Honorable Jerry L. O'Connor, Vice Chair - Rep.O'Connor@legis.wisconsin.gov

Re: In support of the legislation to regulate earned wage access

Dear Representatives Duchow and O'Connor:

PayrollOrg, formerly the American Payroll Association,¹ supports legislation on earned wage access (EWA) in Wisconsin because it would enable employers to offer EWA benefits to their employees as a means of promoting financial wellness and retaining talent. PayrollOrg also supports licensing of EWA providers because it would establish a reasonable approach to employer and employee protections. Because PayrollOrg serves the interests of payroll professionals, we are not commenting on direct-to-consumer EWA models as these models do not impact payroll management.

PayrollOrg appreciates the following provisions in preliminary draft legislation:

Clear definitions under section 203.01. The definition of “earned but unpaid income” is extremely important because it distinguishes EWA benefits from other financial wellness tools and payday lending. Accuracy of earned wage data is key to a successful employer-integrated EWA program. This definition also helps payroll professionals understand the need to share employees’ personally identifiable information with EWA providers when under agreement with employers and is consistent with other states’ definitions on EWA programs.

In addition, the definition of “employer” excludes payroll service providers that support payroll professionals and their employers. Legislation on EWA should not increase employers’ payroll management costs when choosing to outsource.

¹ Established in 1982, PayrollOrg is a non-profit organization serving the interests of more than 20,000 payroll professionals nationwide. One of PayrollOrg’s core missions is providing representation for payroll professionals at the federal, state, and local levels. This is done primarily through PayrollOrg’s Government Relations Task Force in which members educate government and community leaders about the payroll industry and the best practices associated with paying America’s workers.



Provider licensing requirements under section 203.03. Transparency for employers and employees is necessary to promote financial wellness opportunities and prevent predatory practices. A licensing requirement adds reasonable consumer protections and provides payroll professionals and their employers with information about providers. Licensing legitimizes EWA benefits offered to employees in Wisconsin.

Provider requirements under section 203.04(1). Like provider licensing, the provider requirements offer transparency. PayrollOrg supports requirements for providers to create a means of responding to employee questions (subsection a), providing at least one no cost option to employees (subsection b), disclosing fees and program conditions to employees (subsection c), and allowing employees to opt out of their employers' EWA benefit later without fees and penalties (subsection e).

Provider limitations under section 203.04(2). PayrollOrg agrees that providers should not share with employers "any fees, voluntary tips, gratuities, or other donations that were received from or charged to a consumer" for EWA benefits (subsection a). The sharing of revenue would create an unwanted incentive for employers and providers, potentially, at the expense of employees and would defeat the purpose of financial wellness opportunities.

EWA is not a loan as the wages are already earned and owed to employees nor are EWA providers creditors. PayrollOrg supports provisions that prevent employee credit investigations (subsections b and e). In addition, PayrollOrg supports employee safeguards from predatory fees and repayment pressure by providers (subsections d and f).

To discuss EWA and PayrollOrg's comments further, please contact me at 202-669-4001 or by email at ajacobsohn@payroll.org.

Sincerely,



Alice P. Jacobsohn, Esq.
Director, Government Relations

For Government Relations Task Force:

State and Local Topics Subcommittee

Chairs: Pete Isberg; Carlanna Livingstone, CPP; and Bruce Phipps, CPP

Electronic Payments Subcommittee

Chairs: Nancy Fletcher, CPP; Ronald Gilson, CPP; and Kristine Willson, CPP

Cc: Dan Hubert, Clerk, Committee on Financial Institutions - Dan.Hubert@legis.wisconsin.gov