



LOS ANGELES WORKER CENTER NETWORK

FACT SHEET: WAGE THEFT

What is wage theft?

Wage theft is when an employer does not pay workers what they have earned. **Wage theft is a crime** and takes many forms, including not being paid minimum wage, not being paid overtime, lack of meal or rest breaks, tip stealing, illegal deductions, misclassification as an independent contractor, being paid by the piece (common in the car wash and garment industries), and even complete non-payment.

Los Angeles is the wage theft capital of the nation

- \$26-\$28 million is stolen from workers every week in Los Angeles County.
- In 2015, California workers lost nearly \$2 billion just from not being paid the minimum wage, according to the Economic Policy Institute.
- 80% of all low-wage workers in Los Angeles experience wage theft. Immigrant workers, women, and people of color are more likely to be victims of wage theft.
- Workers with the greatest chance of being a victim of wage theft include garment workers, maintenance workers, restaurant workers, domestic workers, construction or day laborers, car wash workers and other low-wage workers.

POSITIVE OUTLOOK: In 2021, California made most wage theft a criminal offense. It also did away with the garment industry's system of paying workers by the piece instead of by the hour.

Wage theft affects housing, food security, and mental health

- Wage theft leads to lower income and, consequently, poorer living conditions, such as unsafe and poor quality housing and food insecurity, and worse mental health outcomes.
- When workers stand up for their rights and fight wage theft they put themselves at risk of retaliation, such as reduced hours, increased workload, firing and threats of deportation.

State and Local enforcement

- LA City's Office of Wage Standards (OWS) is tasked with implementing and enforcing the minimum wage, paid sick leave, and wage theft program. That means that the workers in LA can file claims with both the City of Los Angeles and the State of California.
- In 2017, California workers filed \$320 million in wage theft claims. On average, workers filed about \$10,000 per claim and only about one-eighth of the claims were paid.
- In 2021, California workers filed nearly 19,000 claims totaling more than \$338 million in stolen wages, according to a database provided by the Labor Commissioner's office.
- In 2020, Governor Newsom signed **AB 3075** (Asm. Gonzalez), which amends the California Labor Code to allow employees to collect wage and hour judgments not only from their employers, but also from certain successor businesses that take over operations when the employers have failed to pay the judgment debts. **It expressly authorizes**

local jurisdictions to enforce local standards relating to the payment of wages that are more stringent than state standards.

- In 2021, the **Garment Protection Act—SB 62** (Sen. Durazo) was signed into law, requiring that garment workers be paid an hourly rate

equal to or greater than the minimum wage. They cannot be paid a piece rate unless the employees are covered by a collective bargaining agreement containing specific provisions.

LA City's Office of Wage Standards (OWS)

The Office of Wage Standards (OWS) within the Department of Public Works Bureau of Contract Administration is responsible for implementing and administering the guidelines of the Los Angeles Minimum Wage and Minimum Wage Enforcement Ordinances (MWO) in the City of Los Angeles.

The OWS ensures that employers in the City comply with the appropriate minimum wage rates and paid sick leave established by the Ordinances in June 2015 through **community outreach and investigation** of potential wage theft violations to advance labor standards in the City.

The Minimum Wage Rate—effective July 1st of each year—is based on the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles metropolitan area, which is published by the Bureau of Labor Statistics.

Effective as of July 1, 2022, LA City's Minimum Wage Rate is \$16.04.