



Rhode Island Society for Human Resource Management State Chapter

Statement of

Francesco A. DeLuca, Esq., Director of Legislative Affairs

On behalf of the Rhode Island Society for Human Resource Management State Chapter

Submitted to the House Committee on Labor

H 7457 -- AN ACT RELATING TO LABOR AND LABOR RELATIONS -- PAYMENT OF WAGES -- FREQUENCY OF PAYMENT

March 4, 2024

To the Honorable Members of the House Committee on Labor:

My name is Francesco A. DeLuca, Esq. I am a member of the law firm of Epstein Becker & Green, P.C., where I practice labor and employment law. Since 2023, I have had the honor of serving in the role of Director of Legislative Affairs for the Rhode Island Society for Human Resource Management State Chapter ("RI SHRM").

RI SHRM is an affiliate of the Society for Human Resource Management, the world's largest HR professional society representing more than 300,000 members in more than 165 countries. RI SHRM is a volunteer organization representing the interests of more than 500 human resource professionals throughout the State of Rhode Island. Our members are a cross-section of the Rhode Island economy, coming from such diverse sectors such as education, government, healthcare, hospitality and customer service, manufacturing, non-profit, professional services, small business, and technology. Through our exceptional programming and our legislative advocacy efforts over the years, we have become the trusted voice of the Rhode Island HR and business communities.

On behalf of our members, I am grateful for the opportunity to provide the House Committee on Labor with this written testimony in opposition to **H 7457 -- An Act Relating to Labor and Labor Relations -- Payment of Wages -- Frequency of Payment.**

Eliminating the exceptions to Rhode Island's weekly pay law and the provisions allowing employers to petition the Rhode Island Department of Labor and Training ("RIDLT") for permission to pay their employees bi-weekly will make doing business in Rhode Island more difficult and expensive. According to the National Federation of Independent Businesses, employers using direct deposit typically incur fees that range from \$1.50 to \$1.90 per deposit. (NFIB, *The Benefits of Direct Deposit for Salary Checks* (Oct. 8, 2016), <https://www.nfib.com/content/resources/money/costs-and-benefits-of-direct-deposit-of-salary->

[checks-19045/](#).)¹ Obviously, doubling the number of paydays will double the deposit fees employers will incur. For a currently exempt employer with 1,000 employees in Rhode Island using direct deposit, its payroll-related transaction fees would increase by approximately \$39,000 to \$49,400 annually. **These fees could be significant for many employers, particularly nonprofit organizations.**

In addition to purely financial costs, H 7457 will impose administrative burdens on employers. Employers who are currently exempt from the weekly pay requirement would be responsible for processing paychecks twice as frequently as they do now. More importantly, according to the United States Department of Labor, Rhode Island is the *only* state that has a generally applicable law that requires employers to pay wages on a weekly basis. (U.S. Dep't of Lab., Wage & Hour Div., *State Payday Requirements* (Jan. 1, 2023), <https://www.dol.gov/agencies/whd/state/payday>.)² This means that, without the ability to petition the RIDLT for permission to pay employees bi-weekly, multi-state employers would be responsible for administering different paydays for employees in different states solely because of H 7457. **In short, requiring employers to process payroll twice as frequently as they do now and twice as frequently as they do in other states is an unwarranted burden on employers, payroll employees, and human resources professionals.**

Recognizing that the costs of weekly pay generally outweigh its potential benefits, no other state has a generally applicable weekly payday law. (U.S. Dep't of Lab., Wage & Hour Div., *State Payday Requirements*.) Indeed, although Connecticut had a statute requiring employers to pay employees on a weekly basis, it amended that law in 2016 to allow employers to pay employees bi-weekly. (Public Act No. 16-169 (Conn. 2016), <https://www.cga.ct.gov/2016/ACT/pa/pdf/2016PA-00169-R00SB-00220-PA.pdf>.) **By expanding the weekly payday requirement, Rhode Island is trending in a different direction from other states, including its neighbors, and making doing business in the Ocean State more costly and burdensome. As a result, RI SHRM is opposed to the passage of H 7457.**

Thank you for your time and consideration, and please feel free to contact me to continue this important conversation.

Respectfully submitted by:

/s/ Francesco A. DeLuca

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¹ NFIB estimates that employers incur even greater costs when they issue hardcopy checks. (NFIB, *The Benefits of Direct Deposit for Salary Checks*.)

² Some states, like California and New York, require weekly payment for certain occupations. (U.S. Dep't of Lab., Wage & Hour Div., *State Payday Requirements* nn.10 & 17.) Vermont requires weekly payment of wages, but it allows employers to pay bi-weekly simply by providing written notice to employees. (*Id.* n.23.)