

# WAGE THEFT: HEALTH IMPACT ASSESSMENT

*Executive Summary*



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[humanimpact.org](http://humanimpact.org)

# EXECUTIVE SUMMARY

**Wage theft is the non-payment or underpayment of wages and other benefits that workers are legally entitled to.** Workers in low-wage industries, immigrant workers, women, and people of color are disproportionately affected by wage theft. On average, victims of wage theft lose \$2,070 annually from total annual earnings of \$16,536.

In a given week, an estimated 655,000 low-wage workers in Los Angeles County experience at least one pay-based violation. The majority of these violations take place within the City of Los Angeles. Low-wage workers in Los Angeles lose more than \$26.2 million *per week* as a result of wage theft violations, making L.A. the wage theft capital of the United States. The most common forms of wage theft experienced by L.A. low-wage workers include violations of the laws that require minimum wage, overtime pay, and breaks for meals and rest, as well as “off-the-clock” work without payment of any kind.

## Employees at high risk of being a victim of wage theft:

- Garment workers
- Security, janitor, ground maintenance workers
- Restaurants workers
- Domestic workers (home health care workers, child care workers, maids and housekeepers)
- Retail workers
- Construction or day laborers
- Car wash workers

In 2009, the Los Angeles Coalition against Wage Theft composed of workers, leaders, worker centers, unions, worker advocates, and community organizations lobbied the Los Angeles City Council for an ordinance to combat wage theft. A motion was introduced

in 2009, but the council could not act on it because the former city attorney failed to draft the ordinance.

Despite nearly five years of inaction from the city attorney’s office, the coalition drew from workers’ direct experience, recommendations and best practices from similar local legislation around the country to produce its own set of recommended provisions. A new city attorney unseated the incumbent during elections in 2013, prompting the coalition to renew its push for an L.A. wage theft ordinance. City council unanimously revived its motion in July 2014. The coalition’s proposed ordinance provisions are under current consideration by the new Los Angeles City Attorney.

## Proposed Ordinance Provisions

- Create a local wage theft fund and bureau
- Improve collections by revoking city permits and providing liens for unpaid wages
- Increase administrative penalties and fines for employers that commit wage theft
- Provide workers the right to pursue civil damages and remedies
- Improve anti-retaliation protection for workers who report wage theft

## HEALTH IMPACT ASSESSMENT

To date, efforts to advocate for a wage theft ordinance focus exclusively on its economic benefits, but the topic has not been viewed through a public health lens. In fall 2013, Human Impact Partners and the coalition initiated a Health Impact Assessment (HIA) exploring the extent to which the proposed ordinance provisions would impact the health of workers and their families. An HIA is a systematic tool that draws on a range of data sources, research, and stakeholder input to increase understanding of how a program or

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policy will impact the health of the community, and increase consideration of health and equity in decision-making. The six steps are: screening, scoping, assessment, recommendations, reporting, and monitoring.

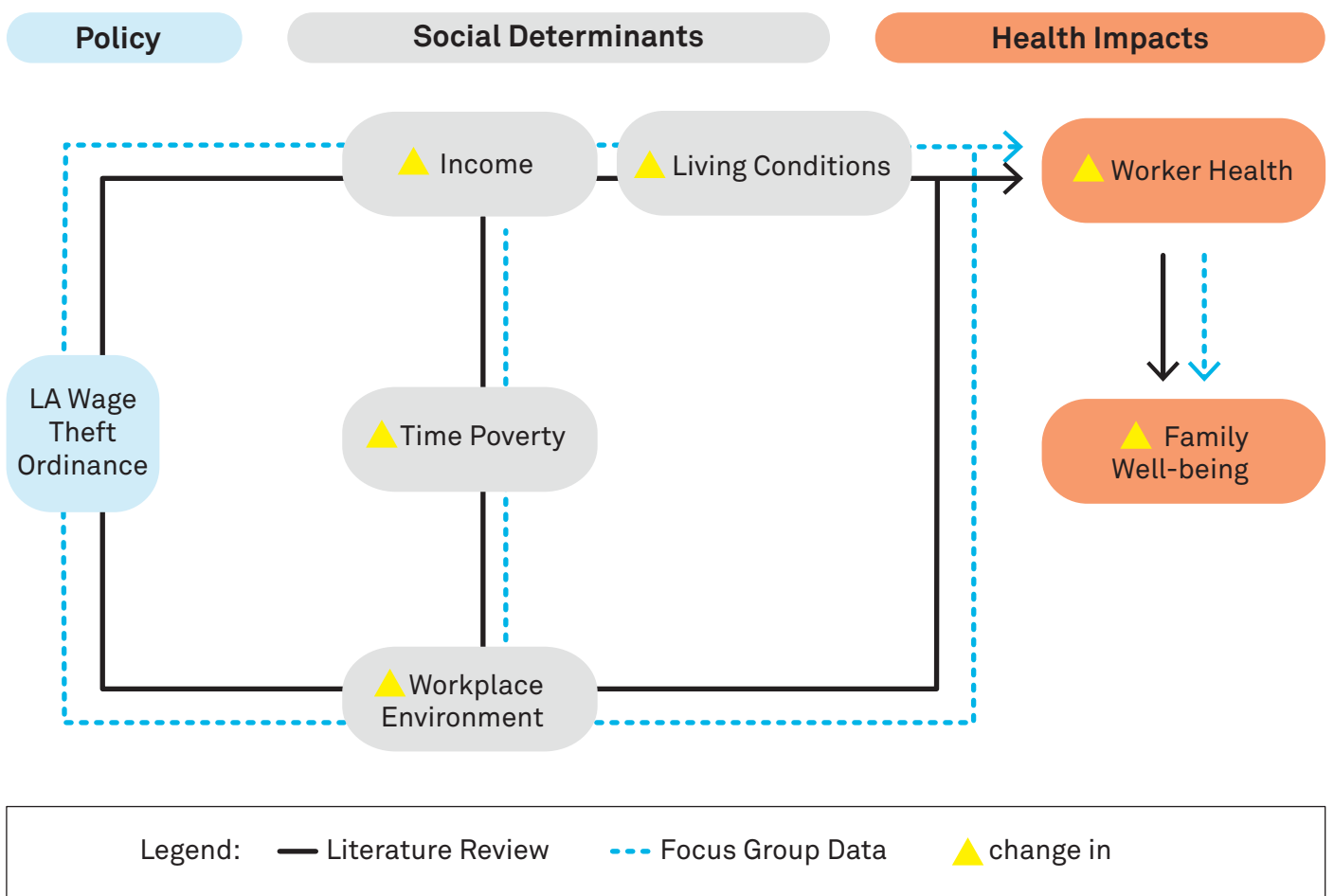
## METHODOLOGY

This HIA was informed by data from a literature review, a community scoping meeting, conversations with leaders and experts in the field, and focus

groups with victims of wage theft.

Focus group participants were gathered using a nomination recruitment strategy. Coalition groups recruited their members who had experienced wage theft and met other eligibility criteria. Those chosen were then placed in one of three focus groups: Spanish speaking women's group, a second group of Spanish speakers regardless of gender, or the English speaking group regardless of gender. As illustrated by the pathway diagram below, this HIA focuses on

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four main social determinants of health: income; time poverty, or working long hours out of necessity; living conditions, as affected by income and time poverty; and the workplace environment.

## KEY FINDINGS

### Income

Wage theft decreases income and keeps workers in poverty.

- Workers lose an average of \$2,070 annually.
- Low income leads to poor living conditions, impeding workers from affording safe and quality housing, maintaining food security, and other living necessities.
- Inadequate living conditions produce high levels of stress.
- Wage theft reduces income necessary to provide for the family, resulting in children less likely to succeed in school and more likely to experience developmental delays.
  - Increased levels of stress leave workers feeling anxious, worried, and often times depressed.
  - High levels of stress result in poor sleeping patterns—sleep deprivation also leads to poor mental and socio-emotional health.
  - Stress harms family connections. The combination of a poor sense of self-sufficiency, poor living conditions, and high levels of stress taxes relationships with spouses or partners and children; this leads to poor family well-being.

### Time Poverty

Wage theft increases time poverty. People are time poor when they work long hours and would quickly fall into financial poverty if they reduce the number of hours worked. Time poverty results from not having time apart from work, or being financially unable to work fewer hours without increasing the level of poverty or leading the household to fall into financial poverty.

- When workers experience wage theft, they struggle to secure extra working hours to make up for lost wages. These additional hours spent working keeps them in low-wage and contingent work; the extra time spent working leaves them with less time for professional development activities such as English language classes or vocational and skills training, thereby reducing the opportunities to obtain better paying jobs.
- Time poverty increases stress and sleep deprivation, which can lead to insomnia.
- Time poverty also means less time for other responsibilities such as medical appointments or practicing self-care and other healthy habits.
- Like stress, time poverty impacts family bonds. When wage theft occurs, workers must spend more hours working and less time with family. In focus groups, time-poor workers overwhelmingly reported having poor relationships with their children and spouse, at times leading to separation or divorce. Workers feel chronic stress from trying to meet their responsibilities and felt guilt, helplessness, anxiety, and depression when family obligations were not met.

### Living Conditions

Wage theft perpetuates poor living conditions such as poor housing, food insecurity, and scarce access to other necessities.

- When workers have lower incomes from wage theft, they are left with poor housing conditions such as unsafe neighborhoods, overcrowding, and often find it difficult to pay rent.
- Workers suffer from high rates of food insecurity, leading them to choose cheaper but highly processed foods with little nutritional value. These foods can lead to higher rates of obesity and being overweight. Overweight and obesity are precursors to diabetes, a common health problem shared by low-wage workers.
- Low income and time poverty leaves workers with limited resources and access to medical care. Low-wage workers are less likely to have medical coverage. Even if they have coverage, they have

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trouble paying out-of-pocket costs and are more likely to miss appointments.

- Limited income and time increase difficulty paying for clothing, educational resources and medical expenses for children, as well as personal modes of transportation to access other resources.
- Inability to provide basic needs for their children harms workers' mental and socio-emotional health.

## Workplace Environment

There is a strong relationship between wage theft and the workplace environment. The workplace is a key determinant of health because it is where people spend much of their time, and these circumstances are shaped by the distribution of money and power. For example, research shows that low-wage industries are more likely to attract vulnerable groups at higher risk of being exploited through wage theft. Workplace environment refers both to *working conditions* – the physical space where a worker works, the stress levels from noise, physical demands, and volume of work, etc. – and *work culture*, the relationship employers have with workers and interrelationships between co-workers.

- Low-wage workers who are victims of wage theft are likely to work in poor conditions. They work long hours that are physically demanding, either sitting or standing for extended periods, in extreme weather or temperatures, and usually doing repetitive work. These circumstances directly impact the physical and socio-emotional health of workers via repetitive motions that increase the likelihood of work-related injuries and high levels of stress.
- The work culture of these industries exposes workers to employer abuse and retaliation. Workers may experience verbal and even physical abuse if they do not follow through with employers' demands. If workers stand up for their rights when they experience wage theft they put themselves at risk of retaliation such as reduced hours, increased workload, firing and threats of deportation.

- Unscrupulous employers take advantage of these circumstances and perpetuate competition and control among low-wage workers. Employers may deploy differences in immigration status, race, gender, and other worker characteristics to drive down wages. For example, newly arrived immigrants will often work for lower pay. This makes other workers easily replaceable and increases their risk of wage theft.

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## HEALTH IMPACT ANALYSIS

This table represents the predicted impact of each provision of the proposed ordinance on the social determinants and health of workers and their families.

Drafting an ordinance with all of the recommended provisions would impact the social determinants of health that most affect low-wage workers. The

ordinance could incentivize employers' payment of wages owed, which would reduce time poverty and reduce lost wages; penalize wage theft, which would also reduce the income lost by low-wage workers; and protect workers from retaliation, which would also improve the work environment. All of these factors significantly impact low-wage worker's physical, mental and socio-emotional health.

Ordinance provision	Income	Time Poverty	Living Conditions	Workplace Environment	Likelihood	Magnitude	Impacts on Health	Distribution
Create a local wage theft fund and bureau	↑	↓	↑	↑	+++	High	***	RE
Improve collections by revoking city permits & providing wage liens for unpaid wages	↑	N/A	↑	↑	+++	Moderate to High	**	RE/IE
Increased administrative penalties and fines for employers that commit wage theft	↑	↓	↑	↑	++/+++	Moderate to High	**/**	IE/RE
Provide workers the right to pursue civil damages and remedies	↑	↓	↑	↑	++/+++	High	**/**	RE
Improve anti-retaliation protection for workers who report wage theft	N/A	N/A	N/A	↑	++/+++	High	***	RE

**Direction:** decrease (↓) or increase/improvement (↑) in the social determinants of health that impact worker health and family well-being. N/A = not applicable.

**Likelihood:** certainty of the predictions based on findings of the HIA. + = Unlikely/improbable; ++ = likely; +++ = very likely/certain; 0 = insufficient evidence.

**Magnitude:** number of workers likely to be affected by the ordinance: low, moderate, high, or insufficient evidence (IE) for evaluation.

**Impacts on health:** level of impact on health, well-being, or longevity. \* = low; \*\* = medium; \*\*\* = high.

**Distribution:** whether the decision will reverse or undo existing or historically inequitable health-related conditions or disparities. DH = disproportionate harms; DB = disproportionate benefits; RE = restorative equity effect which will reverse or undo inequitable conditions or disparities; IE = insufficient evidence

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## RECOMMENDATIONS

Creating an ordinance to curb wage theft has the potential to improve the health and well-being of low-wage workers and their families. However, based on the number and breadth of impacts workers are likely to experience, the initial step should be preventing wage theft from happening in the first place. These recommendations are geared towards the City of Los Angeles, the Los Angeles County Department of Public Health, and worker rights and advocacy groups.

### City of Los Angeles

Wage theft is rampant in Los Angeles. It negatively impacts workers' health and their families' well-being. State laws already exist that aim to protect workers, but these laws are not strictly enforced due to limited funding and staffing. A rigorous city ordinance is crucial to ensure minimization of loopholes so that wage theft is curbed to the greatest extent possible. Therefore:

- The Los Angeles City Council should immediately draft a wage theft ordinance with all provisions recommended by the coalition. Inclusion of all provisions would enhance worker protection and hold employers accountable. Some of the recommended provisions stem from other wage theft related policies with demonstrated success in other states and cities.
- The City Council should support and pass the proposed ordinance as soon as it comes to a vote.
- The City Council should work with the coalition to strategize ways to implement, enforce, and monitor the wage theft bureau and fund, including ensuring adequate staffing and funding. A fiscally sustainable bureau is critical to protect workers.

### Los Angeles County Department of Public Health

Wage theft is a public health concern; Los Angeles County Department of Public Health should take an active role in protecting low-wage workers. These recommendations may be especially salient for the Department's 2013-2017 Health Equity Strategic Priorities. Priority 4, Objective 4.4.b states: Build alliances with other governmental and non-governmental agencies to develop policy solutions that address health equity and the socio determinants of health. Taking into consideration this objective, this

HIA recommends that the public health department:

- Provide data and analysis to support initiatives to implement and monitor health protective labor laws.
- Include information on occupation, industry, and employment conditions in data collection instruments used to assess population health.
- Monitor compliance with labor laws in routine agency activities, referring potential violations to labor enforcement agencies.
- Use permit and licensing authority to sanction businesses that do not comply with labor laws. The Department can collaborate with the city's authority to deny or revoke city permits, registration, certificates, or licenses ordinance provision.

### Worker Rights and Advocacy Organizations

Wage theft disproportionately affects low-wage workers. To ensure that these workers know about the ordinance and to help them file claims, worker rights and community organizations should:

- Continually increase awareness of wage theft via regular community teach-ins and forums. Numerous focus group participants shared that their co-workers did not know their rights and were afraid to file claims.
- Hold wage theft claims clinics to help workers navigate the filing process. Worker rights and advocacy organizations are the most appropriate to set up clinics because they have existing relationships with low-wage workers.
- Work with the Labor Commissioner's office and other enforcement agencies to raise awareness of the issue, and strategize ways to implement, enforce, and monitor the wage theft bureau and fund.
- Continue to push for expansion of U-visas, which provide victims of certain crimes temporary legal status and work eligibility in the United States for up to four years, for workers who experience abuse and retaliation in the workplace. Expanding the definition of crimes covered by U-visas to include workplace violations and abuses committed by employers will help protect undocumented workers from retaliation.