

MEMORANDUM FOR THE ECONOMIC DEVELOPMENT AND UNIVERSITY RELATIONS COMMITTEE OF THE CAMBRIDGE CITY COUNCIL

Wage Theft Prevention in Cambridge

TO: The Economic Development and University Relations Committee of the Cambridge City Council

FROM: Community Labor United and the Greater Boston Labor Council

RE: Background for Wage Theft Prevention Ordinance

DATE: September 24, 2015

This memorandum will summarize the background and context for a wage theft prevention ordinance in the City of Cambridge, the work that has been completed to date by the Greater Boston Labor Council (GBLC) and Community Labor United (CLU).

Background

Wage theft is a growing crisis in America today. Millions of workers are being robbed of an honest day's pay for an honest day's work. Wage theft takes many forms, including when workers are 1) being paid less than minimum wage; 2) not being paid time and a half for overtime hours; 3) being forced to work off the clock or having illegal fees deducted from paychecks; and 4) being misclassified as an independent contractors so that employers can avoid paying minimum wage, overtime, workman's compensation or payroll taxes.

Wage theft is not just a practice of a few employers in specific industries, but in fact is rampant across sectors (construction, retail, hospitality, property services, health care, etc.) and happens at all levels—from mom and pop stores to some of the largest corporations in the world, like Walmart and Staples. In Massachusetts, nearly 5,000 wage theft cases are filed with the Attorney General's office annually, and since 2009, the Joint Task Force on the Underground Economy and Employee Misclassification has recovered over \$40 million for workers and the Commonwealth from unpaid taxes, workman's compensation and nonpayment of wages and overtime. According to just one worker center in our region, they have recovered over \$250,000 in unpaid wages and overtime for Brazilian immigrants in various industries in the last year alone.

Work Completed to Date

- **Convened a committee of unions and community organizations that are working together to combat wage theft in our region.** The following organizations are a part of this coalition: *Centro Comunitario de los Trabajadores, Chelsea Collaborative, Chinese Progressive Association, Fuerza Laboral, Greater Boston Labor Council, Greater Boston Labor Council Futures Committee, Immigrant Worker Center Collaborative, International Union of Painters and Allied Trades (DC 35), Massachusetts AFL-CIO, Mass Coalition for Occupational Safety and Health, Metrowest Worker Center, New England Regional Council of Carpenters, SEIU 32BJ District 615, UNITE HERE Local 26, UNITE HERE New England Joint Board, 1199SEIU Massachusetts.*
- **Worked with the Walsh Administration on a Wage Theft Prevention Executive Order in the City of Boston.** In October 2014, Boston Mayor Martin J. Walsh issued an Executive Order to establish requirements for city contracts in an effort to prevent wage theft, which revised the requirements for city contractors, procurements, and licensing to ensure that the City of Boston was doing business with responsible employers that do not have a track record of wage violations. Just last week, this Executive Order was expanded to require all new and renewing food or liquor licensees to complete a CM Form 16, which licensees must sign, under the penalties of perjury, that they will adhere to the provisions of the Executive Order.
- **Held an action in Cambridge with over 100 workers targeting Callahan, Inc., a construction company with a track record of wage theft.** In March 2015, in partnership with the Carpenters union and our other coalition partners, we took action against wage theft at a Cambridge job site at 165 Cambridgepark Drive where Callahan, Inc. was the general contractor. Callahan has a long track record of payroll fraud and wage theft.
- **Worked with the Cambridge City Council to pass a resolution calling on Callahan, Inc. to meet with local labor leaders.** In April, we were pleased that the Cambridge City Council passed a resolution which called on Callahan, Inc. and the developer of the site at 165 Cambridgepark Drive to meet with local leaders of the Carpenters union and the Boston Building Trades to discuss the sub-standard labor conditions on Callahan's job sites.

Proposed Cambridge Wage Theft Prevention Ordinance

The Wage Theft Prevention ordinance that we seek to introduce in the City of Cambridge would include provisions that would ensure that Cambridge is a leader on this issue and that it does not do business with entities that have a track record of wage violations. The ordinance would make a few key changes, including:

- **Standard Contract Provision:** Incorporate new language into Cambridge's standard contract general conditions, which would apply to all new or renewed city contracts. This language would require that the contractor must certify that neither it or any of its subcontractors have had wage violations within the past three years (and if they do, they must disclose this information and provide a wage bond or insurance)
- **City Procurements:** New provisions would be included in request for proposals, invitation for bids or request for qualifications that would require prospective vendors to certify that neither they nor any of their subcontractors have had wage violations within the past three years. If they have had any criminal or civil judgement, administrative citation, final administrative determination, order or debarment, they must disclose that and include copies with their bids or proposals.
 - **Wage bond:** Vendors that have disclosed a wage violation may be required to obtain a wage bond or other form of suitable insurance equal to one year's gross wages for all employees and furnish their monthly certified payrolls to the city for all employees working on the contract
- Contracts between the City of Cambridge and the United States (or a corporation owned by the United States) would be exempt from this policy
- The Cambridge License Commission could consider whether a potential or current licensee has committed a wage violation in determining whether to issue, reissue, modify, suspend, or revoke a license

We hope to work with the Economic Development and University Relations Committee to refine this proposed ordinance over the course of the fall. Should you have questions or need further information, please contact Lindsay McCluskey at lmcccluskey@gblc.us