



# The Iowa Policy Project

20 E. Market St. • Iowa City, Iowa 52245 • (319) 338-0773  
[www.iowapolicyproject.org](http://www.iowapolicyproject.org)

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CONTACT: Mike Owen, (319) 338-0773, (319) 331-1287, [mikeowen@iowapolicyproject.org](mailto:mikeowen@iowapolicyproject.org)

## **Stolen Chances: Low-Wage Work and Wage Theft in Iowa** *Report, survey stress persistent problem and inaction on wage theft*

IOWA CITY, Iowa (Sept. 2, 2015) — As we approach Labor Day 2015, many Iowans — those who work at jobs that provide little security, those who are not paid the wages they have earned — will not be celebrating.

“Despite three years of heightened attention — from our work, from media reports, and from some policymakers — wage theft remains persistent in Iowa,” said Colin Gordon, author of a new report for the nonpartisan Iowa Policy Project (IPP).

“The state’s landscape of lax enforcement remains fundamentally unaltered, and new evidence presented in this report underscores the stubborn and broad scope wage theft. In fact, many still may not realize they are being robbed,” said Gordon, a history professor at the University of Iowa and senior research consultant to IPP.

Gordon’s new report for the nonpartisan Iowa Policy Project, available at [www.iowapolicyproject.org](http://www.iowapolicyproject.org), expands on a 2012 report that estimated wage theft to be a \$600 million problem in Iowa. It examines new data on wage complaints, based in part on a survey of low-wage workers conducted by the Center for Worker Justice of Eastern Iowa (CWJ), and it places Iowa’s wage theft crisis against a broad backdrop of low-wage and precarious employment.

“This report shows we still need better laws, better enforcement, and greater awareness on the part of employees, employers and all policy makers,” said Misty Rebik, executive director of CWJ.

About a quarter of the 300 workers surveyed said they had experienced wage theft in some form in the previous 12 months. Gordon said the most common issue identified in the survey was nonpayment for overtime hours worked, cited by 62, or 20 percent, of the 300 workers surveyed.

“We only interviewed low-wage workers,” Gordon noted. “Current attention to the overtime issue nationally shows this problem — unpaid overtime — affects workers throughout the economy.”

The survey also found almost as many workers (59 of 300) reporting late or unpaid wages.

Wage theft occurs when a worker is robbed of legally owed wages because an employer breaks the law or contract. Its forms vary — nonpayment of wages, violations of rules for tipped workers or payroll deductions, and misclassification of employment are common forms.

Beyond identifying wage theft complaints, which often are not reported, the survey found other situations among those workers that could lend themselves to wage theft.

Only 87 percent reported receiving a pay stub, without which employees have difficulty verifying payment for hours worked, or to identify deductions being made. Likewise, transparency on pay can be difficult when payment is made through debit cards, but 1 in 6 respondents (50) reported being paid with a debit card at some point in the last 12 months. Of those, 29 reported paying fees to access their money and 23 had trouble accessing their money.

“Those numbers are unacceptable,” Rebik said. “We need to make sure all workers have access to the information and tools to assure they are being paid what they are owed.”

Steps to address wage theft issues in Iowa have largely met with opposition in the Iowa House, though legislation has passed in the Senate.

“Public policy must fill the gaps when workers do not have the security of high-wage, career employment or backing of organizations that sustain their bargaining power,” Gordon said.

He recommends:

- Raising the pay of low-wage workers, including an increase in the minimum wage.
- Policy innovations to regulate and curb the growth of the temporary employment industry.
- Covering gaps and strengthening enforcement of wage payment laws.
- Community organization and education on wage issues by unions and other local organizations.

Gordon pointed in particular to the prevalence in the survey of workers in temporary work arrangements, where they have less job security or bargaining power, and that many were working in manufacturing.

“What is remarkable among workers we surveyed is that over one-third of those in manufacturing jobs were employed by a staffing agency, not their actual place of work. It used to be that manufacturing was the core of the high-wage economy,” Gordon said.

In addition, the report notes the problem of misclassification, which a state task force found in 2010 to have a “broad and deep” impact in Iowa. When workers are misclassified as “independent contractors,” employers can avoid responsibilities not only for regular and documented wages and overtime pay, but for contributions to social insurance and workers compensation programs as well.

Misclassification, the report notes, “is especially rife in construction, where short-term contracts, day labor, and varied patterns of supervision encourage the practice.”

“Recent compliance data suggest that this problem has only gotten worse. (State and federal) claims by Iowa construction workers run three to five times ahead of the sector’s share of Iowa jobs,” the report states.

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

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