

# Wage Theft in Broward County: The Accumulating Evidence of a Spreading Illegal Anti-Business Practice

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By:

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## ABOUT RISEP

**RISEP** studies issues of concern to working families and low-income communities in Florida. At **Florida International University** we are a resource and a model for the University community by conducting problem solving research together with local communities that provides the tools for those directly affected to participate more fully in the public debate.



# Wage Theft in Broward County

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This report is part of a series of reports monitoring the growing problem of wage theft in Florida. Using previously analyzed data from the Federal Department of Labor's Wage and Hour Division and stories collected from various community organizations, this report shows evidence of a widespread problem in Broward County.

The data in the report does not account for the full magnitude of the problem, as an unknown number of wage theft cases go unreported. Indeed, as data on wage theft accumulates, the more it becomes clear how widespread wage theft is in Broward County and throughout the county's industries.

The impact of wage theft also raises the question of whether Broward's economy can be healthy and grow while tolerating an unjust business model that avoids contributing to tax revenues. The employers who fail to follow the laws concerning their workers create an unfair business environment that penalizes those who do follow the law. Maintaining a level playing field for businesses is critical to maintaining a competitive business environment and to economic growth. The dishonest business model of practicing wage theft puts law abiding employers at a competitive disadvantage and undermines Broward's efforts to attract business.

## ***What is Wage Theft?***

Wage theft is when workers are paid below the minimum wage, are not paid for overtime, are forced to work off the clock, have their time cards altered, are misclassified as independent contractors, or are simply not paid a wage for work performed.

Wage theft is a growing problem across America and in Florida, as employers seek to cut costs at the expense of workers. The problem is especially acute in South Florida due to our jobs in our tourism and service sector based economy, which supports mainly low-wage and hourly jobs. However, research conducted by the Research Institute on Social and Economic Policy (RISEP), has shown that professionals and those in higher salary occupations are also at risk for wage theft because of the weak enforcement of Florida's labor laws and the lack of jurisdiction that these labor laws offer to many workers. Many workers have little to no recourse, legal or otherwise.

In 2002, Florida dismantled the state's Department of Labor. This left Florida without a state Department of Labor, and the Federal Department of Labor (DOL) has limited capacity for investigations, and limited jurisdiction in many cases.<sup>1</sup> Nationally, there is one Wage and Hour Division investigator for every 146,000 workers. In Florida there are 1.2 million workers for every WHD investigator, over eight times the national average.<sup>2</sup>

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<sup>1</sup> Hernandez, C. *Wage Theft: How Millions of Dollars are Stolen from Florida's Workforce (2012)*. Read report at [www.risep-flu.org](http://www.risep-flu.org)

<sup>2</sup> Ibid.

In sum, in Florida makes it is unlikely that employers who violate the laws will be held accountable. The evidence accumulating of a spreading illegal and, ultimately, anti-business practice raises serious questions for a state economy and local economies hoping to attract businesses and employees in order to grow.

Colin, a wheelchair assistant at Broward’s airport for over three years, is an example of a worker being paid less than the state’s minimum wage:

*“I’ve worked at Broward’s airport work for over three years and I make \$4.65 an hour. Since I started I was told to report tips to management on a weekly basis. However, even I’ve noticed that management puts a higher amount on my paycheck. They are doing this so that when they file their payroll expenses they can state that I am being paid the state’s minimum wage of \$7.67. But this is NOT the case; there are many days when I do not make the minimum wage. I have complained and even reported the hours when I was earning less than the minimum wage to my managers, but they did nothing to fix the problem. I am not the only one in my workplace with this problem. What they are doing is illegal and someone needs to correct this unfair practice.”*

### **Does Wage Theft Occur Often?**

Unfortunately, wage theft occurs daily throughout the state. A report titled, *Wage Theft in Florida: A Real Problem with Real Solutions*, by RISEP found that the Federal Department of Labor had documented nearly 5,000 cases of wage theft in Broward County, in just less than three years. These wage theft violations totaled over \$2 million dollars in unpaid wages.<sup>3</sup>

	<b>Total # of cases violation</b>	<b>Total # of employees employed in violation</b>	<b>Back wages agreed to pay to employees</b>
<b>Broward County</b>	<b>4,625</b>	<b>3,894</b>	<b>\$2,246,687</b>

Source: U.S Department of Labor, Wage and Hour enforcement data analyzed by RISEP

These numbers, however, only represent “the tip of the iceberg.” As stated previously, thousands of workers fall out of the DOL’s jurisdiction and many workers simply do not report their wage theft complaints out of fear of employer retaliation.<sup>4</sup>

### **The Impact of Wage Theft on Workers, Businesses, Communities, and Local Economies**

The negative effects of shortchanging workers’ wages ripple across Broward’s communities and the economy. Families suffer when earnings are too low to meet basic needs. Local businesses and economies are denied vital stimulus that would flow from the additional spending of workers had they been paid all that they had earned. Working families often resort to public programs to meet basic needs when wages are stolen from them.

<sup>3</sup> This data was reported by the U.S .Department of Labor from September 2008 to January 2011.

<sup>4</sup> See the Federal Labor Standards Act.

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*"I have heard of other contractors not paying their workers the minimum wage and this kills my business. I lose bids to these employers all the time. This unfair business model feeds into the economic recession."*

*-Blake, General Licensed Contractor doing work in Broward County*

## **What Can Broward County do to Combat Wage Theft?**

The Federal Department of Labor's Wage and Hour Division cannot be the sole enforcement mechanism in the state of Florida because of its limited jurisdiction, whereas the creation of a County-Wide Wage Theft Ordinance covers all workers, including those who are not covered under the Fair Labor Standards Act.

A County-Wide Wage Theft Ordinance would make employer behavior uniform so that the fair employers are not forced to engage in wage theft just to keep their businesses afloat and compete with the employers who are employing and not paying or underpaying their workers. Employers must be familiar with labor laws and must be aware that the penalties for breaking them will be strict. In the end, a Wage Theft Ordinance will provide an inexpensive, reliable, and accessible forum for workers who have worked for no pay, or less pay than they were promised, because an unscrupulous employer has stolen their wages.

Recovering unpaid wages are essential to hard-working people who rely on getting paid for their work. A Wage Theft Ordinance deters employers from using wage theft as a business model and it benefits Broward County's workers, families, local businesses, and economy.

Broward County must find the political will to protect their county budget, workers, honest employers, and communities from wage theft, a growing illegal practice, for the sake of the county's economic health and growth. Broward County's economy depends on its workforce receiving a paycheck. The creation of a Wage Theft Ordinance is an example of a good government policy.

***In the end, all workers have a legal right to the wages they have earned.***

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