

**Testimony of Janet Bauer, Policy Analyst, Oregon Center for Public Policy
Senate Committee on Workforce
March 9, 2015**

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 here to testify in support of SB 718, a bill to give stronger tools to Oregon workers and state officials to prosecute wage theft cases and recover wages that employers have failed to pay.

OCPP has examined wage claims filed by Oregon workers with the Oregon Bureau of Labor and Industries (BOLI) over a number of years. We find that wage theft in Oregon is pervasive and persistent. Because not all victimized workers file a claim with the state (some may pursue private enforcement), we don't know the full extent of the wage theft problem in Oregon from this source. Because workers may fear losing their job if they speak up or may not know the state can help, BOLI wage claims most certainly represent the tip of the iceberg of wage theft in Oregon.

Still, the claims filed with BOLI can tell us something about that tip of the iceberg. Over the past 8 years, 12,000 Oregon workers from every industry sector filed wage claims totaling nearly \$35 million. For context, that amount is twice the value of property lost to robbery in Oregon.

Fortunately, we know something about the scope of the wage theft problem from the work of national researchers. In a ground-breaking study in three major cities, more than two-thirds of low wage workers said they were victims of wage theft in the previous week. That low wage workers suffer more than other workers is not surprising; lack of employment security that goes with low wage work makes them a vulnerable target.

Further, a recent U.S. Department of Labor study of minimum wage violations in several states, not including Oregon, provides a framework for considering the scope of wage theft in Oregon. The study found that minimum wage violations were pervasive. It found that 3.5 percent to 6.5 percent of workers subject to minimum wage laws experienced minimum wage violations. Lost earnings represented a large share of workers' income, ranging from 37 percent to 71 percent of earnings.

The authors also found the violations caused thousands of families in each state to have earnings below the poverty line and to be eligible for a public benefits they would not otherwise have qualified for. Lost state revenue ranged from \$8 million to \$14 million in the 2011 fiscal year. Since it analyzed minimum wage violations only, the study raises concern about how all types of violations, including overtime, agreed rate and misclassification, may be adversely affecting Oregon workers and our state.

Testimony of Janet Bauer to Senate Committee on Workforce
March 9, 2015
Page 2 of 2

Why do some Oregon employers build a business model on the practice of cheating workers? I testified last month before this committee that, as a group, employers in Oregon end up paying just 28 percent of the amount the agency finds they owe workers. Please see OCPP fact sheet *Employers Pay Only A Fraction of What They Owe In Wage Theft Cases* (February 11, 2015). Unscrupulous employers may have found that cheating workers pays. The fact that employers are able to escape paying nearly three quarters of what they owe when they are called to task by BOLI points to systemic weaknesses that allow wage theft in Oregon to persist.

Your action on SB 718 will help change the game of wage theft in Oregon by providing updated, stronger tools to hold employers accountable. Such action will help make the economic hardship of wage theft for Oregon working families and costly state consequences a thing of the past.

Thank you for the opportunity to testify before you today.