



**Kansas Society for Human Resource Management**

P.O. Box 8668  
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**Testimony for the Kansas Senate Commerce Committee  
In Support of House Bill 2316  
An Act Concerning Payment of Compensation, Relating to Payment Methods**

**March 15, 2007  
Topeka, Kansas**

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Dear Members of the Committee:

My name is Phillip M. Hayes and I am writing on behalf of the Kansas Society for Human Resource Management (KS SHRM) which represents more than 1,800 human resource professionals throughout the state. Thank you for the opportunity to submit the following testimony in support of House Bill 2316, a bill that would allow Kansas employers with the flexibility they need to more efficiently manage payroll processes and payment methods.

Governments at all levels have been using electronic fund transfers for some time to pay their employees, make vendor payments and provide tax refunds with high levels of participation and satisfaction. Providing Kansas employers the same option to implement paperless payroll methodologies allows private business to realize the same efficiency and cost-saving benefits governmental agencies have benefited from for more than three decades.

Employers throughout the state are being challenged to do more with less and must develop process improvements to provide quality services and improve their competitive position. Allowing Kansas employers the ability to select the appropriate payroll methods in which to pay their employees will provide businesses an important opportunity to deliver high quality service that their employees deserve; result in more efficient and cost-effective operations; and help employees without a traditional bank account take advantage of the benefits of electronic payroll payments. Electronic payroll processing is safe, convenient and reliable.

The proposed amendments in HB 2316 will provide Kansas employers with the flexibility they need to more efficiently manage payroll processes and payment methods. The following summary outlines the benefits to both employees and employers from the passage of the proposed amendments.

***Value Proposition to the Employee:***

1. Permanent record of payment through the employee's financial records
  - A. Payments can be traced through the banking system
2. More reliable delivery of payment, receive pay on time, every time, even when on vacation, sick, or away on business
  - A. Quicker deposits, reducing the possibility of overdrafts
  - B. Faster access to money than with a paper check, net wages are credited to accounts at the opening of business on the scheduled payment date
  - C. Saves time and trips to their financial institution. Employees do not have to wait in line to deposit their paycheck
3. Avoid/Reduce check cashing fees and similar charges for "unbanked" employees
4. Payroll cards and alternative payment methods operate similarly to paper check

***Employer Goals in Offering Electronic Payroll:***

1. Provides a popular benefit to employees
  - A. Improve employee services
2. Cost savings
  - A. Eliminates the possibility of lost, stolen, or check fraud
  - B. Reduce check reconciliation and escheatment
  - C. Less expense incurred for paper checks, postage costs and labor costs
3. Significantly improves payment delivery services
  - A. Security, an electronic audit trail ensures payment can always be located
  - B. More reliable than U.S.P.S.

Kansas companies must deliver competitive products or services to the marketplace at a cost that permits the organization to remain financially viable. Payroll programs and methods should be designed to provide the maximum return to the employees consistent with achieving these goals. The proposed amendments to K.S.A. 44-314 accomplish these objectives.

Having visited with several HR professionals throughout the state regarding their interest in having the proposed amendments adopted, we are confident HB 2316 presents a win-win solution for both Kansas employers and employees alike. KS SHRM respectfully requests your support of House Bill 2316. Thank you for your consideration.

This completes my prepared statement. I will be pleased to answer any questions the Committee might have. Please contact me at 316.263.9283 extension 223 or by email at [phayes@the-arnold-group.com](mailto:phayes@the-arnold-group.com) if I can be of further assistance or provide additional information.

Respectfully,



Phillip M. Hayes, SPHR  
Legislative Director, Kansas SHRM