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Housing Bond Stakeholder and Oversight Committee
421 SW 6th Ave
Portland, OR 97204

June 28, 2017

Dear Members of the Housing Bond Stakeholder and Oversight Committee,

The Oregon Coalition to Stop Wage Theft is a group of 40+ organizations working to combat the growing crisis of wage theft in Oregon. Our member organizations 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

According to Oregon Center of Public Policy's (OCPP) "Wage Theft Increases Poverty and Costs to the Public" published in February of this year, a construction worker is *more than three-times* as likely to experience wage theft as workers in other industries. From June 2015 to June 2016, Oregon workers filed over \$3.6 million in wage claims with the Oregon Bureau of Labor and Industries. Since 2006, the total number of wage claims filed with BOLI is \$45 million.

Wage theft comes in many forms, such as wages being withheld or deducted, not being paid a prevailing or minimum wage, being cheated on the number of hours worked, not being paid overtime, being required to work "off the clock", and being misclassified as to trade or journey-level.

The **Oregon Coalition to Stop Wage Theft** includes: NW Workers' Justice Project, PCUN, Rural Organizing Project, Adelante Mujeres, Beyond Toxics, Jewish Federation of Greater Portland, Oregon Center for Public Policy, VOZ Workers' Rights Education Project, Oregon School Employees Assoc., Oregon AFL-CIO, SEIU Local 503, SEIU Local 49, Teamsters Local 206, UFCW Local 555, CAUSA, Centro LatinoAmericano, Portland Jobs with Justice, Family Forward Oregon, Main Street Alliance of Oregon, Ecumenical Ministries of Oregon, Oregon AFSCME, Oregon Action, Economic Fairness Oregon, Archdiocese of Portland, Common Cause Oregon, American Friends Service Cmte, Community Alliance of Lane County, Oregon Center for Christian Voices, Oregon Trial Lawyers Assoc., Oregon Strong Voice- Southern Oregon, Oregon Working Families, Project REconomy, Human Dignity Advocates of Crook County, Interfaith Movement for Immigrant Justice, Tax Fairness Oregon, and Unidos Bridging Community.

Wage theft harms families and the public. A 2014 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 Bond are spent responsibly and administered in an ethical manner should have (1) High Roads Contracting Standards, (2) An Oversight and Deputization program, (3) A Community Benefit Agreement (CBA) or Project Labor Agreement to set worker standards and ensure protections.

Attached is an addendum that outlines elements for an effective wage theft compliance and deputization program. We look forward to working with you to bring real wage theft protections to workers in Portland.

Sincerely,



Kate Suisman and Michael Dale
Coordinators of the Oregon Coalition to Stop Wage Theft

Policy: Internal Compliance and “Deputization” Program for Portland’s Housing Bond

Component 1: Internal Compliance Oversight Committee

City of Portland creates an Internal Compliance Oversight Committee on Bond Funded projects to review Labor violations, impose penalties on contractor/sub-contractor, and have access to certified payroll.

Committee can be composed of Labor, Community, and Management Representatives (additionally a City Representative)

Component 2: Compliance Group Representatives (“Deputization Program”)

Through the Internal Compliance Oversight Committee, City of Portland trains Union Business Representatives and Organizers, and community representatives (Legal, non-profit) to be “deputized” as volunteer city inspectors, or Compliance Group Representatives (CGR)

The city provides CGRs with worksite access and certified payroll to conduct labor compliance site visits, interview workers on Bond funded project and assist with audits, hearings, and review conferences.

CGRs interview employees about hours worked, wages, job classification, official duties, and problems receiving pay, and they fill out wage-complaint forms with workers on the spot when violations are found. They do not determine violations or assess penalties but provide the raw data that city inspectors use to put together cases that can ultimately go to the Internal Compliance Oversight Committee for issuing a formal penalty.

They must attend trainings and renew their badges each year.

Component 3: Deterrence- Penalties and Requiring a Liquidated Damages Clause

Oversight and monitoring for wage theft is often not enough to deter wage theft. The use of effective penalties when violations are found can be used 1)Deter behavior, 2)Correct Behavior.

Penalties can include: (1)Pay back wages to worker, (2)Imposing a penalty fee (three times of back wages), (3)Bar contractor from future Housing or City Project if violations are repeated.

Requiring a Liquidated Damages Clause can help to clarify penalties prior to the project.

Component 4: Worker Rights and Protection

Provisions can be created to prevent workers from being terminated from making wage claims or complying with interviews with CGRs.

Retaliation Protection Provision- Retaliation protections could include a presumption of retaliation if someone is fired within a certain amount of time of making a complaint. (i.e.120 days.) Anonymity should be built into the wage claim system to the extent possible. Interviews should take place either off-site or at least away from supervisors, possibly in groups, to offer anonymity. Independent translators need to be provided.

Addendum: Compliance Group Representative Site Visit Interview Questionnaire:

Who is your employer?

What kind of work do you do? (Identifies Classification)

Are you an apprentice or Journey-man?

What tools do you use? (Verify worker classification)

What are your wages?

Can you provide your check stub to verify?

Are you receiving benefits?