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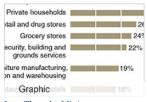
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# Low-Wage Workers Are Often Cheated, Study Says

By STEVEN GREENHOUSE Published: September 1, 2009

Low-wage workers are routinely denied proper overtime pay and are often paid less than the minimum wage, according to a new study based on a survey of workers in New York, Los Angeles and Chicago.

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Less Than the Minimum

The study, the most comprehensive examination of wage-law violations in a decade, also found that 68 percent of the workers interviewed had experienced at least one pay-related violation in the previous work week.

"We were all surprised by the high prevalence rate," said Ruth Milkman, one of the study's authors and a sociology professor at the University of California, Los Angeles, and the City University of New York. The study, to be released

on Wednesday, was financed by the Ford, Joyce, Haynes and Russell Sage Foundations.

In surveying 4,387 workers in various low-wage industries, including apparel manufacturing, child care and discount retailing, the researchers found that the typical worker had lost \$51 the previous week through wage violations, out of average weekly earnings of \$339. That translates into a 15 percent loss in pay.

The researchers said one of the most surprising findings was how successful low-wage employers were in pressuring workers not to file for workers' compensation. Only 8 percent of those who suffered serious injuries on the job filed for compensation to pay for medical care and missed days at work stemming from those injuries.

"The conventional wisdom has been that to the extent there were violations, it was confined to a few rogue employers or to especially disadvantaged workers, like undocumented immigrants," said Nik Theodore, an author of the study and a professor of urban planning and policy at the University of Illinois, Chicago. "What our study shows is that this is a widespread phenomenon across the low-wage labor market in the United States."

According to the study, 39 percent of those surveyed were illegal immigrants, 31 percent legal immigrants and 30 percent native-born Americans.

The study found that 26 percent of the workers had been paid less than the minimum wage the week before being surveyed and that one in seven had worked off the clock the previous week. In addition, 76 percent of those who had worked overtime the week before were not paid their proper overtime, the researchers found.

The new study, "Broken Laws, Unprotected Workers," was conducted in the first half of





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interviewed earning less than \$10 an hour. When the survey was conducted, the minimum wage was \$7.15 in New York State, \$7.50 in Illinois and \$8 in California.

Labor Secretary <u>Hilda L. Solis</u> responded to the report with an e-mail statement, saying, "There is no excuse for the disregard of federal labor standards — especially those designed to protect the neediest among us." Ms. Solis said she was in the process of hiring 250 more wage-and-hour investigators. "Today's report clearly shows we still have a major task before us." she said.

The study's authors noted that many low-wage employers comply with wage and labor laws. The <u>National Federation of Independent Business</u>, which represents small-business owners, said it encouraged members "to stay in compliance with state and federal labor laws."

But many small businesses say they are forced to violate wage laws to remain competitive.

The study found that women were far more likely to suffer minimum wage violations than men, with the highest prevalence among women who were illegal immigrants. Among American-born workers, African-Americans had a violation rate nearly triple that for whites.

"These practices are not just morally reprehensible, but they're bad for the economy," said <a href="Annette Bernhardt">Annette Bernhardt</a>, an author of the study and policy co-director of the <a href="National">National</a> <a href="Employment Law Project">Employment Law Project</a>. "When unscrupulous employers break the law, they're robbing families of money to put food on the table, they're robbing communities of spending power and they're robbing governments of vital tax revenues."

When the Russell Sage Foundation announced a grant to help finance the survey, it said that low-wage workers were "hard to find" for interviews and that "government compliance surveys shy away from the difficult task of measuring workplace practices beyond the standard wage, benefits and hours questions."

The report found that 57 percent of workers sampled had not received mandatory pay documents the previous week, which are intended to help make sure pay is legal and accurate. Of workers who receive tips, 12 percent said their employer had stolen some of the tips.

One in five workers reported having lodged a complaint about wages to their employer or trying to form a union in the previous year, and 43 percent of them said they had experienced some form of illegal retaliation, like firing or suspension, the study said.

In instances when workers' compensation should have been used, the study found, one third of workers injured on the job paid the bills for treatment out of their own pocket and 22 percent used their health insurance. Workers' compensation insurance paid medical expenses for only 6 percent of the injured workers surveyed, the researchers found.

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