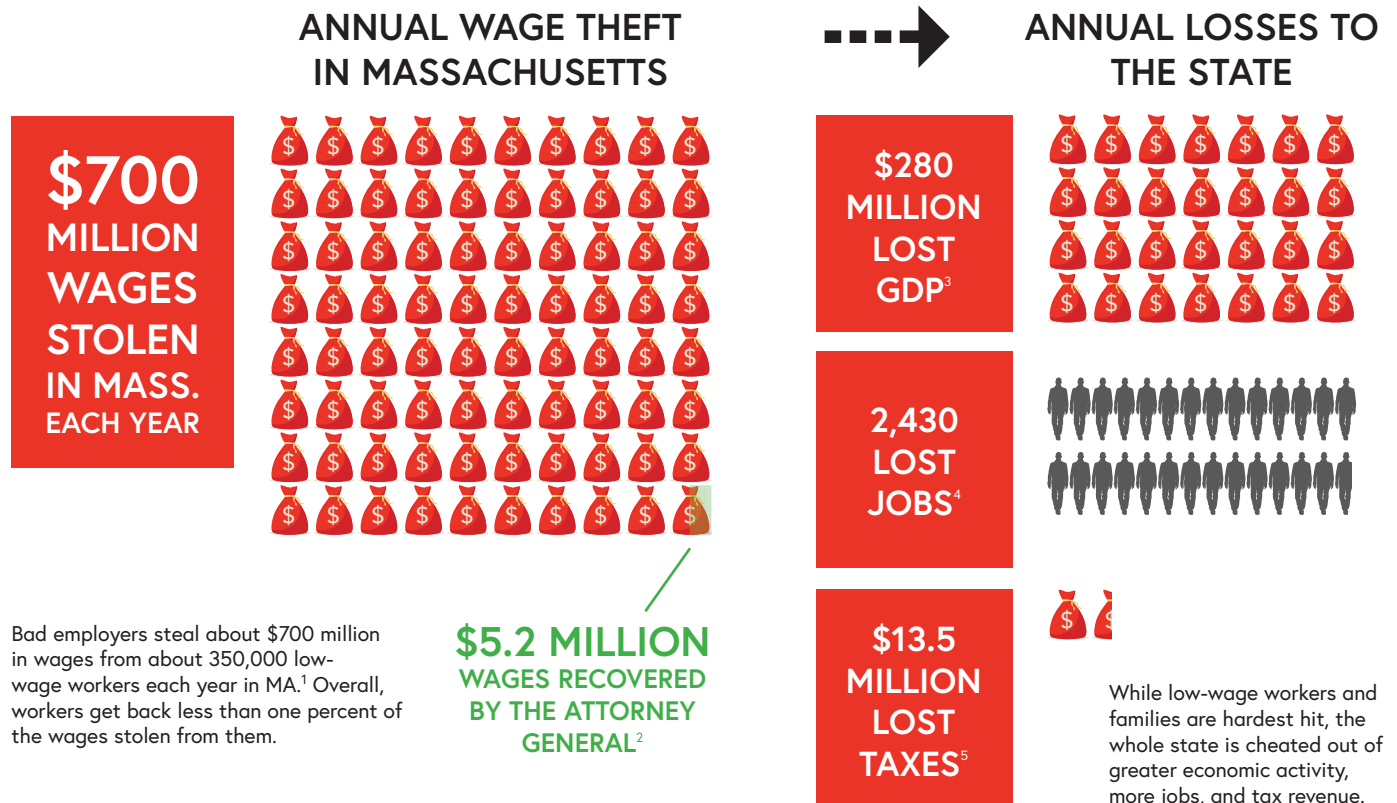


Wage Theft in the Commonwealth

The Problem: Wage theft has become business-as-usual. In our modern economy where bad employers increasingly use subcontracting and outsourcing deals to dodge responsibility for their workers, the epidemic of wage theft has overwhelmed the capacity of our existing labor laws and enforcement mechanisms.



The Solution: An Act to prevent wage theft and promote employer accountability is a bill that will clarify who is ultimately responsible for upholding labor standards, and also empower the Attorney General with additional tools to hold violators fully accountable and to recover what is wrongfully taken from workers and the state. Passing this bill will uplift low-wage workers and families; it will strengthen the state's economy; and it will ensure Massachusetts remains the leader it has always been in passing strong labor laws and workplace protections.

**STOP
WAGE
THEFT**

StopMassWageTheft.org

Good Jobs, Strong Communities

Community Labor United (CLU) is the convener of the Good Jobs, Strong Communities coalition. CLU and its partners work to protect and promote the interest of working class families in Massachusetts.



Good Jobs, Strong Communities Campaign Committee

1199 SEIU United Healthcare Workers East
Centro Comunitario de los Trabajadores
Chelsea Collaborative
Chinese Progressive Association
Greater Boston Labor Council
Greater Boston Labor Council Futures Committee
Greater Boston Legal Services
Immigrant Worker Center Collaborative
International Union of Painters and Allied Trades (DC 35)
Massachusetts AFL-CIO
Massachusetts Coalition for Occupational Safety and Health
Metrowest Worker Center
New England Regional Council of Carpenters
SEIU 32BJ District 615
UNITE HERE Local 26
UNITE HERE New England Joint Board

Methodology:

1. Bernhardt et al. (2009) performed a statistical survey of 4,387 low-wage workers across three cities and found 68% of low-wage workers experienced wage theft averaging \$51/week or \$2,634/year assuming a full-time schedule. We identified a universe of 513,611 low-wage Massachusetts workers building on figures reported by the Massachusetts Budget and Policy Center (2013). We applied the 68% prevalence rate to this universe to get 349,256 workers experiencing wage theft, and then applied a more conservative \$2,000/year stolen per worker to get \$698,512,000 wages stolen annually.
2. The exact amount recovered was \$5,230,150.68. Report of the Attorney General for Fiscal Year 2014. Commonwealth of Massachusetts Office of the Attorney General, Public Document No. 12. 2014. p.15.
3. An additional \$698,512,000 in the pockets of low-wage workers would be spent quickly but the net increase in GDP would be blunted by employers passing the increased labor costs onto customers. We assumed a relatively high pass-through rate of 75% and built an economic multiplier of 0.4 based on Reutschlin's (2012) work to get a \$279,404,808 GDP increase.
4. The job creation that a \$279,404,808 increase in GDP would generate is based on a rate of one new job per \$115,000 in increased GDP, used by Reutschlin (2012) and others.
5. The universe of 513,611 low-wage Massachusetts workers was defined by workers earning \$11/hour or less. The weighted average state income tax rate of workers earning \$11/hour or less is about 1.93%. Applied to the \$698,512,000 figure, that results in a collective tax obligation of about \$13,481,282.

References and additional resources:

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