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GUEST OPINION

We all share in the cost when workers aren't paid

BY JUAN CARLOS ORDONEZ

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Payday arrived, but the paychecks did not. The news broke last month of a dozen workers scrubbing floors at a Safeway warehouse in Clackamas who claim that the temp agency that hired them repeatedly failed to pay.

Fortunately for them, the Oregon Bureau of Labor and Industries negotiated with Safeway payment of the wages owed, while the bureau considers going after the temp agency.

Unfortunately, though it rarely makes news, wage theft is all too common these days. And it is making life more difficult for many workers who already earn too little.

Wage theft affects a significant share of the lowest-paid workers.

In a landmark study published earlier this year, researchers from the National Employment Law Project surveyed workers in low-wage industries in Chicago, Los Angeles and New York City. They found that a quarter of these workers – one out of four – were paid less than minimum wage in the previous work week.

The fleecing of workers did not end there. 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 be entitled. And 70 percent of those who worked beyond their regular shift, either coming in early or staying late, reported not getting paid for their additional work.

In all, more than two-thirds of the workers in the study said they were victims of wage theft, in one form or another, in the previous week.

The study estimated that that the affected workers lost an average of $2,634 annually due to the theft, out of total earnings of $17,616. That means that about 15 percent of their wages were stolen.

The prevalence of wage theft reflects, in part, the rise of subcontracting and temporary work arrangements. In these situations, workers are more vulnerable to exploitation.

Stealing wages from the most vulnerable workers is deplorable enough, but these practices are even more insidious.

Wage theft drives down wages and labor standards for other workers. As responsible businesses are forced to compete against thieving businesses, a race to the bottom emerges.

Wage theft diverts dollars that would otherwise flow to the poorest communities, lowering economic activity in already depressed areas.

Wage theft robs public coffers of badly needed revenue. The taxes that would have been paid on the stolen wages never materialize, placing a greater burden on everyone.

Reviving the fortunes of American workers, particularly the lowest-paid workers, depends in part on stamping out wage theft. That certainly should be one of the priorities for Oregon's next legislative session.

The fix is not as simple as banning wage theft, since the law already does that. The law already obligates employers to pay their workers wages owed and provides penalties for nonpayment.

Rather, part of the solution lies in making it easier for workers to compel employers to pay up. In that regard, the legislature could provide BOLI greater resources for going after wage thieves, allow workers whose wages have been stolen to place liens on the property of employers and legislate that employers who have used a vehicle in connection with the wage theft will have their driver licenses suspended.

Another way the legislature can combat wage theft is to update laws regulating employers. For example, in recent years the construction industry has seen a sharp rise in the use of contract labor brokers, and with it more instances of wage theft.

Thus, the law should protect construction workers working for brokers in the same way it protects farm and reforestation workers.

The law governing brokers in those industries does a good job protecting the workers. Similarly, temporary and day labor employers need to be brought under reasonable regulation.

These steps would signal that Oregon is ready to combat wage theft. They would also signal a commitment to reviving economic opportunity, for that term rings hollow when paychecks are stolen on payday.

– Juan Carlos Ordóñez is the communications director of the Oregon Center for Public Policy in Silverton. Learn more about the group at www.ocpp.org.