

Communication from Public

Name: Daniel Jefferson - Policy Analyst and Organizer at Pilipino Worker Center

Date Submitted: 08/14/2023 06:23 PM

Council File No: 23-0287

Comments for Public Posting: Statement on Motion for Report on the Office of Wage Standards for August 15, 2023 The Pilipino Workers Center (PWC) appreciates the chance to provide comment in support of this important motion to improve our great city's labor enforcement. PWC is a grassroots non-profit that organizes, educates, and mobilizes worker and immigrant Filipino communities. With a growing membership of over 4,000, PWC builds collective power to secure the dignity, safety, and economic stability of the Filipino community across Southern California. Our members provide critical services, providing in-home care that allows our Los Angeles seniors to age with dignity in their own communities. At PWC we support caregivers not only as a growing part of the Filipino community, but also as a critical part of the Los Angeles healthcare system. Despite a long and powerful history of labor organizing, Los Angeles is still the "wage theft capital" of the country and we see this injustice too often in our work with homecare workers. Workers in the caregiving industry will sometimes work over 24 hours shifts for well below minimum wage and with no overtime. 148 caregivers who worked for Adat Shalom Residential Care Facilities for the Elderly were largely immigrant Filipinos who were working around the clock providing long term care services to elders and were paid less than \$3.00 per hour with no overtime. The Labor Commissioner's Office awarded \$8.5 Million in a judgment for 3 years of minimum wage and overtime violations plus penalties. Angel Connection homecare agency was cited about \$1.8 Million for paying about \$6.25 per hour with no overtime to caregivers providing care in individual homes. Unfortunately, these are not rare cases and we need the Los Angeles Office of Wage Standards to effectively be able to address wage theft. We at PWC support this motion as an important step towards ending wage theft. On behalf of Filipino caregivers, we want to thank Chairman McCosker for beginning this process towards more proactive labor enforcement and preventing wage theft in our communities. We look forward to working with the Council on the outcomes of this motion and on making Los Angeles a city that takes care of all its workers. Thank you, Daniel Jefferson Policy Analyst and Organizer of the Pilipino Worker Center

Communication from Public

Name: Victor Narro

Date Submitted: 08/14/2023 03:28 PM

Council File No: 23-0287

Comments for Public Posting: Dear Committee Members: On behalf of the UCLA Labor Center for Labor Research and Education (UCLA Labor Center), I write as a labor research academic expert to fully support Councilmember McOsker's motion to address wage theft prosecution and workplace violations in Los Angeles. Currently, I am Project Director of the UCLA Labor Center, which is part of the UCLA Institute for Research on Labor and Employment (IRLE). As part of my employment with the UCLA Labor Center, I serve as Professor of Labor Studies for the UCLA Labor Studies Program where I teach classes relating to low-wage workers, low-wage industries and immigration. Based on my background and research experience, I consider myself a UCLA academic scholar in the area of labor and immigration, low-wage work, and the rights of low-wage workers. I have published extensively in these areas, and many academics and policy experts have cited to my work in numerous publications. Since I began my employment with the UCLA Labor Center in 2002, I have been researching and documenting labor and workplace violations in Los Angeles. For the past several years, I have worked with various UCLA Department such as the Institute for Research on Labor and Employment, Department of Urban Planning, Department of Public Policy, and UCLA Law School to produce qualitative and quantitative research on low-wage workers in Los Angeles. In 2010, I co-authored a national report sponsored by Ford Foundation and other foundations of working conditions in low-wage industries in New York, Chicago and Los Angeles, and the Los Angeles survey report from this national study entitled, Wage Theft and Workplace Violations in Los Angeles: The Failure of Employment and Labor Law for Low-wage Workers. We found that more than 2/3 of low-wage workers in Los Angeles experienced at least one pay-related violation in the previous work week. This means that in a given week, an estimated 654,914 workers in Los Angeles suffer at least one pay-based violation. In total, front-line workers in low-wage industries in Los Angeles lose more than \$26.2 million per week as a result of employment and labor violations. Assuming a full-year work schedule, these workers lost an average of \$2,070.00 annually due to workplace violations, out of total annual earnings of \$16,536.00. Moreover, each year,

minimum-wage violations by California employers sap the state's workforce of nearly \$2 billion in earnings, increasing the financial vulnerability of already at-risk populations and creating a drag on the state's overall economic health, according to a report by the Economic Policy Institute, a nonprofit think tank in Washington. Employees who are supposed to be getting paid the minimum wage in California are, on average, losing \$64 per week and about \$3,300 annually — 22 percent of their earnings — from employers shortchanging their hourly workers. Much of this monetary amount goes missing from the local economy. This is because low-wage workers spend a greater proportion of their income than other workers in the local economy, most commonly on housing, food, and utilities. In total, each year, these violations amount to \$1.3 billion— enough to hire 19,000 teachers, 33,000 nurses, or 13,000 firefighters in Los Angeles County. Impact on Income Earning and Loss of Local and State Revenues Wage theft imposes significant costs on California's economy. When employers fail to pay their workers, the state loses valuable revenue in payroll taxes. In 2011-12 for example, the Department of Labor Standards Enforcement (Labor Commissioner), through its Bureau of Field Enforcement, assessed \$39,772, 344 in penalties for labor violations, but was able to collect only 20 percent of these penalties—meaning that over \$31 million that would otherwise go to the General Fund went uncollected. Only 10 percent of penalties issued for minimum wage and overtime violations were paid. In a sense, taxpayers are subsidizing unscrupulous and law-breaking behavior by these employers. Wage theft hurts communities and other businesses that abide by the law. Unpaid wages also mean that fewer dollars circulate to local businesses, stunting economic recovery, depressing employment by small businesses, limiting local sales tax collections, and diminishing opportunities for local economic development. Even other businesses are negatively impacted -- when responsible employers must compete with unscrupulous employers, the result is a race to the bottom that threatens to bring down standards throughout the entire labor market.



UCLA LABOR CENTER

August 14, 2023

Los Angeles City Council
Personnel, Audits, and Hiring Committee

Re: Support for Council File: 23-0287 (Councilmember Tim McOsker) Motion - Wage Theft Prosecution / Workplace Violations in Los Angeles / Office of Wage Standards Functionality

Dear Committee Members:

On behalf of the UCLA Labor Center for Labor Research and Education (UCLA Labor Center), I write as a labor research academic expert to fully support Councilmember McOsker's motion to address wage theft prosecution and workplace violations in Los Angeles. Currently, I am Project Director of the UCLA Labor Center, which is part of the UCLA Institute for Research on Labor and Employment (IRLE). As part of my employment with the UCLA Labor Center, I serve as Professor of Labor Studies for the UCLA Labor Studies Program where I teach classes relating to low-wage workers, low-wage industries and immigration. Based on my background and research experience, I consider myself a UCLA academic scholar in the area of labor and immigration, low-wage work, and the rights of low-wage workers. I have published extensively in these areas, and many academics and policy experts have cited to my work in numerous publications. Since I began my employment with the UCLA Labor Center in 2002, I have been researching and documenting labor and workplace violations in Los Angeles.

For the past several years, I have worked with various UCLA Department such as the Institute for Research on Labor and Employment, Department of Urban Planning, Department of Public Policy, and UCLA Law School to produce qualitative and quantitative research on low-wage workers in Los Angeles. In 2010, I co-authored a national report sponsored by Ford Foundation and other foundations of working conditions in low-wage industries in New York, Chicago and Los Angeles, and the Los Angeles survey report from this national study entitled, *Wage Theft and Workplace Violations in Los Angeles: The Failure of Employment and Labor Law for Low-wage Workers*.¹

We found that more than 2/3 of low-wage workers in Los Angeles experienced at least one pay-related violation in the previous work week. This means that in a given week, an estimated

¹ Ruth Milkman, Ana Luz Gonzalez, and Victor Narro, *Wage Theft and Workplace Violations in Los Angeles: The Failure of Employment and Labor Law for Low-Wage Workers*. Institute for Research on Labor and Employment University of California, Los Angeles (2010)

654,914 workers in Los Angeles suffer at least one pay-based violation. In total, front-line workers in low-wage industries in Los Angeles lose more than \$26.2 million *per week* as a result of employment and labor violations.²

Assuming a full-year work schedule, these workers lost an average of \$2,070.00 annually due to workplace violations, out of total annual earnings of \$16,536.00.³ Moreover, each year, minimum-wage violations by California employers sap the state's workforce of nearly \$2 billion in earnings, increasing the financial vulnerability of already at-risk populations and creating a drag on the state's overall economic health, according to a report by the Economic Policy Institute, a nonprofit think tank in Washington. Employees who are supposed to be getting paid the minimum wage in California are, on average, losing \$64 per week and about \$3,300 annually — 22 percent of their earnings — from employers shortchanging their hourly workers.⁴ Much of this monetary amount goes missing from the local economy. This is because low-wage workers spend a greater proportion of their income than other workers in the local economy, most commonly on housing, food, and utilities.⁵ In total, each year, these violations amount to \$1.3 billion— enough to hire 19,000 teachers,⁶ 33,000 nurses,⁷ or 13,000 firefighters⁸ in Los Angeles County.

Impact on Income Earning and Loss of Local and State Revenues

Wage theft imposes significant costs on California's economy. When employers fail to pay their workers, the state loses valuable revenue in payroll taxes. In 2011-12 for example, the Department of Labor Standards Enforcement (Labor Commissioner), through its Bureau of Field Enforcement, assessed \$39,772, 344 in penalties for labor violations, but was able to collect only 20 percent of these penalties—meaning that over \$31 million that would otherwise go to the General Fund went uncollected. Only 10 percent of penalties issued for minimum wage and overtime violations were paid. In a sense, taxpayers are subsidizing unscrupulous and law-breaking behavior by these employers. Wage theft hurts communities and other businesses that abide by the law. Unpaid wages also mean that fewer dollars circulate to local businesses, stunting economic recovery, depressing employment by small businesses, limiting local sales tax collections, and diminishing opportunities for local economic development. Even other businesses are negatively impacted -- when responsible employers must compete with

² Ibid.

³ Ruth Milkman, et al. *Wage Theft and Workplace Violations in Los Angeles: The Failure of Employment and Labor Law for Low-Wage Workers*.

⁴ Celine McNicholas, Zane Mokhiber, and Adam Chaikof. *Two Billion Dollars in Stolen Wages Were Recovered for Workers in 2015 and 2016—and That's Just a Drop in the Bucket*. Economic Policy Institute. (December 13, 2017)

⁵ Ewalt et al. "How Americans Make and Spend Their Money." *Forbes*, July 19, 2006.
http://www.forbes.com/2006/07/19/spending-income-level_cx_lh_de_0719spending.html.

⁶ Calculation assumes an average salary of \$70,000 per year for teachers in L.A. County. Los Angeles Unified School District. September 8, 2014. "Statement Regarding LAUSD Teacher Salaries."
<http://home.lausd.net/apps/news/article/398613>. Accessed on May 4, 2015.

⁷ Calculation assumes an average salary of \$40,000 per year for nurses in L.A. County. Transparent California.
<http://transparentcalifornia.com/salaries>. Accessed on May 4, 2015.

⁸ Calculation assumes an average annual salary of \$100,000 for firefighters in L.A. County. Los Angeles City Controller. Control Panel L.A., <https://controllerdata.lacity.org/Payroll/2013-Employee-Compensation-Breakdown-AS/frdf-sbdv>. Accessed on May 4, 2015.

unscrupulous employers, the result is a race to the bottom that threatens to bring down standards throughout the entire labor market.

In addition to the direct effect of lost income for low-wage workers, the State of California, as well as the City and the County of Los Angeles, lose money in the form of unpaid tax revenue. We estimate wage theft across all industries in L.A. County produces the following range of tax losses annually:

- \$2 billion in lost earnings;
- \$1.3 million in lost income tax;
- \$42 million - \$92 million in lost sales tax revenue, \$11.7 million - \$25.5 million from the City and County of Los Angeles; and
- Lost contributions to California's Unemployment Insurance (UI) fund, Employment Training Tax (EET), and State Disability Insurance (SDI), totaling about \$60 million.⁹

In total, wage theft in Los Angeles alone costs local and state governments \$103,300,000 - \$153,000,000 annually in lost tax revenue.

For all these reasons, we fully support this motion.

Thank you very much for your time and attention.

Sincerely,



Victor Narro
Project Director and
Professor of Labor Studies
UCLA Labor Center

⁹ To calculate the tax impact, we relied on the methodology proposed in the 2014 study "Wage Nonpayment in Colorado: Workers Lose \$750 million per year" by the Colorado Fiscal Institute. See <http://www.coloradofiscal.org/wp-content/uploads/2014/03/Wage-Nonpayment-in-Colorado-Final-1.pdf>