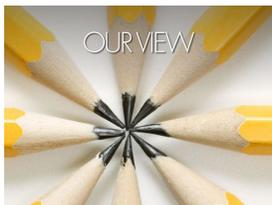


Celebrate Labor Day by stopping wage theft

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The best way for Iowa lawmakers to celebrate Labor Day would be to pledge to work to ensure that employers actually pay their employees all the money and benefits promised.

At the beginning of the year, an investigation by IowaWatch.org found that a number of legal loopholes — compounded by a lack of enforcement and/or inspections — are leaving migrant workers at risk of being cheated of wages and forced to live in substandard housing.

There are federal and state laws on the books that are supposed to protect these workers, but laws are only as good as their enforcement. IowaWatch found that workers were often at “the mercy of farm labor contractors who receive little oversight from the large agricultural companies that hire them.” And it seems the system allows for several layers of plausible deniability through which violations and abuses get written off, ignored or swept under the rug.

A few months later, the Center for Workers' Justice of Eastern Iowa focused public attention on the case of Kossiwa Agbenowassi, an immigrant living in Coralville who was stiffed for more than \$2,300 for the hours, days and weeks she spend cleaning the now closed Outback Steakhouse in Coralville. (Outback had contracted the cleaning work through an unlicensed, out-of-state company named Sandpiper Maintenance and Repair.)

And now the Iowa City Human Rights Commission, on a 4-3 vote, has decided to relocate their annual awards ceremony from the Sheraton Iowa City Hotel, where the ceremony has been held in recent years, to the Iowa Memorial Union. The majority of the commissioner voted to change the location after learning that the Center for Workers Justice has been representing a number of former Sheraton workers who say they were fired and are owed compensation for accrued vacation days.

Such situations illustrate the complicated nature of wage theft and confirm the findings of a 2012 report issued by the Iowa Policy Project. Coming in the wake of the high-profile labor abuses in Atalissa and Postville, the report — titled “Wage Theft in Iowa: An Invisible Epidemic Exposure, Enforcement Needed to Protect Iowa Workers' Paychecks” — found that state enforcement efforts are inadequate for protecting workers, honest employers and Iowa taxpayers from what they called “a growing epidemic.”

The report focuses on various types of wage theft in the state, including:

- Non- or under-payment of wages — such as working “off the clock” for less than the minimum wage.
- The confiscation of tips.
- Unauthorized employer deductions from paychecks.
- Changing benefits without proper notification.
- And the catchall category of “misclassification” — in which employers avoid overtime rules by improperly labeling hourly employees as independent contractors or salaried employees.

The researchers found that wage theft is a widespread problem particularly in restaurants, construction, small businesses and the meatpacking and food processing industry. Not surprisingly, the most vulnerable Iowans are low-wage workers and immigrants who can't afford any private legal representation to fight in court for the lost wages and who often don't know the bureaucratic procedures for reporting such abuse.

Those unpaid wages — which the researchers estimate are as much as \$600 million a year — also represent as much as \$60 million in lost state revenue.

Besides denying workers just compensation for their labor, such illegal practices — especially when allowed to continue largely unpunished — also give an unfair competitive advantage to dishonest businesses over the businesses who are following the rules and paying their workers fairly.

And legitimate businesses need to be careful about accepting the lowest bid when contracting out such services. (Otherwise, those businesses could be profiting indirectly through their contractors' questionable payroll practices.)

As we've said often during the discussion of immigration reform, holding companies accountable continues to be the best way for the state to ensure that bad businesses aren't allowed to continue with "business as usual" when it comes to abusing workers — documented or undocumented — without fear of significant reprisals for those few who profit from such abuse.

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