

Issue: PA Economy

## Talking Points: Wage Theft in Pennsylvania

### Wage Theft is a Collection of Crimes against Employees

- **Minimum wage violations**—26% of low income workers are paid less than the minimum wage.
- **Overtime violations**—76% of those who work overtime are not paid the legal overtime rate.
- **Improperly classifying employees as independent contractors**, who are not entitled to minimum wage and overtime pay protections.
- **Stealing tips**—12% of tipped workers have tips stolen; 30% are paid less than the minimum wage.
- **Illegal paycheck deductions**—Docking employees for fictitious or inappropriate expenses.
- **Not paying for work performed**—Checks that bounce; not counting all the hours worked.

### The Extent of Wage Theft is Stunning

- Most victims are low income workers, women, minorities, the young, undocumented immigrants and the less educated.
- The roughly \$50B per year lost to wage theft far exceeds the losses from robberies (\$341M), auto theft (\$3.8B), burglary (\$4.1B), and larceny (\$5.3B).
- In a landmark case, Walmart paid \$224M for stealing wages from 186,000 Pennsylvanians.
- Each week in Pennsylvania:
  - Almost 400,000 workers are paid less than the minimum wage.
  - Workers lose between \$19 million and \$32 million in unpaid wages.
  - More than 300,000 workers are cheated out of overtime pay.

### Wage Theft Harms All Pennsylvanians

- **Workers**—Especially low income workers who have as much as 15% of wages stolen.
- **Competing Businesses**—Those that play by the rules are disadvantaged.
- **State and Local Governments**—Wage theft results in:
  - Underpaid taxes, workers' comp, and unemployment insurance premiums.
  - More people in poverty, increasing the need for state and local assistance programs.

### Steps to Strengthen PA's Weak Wage Theft Protections

- **Encourage workers to report problems** by building relationships for victims with trusted community organizations and with employers, and by protecting workers who file complaints from retaliation.
- **Aggressively investigate and prosecute violations:** Increase the investigative staff at Bureau of Labor Law Compliance; give it more leeway to investigate likely violations; and empower it to levy administrative fines without going to court.
- **Assess appropriate penalties to discourage violations**
  - Current “slap on the wrist” penalties are inadequate; penalties should be increased to 100% to 200% of the amounts stolen or \$1,000.
  - Serious offenders should be publicized and have business permits or licenses revoked.
  - Workers should be empowered to place a “wage lien” on employer assets.
- **Support Democrats and work to flip the state House and Senate chambers**
  - Democrats have repeatedly made efforts to amend or replace the laws that address wage theft in Pennsylvania, primarily The Minimum Wage Act and the Wage Payment and Collection Law, but have been stymied by Republicans who block the bills.