



Office of the Los Angeles City Attorney  
Hydee Feldstein Soto

REPORT NO. R 24 - 0178  
APR 17 2024

**REPORT RE:**

**ANALYSIS OF CURRENT RESOURCES USED TO ENFORCE WAGE THEFT  
CASES AND RECOMMENDATIONS TO FULFILL STAFFING AND RESOURCE  
NEEDS TO BETTER EFFECTUATE WAGE THEFT INVESTIGATIONS BY THE  
OFFICE OF WAGE STANDARDS, INCLUDING INFORMATION ON CURRENT  
WAGE THEFT TRENDS**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

Honorable Members:

This report is provided in response to a request from the City Council seeking the City Attorney's analysis of current wage theft trends and of the current resources available to enforce the City's wage laws. The City Council also requested the report include an overview of the various City departments tasked with administering and enforcing the City's wage laws, along with recommendations for additional resources required to better effectuate and expand wage theft investigations.

**WAGE THEFT IN LOS ANGELES**

A recent Concept Paper by the Los Angeles Worker Center Network (LAWCN) reports that 88% of Los Angeles' lowest wage earners experience wage theft on any given week. Among workers who experienced wage theft, 80% did not receive premium pay for overtime hours worked, 30% received less than minimum wage, and 80% worked through their meal and rest breaks without compensation. A 2023 report from CBS News indicates that, at the national level, wage theft could amount to as



much as \$50 billion per year owed to workers, dwarfing the FBI's valuation of \$10 billion of annual losses attributable to other criminal offenses such as robbery, burglary, and vehicle theft. Locally, the UCLA Labor Center reported in 2015 that Los Angeles' low-wage workers lose \$26.2 million in wage theft violations every week, and LAWCN estimates that individual low-wage workers in Los Angeles lose 12.5% of the wages to which they are entitled annually, or more than \$2800 per worker.

### **WORKERS' RIGHTS DIVISION**

The City Attorney's Workers' Rights Division provides legal advice and assistance to the Bureau of Contract Administration (BCA) of the Department of Public Works, which is designated by the City to administer and enforce local laws that protect workers. Specifically, the Workers' Rights Division supports BCA's Office of Wage Standards (OWS) and Office of Contract Compliance (OCC) with investigation and enforcement of local and state wage laws as specified below. OWS and OCC have been successful in recovering lost wages for the City's most vulnerable workers.

### **PUBLIC RIGHTS BRANCH**

The City Attorney's Public Rights Branch pursues civil law enforcement actions, typically in the name of the People of the State of California, seeking redress for workers who have been misclassified as independent contractors and have suffered from wage theft, or other unlawful or unfair labor practices. In recent years, the Branch's attorneys have recovered substantial back pay for car wash workers and home health care workers, and has established a level playing field for truck drivers at the City's Port complex. The attorneys have also recovered restitution for health care workers unlawfully charged substantial penalties for early termination of their contracts. Currently, Public Rights Branch attorneys are working with the Attorney General and the City Attorneys of San Francisco and San Diego to pursue remedies against Uber and Lyft for unlawfully classifying their drivers as independent contractors prior to the adoption of Proposition 22. Along with the above, Public Rights Branch attorneys have additional matters under investigation. [Note: this Office is also preparing a report back on AB 594 and the impact of that new state law on enforcement efforts by the City Attorney's Criminal Branch (CF# 24-0193). The report, which was requested by the City Council on April 12, 2024, will be transmitted shortly.]

### **CITY ENFORCEMENT EFFORTS**

#### Office of Wage Standards (OWS)

The OWS is tasked with enforcing the City's Minimum Wage Ordinance, the Los Angeles Fair Work Week Ordinance, the Fair Chance Initiative in Hiring Ordinance, the Freelance Worker Ordinance, and other local worker protection ordinances. These laws aim to provide Angelenos with fair wages, health benefits, predictable schedules, and to deter wage theft. Employers who violate these laws may be required to pay

restitution (back wages) to make employees whole, as well as penalties payable to the worker and the City. The Workers' Rights Division provides legal advice to the OWS throughout its investigations and administrative enforcement actions. The Division also supports OWS with the creation of outreach materials, policies, rules and regulations, forms, due process and enforcement procedures.

Since OWS was established July 1, 2016, OWS has restored a total of \$894,749 in wages to more than 3,700 employees and recovered 145,463 paid sick leave hours (valued at more than \$1.5 million) to more than 4,360 employees. In addition, OWS has collected \$273,906.57 in penalties for these workers, as well as \$266,694 in penalties and administrative fines for the City.

#### Office of Contract Compliance (OCC)

The OCC is tasked with ensuring that all contractors doing business with the City comply with their contractual obligations related to worker protection, wage, and benefit requirements. These include the Living Wage Ordinance (LWO), which guarantees a specified minimum wage, health benefits, and compensated time off requirement for employees of certain City contractors. In addition, the OCC's Labor Compliance Group is tasked with enforcing the State's prevailing wage laws on construction projects funded by the City. When employers fail to comply with the above laws, the Workers' Rights Division advises and assists OCC throughout the investigations and administrative enforcement actions.

Since July 2020, the OCC's Labor Compliance Group has successfully recovered more than \$4M in prevailing wages owed to more than 1,200 workers employed by the City's contractors. In addition, the OCC's Equal Employment Opportunity Enforcement Group has recovered nearly \$1.7M in wages owed to workers employed by the City's contractors under the Living Wage Ordinance, and it anticipates recovering close to \$2M in fiscal year 2024-2025.

#### **ADDITIONAL CITY ATTORNEY STAFFING**

The Workers' Rights Division currently has six (6) attorneys. Four attorneys are tasked with assisting OWS in investigations concerning the Fair Work Week Ordinance and the Minimum Wage Ordinance and two attorneys are tasked with assisting OCC in investigations involving the Living Wage Ordinance and Prevailing Wage laws.

As OWS and OCC continue to expand their respective workloads, including through the pursuit of strategic enforcement of City wage theft ordinances by targeting high-violation industries, and through local enforcement of state wage and hour laws as permitted by Labor Code Section 1205(b), the Workers' Rights Division will need to provide a corresponding increase in the level of legal support through the retention of additional attorneys. OWS is currently complaint-driven, as its investigations commence after being contacted by an individual employee. If the Council directs OWS

to expand proactive enforcement of the City's local wage theft ordinances, this will result in a significant uptick in the volume of investigations, which will require additional legal support from the Workers' Rights Division. While we cannot accurately project what we will need in the way of proactive investigations, we believe that, at a minimum, our Workers' Rights Division would need at least two Deputy City Attorney (DCA) III, one Legal Clerk or Administrative Coordinator and one investigator, for a total of four positions – 2 lawyers and 2 staff positions – to support these OWS investigations.

Similarly, if the Council directs OWS to enforce state wage and hour laws (e.g., overtime, meal and rest break laws under the Labor Code that have traditionally been enforced by the State Department of Industrial Relations Division of Labor Standards Enforcement, additional City Attorney staffing will be required to advise OWS on those expanded efforts. For example, additional attorneys will be needed to support OWS with the anticipated influx of new wage theft complaints, to interpret the state laws related to meal and rest breaks, overtime, tipping, and to implement industry specific wage orders. Such a significant expansion of enforcing state labor laws at the local level will require several more DCA III and staff positions to support these investigations, either in the Worker's Rights division or the Public Rights Branch.

In addition, the Worker's Rights Division currently does not have an Assistant City Attorney supervising the division. An Assistant City Attorney (ACA) position and potentially a DCA IV will be necessary to effectively lead the attorneys with the current workload and in supporting the increasing wage theft investigations throughout the City.

If you have any questions regarding this matter, please contact Deputy City Attorney Dania Minassian at (213) 978-7100. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By



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Senior Assistant City Attorney

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