



# Wage Protection Act ensures low-wage workers are treated fairly

*SB-005, Sponsors: Senator Ulibarri, Representatives Singer & Duran*

January 22, 2014

## **SB-005 SUPPORT**

*The Wage Protection Act  
Sponsors: Sen. Ulibarri,  
Rep. Singer, Rep. Duran*

### **Proposal Highlights:**

- The Wage Protection Act ensures low-wage workers in Colorado receive the respect they deserve and the compensation they need to achieve self-sufficiency.
- Protects honest business owners and aids in the state's economic recovery.
- Strengthens CDLE's regulatory authority, allowing it to investigate smaller claims and claims involving violations of the minimum wage.

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The Wage Protection Act strengthens Colorado's economy, protects business owners, and ensures Colorado's low-wage workers receive the compensation they deserve so they can move along the path to self-sufficiency. The bill would:

- **remove procedural barriers** to streamline the claims process for workers;
- **incentive employer compliance** by decreasing penalties for employers who demonstrate good faith efforts to promptly pay wages due;
- **strengthen the administrative process** by providing the Colorado Division of Labor and Employment with the authority to investigate smaller claims and claims involving violations of the minimum wage; and
- **provide state regulators the resources** necessary to enforce the law.

### **Low-wage workers are hit the hardest**

Workers who are most dependent on their rightfully earned wages to attain or maintain self-sufficiency are often the most frequent victims of income withholding. A 2009 study found low-wage workers, people of color, women, and foreign-born workers are particularly vulnerable.<sup>i</sup> Six out of every 10 day laborers in Colorado experience wage withholding or nonpayment.<sup>ii</sup>

Wage claim violations include compensation below the minimum wage, gratuity withholding, nonpayment of overtime hours, and withholding final paychecks. These incidents are surprisingly common and often unpunished:

- More than 60 percent of low-wage workers nationally experience wage violations each week, resulting in a loss of 15 percent of earnings each year.<sup>iii</sup>
- U.S. companies withhold an estimated \$19 billion annually in unpaid overtime<sup>iv</sup>
- More than 5,200 workers in Colorado contact the Colorado Department of Labor and Employment (CDLE) annually with wage claims. CDLE does not have a sufficient amount of staff to respond appropriately to these complaints.

### **Wage protection will help with Colorado's economic recovery**

Income withholding results in lost tax revenue and diminished consumer spending. New York State loses an estimated \$427 million in state revenue each year due to wage violations.<sup>v</sup> Weak enforcement penalizes honest business owners who must compete in the marketplace with unscrupulous employers.

<sup>i</sup> Bernhardt, Annette. "Broken Laws, Unprotected Workers." National Employment Law Project, Center for Urban Economic Development, Center for Urban Economic Development, & UCLA Institute for Research on Labor and Employment, 2009.

<sup>ii</sup> Centro Humanitario. "Wage Theft Clinic." Accessed Jan 20, 2014. <http://www.centrohumanitario.org/programs/wage-claim>.

<sup>iii</sup> Judson, Tim & Cristina Francisco-McGuire. "Cracking Down on Wage Theft." Progressive States Network, 2012.

<http://www.progressivestates.org/sync/pdfs/PSN.CrackingDownonWageTheft.pdf> & Bernhardt, "Broken Laws," 2009.

<sup>iv</sup> Economic Policy Institute: Craig Becker, "A Good Job for Everyone: Fair Labor Standards Act Must Protect Employees in Nation's Growing Service Economy," Legal Times, 2004.

<sup>v</sup> FRESC. "Wage Theft Campaign." Cited: Traub and Friedman, 2010. <http://www.fresc.org/wagetheft>.