

## Testimony in Support of LD 616, “An Act to Increase Accountability for Wage Violations”

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Good morning, Senator Rafferty, Representative Sylvester, and Members of the Joint Committee on Labor and Housing. My name is James Myall, and I am a policy analyst at the Maine Center for Economic Policy. MECEP supports LD 616 because all Mainers are entitled to the wages they earn, and no one should have their wages stolen by their employer.

While most employers play by the rules and treat their workers fairly, this bill is necessary because of those who do not.

Wage theft in Maine is real. In our state, workers lose tens of millions of dollars in unpaid wages every year. Wage theft comes in several forms.

- When workers, including tipped workers, are paid less than the minimum wage, that’s wage theft.
- When workers are asked to work late but don’t receive the overtime pay they’re owed, that is wage theft.
- When workers are made to “clock in” late or “clock out” early, so that they’re not paid for all the hours they’re worked, that is wage theft.

These are just a few examples, but there are others. Most wage theft occurs in jobs that already pay low wages; MECEP estimates that minimum wage violations in Maine alone amount to \$30 million in 2017<sup>1</sup>. These workers with low wages have the least ability to confront their employers or advocate for themselves. The power differential is too large. That’s why the Department of Labor is tasked with going after bad actors and protecting the rights of workers.

LD 616 tackles the problem of wage theft on two fronts.

First, it increases the maximum penalties for violations of Maine labor law, which should discourage employers from committing wage theft or otherwise violating their workers’ rights.

Second, it empowers the state Department of Labor to ensure Maine’s laws effectively protect workers by funding additional positions for investigators to proactively pursue bad actors, rather than waiting for whistleblowers. For too long, state officials have relied on employees coming forward, or on investigations at the federal level.

This additional hiring puts us in line with other states of a similar size,<sup>2</sup> and with historic staffing levels in Maine. For historical perspective, in 1972 the Wage and Hour Division had one inspector for every 55,000 private-sector workers in the state, and conducted almost 7,500 inspections.<sup>3</sup> Today, the Division is stretched nearly twice as thin. In 2018, the division had one inspector for every 100,000 workers, and

conducted a little over 1,000 inspections or investigations.<sup>4</sup> The addition of four new inspectors authorized by this bill would restore Maine's capacity to enforce the law.

Our own research at MECEP suggests that the need for adequate enforcement has not gone away. In 2019, we conducted a survey of private-sector employees in Maine, which highlighted problems of wage theft in our state. In the survey, five percent of hourly workers — the equivalent of 15,000 Mainers — said they had been paid less than the statutory minimum wage at some point. Similarly, the survey revealed thousands of salaried workers are likely being asked to work unpaid overtime in violation of state law.<sup>5</sup>

Mainers work hard and should never have to worry that their employer will pay them less than they've earned. Mainers deserve a state government that looks after their interests and protects them from unscrupulous employers, however few those bad employers might be. This bill restores the ability of the state to actively protect Maine workers, and I urge you to support it.

Thank you. I'll be happy to take any questions.

## Notes:

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<sup>1</sup> MECEP analysis of US Census Bureau, Current Population Survey, Outgoing Rotation Group data, 2008-2017. Using the methodology found at <https://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year-survey-data-show-millions-ofworkers-are-paid-less-than-the-minimum-wage-at-significant-cost-to-taxpayers-and-state-economies/>. Excludes workers exempted from the state minimum wage (found at 26 MRS §664), and exemptions from the federal Fair Labor Standards Act.

<sup>2</sup> The Wage and Hour Division of Maine's Department of Labor has just six fulltime equivalent positions. Other states similar to Maine in size have much more robust departments; Hawaii has 18 employees, and New Hampshire has 16. See Meyer, Jacob, and Robert Greenleaf, Esqs. Enforcement of State Wage and Hour Laws: A Survey of State Regulators. National State Attorneys General Program at Columbia Law School: New York, NY, April 2011.

<sup>3</sup> Maine Department of Labor annual report, 1972. [https://digitalmaine.com/cgi/viewcontent.cgi?article=1250&context=bls\\_docs](https://digitalmaine.com/cgi/viewcontent.cgi?article=1250&context=bls_docs)

<sup>4</sup> Maine DOL, 2019 Annual Report on Wage and Hour Violations.

<sup>5</sup> Maine Center for Economic Policy, State of Working Maine 2019. <https://www.mecep.org/maines-economy/state-of-working-maine-2019/#:~:text=The%20unemployment%20rate%20remains%20low,12%20months%20ending%20September%202019.&text=More%20Mainers%20are%20working%20than%20ever%20before.&text=Since%202015%2C%20Maine%20has%20reversed,25%20and%2054%20years%20old>).

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Please find attached testimony in support of LD 616 on behalf of the Maine Center for Economic Policy.