



Work and Wages

Require employers to provide Ohio workers with pay stubs

Testimony on HB 106 “Enact the Pay Stub Protection Act” before the Senate Small Business and Economic Opportunity Committee

Michael Shields

Good morning, Chair Lang, Vice-chair Wilkin, Ranking Member Sykes and members of the committee. My name is Michael Shields and I am an economist at Policy Matters Ohio, a nonprofit, nonpartisan research organization with the mission of creating a more prosperous, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to testify.

House Bill 106 would help workers ensure their paychecks correctly include all the wages they earned and all the hours they worked in each pay period. Providing a pay stub is a good faith way of tracking and sharing information on pay so that both workers and employers operate with a shared understanding of the relationship and the same information, and ensuring any errors are spotted and corrected

Not all employers act in good faith where workers’ pay is concerned. For workers employed by such companies, a pay stub is even more important. [My research](#) has found that every year employers steal from some 213,000 Ohio workers through minimum wage violations alone. The typical victim loses a quarter of the pay owed to them, and will lose about \$2,900 if they hold the job for the full year.¹ This is just one form of wage theft. Others include paying less than the agreed wage; failing to pay overtime as required, or not paying for all hours worked; and misclassifying workers as salaried staff or independent contractors to evade paying overtime or payroll taxes.

One recent high-profile example is a Roosters restaurant franchise that will pay a \$500,000 settlement to some 1,800 workers who were allegedly underpaid at 11 restaurants. The general contractor building the new terminal at the Columbus Regional Airport Authority was required to pay back \$8 million in prevailing wages owed to workers who built a California hotel. The most exceptional thing about these cases may be that they are known: Most wage theft victims never come forward. All of these practices become more difficult for workers or investigators to catch when the worker is not given a pay stub.

Ohio has under-invested in protecting workers against theft by their employers. Today just five wage and hour investigators and a supervisor oversee employment relationships for more than 5.6 million Ohio workers. That’s one staffer for every 900,000 workers. Too often it falls to workers themselves to know and assert their rights at work, but without a pay stub, employees are deprived of critical information that they need. When a paycheck is smaller than expected, the worker may not understand why, or may believe that the balance will come in the next check. A pay stub puts everyone on the same page, every earnings cycle.

¹ [Michael Shields, “Honest Day’s Pay,”](#) Policy Matters Ohio, May 18, 2022.

I have reported on this in the attached policy brief, "[Pay Statements a Vital Protection for Workers](#)."² I ask that you enter that report into the record.

Most Ohio business owners abide by the law and want to cultivate strong partnerships with their workforce. Providing an accurate and regular pay record establishes good faith between the company and workers, and may boost workplace morale and productivity.

Without a pay stub, workers face more uncertainty in verifying whether they have been paid all they are due, and already overextended investigators face more difficulty in investigating claims. Requiring a pay stub is a simple and common-sense way to put everyone on the same page.

A pay stub is also a ticket to an array of basic life activities. Without it, a working person may not be able to qualify for a rental lease or home mortgage, or finance a car. Because a paystub shows tax withholdings, a worker can use it to learn whether they will owe a tax bill at filing time and whether their employer is paying payroll taxes at all. Pay stubs alert workers whether they are considered employees or contractors, and even notify them *who their employer is*.

I urge you to advance HB 106 out of committee and to pass it in a full vote of the legislature. Thank you.

² [Michael Shields, "Pay Statements a Vital Protection for Workers,"](#) Policy Matters Ohio, February 13, 2020.