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**CENTER FOR INNOVATION IN
WORKER ORGANIZATION**

Enforcing Labor Standards in a Recession: An Opportunity to Support Workers Who Risk Their Lives

September 2020

Hosts

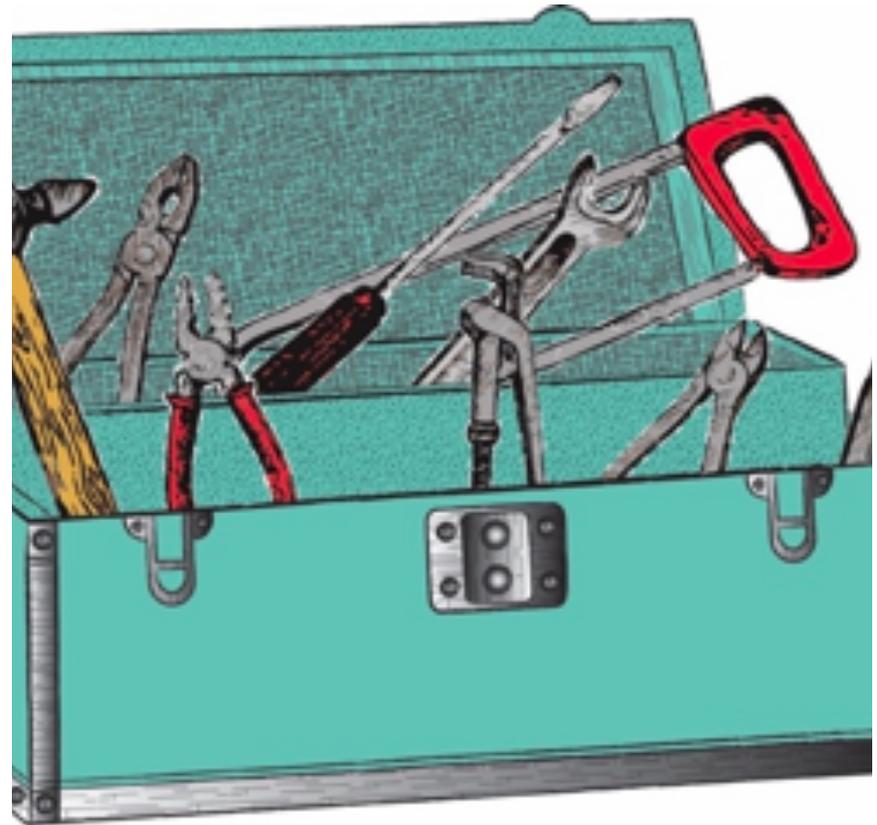
- **Tanya Goldman**
 - Senior Policy Analyst/Attorney at the Center for Law and Social Policy (CLASP)
- **Kathryn Zickuhr**
 - Labor Market Policy Analyst at the Washington Center for Equitable Growth
- **Janice Fine**
 - Research and Strategy Director at the Center for Innovation in Worker Organization (CIWO)

CIWO's Strategic Labor Standards Enforcement (SLSE) Project



CIWO/CLASP Labor Standards Enforcement Toolbox

- [Tool 1: Complaints, Intake, and Triage](#)
- [Tool 2: Investigations](#)
- [Tool 3: Collections](#)
- [Tool 4: Introduction To Strategic Enforcement](#)
- [Tool 5: Addressing and Preventing Retaliation and Immigration-Based Threats to Workers](#)
- [Tool 6: Negotiations and Settlement Agreements](#)
- [Tool 7: Sharing Information with Community Organizations](#)
- [Tool 8: A Baker's Dozen of Essential Enforcement Powers](#)
- [Tool 9: Assessing and Maximizing Labor Standards Enforcement Powers](#)
- <https://smlr.rutgers.edu/content/labor-standards-enforcement-toolbox>



Poll

Agenda

- Introductions
- Findings from Study
- The Need for Strategic Enforcement and Co-Enforcement
- Response to and Implications of the Study
- Q&A

Our presenters:

- Daniel Galvin, Associate Professor of Political Science, Northwestern University CIWO Fellow
- Jenn Round, Senior Fellow, CIWO SLSE Project, Former Enforcement Manager, Seattle Office of Labor Standards
- David Weil, Dean of the Heller School at Brandeis, Former Administrator, US DOL Wage and Hour Division
- Michelle Holder, Assistant Professor of Economics, John Jay College of Criminal Justice, CUNY

Maintaining effective U.S. labor standards enforcement through the coronavirus recession

September 2020 By Janice Fine, Daniel J. Galvin, Jenn Round, and Hana Shepherd

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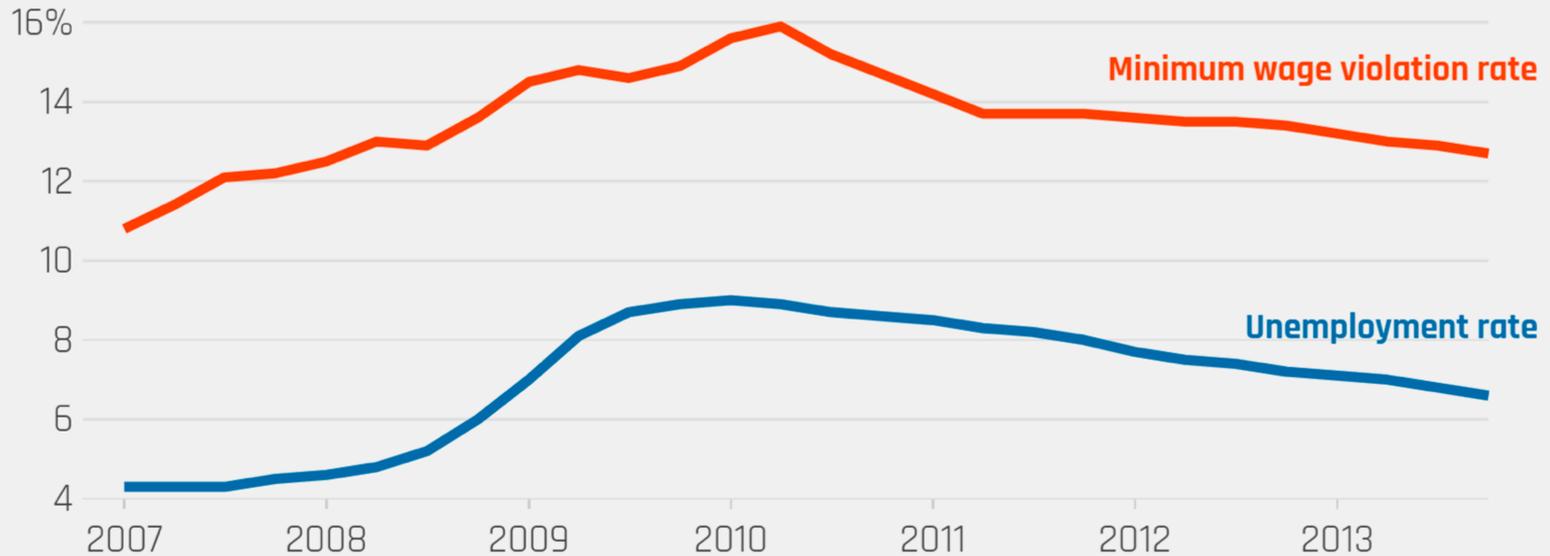
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Empirical Analysis

- Great Recession (2008-2010), plus slow recovery (2011-2013)
- Estimate minimum wage violations: Current Population Survey - Merged Outgoing Rotation Groups (CPS-MORG), 2007-2013

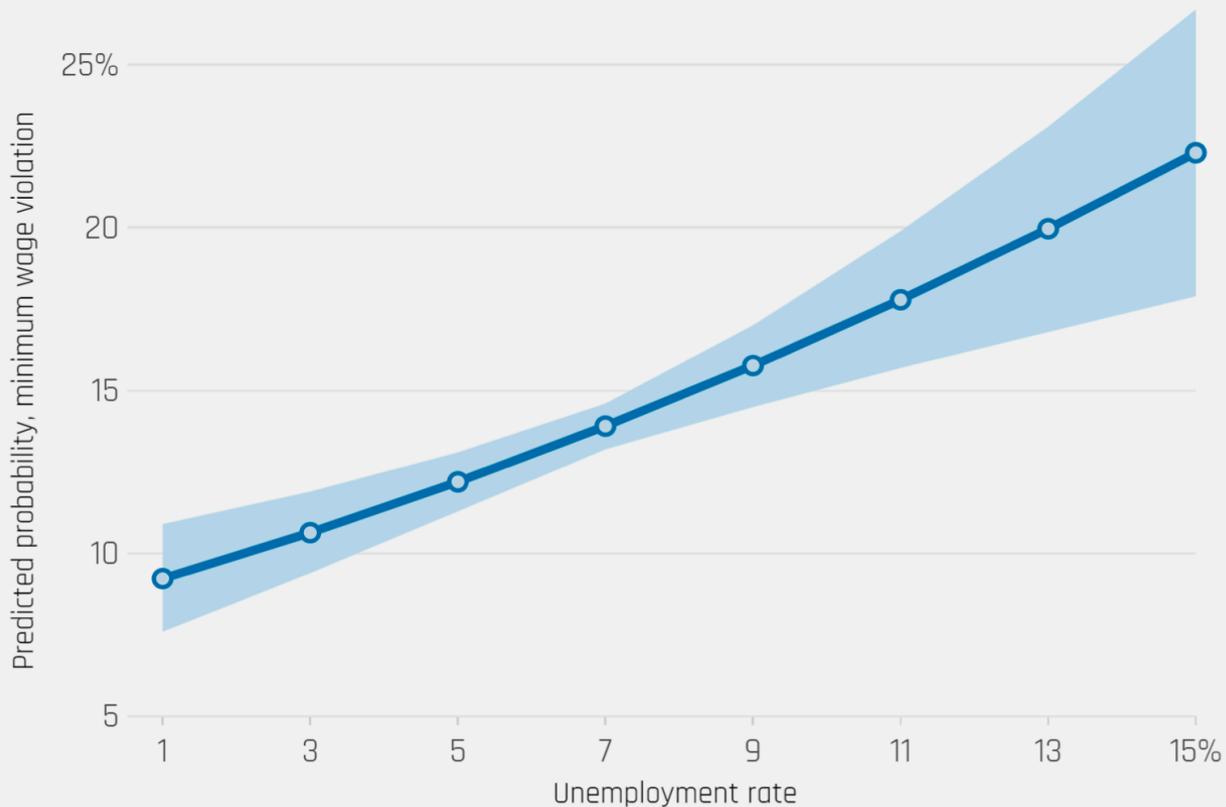
The share of low-wage workers paid less than the minimum wage tracks the unemployment rate

The minimum wage violation rate by state and the unemployment rate by state, 2007-2013



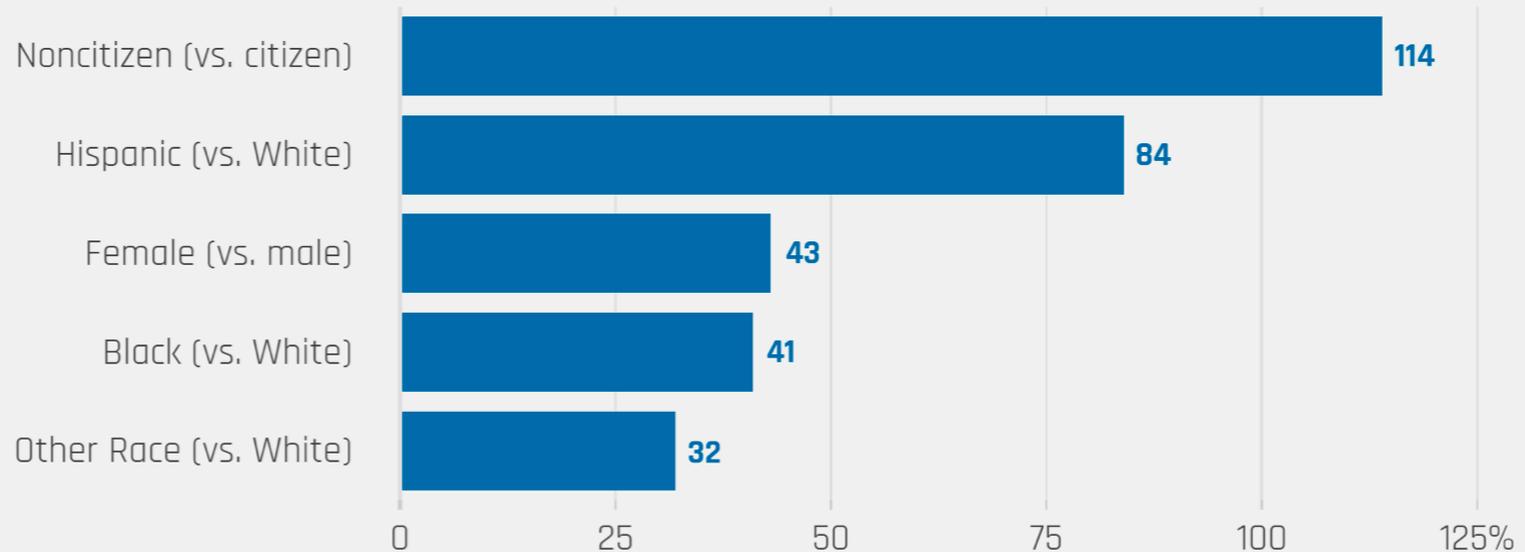
The chances a U.S. worker will be paid less than the minimum wage rises with the unemployment rate

Probability of minimum wage violations as measured against state unemployment rates, 2007-2013



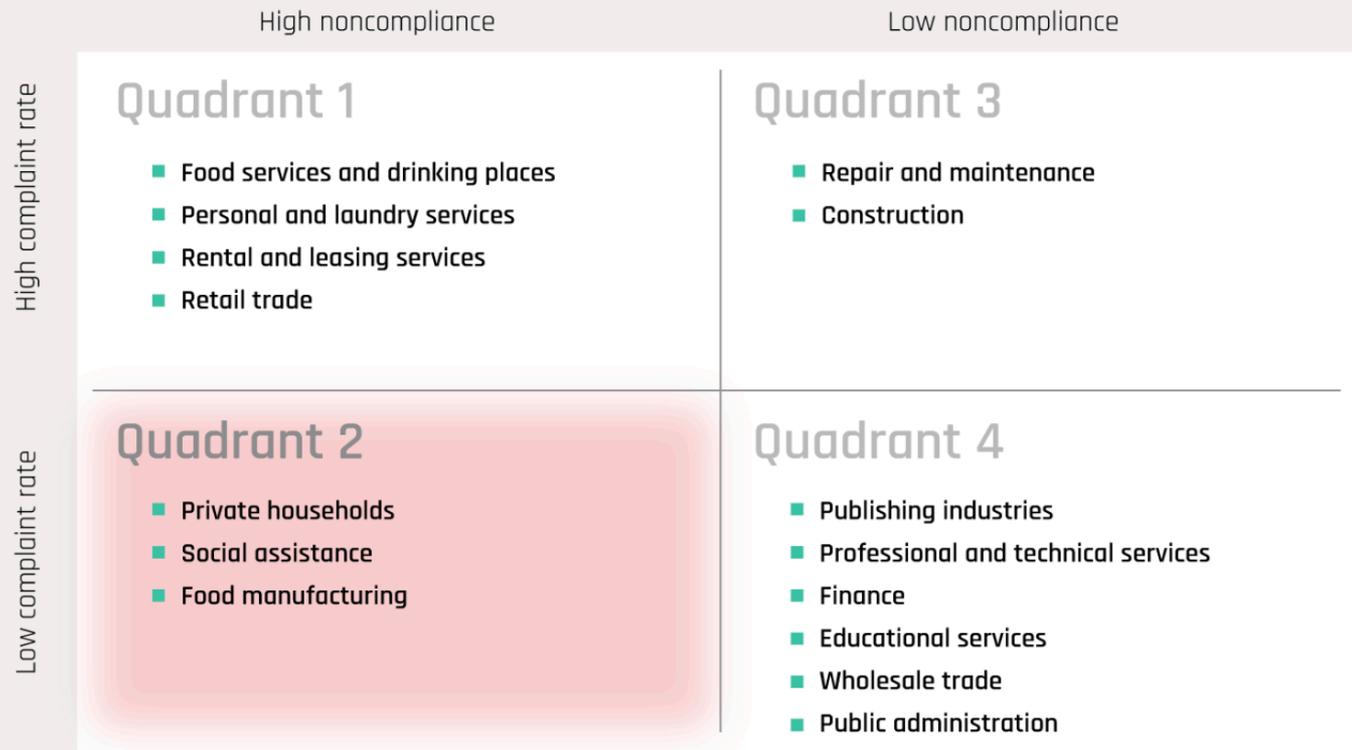
Immigrants, workers of color, and women are more vulnerable to wage theft

The demographics of workers and the probabilities of minimum wage violations (relative to reference group), all workers, 2008-2010



San Francisco industries with some of the highest violation rates generate few worker complaints

Matrix of wage-theft complaints and levels of compliance, by industry, 2005-2018



Complaint data supplied by the San Francisco Office of Labor Standards Enforcement
Minimum wage estimates generated using CPS-MORG data 2005-2018

Domestic workers and social assistance workers in San Francisco complain the least about wage theft by their employers relative to the number of violations

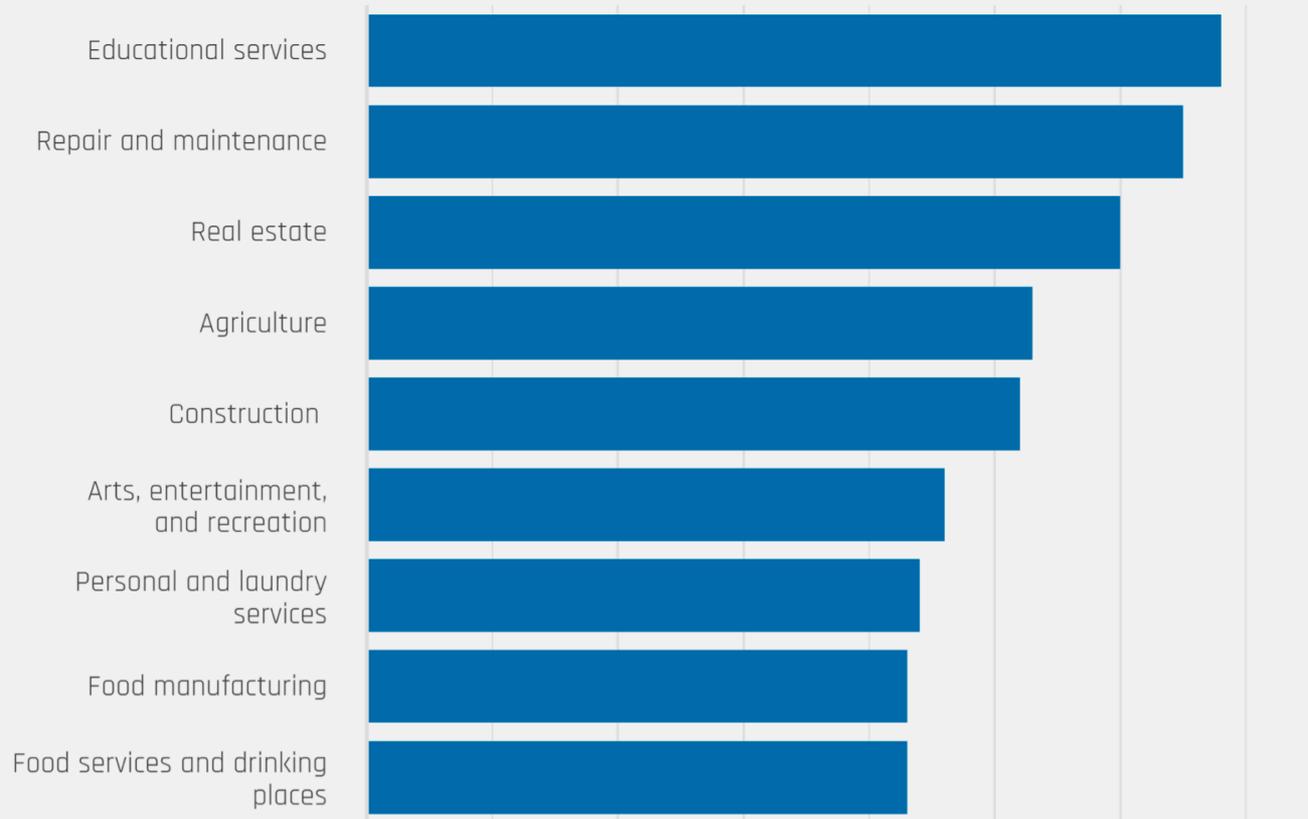
San Francisco's industries ranked by the ratio of wage theft violations to wage theft complaints, 2005–2018

Complaint case

Industry	Ratio
Private households	1327:1
Social assistance	811:1
Public administration	655:1
Finance	443:1
Waste management and remediation service	392:1
Educational services	372:1
Food manufacturing	293:1
Arts, entertainment, and recreation	210:1
Wholesale trade	160:1
Professional and technical services	159:1
Transportation and warehousing	152:1
Real estate	118:1
Rental and leasing services	101:1

U.S. industries in which low-wage workers saw the largest percentage point increase in minimum wage violations during the Great Recession

Percentage point change in minimum wage violation rate among industries with above-average increases, 2005-2007 to 2008-2010



Many workers in California expect they won't be paid if they were to get sick despite the state's paid sick leave protections

Descriptive frequencies of reports of lack of paid sick leave, reduced hours and wages, and dangerous working conditions in a survey of working respondents who are registered California voters, April 16-20, 2020

Percentage of working respondents who report... (weighted means)

	...they would not be paid if they had to take 2 weeks off if sick with COVID-19	...lacking paid sick leave as a very serious problem	...reduced hours and wages as a very serious problem	...dangerous working conditions as a very serious problem	Observations (unweighted)
All workers	0.35	0.23	0.28	0.21	4860

Race/ethnicity					
Latinx	0.38	0.38	0.43	0.34	990
White	0.35	0.16	0.20	0.14	2787
American Indian /Other	0.35	0.23	0.26	0.23	244
Black	0.34	0.31	0.37	0.23	189
Asian/Pacific Islander	0.32	0.24	0.33	0.26	602

Annual household income					
Less than 40,000	0.52	0.45	0.50	0.41	631
Less than 60,000	0.49	0.40	0.44	0.35	1098
Less than 80,000	0.45	0.36	0.39	0.32	1703
Less than 100,000	0.43	0.32	0.37	0.29	2218
More than 150,000	0.23	0.10	0.16	0.10	1515
<hr/>					
Union or family member in union	0.28	0.23	0.26	0.23	1186
Born outside of United States	0.37	0.35	0.39	0.32	1110

Maintaining effective U.S. labor standards enforcement through the coronavirus recession:

Strategic enforcement implications

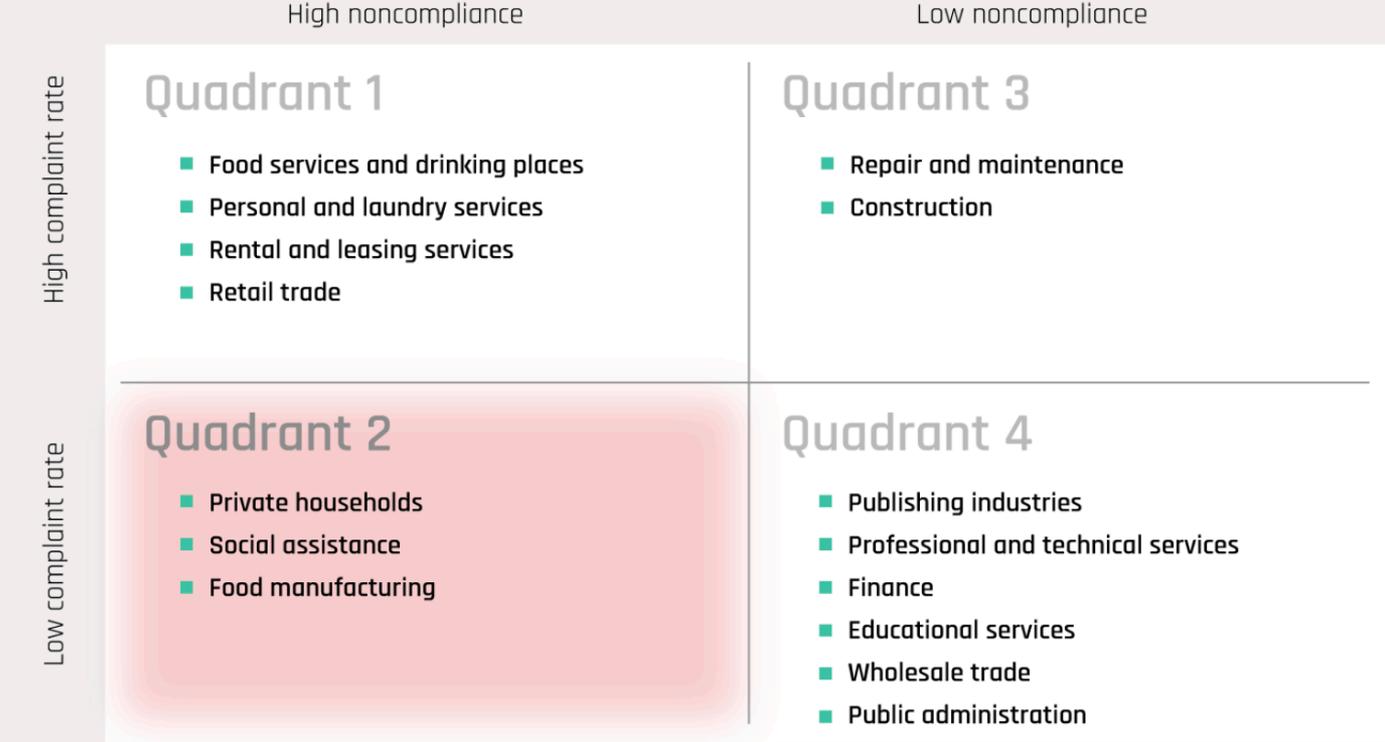
David Weil, Brandeis University

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Complaint-based systems can send the wrong signals

San Francisco industries with some of the highest violation rates generate few worker complaints

Matrix of wage-theft complaints and levels of compliance, by industry, 2005-2018



Source: Fine, Galvin, Round & Shepherd, 2020

What is strategic enforcement?

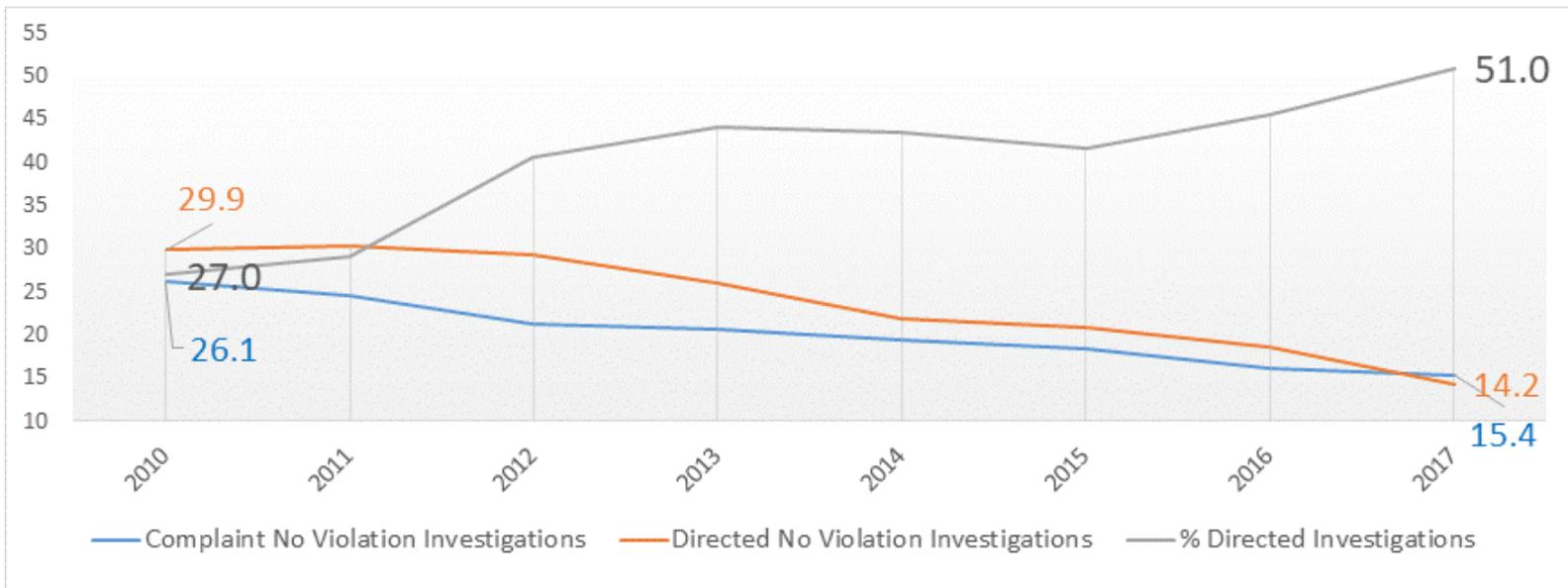
- The objective of strategic enforcement is to use the **limited enforcement resources** available to a regulatory agency **proactively** to protect workers as prescribed by laws by **changing employer behavior** in a **sustainable way**.

Elements of strategic enforcement?

- Moving to a proactive approach
- Setting enforcement priorities
- Using all enforcement tools
- Improving outreach to workers and worker advocates
- Improving outreach to business and regulated organizations
- Creating strategic communications
- Crafting sustainable regulatory agreements
- Building a culture of planning, evaluation, review, and continuing improvement

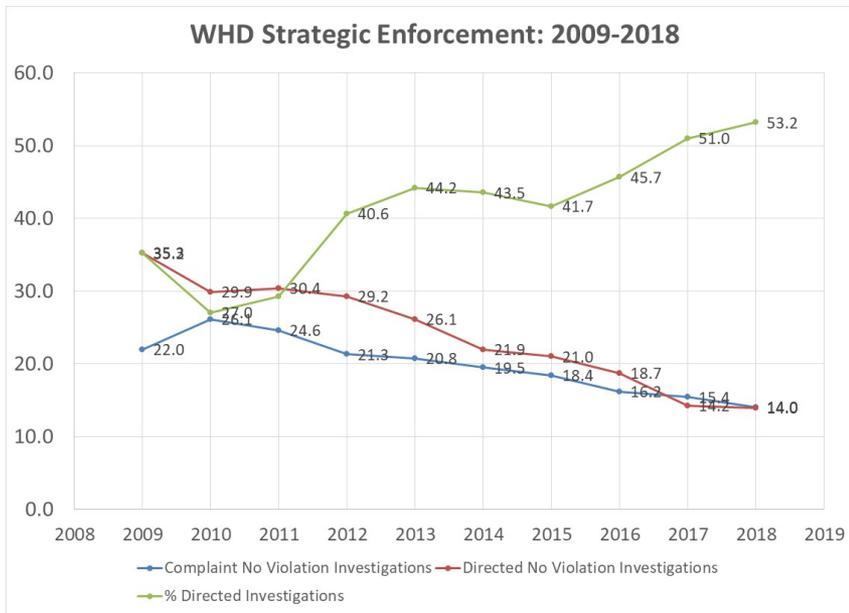
Strategic enforcement at the WHD

% Directed Investigations; Complaint No Violation Rate; Directed No Violation Rate

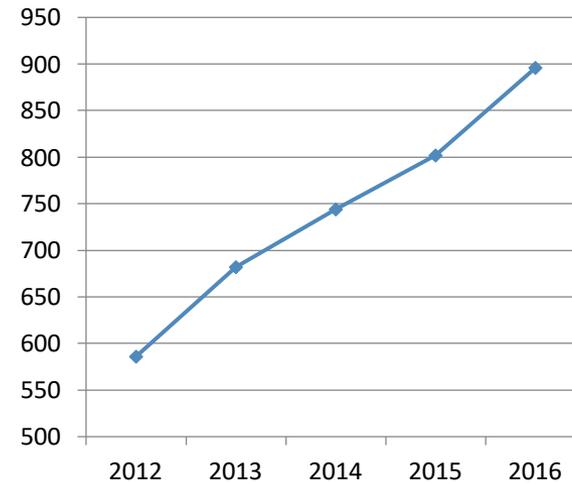


(Source: Weil 2018)

Strategic enforcement at the WHD

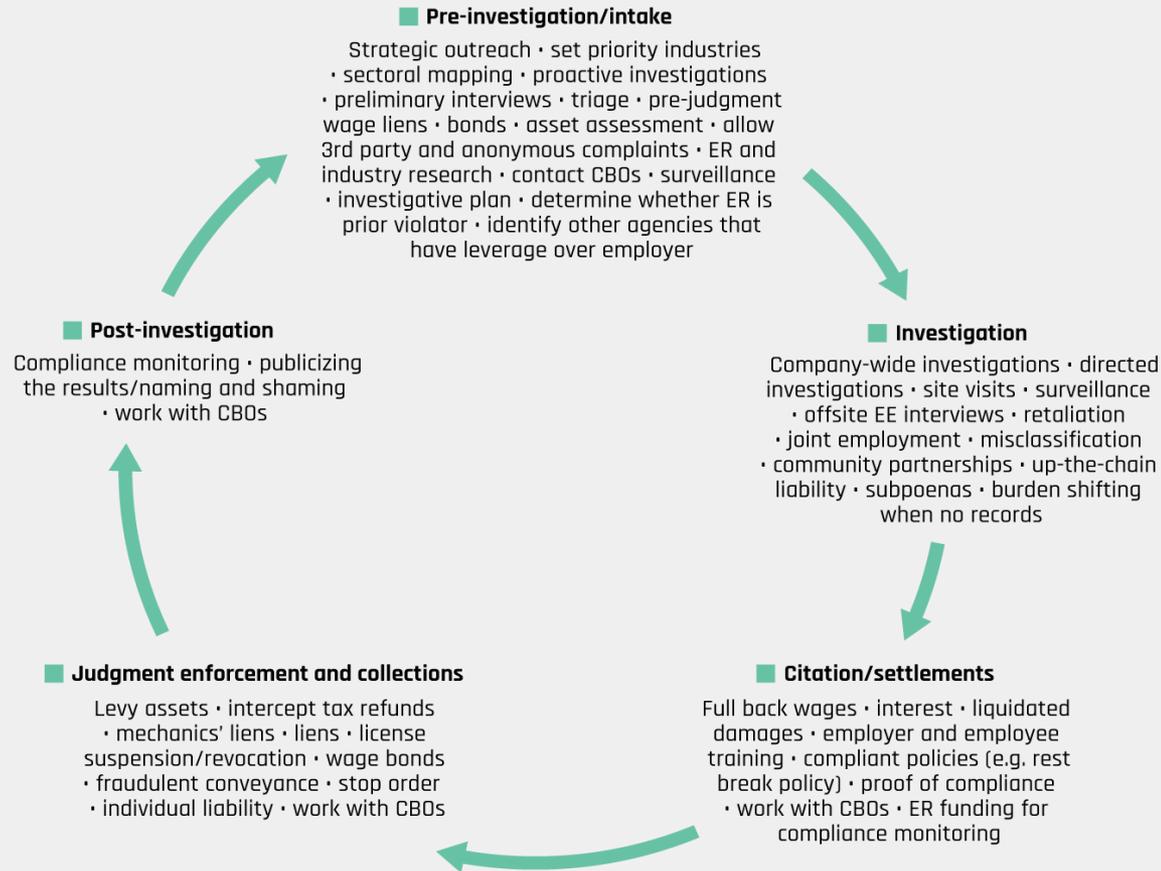


Back Wages per Employee--Directed Investigations



Incorporating the strategic enforcement of labor standards at every stage of the case

Unlike individual complaint-based enforcement, strategic enforcement is a form of systemic regulation that targets enforcement resources to high violation industries and seeks to effect improvements across firms in an industry.



Source: Based on authors' analysis.



Source: Fine, Galvin, Round & Shepherd, 2020

Comments on CIWO Report

**Michelle Holder, Ph.D.
September 30, 2020**

Impressions of Report

- My research areas as a labor economist
- What I learned in this report
- How what I learned in this report is relevant to my research areas

Recessions and Vulnerable Worker Populations

- Recessions are periods of generalized worker vulnerability
- With regard to labor market outcomes, groups who have been historically the most vulnerable include black (men and women), Latinx (men and women), and low-wage workers (men and women)
- The reasons for this include occupational and industrial crowding

Effects on Wages

- Depression of wages by industry has a ripple effect
- Low-wage workers in many different sectors are already not earning a “living wage”
- Income “maldistribution” and income inequality in the U.S.

Aggregate Losses to Communities

- Research on the “double gap” in wages
- While it feels like wage theft is experienced by individual workers there is an aggregate loss to the communities these workers come from
- Women of color and wage theft

Question and Answer

Please type any questions you may have in the chat box along with your name and agency/organization.