

Wage theft update

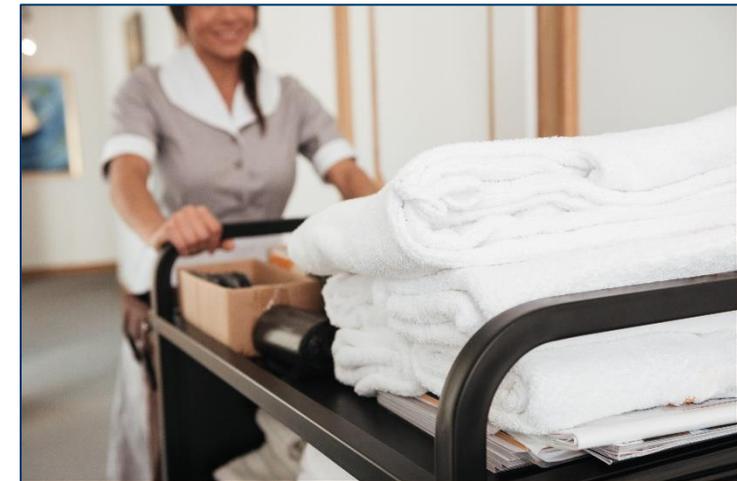
Commissioner Roslyn Robertson | Department of Labor and Industry

What is wage theft?

Most Minnesota employers correctly pay their employees for the work they perform. However, there are some that do not. When an employer fails to pay all the wages earned by employees, it is wage theft.

Common illegal wage-theft practices:

- paying less than the minimum wage;
- not paying time-and-a-half for overtime;
- not paying earned tips;
- deducting pay for short rest breaks;



What is wage theft?, continued

- requiring or allowing work off the clock without pay;
- not paying a final check upon separation of employment;
- misclassifying employees as independent contractors; and
- paycheck deductions for loss of or damage to property.



Wage Theft Prevention Act

- In May 2019, the Legislature passed the Minnesota Wage Theft Prevention Act (WTPA) to create additional protections against wage theft, including adding criminal penalties for employers that commit wage theft.
- This law included additional funding to allow the Department of Labor and Industry's (DLI's) Labor Standards unit to add staff members needed to conduct outreach and education for workers, employers and other stakeholders, as well as to perform enforcement activity pursuant to WTPA.

Use of additional funding

- Six additional positions were added to Labor Standards' wage and hour enforcement unit: two strategic compliance leads; and four senior labor investigators.
 - This unit is currently fully staffed with two strategic compliance leads and 12 senior labor investigators, as well as a supervisor for the unit and a director who oversees both Labor Standards and Apprenticeship.
- A systems, communications and educational interventions (SCEI) principal position was also created to lead outreach and education-related initiatives.

Use of additional funding, continued

- The two strategic compliance leads and SCEI principal guide the unit's strategic compliance activities.
 - Strategic compliance focuses on education, targeted enforcement and systems intervention to increase compliance.
 - Currently, Labor Standards has strategic compliance initiatives focused on the construction, restaurant and personal care assistant (PCA) industries.

Wage theft education, enforcement activity

From July 1, 2019, through Dec. 31, 2021, the Labor Standards unit:

- recovered \$1.14M in unpaid wages as a result of wage claims;
- recovered \$2.38M in back wages and \$560,362 in liquidated damages as a result of investigations;
- recovered \$85,850 in penalties for recordkeeping and child labor violations;
- performed services related to wage claims, information and education services (I&Es), and investigations that impacted a total of 76,597 workers; and
- completed 165 outreach events that focused solely or partially on the WTPA.

It also reached almost 158,000 stakeholders through outreach and education activities in 2020 and 2021.