



DEPARTMENT OF LABOR
Jim Garner, Secretary

KATHLEEN SEBELIUS, Governor

**Testimony Concerning House Bill 2316
Senate Commerce Committee
Jim Garner, Secretary
Kansas Department of Labor
15 March 2007**

Chairpersons Brownlee and Jordan and Members of the Committee:

Thank you for this opportunity to appear and share comments of the Kansas Department of Labor concerning House Bill 2316. The bill allows for alternatives using new technology for the payment of wages under the Kansas Wage Payment Act. The Department seeks the opportunity to offer an amendment to this bill to allow KDOL to use debit cards for the payment of unemployment insurance benefits.

The underlying bill allows employers in Kansas the option of paying wages either in lawful money, check or draft, direct deposit or payroll card. If a payroll card is used the employee must be allowed at least one means of fund access per pay period at no cost to the employee for an amount up to and including the entire amount of the net wages paid to the employee.

There is a policy change proposed in this bill that I must note. On page 2, lines 16-17, the new language will allow employers to charge employees for replacement of lost or damaged payroll cards. It has been the agency's historic interpretation of the Wage Payment Act that employers can not charge employees for cards, since it is seen as a primary benefit for the employer. This is a policy change upon which you all must consider and decide.

The Department of Labor has been investigating the implementation of debit cards to replace the issuance of warrants for unemployment benefits. We have received a grant from the US Department of Labor to help offset some of the one-time costs of implementing debit cards. Our Chief Fiscal Officer has compiled a list of on-going savings that would be realized by the agency if we moved to using debit cards instead of paper warrants. The result would be over \$500,000 in savings. Attached is his listing of savings.

For clarity sake, we are asking that the language in KSA 44-712 be amended to allow the agency to use debit cards in the future. I have also attached a draft amendment concerning this matter. We believe the agency can proceed with implementing debit cards, but we seek this change to remove any doubt. This proposed change in the Employment Security Law was reviewed by the Employment Security Advisory Council and unanimously endorsed by the Council.

Finally, many other states are starting to move in this direction for payment of benefits. In the last year several states have implemented the use of debit cards including Indiana, New York, Minnesota and Alabama.

Thank you for the opportunity to share these comments with the committee. I respectfully ask that if the committee works House Bill 2316 that it amends the bill to make clear that the agency can proceed with using debit cards.