

Wage Protection Act of 2014

Sponsors: Senator Ulibarri and Representatives Singer and Duran

What is wage theft?

Wage theft takes many forms including:

- willful violations of minimum wage laws;
- failing to pay time and a half overtime pay;
- forcing workers to work off-the-clock;
- withholding a worker's final paycheck;
- withholding earned gratuity from tipped workers;
- failing to provide required paid breaks or unpaid lunch periods;
- complete non-payment for labor performed.

It is a matter of **respect for** workers. Employees must be paid for their labor and honest businesses should not have to compete with those who undercut costs by breaking the law.

Colorado will be a better place for workers and businesses.

Wage theft hurts workers, responsible businesses, and our state budget.

- Every year in the U.S. employees lose billions of dollars in rightfully earned income. The Economic Policy Foundation, a business-funded think tank, estimated that workers in the U.S. annually lose \$19 BILLION in unpaid overtime, alone. (Craig Becker, "A Good Job for Everyone: Fair Labor Standards Act Must Protect Employees in Nation's Growing Service Economy," Legal Times, 27, No. 36, Sept 6, 2004)
- Wage theft hurts honest employers when wage theft occurs largely unchecked, as they are left at a competitive disadvantage by paying full wages, creating a "race to the bottom."
- Wage theft harms the state budget, resulting in lost income tax. It is estimated that New York State loses \$427 million of state revenue per year due to Wage Theft. (Traub and Friedman, 2010)
- A 2001 US Department of Labor study found that 50% of restaurants in Pittsburg, 74% of day care centers in Georgia, 50% of nursing homes in St. Louis, and 38% of hotels and motels in Reno violated wage and hour laws (US Dept. of Labor, 2001)

Why Can't Our Current System Handle Wage Theft Claims That Occur In Our State?

- Over 5,200 workers in Colorado contact the Colorado Department of Labor (CDLE) with wage and hour claims. The Department has only a few hard-working staff to handle these calls and an additional 30,000 calls on other issues.

- In addition to a lack of resources, the CDLE lacks the authority to penalize employers that violate the law. In fact, employers who ignore inquiries from the CDLE about these complaints suffer no consequences.
- Other victims of wage theft take their employer to court. Attorneys who handle these cases are scarce and going to court without an attorney can be time consuming, intimidating and costly for workers.
- We currently do not have the enforcement tools to address this issue effectively. According to the 2007 GAO report, the US Dept. of Labor Wage and Hour Division only has 1,000 investigators overseeing 7 million workplaces.
- Since employers know that their chances of being caught engaging in wage theft are slim, there is little incentive for bad actors to follow the law and too often unscrupulous employers just close down and open up with a different name to avoid payment.

What Will This Bill Do?

- **Create a process that is easier for workers to access** - The bill removes procedural barriers for workers to recover wages and penalties against their employer, while still maintaining the employers' ability to informally resolve the dispute prior to administrative or court action.
- **Strengthen the administrative process of the Colorado Department of Labor and its capacity to help wage theft victims** - This bill provides CDLE with the authority to investigate employers that fail to pay smaller claims. The CDLE would also have the power to impose statutory penalties, even when workers are still employed by the employer, and collect fines payable to the CDLE. A final decision by the CDLE could be appealed to a hearing officer. This systems improvement is modeled on Washington State.
- **Encourage employers to take responsibility for paying wages promptly** – The bill allows the CDLE to reduce penalties for employers who pay past due wages promptly and in good faith.

How Can I Help Protect Income In Colorado?

- To join with dozens of other supporting organizations in our efforts to pass this bill, please contact Desiree Westlund, FRESC: Good Jobs, Strong Communities at dwestlund@fresc.org or 303-324-4837

For more information please contact:
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