



Fund our future

Local governments can use ARPA to ensure workers are paid what they're owed

Michael Shields

Everyone who works deserves to be paid the full wages they earn for all the hours they work. Too often in Ohio, employers steal from workers' paychecks. By underfunding wage and hour enforcement, Ohio lawmakers make it too easy for employers to commit wage theft, and too hard for workers to be made whole. ARPA allows for use of funds to protect working people with enhanced enforcement. Ohio and local governments should use funds to hire wage and hour investigators and endow worker rights education and legal support resources.

Wage theft is a quiet crisis

Each year Ohio employers steal wages from an estimated 217,000 Ohioans through minimum wage nonpayment alone. For a full-year employee, the average loss is \$2,800. Without enforcement, businesses that follow the law are undercut by competitors who do not. Nationally, wage theft is estimated to cost working people some \$15 billion a year: [more than the value of all robberies, burglaries, larceny, and motor vehicle theft in 2015](#).^{*} Yet most wage theft victims never report their cases. They may not know their rights, believe that nothing will be done on their behalf, or fear retaliation from their employer. Too often these fears materialize, as Ohio has just six wage and hour investigators for a workforce of 5.7 million. The federal Department of Labor has another 22 in Ohio.

Ohio communities can enforce wage and hour law

With state administrators doing too little to protect working people against theft by their employers, some Ohio local governments are stepping up. Cincinnati City Council passed a 2016 [wage enforcement ordinance](#) directing the city to take all possible action to recover incentives given to business if those businesses, contractors, or subcontractors violated wage laws. Columbus City Council passed a similar law in 2020, with stepped up enforcement. [Their ordinance](#) creates a staffing position. The [Guardians for Fair Work](#) advocacy campaign is urging Cleveland City Council to pass a similar measure.

** If you are reading a hard copy of this document, visit policymattersohio.org/fed-funds for a digital version with live hyperlinks to all source materials.*



Fund our future

Local governments can use ARPA to ensure workers are paid what they're owed

Local governments that want to protect residents from wage theft can use their procurement and licensing powers and attach strings to any tax incentives. Because committing wage theft also means committing tax fraud, cities that have income taxes can prosecute wage thieves. Local ordinances that target wage theft rely on federal wage and hour law and create stepped up enforcement, generally of companies that do business with the city. Federal resources from ARPA can be used to initially fund enforcement officers.

Workers can enforce their own rights — if they know them

Ohio provides for a private right-of-action in wage theft cases, enabling Ohioans whose employers steal from them to sue on their own behalf. Private right-of-action does not substitute for robust public enforcement, because hiring an attorney can be out of reach for a person whose pay has been stolen from them. Yet it provides an important backup channel which some workers are able to use. To do so, they must know their rights. Local governments can help with both by directing ARPA dollars to workplace rights education and endowing a worker rights fund to provide access to attorneys.

Allocation of a small one-time fund from ARPA could create a lasting resource to protect working people from employers that steal from them, shirk workplace safety laws or discriminate against workers. For example, communities could structure education and advocacy through a workers' defense fund, and establish a hotline to allow workers to quickly report violations. These resources could work like an endowment, with ARPA dollars funding set-up, and the fines assessed for labor law violations and minimal filing fees used to replenish funds.

The Cincinnati Workers' Rights Project has proposed that Cincinnati City Council allocate just \$2 million of the \$280 million of funding the city will receive in ARPA dollars — less than 1% of Cincinnati's ARPA funds. All Ohio local governments should dedicate a similar share of their ARPA funds to establish a local or regional endowment to provide working people with workplace rights education and access to legal help.

These resources are especially needed for working people not currently represented by a union. When workers have a union, they are less likely to be victims of wage theft, and if they are, they have representatives to turn to for help.

Policy Recommendations

Local governments should use ARPA dollars to:

- Fund their own staff to enforce existing wage and hour laws that too many corporations now routinely break.
- Endow a legal defense fund to provide workers with counsel when they are victims of labor law violations.
- Educate workers, especially the most vulnerable, on their rights and how to exercise them, including the right to organize a union.

With too little enforcement capacity, Ohio's wage theft crisis has become an epidemic. Ohio and local governments should use the opportunity ARPA affords to establish worker rights resources to ensure that everyone who works is paid what they are due, for all the hours they work.