

---

# POLICY MATTERS OHIO

---

CLEVELAND: 3631 PERKINS AVENUE SUITE 4C - EAST • CLEVELAND, OHIO, 44114 • TEL: 216/361-9801 • FAX: 216/361-9810  
COLUMBUS: 300 EAST BROAD STREET, SUITE 490 • COLUMBUS, OHIO, 43215 • TEL: 614/ 221-4505 • FAX: 614/ 224-8132  
[HTTP://WWW.POLICYMATTERSOHIO.ORG](http://www.policymattersohio.org)

For Immediate Release, May 26, 2011

Contact: Hannah Halbert

[hhalbert@policymattersohio.org](mailto:hhalbert@policymattersohio.org)

614-221-4505 Ext. 2

614-397-6080

Zach Schiller

[zschiller@policymattersohio.org](mailto:zschiller@policymattersohio.org)

216-361-9801

## Shrinking employment law enforcement funding raises risk of wage theft

Funding to the Labor and Worker Safety Division (LAWS) of the Department of Commerce is being slashed under the pending state budget bill. Staffing for this division, which has the constitutional responsibility of enforcing Ohio's wage and hour laws, has already been cut to the bone. Presently, Ohio has only 6 wage and hour investigators on staff; when a seventh investigator joins the staff next month, that still works out to just one investigator for every 616,000 Ohio private-sector workers.<sup>1</sup>

The budget approved by the Ohio House would cut LAWS funding to 33 percent below what it was in the FY2006-2007 biennium. The 128<sup>th</sup> General Assembly zeroed out resources for the wage and hour enforcement in Fiscal Year 2011. Funding was only restored through Controlling Board action.<sup>2</sup> The division, which was once fully supported through funding from the General Revenue Fund, now is solely funded through fees and fines assessed to regulated entities.<sup>3</sup>

The budget passed by the House would cut LAWS by more than 35 percent between 2011 and 2012, and by 25 percent between the 2010-11 and 2012-13 biennia.<sup>4</sup> The budget calls for total funding of \$1.2 million in FY 2012 and \$1.4 million in FY 2013.<sup>5</sup> These sums include penalty fees generated from successful prevailing wage enforcement actions found in the Penalty Enforcement Fund. Under the budget passed by the House, these fee awards will no longer be reserved for future prevailing wage investigations and enforcement but will be absorbed by the Labor Operating Budget.<sup>6</sup> Figure 1 shows wage and hour enforcement funding from all sources since 2006.

---

<sup>1</sup> Email from Dennis Ginty, May 23, 2011. Department of Commerce, Communications Department. As of April 2011, Ohio had 5,096,500 nonfarm wage and salary workers. See, Ohio Department of Job and Family Services, "Ohio and US Employment Situation (Seasonally Adjusted)" Press Release, May 20, 2011 available at <http://1.usa.gov/jTj5Y4>; 5/24/11.

<sup>2</sup> Zach Schiller, "Little-known state budget fact: Funding for minimum-wage enforcement will cease July 1," 12/21/09 available at <http://bit.ly/m7v8Qj>; 5/24/11.

<sup>3</sup> Ohio Legislative Service Commission, "Redbook Department of Commerce," pg. 17, April 2011 available at <http://bit.ly/jxrlbF>.

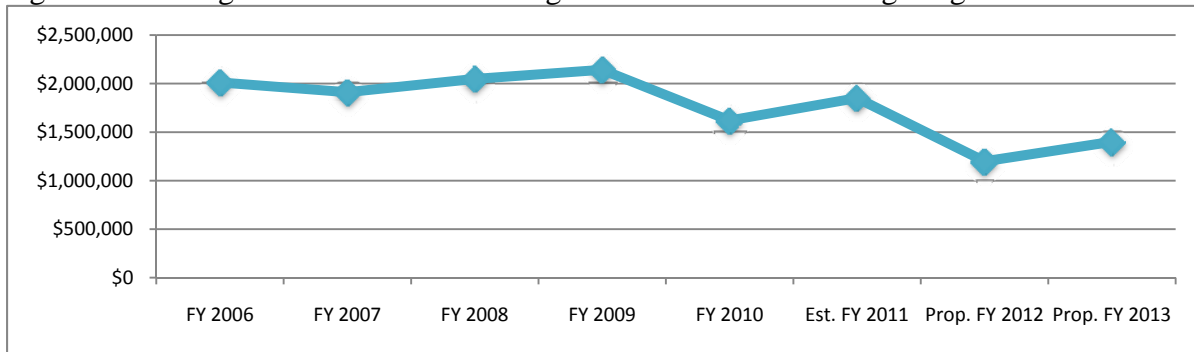
<sup>4</sup> *Id.* See, Catalogue of Budget Line Items, Department of Commerce, pg. 119, available at <http://bit.ly/jTbsWq>; 5/24/11.

<sup>5</sup> Ohio Legislative Service Commission, *supra* at note 3.

<sup>6</sup> The LSC Commerce Redbook breaks down the Industrial Compliance line item into its program components. Funding for wage and hour enforcement, the LAWS division is represented in the breakout as the Labor Operating Budget. See, LSC Commerce Redbook, *supra* at note 3.



Figure 1: Funding from all sources for Wage and Hour and Prevailing Wage enforcement



Source: Policy Matters Ohio based on data from Legislative Service Commission, *supra* at note 3 and the LSC Catalogue of Budget Line Items, *supra* at note 4.

“Years of cuts have had real consequences,” said Hannah Halbert, Policy Liaison with Policy Matters Ohio. “Staffing for this constitutionally-mandated responsibility has been hatched.” A Policy Matters survey conducted in the fall of 2010 found that among large states with a minimum wage above the federal level, Ohio ranked second to last in number of investigators.<sup>7</sup> Currently, LAWS has just six investigators,<sup>8</sup> down from 17 in 1999, 13 in 2009, and 9 in November 2010.<sup>9</sup> A seventh investigator will be added in June.

The division has the responsibility to receive and investigate public complaints and enforce our minimum wage laws, overtime protections, child labor laws, and prevailing wage standards. “These protections ensure that workers get a full day’s pay for a full day’s work. They also protect rule-abiding employers against unfair competition from unscrupulous employers willing to break the law and steal from their employees,” said Halbert.

The 129<sup>th</sup> General Assembly is poised to redefine what it means to work in Ohio for hundreds of thousands of employees. Senate Bill 5 restricts the right of public workers to collectively bargain. House Bill 61 would eliminate the 40-hour workweek for some private sector workers.<sup>10</sup> House Bill 102 would eliminate Project Labor Agreements that can ensure fair pay, local hire, labor peace and additional negotiated community benefits, from any state-funded public project. “Policies that give Ohio workers a voice on the job and livable wage in their paycheck are under attack. At the same time, wage and hour enforcement is being eroded,” said Halbert. “We need stable and adequate funding for LAWS, and we can’t get there with a cuts-only budget.”

##

<sup>7</sup> Zach Schiller, “Investigating Wage Theft: A survey of the States 2010,” Policy Matters, pg. 4, November 2010 available at <http://bit.ly/liRZtj>; 5/1/11.

<sup>8</sup> Email, *supra* at note 1.

<sup>9</sup> Zach Schiller, *supra* at note 2. See also, Zach Schiller, *supra* at note 7.

<sup>10</sup> While the bill requires the approval of the employee, this right will be hard to exercise in many non-union workplaces where employee bargaining power is limited.