

Testimony on HB 106 “Enact the Pay Stub Protection Act” before the Senate Small Business and Economic Opportunity Committee

Good morning, Chair Lang, Vice-chair Wilkin, Ranking Member Sykes and members of the committee. My name is Heather Smith and I am a work and wages researcher at Policy Matters Ohio, a nonprofit, nonpartisan research organization with the mission of creating a more prosperous, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to testify.

House Bill 106 would help workers ensure their paychecks correctly include all the wages they earned and all the hours they worked in each pay period. Ohio is one of seven states in the nation that does not have a paystub requirement of any kind. Providing a pay stub is a good faith way of tracking and sharing information on pay, so both workers and employers operate with the same information and shared understanding of the relationship, ensuring any errors are spotted and corrected.

Not all employers do act in good faith where workers’ pay is concerned. For workers employed by such companies, a pay stub is even more important. Policy Matters’ [research](#) has found that every year employers steal from some 213,000 Ohio workers through minimum wage violations alone. The typical victim loses a quarter of the pay owed to them and will lose about \$2,900 if they hold the job for the full year. This is just one form of wage theft. Others include paying less than the agreed wage; failing to pay overtime as required, or not paying for all hours worked; and misclassifying workers as salaried staff or independent contractors to evade paying overtime or payroll taxes.

Just this year, the Department of Labor began debt collection procedures against a landscaping company that owes \$169,015 in back wages to 19 workers.¹ The most exceptional thing about this case may be that it is known: Most wage theft victims never come forward. Practices like this become more difficult for workers or investigators to catch when the worker is not given a pay stub.

Ohio has under-invested in protecting workers against theft by their employers. Today, just five wage and hour investigators and a supervisor oversee employment relationships for more than 5.6 million Ohio workers. That is one staffer for every 933,000 workers. Too often it falls to workers themselves to know and assert their rights at work, but without a pay stub, employees are deprived of critical information that they need. When a paycheck is smaller than expected, the worker may not understand why or believe that the balance will come in the next check. A pay stub puts everyone on the same page, every earnings cycle.

Policy Matters Ohio reported on this in [“Pay Statements a Vital Protection for Workers.”](#) I ask that you enter that report into the record.

¹ <https://www.dol.gov/newsroom/releases/whd/whd20240626>

Most Ohio business owners abide by the law and want to cultivate strong partnerships with their workforce. Providing an accurate and regular pay record establishes good faith between the company and workers.

Without a pay stub, workers face more uncertainty in verifying whether they have been paid all they are due, and already overextended investigators face more difficulty investigating claims. Requiring a pay stub is a simple and common-sense way to put everyone on the same page. A pay stub is also a ticket to an array of basic life activities. Without it, a working person may not be able to qualify for a rental lease or home mortgage or finance a car. Because a paystub shows tax withholdings, a worker can use it to learn whether they will owe a tax bill at filing time and whether their employer is paying payroll taxes at all. Pay stubs alert workers whether they are considered employees or contractors and even notify them who their employer is.

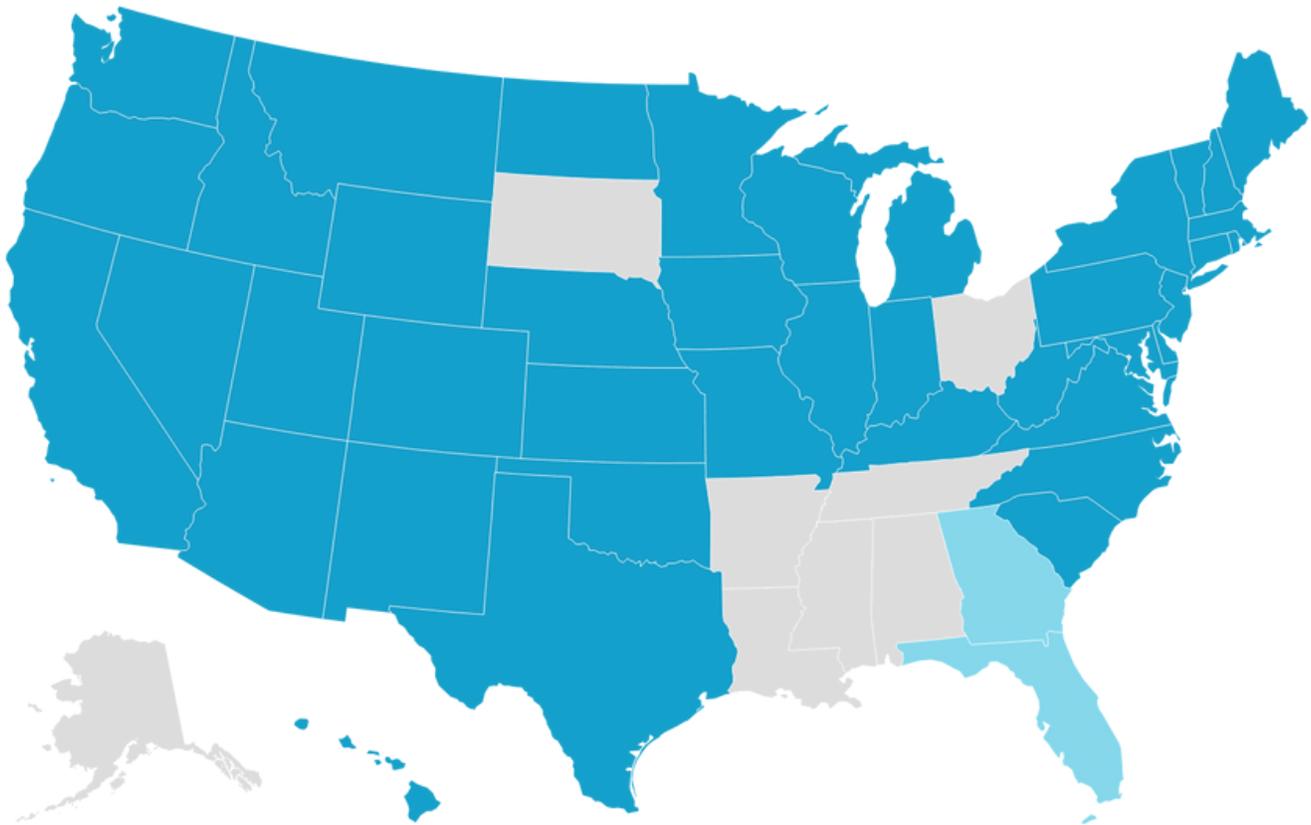
Please take the information provided in this testimony into consideration when you cast your votes. Thank you.

Ohio Workers Deserve Their Pay Stubs!

House Bill 106 would help workers ensure they're being paid for all the hours they've worked and that any deductions from their paychecks are correct.

Ohio 1 of 7 states with no pay stub requirements

■ Require a pay stub ■ Require pay stubs for specific industries/employers ■ No pay stub requirements



HB 106 would simply require employers to provide employees with a statement of earnings, hours worked, and deductions in a given time period.

In addition to preventing wage theft, a pay stub is needed:

- To rent an apartment or qualify for a mortgage.
- To qualify for credit, such as an auto loan.
- To determine whether they will owe a tax bill at filing time and whether their employer is paying payroll taxes at all.
- To confirm that they are classified as an employee, not misclassified as a contractor.