

Wage Theft Increases Poverty and Costs to the Public

Transportation, construction, restaurant and bar industries top wage complaints

The failure of employers to pay workers the wages they have earned harms families and the public. It increases poverty, reduces state revenue and increases the use of public assistance.

Wage theft is a persistent, widespread problem in Oregon. It is more common in some industries than others. Recent complaints to state authorities about unpaid wages arose more frequently in the transportation, construction, and restaurant and bar industries than others.

Oregon needs stronger laws to prevent violations and protect workers and public resources.

Wage theft is costly to families and the public

“Wage theft” is a term that refers to the ways in which some employers fail to pay employees the wages they have earned. Wage theft takes many forms, including when employers pay less than the minimum wage, don’t pay time-and-a-half for overtime hours, cheat on the number of hours worked, steal tips, require workers to work “off the clock,” or make unlawful payroll deductions.

Wage theft harms families and the public. A U.S. Department of Labor (DOL) study of minimum wage violations in California and New York found:¹

- **Wage theft can rob workers of significant earnings.** The study found that minimum wage workers in California experienced violations equal to 49 percent of the earnings they took home.
- **Wage theft causes poverty.** The study found that wage theft increased poverty in California by 11 percent and in New York by 32 percent.
- **Wage theft decreases state revenue.** The study estimated that California lost \$14 million in income taxes in 2011 as a result of wage theft. For New York, the loss was estimated at \$8 million.
- **Wage theft increases use of public assistance.** The study’s examination of school food assistance and Supplemental Nutrition Assistance Program (SNAP) in California and New York found that income lost due to wage violations increased use of those programs.

Wage theft is common in Oregon, especially in some industries

Wage claims filed with the Oregon Bureau of Labor and Industries (BOLI) show that there is no shortage of alleged wage violations. During the 12-month period ending June 2016, workers filed 883 wage claims with the bureau.² Those claims — worth \$3.4 million — suggest workers suffer substantial losses. Worker’s claims since 2006, which total \$45 million, reveal a persistent problem in Oregon.

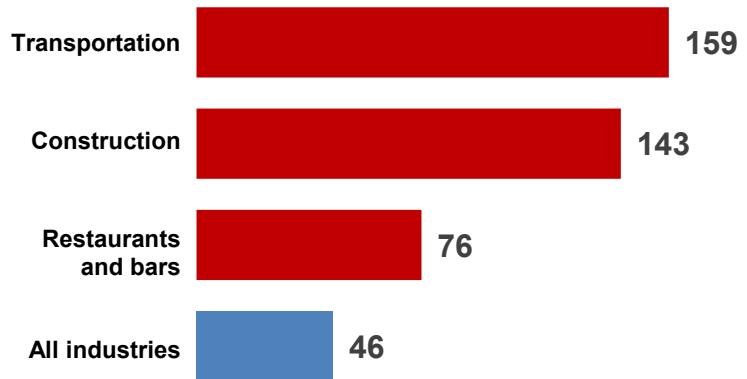
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Transportation — primarily trucking — topped all industries in the frequency of wage complaints. These businesses saw 159 wage claims filed for every 100,000 workers in the industry during the period July 2015 to June 2016. To put that number in perspective, workers in all industries in Oregon filed just 46 wage claims per 100,000 workers.

The construction industry, as well as the restaurant and bar industry, also saw frequent complaints during the period. Specifically, construction saw 143 complaints per 100,000 industry workers. Restaurants and bars showed 76 complaints for every 100,000 workers.

Wage theft's problem industries

(BOLI wage claims for every 100,000 industry workers, July 2015 - June 2016)



OCPP analysis of Oregon Bureau of Labor and Industry data.

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The BOLI data should be considered the “tip of the iceberg” of wage and hour violations in Oregon. That is because many workers who suffer wage violations do not complain for fear of losing their job. Moreover, even those who wish to complain may not know that the bureau can help, or may choose to pursue private enforcement.

Conclusion

Wage theft increases poverty, deprives the state of revenue and increases the use of public assistance. In Oregon, complaints of minimum wage violations arise more frequently among workers in the transportation, construction, and restaurant and bar industries.

Oregon needs stronger laws to protect workers and deter wage violations from occurring.

Endnotes

¹ *The Social and Economic Effects of Wage Violations: Estimates for California and New York*, Eastern Research Group, Inc. (ERG) for the U.S. Department of Labor, December 2014, available at <https://www.dol.gov/asp/evaluation/completed-studies/wageviolationsreportdecember2014.pdf>.

² OCPP analysis of data from the Oregon Bureau of Labor Industries.

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