

Work & Wages

Wage Theft: A quiet crisis in Ohio

In absence of state investment, cities can take the lead

MICHAEL SHIELDS

Wage theft is a serious and underreported problem. The National Employment Law Project estimates that wage theft accounts for some \$15 billion in nationwide losses each year and exceeds losses from shoplifting.¹ What's worse, wage theft most often harms poor workers who are both most dependent on their wages to survive, and most likely to face harsh consequences for speaking out. In Ohio, an estimated 217,000 workers face wage theft each year through minimum wage violations alone.² Six wage and hour agents monitor labor practices for over 5.5 million workers on a budget that shrinks with each budget cycle while the state legislature looks the other way.

Wage theft persists in Ohio because enforcement is lax. Too few resources are spent on wage and hour investigators, and employers face too few consequences when caught. The state should add at least \$1 million to the Bureau of Wage and hour this budget cycle to add to its six current staff and enable a strategic enforcement approach. And Ohio should discontinue its practice of foregoing treble damages for first-offenses.

Until the state legislature begins treating wage theft with the severity it deserves, cities can take steps to prevent wage theft within their jurisdictions. Cincinnati passed a wage enforcement ordinance in 2016,³ directing the city to take all possible action to recover incentives given to business if those businesses, contractors, or subcontractors violated wage laws. The ordinance strengthened oversight of incentivized projects and asserted the city's commitment to workers and law-abiding businesses. These changes are making a difference in Cincinnati. Columbus should be the second Ohio city to take on this challenge.

Other Ohio cities should follow suit. Cities can use:

- **Procurement.** Cities can prohibit contracts with any business that has a wage and hour violation in the past five years.
- **Licensing.** Cities can pull licenses or deny renewals for companies found to have violated wage and hour laws.
- **Tax Enforcement.** Employers that cheat workers of their wages are also committing tax fraud. Cities with an income tax can prosecute them.
- **Tax incentives.** Cities think twice about tax incentives. If used, they should be strictly limited to companies that comply with all wage and hour laws, and should mandate that recipients enforce these laws with all contractors and businesses within their developments.

¹ Leo Gertner, "Billions are lost to wage theft every year," National Employment Law Project, March 2019, available at <https://bit.ly/2Vw0IGT>, accessed April 9, 2019.

² Cooper, David and Teresa Kroeger, "Employers steal billions from workers' paychecks every year," May 10, 2017, <https://bit.ly/2U4Wt3s>, annualized pooled data from CPS-ORG 2013-2015

³ See, City of Cincinnati Municipal Code, Ordinance No. 22-2016