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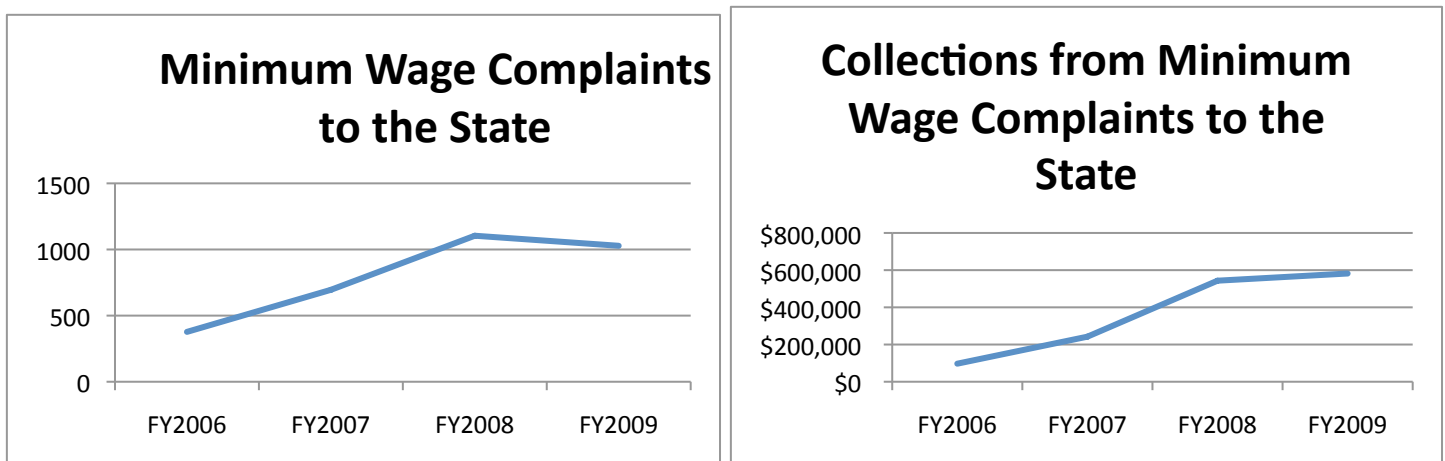
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Little-known state budget fact: Funding for minimum-wage enforcement will cease July 1

Funding for enforcement of Ohio's minimum wage law will be eliminated starting in July under the budget approved by the General Assembly last July. A modest amount -- \$150,000 -- is budgeted for continuing enforcement of the prevailing wage law next fiscal year,¹ which like the minimum wage is also enforced by the Labor and Worker Safety Bureau (LAWS) of the Ohio Department of Commerce. However, the main funding for LAWS will fall to zero from \$1,492,677 in the current fiscal year.

While the funding cut-off for the next fiscal year may have been inadvertent, as many observers say, the result if nothing is done will be that Ohio's constitutional requirement of a minimum wage will not be enforced by the state. According to the amendment adopted by voters in 2006, employees and others have a right to file complaints over violations, and "Such complaint shall be promptly investigated and resolved by the state."

Minimum-wage complaints filed with the state have soared since the passage of the amendment, as shown in the chart below. Collections resulting from such complaints have also risen:



Source: Ohio Department of Commerce, Labor and Worker Safety Bureau

¹ This amount comes from the Penalty Enforcement Fund, which is funded by penalties assessed against companies that have violated the prevailing wage law. Funding from the General Revenue Fund has been eliminated.

Ohio's minimum wage of \$7.30 an hour is five cents an hour higher than the federal minimum wage, which increased to \$7.25 an hour last July. While the U.S. Department of Labor enforces the federal standard, Ohio's law covers some workers who are not included under the federal law, including many of those who work at companies with less than \$500,000 in annual sales that do not operate outside Ohio. It also has a higher minimum wage for tipped employees than the federal minimum (\$3.65 vs. \$2.13 an hour). And while the DOL is stepping up its enforcement efforts nationally, a recent report and testimony by the U.S. Government Accountability Office have concluded that the DOL Wage & Hour Division's processes leave low-wage workers vulnerable to wage theft.²

Though slashing the funding entirely is a particularly drastic development, the state has reduced its funding of its wage laws previously (the bureau also enforces the state's labor laws covering minors). The current fiscal year's funding of \$1.64 million represents a decline of nearly \$500,000 or 23 percent from spending last fiscal year. In 1999, the bureau that is now LAWS had 17 investigators and employed a total of 28; it now has 13 investigators and a total staff of 19.

Recent national reports have indicated that wage theft is widespread. A study released in September of low-wage workers in Chicago, Los Angeles and New York found that a quarter of them were paid less than the legally required wage in the week prior to when they were interviewed, usually by more than \$1 an hour.³ Kimberly Zurz, director of the Department of Commerce, said she is working to find the funding for LAWS. Ohio needs to find a way to provide adequate support to abide by its constitution and enforce this basic worker protection.

² U.S. Government Accountability Office, *Department of Labor Wage and Hour Division's Complaint Intake and Investigative Processes Leave Low Wage Workers Vulnerable to Wage Theft*, GAO-09-458T, March 25, 2009 and *Department of Labor Wage and Hour Division Needs Improved Investigative Processes and Ability to Suspend Statute of Limitations to Better Protect Workers Against Wage Theft*, GAO-09-629, June 23, 2009.

³ *Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities*, Issued by the Center for Urban Economic Development at the University of Illinois at Chicago, the National Employment Law Project and the UCLA Institute for Research on Labor and Employment, September 2009. See also for instance "As Wage Theft Rises, States and Cities Crack Down," The Associated Press, Dec. 17, 2009.