

Evidence of Widespread Wage Theft

Wage theft is inherently challenging to quantify. Wage theft occurs when employers pay workers less than the minimum wage, don't pay time-and-a-half for overtime hours, cheat on the number of hours worked, steal tips or don't pay workers at all. Workers who are victims of wage theft may fear reprisal from their employers should they seek redress for their stolen wages, and many may not know how to obtain help in recovering losses.

Nevertheless, a growing body of research has begun to reveal that wage theft is a widespread problem in Oregon and the nation.

Oregon Bureau of Labor and Industry wage claims

Wage claims filed with the Oregon Bureau of Labor and Industries (BOLI) constitute an important source of information about wage theft in Oregon.¹ Complaint-based sources such as this represent only a fraction of all violations because not all wage theft victims file complaints. Nevertheless, an analysis by OCPP of BOLI wage claim records found:

- Oregon workers from every industry sector filed 8,558 wage claims worth \$24.5 million during the five-year period ending June 2011.²
- From July 2010 through June 2011, workers filed a total of 1,159 claims with the bureau totaling \$3.4 million.³
- From July 2010 through June 2011, the construction industry posted the highest share of claims relative to the size of its workforce. Construction had 18 percent of total claims over the period, although its workforce comprised just 4 percent of all workers in the state.⁴
- From July 2010 through June 2011, the accommodation and food services industry, which includes hotels and restaurants, had the highest number of total claims, accounting for about one-fifth of all claims.⁵

National survey of day laborers that included Oregon workers

A 2004 national survey of day laborers, which included workers in Oregon, found:⁶

- Nearly half of surveyed day laborers said they had been denied all payment for a job they had performed during a two-month period.
- Nearly half of day laborers had been underpaid by an employer during a two-month period.

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Three-city survey

In 2009, researchers from the National Employment Law Project published their findings of a survey of workers in low-wage industries in Chicago, Los Angeles and New York City.⁷ Some of the survey's key findings included:

- More than two-thirds of the workers in the study said they were victims of wage theft in the previous week.
- The affected workers lost an average of \$2,634 annually due to the theft, out of total earnings of \$17,616. That amounts to about 15 percent of wages stolen.
- A quarter of workers — one out of four — were paid less than minimum wage in the previous work week.
- Of the workers who reported putting in more than 40 hours a week, three-quarters of them said they did not receive overtime pay to which they would have been entitled.

State and local courts filings

Some Oregon workers whose wages are stolen seek justice through the courts. Unfortunately, at present there is no analysis of these court filings in Oregon, something which would provide additional insight into the extent of wage theft.

Conclusion

Wage theft is a serious problem affecting workers in Oregon and across the country. While more must be understood about its scope, existing data indicates that legislation reining in this abuse would benefit large numbers of Oregon workers.

Endnotes

¹ The U.S. Department of Labor is also a source for data on wage claims. OCPP has yet to analyze that data.

² OCPP analysis of Oregon Bureau of Labor and Industries (BOLI) data shows wage claims in each of the following industry sectors: agriculture; mining and forestry; construction; manufacturing; wholesale trade; retail trade; transportation, warehousing and utilities; information; financial activities; professional and business services; education and health services; arts, entertainment and recreation; accommodation and food services; other services; and government.

³ Oregon Center for Public Policy, *In What Industries Is Wage Theft Prevalent?*, February 9, 2012.

⁴ Ibid.

⁵ Ibid.

⁶ Abel Valenzuela Jr., Nik Theodore, Edwin Meléndez, Ana Luz Gonzalez; *On the Corner: Day Labor in the United States*, January 2006. In an email to OCPP on May 17, 2012, Nik Theodore stated that the surveys were conducted in 139 cities, including Portland and Cornelius, Oregon.

⁷ Annette Bernhardt, Ruth Milkman, Nik Theodore et al., *Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities*, September 2009.

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