

### Work and Wages

## Honest day's pay: Protecting working Ohioans from wage theft

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Everyone should be paid their full wages for all the hours they work. Too often in Ohio, some greedy 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. The scale of wage theft is difficult to measure, but we know that it far exceeds the number of cases ever reported. Most wage theft victims never come forward because they don't know their rights, think nothing will be done for them, or fear retaliation from their employer.

This report finds that employers steal from an estimated 213,000 Ohioans each year through minimum wage violations alone. This report updates prior research released by the Economic Policy Institute and reveals that, in the five years since that report was released, the scale of wage theft in Ohio has remained virtually unchanged.

### Key findings: Wage theft in Ohio

- Ohio employers steal from an estimated 213,000 workers a year by paying them less than the state or federal minimum wage.
- If wage theft victims stayed on their job the full year, the total underpayment of wages to these Ohio workers would be \$611 million each year.
- While 3.8% of all Ohio workers have wages stolen each year, employers steal from 18.4% of workers paid \$11.44-per-hour or less
- Victims of minimum wage violations are underpaid an average of \$55 per week, 24% of the weekly earnings owed to them. If they work year-round, they'd lose, on average, \$2,873 per year and be paid only \$9,011 in annual wages.
- Women make up about three in five victims who are paid below the minimum wage.
- Hispanic workers were 74% more likely to become victims than white counterparts, while Ohioans of other races — about three quarters of whom are Asian — were 51% more likely. While Black workers were about as likely to indicate wages below the minimum wage as white workers, Black workers spent more hours working for employers who stole from them and lost more wages.
- About 54,000 parents are paid below the minimum wage each year. Together they are raising about 108,000 children under eighteen years old.
- Low-paid workers in all industries are vulnerable, but half the wage theft cases occurred in the leisure and hospitality industry.

## What is wage theft?

Due to data limitations, this paper only looks at minimum wage nonpayment. But wage theft can take many forms — all of which are illegal under state and federal law. The Fair Labor Standards Act mandates that most working people be paid at least the federal minimum wage of \$7.25, plus time-and-a-half for working more than 40 hours in a week. Ohio’s minimum wage tracks inflation and is \$9.30 per hour for 2022; employers who pay nonexempt workers less are guilty of a third-degree misdemeanor.

### What is wage theft?

- **Minimum wage nonpayment:** Paying workers less than the state or federal minimum wage.
- **Overtime nonpayment:** Failing to pay nonexempt employees time-and-a-half for hours worked more than 40 hours per week.
- **Tipped minimum wage violations:** Confiscating workers’ tips or failing to make up the shortfall if workers’ pay and tips fall short of the minimum wage.
- **Not paying for all hours worked:** Including requiring workers to work off the clock.
- **Misclassification:** Misclassifying employees as independent contractors, or misclassifying hourly workers as salaried and overtime exempt.
- **Meal and other break violations:** Denying workers breaks as required by law, or deducting break times from hours worked when workers were not allowed to completely set aside work.
- **Illegal pay deductions or paying workers in “scrip”:** Making illegal deductions from workers’ pay or paying workers in forms that may only be spent with the employer, in gift cards, or similar.

## Recommendations

Policymakers at the local, state, and federal level all have a role to play in ensuring that working people are paid their full wages for all the hours they work.

**Local governments** should pass anti-wage theft ordinances that enhance enforcement; use federal stimulus and infrastructure dollars to protect workers from wage theft; freeze property assets where wage theft has occurred; and prosecute wage theft as a criminal offense.

**State lawmakers** should mandate that employers provide a pay statement to all employees; add sufficient wage and hour capacity to implement targeted enforcement; establish a state Department of Labor; and recognize informally classified workers as employees.

**Federal lawmakers** should strengthen the Fair Labor Standards Act and enable workers to recover all the wages they’re owed; impose monetary penalties as disincentives; protect whistleblowers; add wage and hour enforcement officers in Ohio and all states; and update wage and hour laws to affirm protections for contracted and misclassified workers.