



# The Iowa Policy Project

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HOLD FOR RELEASE 10:15 A.M. MONDAY, AUGUST 27, 2012

NOTE: Full report is available [here](#).

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## Wage Theft in Iowa: An Invisible Epidemic Exposure, Enforcement Needed to Protect Iowa Workers' Paychecks

IOWA CITY, Iowa (August 27, 2012) — Too many Iowans are not being paid wages they are legally owed, and woefully limited state enforcement efforts are failing to protect workers, honest employers and Iowa taxpayers from a growing epidemic of wage theft.

Especially vulnerable are some 266,000 low-wage workers, according to trends demonstrated in national research and Iowa's economic profile, researchers found in a new report for the nonpartisan Iowa Policy Project (IPP).

“Workers’ hard-earned wages are being stolen, the state is losing revenues, and good businesses are being put at a market disadvantage against shifty competitors,” said Colin Gordon, IPP senior research consultant and lead author of the report, which estimates that low-wage Iowa workers are robbed of about \$600 million a year, costing the state some \$60 million in revenue.

The report focuses on various types of wage theft: nonpayment or underpayment of wages; employer confiscation of tips; employers’ unauthorized deductions from paychecks; and the broad category of “misclassification,” in which employees are improperly labeled as independent contractors or treated as salaried employees to avoid overtime rules.

“A significant share of Iowa workers are in position to be exploited, as Iowans have seen recently in Atalissa and Postville,” Gordon said. “A growing body of research, litigation, and documentation by community groups, shows wage theft is an epidemic. Iowa is not immune.”

The authors recommended better enforcement and suggest model initiatives for the public and policy makers to follow. More study could better pinpoint the impacts, the analysts said.

“Stronger enforcement is key because right now, the chances of unscrupulous employers getting caught are slight — and so are the penalties when that happens,” Gordon said. “In a difficult economy, conditions make it more likely that employers will resort to wage violations, and fewer workers will risk their jobs to object.”

A [recent study](#) by the Progressive States Network gave Iowa and 43 other states failing grades for what state laws they have in place “to comprehensively address this growing national crime wave.” Iowa stood out as the state with the fewest enforcement resources per worker, employing only one investigator for the entire state.

“How can Iowa put only one person on the job to monitor what’s happening with 1.2 million private-sector employees and have any expectation that state wage payment laws will be followed?” said co-author Matthew Glasson, a labor educator at the University of Iowa Labor Center.

Other authors were Jennifer Sherer, director, and Robin Clark-Bennett, labor educator, both of the Labor Center.

Sherer, who also is president of the IPP Board of Directors, noted that “bringing Iowa wage theft cases to public attention is important to spur community action and improved public policy; too often these egregious worker abuses are happening in the shadows.”

“As we note in the report, wage theft is dramatically underreported in the public record. We don’t commit enough resources to education or enforcement, so many workers do not know their rights but do know they may face retaliation if they speak up.”

The report suggests there is “every reason to conclude that the problem is getting worse,” noting Iowa’s labor market in recent decades has lost higher-wage jobs while gaining in low-wage work sectors “where wage theft is most prevalent.”

The Iowa Policy Project is a nonpartisan, nonprofit public policy research organization based in Iowa City. Reports are at [www.iowapolicyproject.org](http://www.iowapolicyproject.org).

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