



Labor Standards Enforcement Paves the Way for a New LA

CONCEPT PAPER BY THE LOS ANGELES WORKER CENTER NETWORK



LOS ANGELES
WORKER CENTER NETWORK

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LOS ANGELES WORKER CENTER NETWORK MEMBERS:



CLEAN Carwash Worker Center



Garment Worker Center



Koreatown Immigrant
Workers Alliance



LA Black Worker Center



Pilipino Workers Center



Restaurant Opportunities Center
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Resource Center



UCLA Labor Center



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Numerous studies attribute skyrocketing rates of homelessness to increasing costs of living, stagnant wages, a failure of the social safety net, and, above all, a loss of income. Wage theft dramatically compounds this risk for Angelenos, and particularly those of color, women, and immigrants.

An estimated 59% of Americans were one paycheck away from losing housing even prior to COVID-19.[i] Low-income and Latinx households report particular hardship due to missed paychecks—65 percent of Hispanic households and 67 percent of households earning less than \$30,000 annually would be unable to pay for necessities if they missed more than one paycheck.[ii] Black people experiencing homelessness are overrepresented, comprising 31.7% of Los Angeles County’s unhoused despite only representing 7.6% of the population.[iii] A June 2023 study by the University of California at San Francisco which was requested by Governor Gavin Newsom highlighted that the **number one cause of homelessness is loss of income.**[iv] Loss of income is the primary reason participants became unhoused at least three times more frequently than substance use, as well as three times more frequently than any other reason among leaseholders who became unhoused.[v]

The dual crisis of homelessness and wage theft is particularly acute in Los Angeles. LA is home to more unhoused residents than any other city in the nation.[vi] Meanwhile, the lowest-income Angelenos lose an estimated 12.5% of take-home pay to wage theft every year.[vii] A primary driver of homelessness is loss of income, and wage theft depresses income. A New LA requires not just affordable housing, but also livable wages and a robust enforcement system to realize that wage.

A Dual Crisis: Los Angeles is the Wage Theft and Unhoused Capital of the Country

Los Angeles is the unhoused capital of the country, leading the nation in the total number of unhoused residents. Despite rapid, sustained increases to the number of people rehoused, the total number of unhoused residents in LA increased by roughly 70% in the county and 80% in the city since 2015, pushing LA into the lead. In 2023 alone, Los Angeles’ point-in-time homeless count documented a 9% rise in homelessness in Los Angeles County to an estimated 75,518 individuals and a 10% rise in the City of Los Angeles to an estimated 46,260 individuals.[viii] Nationwide, one in five unhoused individuals lives in Los Angeles.[ix]

Los Angeles is also the wage theft capital of the nation, leading Chicago and New York—other major contenders—by a full 20%. In any given week, 68% of low-wage workers in front-line industries in Chicago, New York, and Los Angeles combined experience a wage violation. In Los Angeles, 88% of workers experience a violation, including (but not limited to):

- 80% who work overtime do not receive overtime pay,
- 30% receive less than minimum wage, and
- 80% work through meal and rest breaks.[x]

COVID-19 dramatically exacerbated wealth disparities for Angelenos who faced precarity. Angelenos of color are particularly hard-hit by wage theft, the wage gap, the housing crisis, and lagging post COVID effects.

Workers of color earn less money. For example:

- Whether working full or part time, Black workers earn only 60% of what white workers earn statewide, and Latinx workers just 52%.

[xi]

- Despite record increases in college degrees, Black workers experience the highest rates of unemployment—almost twice that of white workers.[xii]
- Wage theft acutely impacts immigrant Angelenos, who are more than twice as likely as their US-born counterparts to earn below minimum wage. More than half of Latinas in Los Angeles experience minimum wage violations in any given week.[xiii]

COVID heightened racial inequalities.

- From March to December of 2020, 84% of the Black labor force in California filed for unemployment. Close to 70% of Black workers who lost their jobs or were furloughed during the pandemic had not been called back to work by 2022.[xiv]
- Between 2021 and 2022, homelessness among Latinos spiked 26% in the county and 30% in the city.[xv]
- Latinx food and agricultural workers experienced a 60% increase in mortality between March 2020 and February 2021.[xvi]

Mayor Karen Bass wasted little time declaring a state of emergency that empowers her office to commit \$1.3 billion on programs to address homelessness. Her office is expanding immediate housing availability, expediting affordable housing development and lease agreements with existing building owners—often motels and hotels who participated in Project Roomkey—and contracts with service providers to facilitate move-ins, maintenance, and treatment.[xvii]

While the urgency of Mayor Karen Bass’ approach is novel, the concept is not. Housing policy has worked hard to keep up with demand. County officials estimate that tens of thousands of people have obtained permanent and temporary housing since 2017, an effort aided by a quarter-cent sales tax. But those

successes fail to stem the tide of newly-unhoused Angelenos that offset these gains. The average cost to rent a one-bedroom apartment in the city is around \$2,300, while the sale price of a single-family home is \$900,000. Californians must earn \$39.03 to afford a two-bedroom apartment. It’s no surprise that California is “home” to 25,777 unhoused families—second only to New York.[xviii] On average, 227 people lose their homes each day. Some 600,000 households in the County are “severely” rent-burdened and at risk of homelessness. Experts predict that more than 100,000 Angelenos could be unhoused by the 2028 Olympic games. LA County Homeless Initiative director Cheri Todoroff estimated that without the inflow of new homeless Angelenos, “we would solve homelessness in this county in about three years.”[xix]

One Paycheck from Homelessness: How Wage Theft Pushes Vulnerable Angelenos Outside

For too many Angelenos, there is no such thing as a minimum wage—let alone a living wage. **All told, low-wage Angelenos lose an estimated 12.5% annually to wage theft**—more than \$2,800. Members of the Los Angeles Worker Center Network organize numerous workers across industries who sleep in shelters, tents, or cars due to wage theft.

Because poverty is a root problem of homelessness, homelessness cannot be solved through housing alone. Study after study documents a permanent class of working poor, particularly in expensive housing markets. Half of unhoused Angelenos have been employed within four years of experiencing homelessness, and 19 percent were employed within the same quarter they became unhoused.[xx] In California, 10,120 workers in the fast food industry alone are unhoused—roughly 1 out of every 17 homeless individuals in the state.[xxi]

Poverty wages and high housing costs are part of the problem, as well as employers' deliberate refusal to provide enough hours to existing staff before hiring new employees. Workers across retail and service industries struggle to acquire enough hours to cobble together enough to pay for housing and food.[xxii]

Homelessness remains impervious to high or low unemployment. Instead, nearly every study of

homelessness confirms a common-sense intuition: **higher incomes reduce homelessness.**

However, low-income families experience a trifecta of unaffordable housing, unlivable wages, and wage theft. LA needs housing, a livable wage, and robust labor standards enforcement in order to stem the rising tide of homelessness.

2023 | GREATER LOS ANGELES HOMELESS COUNT

Systemic racism continues to impact homelessness.

Proportion of Black/African American (Non-Hispanic/Latino) persons experiencing homelessness in the Los Angeles Continuum of Care far exceeds their proportion in LA County's population.

Race / Ethnicity	Total Homeless Pop.	Prevalence in Homeless Pop. (%)	Prevalence in LA County Pop. (%)*
Hispanic/Latino	30,350	42.6%	48.0%
Black/African American (Non-Hispanic/Latino)	22,606	31.7%	7.6%
White (Non-Hispanic/Latino)	13,826	19.4%	25.6%
Mixed, Multiple, or Other races (Non-Hispanic/Latino)	2,214	3.1%	3.7%
Asian (Non-Hispanic/Latino)	1,212	1.7%	14.7%
American Indian/Alaska Native (Non-Hispanic/Latino)	723	1.0%	0.2%
Native Hawaiian/Other Pacific Islander (Non-Hispanic/Latino)	389	0.5%	0.2%
Total	71,320	100%	-



*US Census Bureau (2020 Decennial Census, P2: Hispanic or Latino, and Not Hispanic or Latino by Race)

A recent study by UCSF shows us that primary causes of homelessness is economic.



The #1 reason people with a lease fell into homelessness was loss of income



Median monthly household income preceding homelessness was \$935



Average monthly rent in LA is \$2,452*



People with a history of trauma, people of color, and older adults are at higher risk.



*Source: California Housing Partnership: Los Angeles County 2023 Affordable Housing Needs Report - https://chpc.wpenginepowered.com/wp-content/uploads/2023/05/Los-Angeles-County_Housing-Report_2023.pdf

Source: Los Angeles Homeless Services Authority, 2023 Greater Los Angeles Homeless Count

<https://www.lahsa.org/documents?id=7232-2023-greater-los-angeles-homeless-count-deck>

Los Angeles Can Lead the Way to Smarter Labor Standards Enforcement

The Los Angeles Worker Center Network is composed of non-profit worker centers, academic and legal institutions who work together to alleviate everyday harm to frontline, low-wage Angelenos. We propose the following changes to lead the way toward A New LA, where residents can afford dignified housing, high-road employers play a valued role in the local economy while scofflaws face strict penalties, and government agencies cut red tape facing victims of labor violations.

1: Unitary Enforcement: One-Stop Shop to Enforce Your Rights

Scofflaw employers don't stop at one labor standards violation. Workers who receive less than minimum wage are likely to experience violations of laws protecting their paid sick leave, accrued overtime, occupational safety, and discrimination-free workplaces.

Yet a worker who experiences more than one of these violations must pursue justice at a multitude of government agencies with overlapping jurisdiction. **We propose memoranda of understanding (MOUs) that dictate information-sharing and stop the clock on claims filed between all levels of government.** This includes:

- Los Angeles Office of Wage Standards
- Los Angeles Civil and Human Rights + Equity Department
- Community Investment for Families Department and Immigrant Affairs
- City Attorney
- County Department of Public Health
- County Department of Consumer and Business Affairs
- State and federal counterparts within the

Department of Labor, Department of Industrial Relations, and Offices of Occupational Safety and Health.

Immigrant workers without visas who participate in investigations of workplace violations are newly eligible for prosecutorial discretion. These agencies should partner with the Attorney General to issue an Opinion Memo that the Department of Homeland Security's new prosecutorial discretion policy applies where workers participate in their investigations.

2: Efficient, Strategic Enforcement

These offices should develop shared strategic enforcement protocols. Enforcement data show efficiencies of scale when agencies prioritize bad actors in key industries for key violations, instead of waiting for complaints to trigger investigations.

In Los Angeles, **overtime and the right to meal and rest breaks** are the two most commonly-violated labor standards—an astonishing violation rate of 80%. The Los Angeles Office of Wage Standards should prioritize these violations as authorized by California Labor Code Section 1205.

Likewise, data show that agencies achieve better enforcement outcomes when they leverage trusted partners. This includes contracting community-based organizations for:

1. **Outreach and education,**
2. **Identification of bad actors, and**
3. **Assistance with ongoing investigations.**

LA's own Office of Wage Standards has years of experience with developing communication and cooperation with worker centers and legal service providers. In the past, OWS contracted worker centers to provide on-the-ground, industry-specific investigation training as well as to conduct outreach and education. Expanding

on those relationships is essential for the success of OWS.

The County of Santa Clara has solidified its relationship with community partners through the creation of the Fair Workplace Collaborative, a well-funded partnership that offers and promotes workers' rights education and compliance. Members of the Fair Workplace Collaborative are "deputized" to act on behalf of County officials, and are allowed to conduct education and outreach efforts at worksites. OWS should adopt a similar model, which will ensure that workers and employers obtain the necessary information.

We propose revisions to regulations that enable investigators and staff across agencies to engage confidently and transparently with trusted community groups. For example, workers and their representatives should play a key role in determining settlement goals and outcomes. Penalties should prioritize just outcomes, not just refill city coffers.

Finally, **we propose a Workplace Justice Fund** to support workers who stand up for themselves in their workplaces and find themselves at risk of homelessness as a consequence. On June 13, 2023, the County of San Diego voted to approve and fund its Workplace Justice Fund for two sets of workers: those who've experienced loss of income due to retaliation for reporting violations to the county's Office of Labor Standards Enforcement (OLSE), and those who have already filed, won, and obtained a judgment from the state's Division of Labor Standards Enforcement (DLSE) and await payment from recalcitrant employers. New San Diego County Code Section 125.25 permits for a one-time payment of up to \$4,000 for retaliation hardship, and \$3,000 for unpaid back wages. [xxiii]

Based upon our calculation of retaliation claims filed at OWS (by far the most common violation there), as well as the frequency of unpaid judgments from the state, we **propose a budget of \$1.5 million** for this fund in Los Angeles.

3. A Pipeline to Good Jobs and Good Enforcement

Anecdotal evidence points to the value of deeply committed agency staff to produce quality outcomes. **Workforce development pipelines into wage investigation and community outreach** positions promise two benefits: a pathway to good jobs for Angelenos otherwise shut out of quality employment, as well as an agency staffed with personnel from affected communities.

The Office of Wage Standards has a vacancy rate of over 60% and has experienced high turnover since its inception. We propose the creation of new classifications of investigators and community outreach specialists within the civil service pool in order to create opportunities for interested, dedicated Angelenos to apply directly to these positions. We further propose a workforce development pipeline that prioritizes candidates who participate in workforce readiness programs that target systemically-impacted workers.



A Generational Opportunity: A New LA Hosts the World Cup and the Olympics

Los Angeles is the wage theft and unhoused capital of the nation. Meanwhile, we face an extraordinary opportunity for a multi-year regional campaign, beginning with hundreds of union contracts currently expiring, through the World Cup and Olympics, to incentivize and support Good Employers committed to providing Good Jobs.

This is a generational opportunity for solidarity and coalition building to create “a new LA” by locking arms with the newly elected Mayor, City Attorney, and Councilmembers. Addressing root causes of poverty and homelessness requires a social compact that supports a sustainable economy for both, workers and employers.

On the heels of the public support for the three-day LAUSD strike led by SEIU and UTLA, and with current worker-led mobilizations by the Garment Worker Center, KIWA, Writers Guild of America, Teamsters, UNITE HERE, SEIU, and numerous others, we propose a campaign to incentivize and support Good Employers committed to providing Good Jobs leading up to the 2026 World Cup and 2028 Olympics.

The concept of such a campaign has been suggested in various forms in discussions within LAWCN, with the City, and with worker rights allies. Examples of similar campaigns that have been shared include the Restaurant Opportunities Center of Los Angeles’ (ROC-LA) high-road employer campaign, the LA Wage Theft Coalition’s campaign for the creation of LA City’s Office of Wage Standards, and the Raise the Wage campaign for a \$15 an hour minimum wage.

We propose a branding and marketing campaign for “Good Employers” that also packages

incentives for employers to participate. Examples of potential incentives for Good Employers may include, without limitation, **waiver of the gross receipts tax, expedited permitting for new or renovated physical locations, and recognition as a Good Employer in a marketing campaign** supporting Good Employers committed to providing Good Jobs.

The current timing and conditions indicate that now is an optimal time for LAWCN to partner with the City to explore elements of a campaign for a #NewLA—built on equity and sustainability that incentivizes and supports Good Employers and Good Jobs—that serves as a global model leading up to the 2026 World Cup and 2028 Olympics.

RECOMMENDATIONS

Homelessness is directly rooted in poverty, which is exacerbated when bad employers steal from already-vulnerable Angelenos. We propose the following to address the dual crisis of wage theft and homelessness:

1. A Wraparound, Unitary Approach
2. Targeted, Strategic Enforcement
3. A Pipeline to Jobs in Labor Standards Enforcement

Los Angeles will be on the world stage in its immediate future as host of the World Cup and the Olympics. We have an extraordinary opportunity to leverage a public relations campaign that highlights Good Employers, workforce development, and smart approaches to enforcing labor standards in a New LA that is a sustainable and equitable model for the world. ■

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