



MAINE AFL-CIO

A Union of Unions Standing for Maine Workers
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Testimony of Maine AFL-CIO Legislative & Political Director, Adam Goode, in favor of L.D. 616 "An Act To Increase Accountability for Wage Violations"

Senator Rafferty, Representative Sylvester and members of Labor & Housing Committee, my name is Adam Goode. I'm the Legislative and Political Director of the Maine AFL-CIO. We represent 40,000 working people in the state of Maine. We work to improve the lives and working conditions of our members and all working people. We support LD 616.

Working people should have the peace of mind to know that they will be paid for all of the hours they work for their employer, that their overtime will be properly paid and that they will receive their pay in a timely fashion. Unfortunately, that is not always the case. Violations of wage and hour laws, often referred to as wage theft, are a serious problem.

Wage theft is deeply harmful to working people and it provides an unfair advantage to low road employers over the vast majority of Maine businesses who play by the rules. We know that these problems persist in every State, Maine being no different. Nationally, wage theft costs workers hundreds of millions of dollars each year.¹ This happens across industries, but is concentrated in lower wage sectors of the economy. A 2014 study found that nationally nearly 90% of fast food workers suffered some sort of wage theft on the job.²

People become victim to wage theft in construction, housekeeping, restaurant and agriculture work. The way this can play out in construction is that a worker goes to the subcontractor for their pay and the subcontractor says the contractor hadn't paid them yet. The worker is told they can get their check next week. When next week rolls around, the worker is told their work is not satisfactory and they won't receive their pay.

We hear of stories of women working in housekeeping who get paid with checks that bounce. Aside from not having money to buy food and pay the bills, the worker winds up paying bank fees.

We believe that we can and should improve our wage enforcement system. Strong public and private enforcement is critical to most effectively address this issue.

That is why we support the language in Section 1 of the bill (§626-A), the penalties section for timeliness of pay/equal pay/last paycheck statute to strengthen the penalties to a fine of \$500 for the first violation and \$2,500 for each subsequent violation. We support strengthening Employees' remedies in the Minimum Wage and Overtime section of the bill (Section 2; 26 MRSA §670). The change to treble damages brings it into parity with the remedies in timeliness of pay/equal pay/last paycheck section of law (26 MRSA §626-A). We also support increased funding and staffing to enforce laws related to wage theft.

¹ Brady Meixell & Ross Eisenbrey, Economic Policy Institute, *An Epidemic of Wage Theft is Costs Workers Hundreds of Millions of Dollars a Year* (Sept. 2014).

² Catherine Ruckelhaus et al, National Employment Law Project, *Who's the Boss: Restoring Accountability for Labor Standards in Outsourced Work* (May 2014).

Current penalties should be strengthened. A \$100 to \$500 fine for withholding a working person's pay is not an effective deterrent. Remedies should reflect the hardship that workers face when they are exploited through this horrible practice of withholding pay. Funding Labor and Safety Inspector positions will allow for enforcement of this law. Everyone knows that without proper enforcement, bad actors will have no incentive to follow the rules.

These types of violations make it harder for vulnerable people to be able to provide to put gas in their car, make rent or pay for groceries. We ask that you support LD 616.