



**Representative Kent Smith**

**8<sup>th</sup> House District**

HB 605

Economic Development, Labor and Commerce Committee.

May 22, 2018

Chairman Young, Vice Chair Riedel, Ranking Member Lepore Hagan and members of the House Economic Development, Labor and Commerce Committee.

Thank you very much for your consideration of the question, “are Ohioans in need of additional overtime pay protections?” Representative Kelly, our cosponsors and myself believe that they are and, to that end, this legislation will help Ohio working families make ends meet.

The background of this issue is as follows:

In 2016, the U.S. Department of Labor strengthened an existing rule requiring employers to pay workers overtime when they work more than 40 hours a week. The new rule directly benefited an estimated 12.5 million American workers, including 351,000 Ohioans. However, this effort was met with some legal resistance and the current federal administration abandoned the rule altogether effectively denying people a raise.

Without that protection, those 351,000 Ohio workers are losing more than \$123,000 in wages every day, or more than \$45 million in lost wages each year. If the politicians in DC won’t protect these Ohio working families, we felt the need to introduce HB 605 so that Ohio would adopt its own standards to strengthen overtime pay protections.

The current federal overtime annual salary threshold is \$23,660. That translates to about \$11.37 an hour. House Bill 605 would set Ohio's overtime annual salary threshold at \$47,476.

It is estimated that those 351,000 Ohioans will work 52 million hours of overtime every year. This legislation is not a handout – it's a protection. Its designed to give Ohio workers what they have rightfully earned.

While that covers the basics of the legislation it is important to review where Ohio is economically. According to Center for Community Solutions. 1/3 of Ohio households qualify for federal food bank assistance.

According to the Ohio United Way, 40% of Ohio households are struggling to pay basic household expenses. The Ohio United Way call these ALICE households. ALICE is an acronym for Asset Limited, Income Constrained, Employed. The ALICE Report is an analysis of Ohio's working poor -which is often the target audience that United Way serves.

The decline of Ohio's middle class is not just a result of the normal economic cycles, it is also policy driven. To expand on that point I would say, that government can develop economic policies that will strengthen investment income, or it can develop economic policies that will strengthen wages.

If this legislation is not adopted than there will be ZERO over time protections for employees earning more than \$23,330 a year. Which again translates to about \$11.37 an hour.

If enacted, this legislation will put \$45 million into the hands of Ohioans who need it the most. These are Ohio families that are struggling to put food on the table, these are Ohioans who are challenged every month to make ends meet. But also remember, these are workers who have earned that money.

That final point should not be forgotten. They earned this money. This legislation is about simple economic fairness - the people who are working overtime hours should be paid for it. This legislation will safeguard working class wages and protect Ohioans from on-the-job exploitation.

House Bill 605 is the right thing to do for hundreds of thousands of Ohio workers. We thank the Committee for their time and attention of this important matter and we are happy to answer any questions that you might have.