



**TO:** Mayor Ted Wheeler  
Director Kurt Creager  
Members of the Housing Bond Oversight Committee  
Members of the Housing Bond Stakeholder Advisory Group

**FR: The Metropolitan Alliance for Workforce Equity**

**RE: Wage theft enforcement in Housing Bond**

July 7th, 2017

Dear Mayor Wheeler,

I am writing on behalf of the Metropolitan Alliance for Workforce Equity (MAWE) to urge the Oversight Committee to implement a wage theft compliance and deputization program for the Portland Housing Bond as a practice of:

- Good stewardship of Public Funds
- Ensuring good business practices are verified
- And protecting our valued workforce

MAWE is an historic partnership between the Carpenters, Operating Engineers, Laborers, other unions, construction contractors, pre-apprenticeship programs, and community-based organizations. MAWE works to promote economic opportunity and equity in workforce and contracting, and develop practical strategies to address historic inequities in the region. As you are aware, these partners developed Portland's first Community Benefits Agreement (CBA) to create a framework for shared community oversight and accountability, fair labor standards, and goals and resources to increase contracting and workforce opportunities for historically underserved community members.

The goals of MAWE are to:

- Support the creation of good quality construction jobs and contracting opportunities in the Portland Metro area.
- Specifically connect these jobs and opportunities to historically underrepresented populations, including people of color and women.
- Sustain and grow the training and community infrastructure with resources in order to address the regional need for a trained, qualified, and diverse construction workforce and contractor pool.

- Work with partners, contractors and public owners to replicate best practices on construction projects and systematize those practices region-wide in order to accomplish workforce and contracting equity.

We are part of a broad coalition of community partners who are working together to address the complex issues that have resulted in disparate impacts for communities of color, those with low-incomes, renters, workers, and minority- and women-owned small businesses. We are united in the belief that the benefits of the City's investments must be broadly shared, focused particularly on achieving equitable outcomes for communities who have historically been burdened by or currently experience displacement from public investments and development.

According to Oregon Center of Public Policy's (OCP) "Oregon Wage Theft Problems Persist", a report from 2013, states that construction as of 2013 had the highest rate of wage theft relative to workforce size.

Wage theft can come in many forms, such as wages being withheld or deducted, not being paid a prevailing or minimum wage, employers cheat on the number of hours worked, employers fail to pay overtime or require workers to work "off the clock", misclassification of trade and journey-level.

Wage theft harms families and the public. A U.S. Department of Labor (DOL) study, "The Social and Economic Effects of Wage Violations: Estimates for California and New York, Eastern Research Group, Inc.", found that:

- Wage theft can rob workers of significant earnings. The study found that minimum wage workers in California experienced violations equal to 49 percent of the earnings they took home.
- Wage theft causes poverty. The study found that wage theft increased poverty in California by 11 percent and in New York by 32 percent.
- Wage theft decreases state revenue. The study estimated that California lost \$14 million in income taxes in 2011 as a result of wage theft. For New York, the loss was estimated at \$8 million.
- Wage theft increases use of public assistance. The study's examination of school food assistance and Supplemental Nutrition Assistance Program (SNAP) in California and New York found that income lost due to wage violations increased use of those programs.

We believe that the best method to ensure public funds on Portland's Housing Bod are spent responsibly and administered in an ethical manner should have (1) High Road Contracting Standards, (2) An Oversight and Deputization program, (3) A Community Benefits Agreement (CBA) or Project Labor Agreement to set worker standards and ensure protections.

Attached as an addendum that outlines elements for an effective wage theft compliance and deputization program.

Sincerely,

Metropolitan Alliance for Workforce Equity