

# DAILY NEWS

By Annette Bernhardt, James DeFilippis and Diana Polson

Posted: Wednesday, February 3rd 2010, 10:05 AM

## Catch the city's wage thieves

It's the season for hand-wringing: Austere budgets from the governor, mayor and President have left policymakers and the public alike scrambling to determine what's at risk of getting taxed, cut, downsized or frozen.

With the recession already taking a dramatic toll on New York City - the unemployment rate rose to 10.6% in December, the highest in 17 years - it would be nice if we could find some misplaced pot of funds to ease the burden on families and communities during such strenuous times.

It turns out, there is a massive leak in our economy, one that desperately needs to be plugged. Every week, more than 300,000 low-wage earners in the five boroughs are subject to some form of wage theft from employers.

In our recent study on the scope of wage theft, "Working Without Laws," we found that 21% of the low-wage workers we surveyed are being paid less than the minimum wage; 77% aren't getting overtime pay, and 69% are working unpaid hours off the clock, before or after a shift is done.

The violations add up to a loss of more than \$18.4 million in wages a week, or nearly \$1 billion a year.

For the average front-line low-wage worker, that's about \$3,000 a year vanished from his or her pocket. That is an especially alarming sum given that such workers are already making only poverty wages to begin with - on average just \$21,000 a year - which translates into wage theft on the order of 15%. It is even more unacceptable in this recession.

These are the workers who make New York City run. And these are the industries that, according to the state, are projected to add the most jobs to our economy in coming years. They include laundries and dry cleaners; home health care; domestic work; restaurants; groceries, drugstores and other retail; personal services like nail and hair salons; janitorial and security services in buildings; couriers and messengers; garment and food manufacturing; construction, and more.

It's not just a question of economic justice. This staggering wage theft undermines the city's entire economic growth. That's because low-wage workers spend more of their money immediately on basic necessities than do higher-paid workers. So stolen wages are not just being taken from workers and their families - they are being denied to the many local businesses that depend on neighborhood commerce.

The missing wages won't be spent on food at the local corner store or supermarket, at the neighborhood diner or on school clothes for the kids.

It would be one thing if this were the result of benign neglect. But our research found hard evidence that many of New York's core industries are systematically and aggressively breaking basic employment laws.

There are more than just a few bad apples - practices like forcing employees to work through meal breaks or not paying time and a half for overtime have become accepted business strategies to control labor costs.

There are signs, thankfully, that this hemorrhaging of wages can be stopped. Over the past three years, the state Labor Department has implemented a range of reforms to better enforce laws so that workers are protected and employers are forced to stay honest. Through proactive investigations into low-wage industries, the state assessed \$20.3 million in unpaid wages and damages on behalf of more than 15,000 workers in 2009 alone - close to double the \$12.2 million collected in 2006.

As with many things, however, the recession has forced a scaling back of resources for the enforcement of labor laws. It has also made workers more vulnerable to abuse, further adding to the sad flow of income out of the hands of low-wage New Yorkers and their communities.

As lawmakers wrangle over budgets - and, hopefully, think about what kind of city they want to build at the dawn of a new decade - now is the perfect time to leverage the resources that will ensure employers comply with the law and protect workers from these insidious practices.

Otherwise, our economic recovery will be built on the back of illegal working conditions, which is both morally and economically untenable.

*Bernhardt is policy co-director and Polson is a policy analyst at the National Employment Law Project. DeFilippis is associate professor in the Bloustein School of Planning and Public Policy at Rutgers University.*