

Many Employers Found to Owe Unpaid Wages Escape Payment

Testimony of Janet Bauer, Policy Analyst, Oregon Center for Public Policy
Senate Committee on Workforce
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Chair Dembrow and members of the committee: My name is Janet Bauer. I am a policy analyst with the Oregon Center for Public Policy. I am also here testifying on behalf of the Oregon Coalition to Stop Wage Theft, which includes over 35 labor, faith and community organizations.

I am here to testify in support of SB 468. It is clear to us that workers and state officials need stronger tools to be able to recover wages that employers fail to pay. SB 468 would provide one such tool to the Oregon Bureau of Labor and Industries (BOLI).

Right now BOLI investigates wage claims filed by workers and makes a determination of whether the employer improperly failed to pay the workers. After BOLI determines that employers owe unpaid wages, how much of that amount do employers actually end up paying?

The Oregon Center for Public Policy recently examined wage claims data from BOLI to answer that question. We found that, as a group, employers are paying only a fraction of the monetary findings established by the bureau. Specifically, over the three year period, 2010-2013, BOLI issued findings against employers in the amount of \$6.2 million. Of that amount, employers paid just 28 percent. Thus, employers escaped paying nearly three quarters of what they were found to owe.

Let me give you an example of an employer that avoided payment. In 2012-13, a company by the name of GNR Custom Homes and Drywall Specialty Contractor LLC had \$333,000 in judgments, civil penalties and penalty wages against them. To date, the company has paid none of the amounts owed. In 2014, the company's construction contractor license expired. But records from the Construction Contractors Board show that the owners of GNR Custom Homes are back in business under a new company name. They have a new CCB license as of the middle of last month.

When employers get away with not paying workers the wages owed, it harms workers and their families. It also puts honest businesses at a competitive disadvantage.

SB 468 would give BOLI a new tool to compel employers to pay workers the wages they have earned.