

Los Angeles: Wage Theft Capital of the United States

Why the City Should Act to Protect Low-Wage Workers from Unscrupulous Employers

Los Angeles Coalition Against Wage Theft



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What is Wage Theft?

Wage theft is the non-payment or underpayment of wages and benefits that are legally owed to an employee. Common forms of wage theft experienced by workers are failure to pay the minimum wage; violations of overtime, meal break and rest break rules; and working off the clock. Workers in low-wage industries, immigrant workers, women, and people of color are more likely to be victims of wage theft.

- Wage theft victims lose an average of \$2,070 annually from total annual earnings of \$16,536.
- In a given week, an estimated 655,000 low-wage workers in Los Angeles County suffer at least one pay-based violation.
- Low-wage workers in Los Angeles lose more than \$26.2 million per week as a result of wage theft violations, giving L.A. the distinction of wage theft capital of the United States.
- Workers with the greatest chance of being a victim of wage theft:
 - Garment workers
 - Security, janitor, ground maintenance workers
 - Restaurant workers
 - Domestic workers
 - Retail workers
 - Construction or day laborers
 - Car wash workers

Health Impacts of Wage Theft

A Health Impact Assessment is a systematic tool that draws on a range of data sources, research, and stakeholder input to predict how a policy will impact the health of the community. An HIA by Human Impact Partners and the Los Angeles Coalition Against Wage Theft found that wage

theft harms the health and well-being of low-wage workers and their families on many levels.

- Wage theft leads to **lower income** and consequently **poorer living conditions** such as unsafe and poor quality housing and food insecurity.
- The constant struggle for life's necessities leads to **stress, anxiety** and often **depression**, which in turn harm the health and well-being of workers and their families.
- Wage theft increases **time poverty** – working long hours with no choice, leaving almost no time for leisure, medical care or other needs.

Workplace environment refers both to **working conditions** – the physical space where a worker works, the stress levels from noise, physical demands, and volume of work, etc. – and **work culture**, the relationship employers have with workers and interrelationships between co-workers.

- Low-wage workers typically work long hours that are physically demanding, either sitting or standing for extended periods of time, in extreme weather or temperatures, and usually doing repetitive work that increases the likelihood of work-related injuries.
- These highly stressful jobs also put workers at risk of employer abuse and retaliation. If workers stand up for their rights when they experience wage theft they put themselves at risk of retaliation such as reduced hours, increased workload, firing and threats of deportation.
- Unscrupulous employers take advantage of these circumstances and perpetuate competition and control among low-wage workers. For example, newly arrived immigrants will often work for lower pay, which puts other workers at risk for wage theft because they are left with the vulnerability of being easily replaced.

Recommendations

Creating an ordinance to curb wage theft has the potential to improve the health and well-being of low-wage workers and their families. The initial step should be preventing wage theft from happening in the first place. The Los Angeles City Council, the Los Angeles County Department of Public Health, and worker advocacy groups must work together to combat wage theft.

- The City Council should enact a wage theft ordinance that includes these provisions:
 - Create a local wage theft fund and bureau
 - Improve collections by revoking city permits and providing liens for unpaid wages
 - Increase administrative penalties and fines for employers that commit wage theft
 - Provide workers the right to pursue civil damages and remedies
 - Improve anti-retaliation protection for workers who report wage theft
- The Los Angeles Department of Public Health should monitor workplace compliance with laws that affect workers' health, report violations to labor enforcement agencies, and use its authority to sanction businesses that do not comply.
- Worker advocacy groups should conduct workshops and clinics to help low-wage workers understand wage theft and how to file claims against employers, and continue to push for U Visas that can provide victims of wage theft with temporary legal status and work eligibility in the United States.