

Mandatory Payroll Debit Cards Violate Pennsylvania Law

In a recent opinion, the Pennsylvania Superior Court held that paying employees through a mandatory payroll debit card violates the Pennsylvania Wage Payment and Collection Law (WPCL). On October 21, in *Siciliano v. Mueller*, the Superior Court stated that under the WPCL, "wages shall be paid in lawful money of the United States or check." The Superior Court determined, under the plain language of the statute, a payroll debit card is neither a check nor "lawful money." The court rejected the argument in the class action that a debit card was the "functional equivalent" of a check or cash, particularly since it forced employees to incur fees including for cash withdrawals and inactivity as set by the bank managing the debit cards.

The Superior Court noted that "the use of a voluntary payroll debit card may be an appropriate method of wage payment" but further stated, "However, until our General Assembly provides otherwise, the plain language of the WPCL makes clear that the mandatory use of payroll debit cards...which may subject the user to fees, is not."

Comment: In light of this decision, employers should act now to ensure their payroll systems, which are often contracted to third-party providers, are not requiring employees to be paid by mandatory debit cards. For the time being, employees should be paid by cash, check or through direct deposit or voluntary debit cards. The use of direct deposit or voluntary debit card should only be implemented with the written authorization of an employee in order to avoid potential liability under Pennsylvania law.