*Industrial Relations Journal* 43:5, 378–398
ISSN 0019-8692

# Wage and hour violations in urban labour markets: a comparison of Los Angeles, New York and Chicago

Ruth Milkman, Ana Luz González and Peter Ikeler

**ABSTRACT**

This article compares violations of minimum wage laws and other labour standards in New York City, Los Angeles and Chicago. Los Angeles has the highest violation rates, due to such factors as its industrial composition and disproportionately large number of small establishments, as well as its vast unauthorised immigrant population. In addition, Los Angeles' higher rates reflect the stricter legal standards in California. We conclude that, although stronger workplace laws and regulations are crucial, in the absence of effective enforcement, they may fail to prevent workplace violations.

Violations of federal and state laws governing minimum wage rates, overtime pay and other long-established labour standards have been widely reported across the United States in recent years. Popularly known as 'wage theft' (Bobo, 2008), such illegal employer behaviour is of growing concern among policy makers, legislators and government officials, as well as the broader public. Once limited to rogue employers in agriculture or in the 'underground economy', in the late 20th century, workplace violations began to penetrate the economic mainstream. Perhaps, the most notorious example involves Wal-Mart, the nation's largest employer, which in 2008 paid $352 million to settle 63 lawsuits in 42 states alleging that its managers routinely required workers to perform unpaid 'off-the-clock' work after finishing their official shifts (Greenhouse and Rosenbloom, 2008). With deregulation and economic liberalisation, such practices have come to light repeatedly in recent years, and are widespread across low-wage labour markets.

To date, the most systematic and rigorous effort to estimate the prevalence of such employment and labour law violations is the 2008 Unregulated Work Survey (UWS). Conducted by two of this article's co-authors and a larger team of researchers, the UWS involved detailed face-to-face interviews with 4,387 low-wage workers in New York, Los Angeles and Chicago, the nation's three largest cities.[1]

❒ Ruth Milkman is Professor of Sociology at the City University of New York Graduate Center and Academic Director of CUNY's Murphy Institute for Worker Education and Labor Studies. Ana Luz González is a PhD Candidate in Urban Planning at UCLA. Peter Ikeler is a PhD Candidate in Sociology at the City University of New York Graduate Center. Correspondence should be addressed to Ruth Milkman, Sociology, City University of New York Graduate Center, 365 Fifth Ave, New York, NY 10016, USA; email: rmilkman@gc.cuny.edu

[1] To be eligible for the UWS, workers had to be aged 18 or older, and employed in one of several low-wage industries in Los Angeles County, Cook County (Chicago) or the five boroughs of New York City. The

The UWS offers several advantages over previous studies. It used an innovative methodology, Respondent-Driven Sampling (RDS), to simulate a statistically representative sample of low-wage workers in each city (Heckathorn, 1997; 2002). RDS's chain-referral sampling also facilitated the recruitment of respondents who are rarely captured in labour market surveys, such as 'off the books' workers and unauthorised immigrants. In addition, rather than relying on workers' own knowledge of employment and labour laws, the UWS instrument was designed to capture detailed data on each respondent's hours and pay, which the research team then analysed to determine whether or not violations had occurred.

The UWS found evidence of pervasive wage theft and other workplace violations in the nation's three largest urban labour markets. This article analyses the prevalence of workplace violations across the three cities included in the UWS. Its starting point is the observation that when the three cities are compared, Los Angeles is almost always the outlier, with significantly higher prevalence rates than Chicago and New York. In what follows, we seek to explain why. After summarising the data on violation prevalence rates across the three cities, we explore a series of possible explanations for the inter-city differences. These include variations in industrial composition, unionisation rates and the size distribution of establishments in each city as well as variations in their demographic composition by race and ethnicity, nativity, immigration status and educational attainment. In the final section of the article, we turn to another critical difference among these three cities: namely that the states in which they are located are governed by different sets of workplace laws. At the time of the 2008 survey, the legal minimum wage was $8.00 in California, $7.15 in New York and $7.50 in Illinois. In addition, California has higher standards than either New York or Illinois for overtime pay, meal and rest breaks, workers' compensation and tipped workers' minimum wage. Although New York and Illinois have stricter labour standards than most other states across the nation, by any measure, California's are the most rigorous of the three. Our analysis suggests that Los Angeles' disproportionately high prevalence rates are, at least in part, an artefact of the higher legal standards that exist in California. We conclude that, although stronger laws and regulations are urgently needed across the nation, in the absence of effective enforcement, the goal of eliminating wage theft and other workplace violations from the low-wage labour market may remain elusive.

## 1 INTER-CITY VARIATIONS IN WORKPLACE VIOLATION PREVALENCE RATES

Table 1 summarises the prevalence rates for seven key workplace violations for which the difference between Los Angeles and one or both of the other two cities is statistically significant.[2] It shows that Los Angeles respondents were significantly more likely than their counterparts in New York City and Chicago to have been paid less

industries, which varied slightly across the three cities, were those whose median wage for non-supervisory workers was below 85 per cent of each city's median wage. Managers, professionals and technical workers were excluded. For more details, see Bernhardt *et al.* (2009).

[2] $p < 0.05$ or better using logistic regression models with city dummy variables as predictors of each violation (with Los Angeles as the reference group). The only violation for which New York City had significantly higher rates than Los Angeles was off-the-clock work (not shown). For two other types of violations, involving overtime pay and illegal deductions in the previous workweek, prevalence rates were higher in Los Angeles than at least one of the other cities, but the differences were not statistically significant. For more details on the descriptive data for Los Angeles, with selected comparisons to the other

*Table 1: Workplace violations for which prevalence rates are significantly greater in Los Angeles than New York City and/or Chicago, 2008*

| | Prevalence rates for workers 'at risk' | | |
|---|---|---|---|
| Type of violation | Los Angeles | New York City | Chicago |
| Worker was paid below the minimum wage in the previous workweek* | 29.2% ($n$ = 1,738) | 22.1% ($n$ = 1,364) | 23.8% ($n$ = 1,075) |
| Worker was denied, worked through or had an interrupted or shortened meal break in the previous workweek† | 83.9% ($n$ = 1,599) | 73.3% ($n$ = 1,245) | 44.3% ($n$ = 806) |
| Tips were stolen by supervisor or employer in the previous workweek* | 19.1% ($n$ = 205) | 6.3% ($n$ = 310) | 4.2% ($n$ = 186) |
| Worker did not receive pay document in the previous workweek† | 63.7% ($n$ = 1,753) | 53.9% ($n$ = 1,361) | 44.4% ($n$ = 1,088) |
| Worker was paid late at least once in the previous workweek*‡ | 5.8% ($n$ = 1,766) | 2.9% ($n$ = 1,367) | 3.1% ($n$ = 1,091) |
| Worker was not paid at all for work performed at least once in the past year* | 7.2% ($n$ = 1,772) | 4.4% ($n$ = 1,388) | 4.2% ($n$ = 1,097) |
| Worker experienced a workers' compensation violation for most recent on-the-job injury in the past three years* | 89.8% ($n$ = 250) | 16.0% ($n$ = 173) | 19.6% ($n$ = 128) |

Source: Authors' analysis of 2008 Unregulated Work Survey.
*No significant differences between prevalence rates in Chicago and NYC; Los Angeles rate is significantly different from both Chicago's and NYC's.
†All three cities have significantly different prevalence rates.
‡Prevalence rates were also significantly different among cities when this violation (paid late) was measured over the past year.

than the legal minimum wage in the previous workweek; to have suffered a violation of meal break regulations in the previous workweek[3]; and to have been paid late or not paid at all for work they performed during the previous year. Respondents in Los Angeles were also significantly *less* likely than those in the other two cities to have received written documentation of their earnings and deductions in the previous workweek, as is required by law. And among respondents in jobs where tips are

cities, see Milkman *et al.* (2010) (Some of the prevalence estimates reported in Milkman *et al.* (2010) differ slightly from those in Table 1, reflecting technical refinements made in the dataset since that publication was released.)

[3] Although detailed provisions vary, in all three jurisdictions, workers are legally entitled to unpaid meal breaks if they work a specified number of consecutive hours. In all three, moreover, it is illegal for employers or supervisors to shorten or interrupt these breaks, or to require employees to perform any work tasks during the break period.

customary, those in Los Angeles were significantly more likely to have had their tips illegally appropriated by managers or employers during the previous workweek than their counterparts in the other two cities. Finally, among respondents who had been injured on the job in the previous three years, those in Los Angeles were far more likely to have experienced a workers' compensation violation than those in Chicago or New York.

For each prevalence rate shown in Table 1, the denominator is the number of respondents 'at risk' for that particular violation (the *N*s shown for each cell in the table). For some violations, such as not being paid at all for work performed, or being paid less than the legal minimum wage, *all* respondents were at risk. But for three of the seven violations shown, the number of respondents at risk was more limited: only tipped workers were at risk of having had tips stolen; only workers who had experienced on-the-job injuries were at risk for workers' compensation violations; and only those who had worked a shift of a legally specified length were entitled to a meal break, and thus at risk of a meal break violation.[4]

Often characterised as 'global cities', New York, Chicago, and Los Angeles all are marked by sharp and growing inequalities between rich and poor, although the forces driving those inequalities vary among them (see Abu-Lughod, 1999: 421). All three are gateway cities for recent immigrants, including many who entered the United States without authorisation. Other disadvantaged populations, like US-born Latinos and African Americans, are well-represented in all three cities as well.

These common features were among the reasons that New York City, Los Angeles and Chicago, the nation's three largest urban labour markets, were chosen as the focus of the UWS in the first place. Wage theft and other workplace violations are by no means limited to these cities, but extensive documentation of their existence is available for all three, especially in low-wage industries like residential construction, domestic service, restaurants and some branches of manufacturing (Bernhardt *et al.*, 2007; Bobo, 2008; Bonacich and Appelbaum, 2000; Haydamack *et al.*, 2005; Levin and Ginsburg, 2000; Mehta *et al.*, 2002; Milkman, 2006; Ruckelshaus, 2008; Valenzuela *et al.*, 2006; Weil and Pyles, 2005).

But to explain the inter-city variation in the prevalence rates shown in Table 1, and, specifically, to explain why those rates tend to be highest in Los Angeles, the commonalities among the three cities are less relevant than their differences. Each metropolis has a distinctive history and, at present, each has a unique political-economic profile.[5] Some of the most salient differences among them are summarised in Table 2, which presents selected data for 2008, the year the UWS was conducted, for the same geographical entities (Los Angeles County, Cook County and the five boroughs of New York City) that the UWS surveyed.

Los Angeles County is the most dynamic of these three geographical areas in terms of sheer growth: in 2010, its population was 140 per cent greater than it had been in 1970. Indeed, during the intervening years, Los Angeles displaced Chicago, whose population declined slightly over that period, as the nation's 'second city'. New York City experienced modest net growth in population during those 40 years, as Table 2 shows, while retaining its status as the nation's largest metropolis.

[4] The number of consecutive hours of work required to trigger a meal break requirement varies by state, as does the length of the required break.

[5] For access to the extensive literature on each city, see Milkman (2006) on Los Angeles, Freeman (2000) on New York and Koval *et al.* (2006) on Chicago; a convenient synthesis comparing all three is Abu-Lughod (1999).

*Table 2: Selected characteristics of Los Angeles, Chicago and New York City, 2008*

| | Los Angeles County | Chicago (Cook County) | New York City (5 boroughs) |
|---|---|---|---|
| 2010 population as a percentage of 1970 population* | 140% | 95% | 104% |
| Industry† | | | |
| Construction | 7.0% | 5.6% | 6.3% |
| Private household service | 1.4 | 0.5 | 1.3 |
| Retail | 10.4 | 8.4 | 8.9 |
| Garment manufacturing | 1.9 | 0.3 | 1.1 |
| Manufacturing, except garments | 11.5 | 9.8 | 2.7 |
| Restaurants and hotels | 5.8 | 8.0 | 7.3 |
| Finance, insurance and real estate | 7.0 | 8.8 | 10.0 |
| Public administration, education and health care | 22.0 | 27.2 | 30.4 |
| All other | 33.1 | 31.5 | 32.0 |
| Establishment size, manufacturing‡ | | | |
| 1–49 workers | 87.6% | 81.8% | 94.3% |
| 50–99 workers | 6.4 | 9.1 | 3.6 |
| 100 or more workers | 6.0 | 9.0 | 2.1 |
| Establishment size, all businesses‡ | | | |
| 1–49 workers | 94.6% | 93.7% | 95.3% |
| 50–99 workers | 3.0 | 3.3 | 2.5 |
| 100 or more workers | 2.4 | 3.0 | 2.3 |
| Unionisation rates§ | | | |
| All workers | 16.4% | 17.8% | 24.1% |
| Private-sector total | 10.0 | 12.3 | 15.8 |
| Private-sector construction | 12.2 | 44.2 | 27.2 |
| Private-sector manufacturing | 11.5 | 17.6 | 11.9 |
| Gender† | | | |
| Female | 44.3% | 48.7% | 47.0% |
| Male | 55.7 | 51.3 | 53.0 |
| Nativity, ethnicity, and race† | | | |
| Foreign-born | 44.2% | 24.4% | 46.1% |
| Non-citizen | 24.5 | 15.4 | 22.5 |
| Undocumented¶ | 14.6 | 6.9 | 12.6 |
| US-born Hispanic | 16.8 | 9.1 | 11.5 |
| US-born non-Hispanic black | 7.8 | 24.8 | 11.9 |
| Educational attainment** | | | |
| <high school/GED | 18.8% | 12.7% | 12.4% |
| US-born <high school/GED | 4.2 | 6.0 | 7.1 |
| Foreign-born <high school/GED | 35.1 | 32.4 | 18.1 |

Source: 2008 US Current Population Survey Outgoing Rotation Group (CPS-ORG) files, unless otherwise specified.
*Computed from total population figures from decennial census data for 1970 and 2010 (US Census Bureau).
†These data are for employed civilian workers aged 18–64.
‡These data are from 2008 County Business Patterns (US Census Bureau), which excludes the self-employed, agriculture, railroads, private household workers and most government workers. Some totals do not add to 100% due to rounding.
§These data are for union members (but not others covered by union contracts) as a percentage of wage and salary workers aged 16 and up, excluding self-employed and unpaid family workers. They are from the 2008 CPS-ORG files, and were generously compiled for us by Barry Hirsch of Georgia State University.
¶These data are for 2006–08 and were derived from the CPS March Supplement, including only workers with a reported occupation, and using estimates of the unauthorised generously supplied by Jeffrey Passell of the Pew Hispanic Center. For Chicago, this calculation is for the Illinois portion of the Chicago-Napier-Joliet CBSA, which includes Cook, DuPage, Grundy, Kane, Kendall, McHenry and Will Counties.
**These data are for the civilian labour force, ages 25–64.

### 1.1 Industrial composition and labour market characteristics

One possible explanation for Los Angeles' higher violation rates involves the distribution of employment within its labour market. The share of employment in both the public administration, education and health care sector and in the finance, insurance and real estate industry group, both of which tend to have low workplace violation rates, is smaller in Los Angeles relative to the other two cities, as Table 2 shows. In Los Angeles, these two sectors combined employed 29 per cent of all civilian workers aged 18–64 in 2008, compared to 36 per cent in Chicago and 40 per cent in New York City. The high figure for New York reflects both its role as the nation's financial headquarters and especially its social democratic tradition, which despite recent erosion continues to distinguish it from the rest of the nation in regard to public service provision (Freeman, 2000). Such provision is far more limited in Los Angeles, while Chicago is in between the two.

By contrast, high-violation industries like garment manufacturing and domestic service comprise a larger proportion of total employment in Los Angeles than in the other two cities. The (non-garment) manufacturing and construction sectors are also larger in Los Angeles than in New York and Chicago; and crucially, as Table 2 shows, in both cases, unionisation rates are lower—much lower in most instances—in Los Angeles than in the other cities.

The rapid de-industrialisation of the United States that began in the 1970s was a geographically uneven process. All three cities were affected by the outsourcing of basic manufacturing jobs. But in Los Angeles, although many large factories in industries like autos, steel, rubber and aerospace shut down in the late 20th century, a large and vibrant manufacturing sector remains, accounting for nearly one in eight employed civilian workers in 2008. In sharp contrast, in New York City, only one in 25 civilian workers was employed in manufacturing in 2008. To be sure, one of New York's historic core industries, garment-making—in which workplace violations are notoriously widespread—retained a foothold; indeed, that one industry comprised nearly a third of New York's entire manufacturing sector in 2008. But US garment production (insofar as it has not been outsourced to other countries) has increasingly shifted to Los Angeles in recent decades, where it accounted for nearly 2 per cent of *all* employed workers in 2008 (see Bonacich and Appelbaum, 2000; Weil, 2005).

Garment-making, if less predominant as a share of all manufacturing in Los Angeles than in New York, is prototypical of the 21st century industrial sector in both cities, in that most establishments are small, non-union factories employing relatively few workers at low wages. New York, with its tiny manufacturing sector, is even more extreme than Los Angeles in this respect, as Table 2 shows. In Chicago, however, manufacturing retains a more traditional form, with a far greater proportion of establishments than in either of the other cities employing 100 or more workers, and a higher manufacturing unionisation rate as well.

Establishment size matters for our purposes, as workplace violation rates tend to be higher in smaller establishments, many of which are 'informal' in character. Apart from manufacturing, however, large establishments are rare for all three cities, as Table 2 shows. Los Angeles does have a greater proportion of small manufacturing establishments than Chicago (as does New York, but there, the manufacturing sector is so small that the size issue becomes moot).

Unionisation is an equally important factor. As labour unions typically monitor workplaces for illegal employer behaviour (Ruckelshaus, 2008: 373), one might expect union density to be inversely correlated with violation rates, especially in the private sector (where most violations are concentrated). As Table 2 shows, Los Angeles had the lowest 2008 private-sector unionisation rate of the three cities, New York the highest and Chicago was in between. Manufacturing unionisation rates in New York were nearly as low as in Los Angeles, but because this sector comprises such a small share of employment in New York, its low unionisation rate is virtually inconsequential. By contrast, in Chicago, with its more traditional industrial base, unionisation was substantially higher in manufacturing (albeit still modest by historical standards).

In short, the industrial distribution of employment in Los Angeles suggests one important hypothesis that might help explain Los Angeles' higher violation prevalence rates: a larger share of employment is located in sectors with high violation rates. Small establishment size in manufacturing and low unionisation levels may have contributed to Los Angeles' higher violation rates as well.

### 1.2 Demographic profiles

Along with their varied political economies, Los Angeles, Chicago and New York also have distinctive demographic profiles, as Table 2 shows. Immigrants are well-represented in all three (although they comprise a smaller share of the workforce in Chicago than in the other two cities), but with wide variation in composition by national origin and citizenship status. Racial and ethnic minorities also have a substantial presence in all three cities: Los Angeles leads in the share of US-born Latinos, while Chicago leads in the share of African Americans in the workforce. In part reflecting these variations by race, ethnicity and nativity, each city's workforce also has a distinct profile in terms of educational attainment.

One striking point of differentiation is the legal status of the workforce in the three cities. Although New York has a slightly higher proportion of foreign-born workers than Los Angeles, non-citizens make up a larger share of the Los Angeles workforce than in that of either New York or Chicago. Moreover, undocumented immigrants account for a greater proportion of workers in Los Angeles than in the other two cities. These workers are especially vulnerable to employer abuse and thus to workplace violations (Kerwin and McCabe, 2011); their over-representation in the Los Angeles workforce is another factor that may help explain that city's relatively high violation rates.

Reflecting the fact that unauthorised immigrants are disproportionately male, the proportion of men in Los Angeles' workforce is higher than in the other two cities. Immigration is related to another notable difference between Los Angeles and the other two cities as well, namely the distribution of educational attainment across the workforce. Los Angeles has a far higher proportion of labour force participants aged 25–64 who did not graduate from high school than either New York City or Chicago. As these less educated workers, all else equal, may be at greater risk of workplace violations, this is another potentially relevant factor underlying Los Angeles' higher prevalence rates. As Table 2 shows, educational attainment is particularly limited for foreign-born workers in Los Angeles. This reflects the fact that the unauthorised part of the foreign-born population typically arrives in the United States with limited formal education, particularly in the case of Mexican immigrants, who are

over-represented in Los Angeles relative to the other two cities (see Fortuny *et al.*, 2007: 40).

Finally, as Table 2 also shows, the two most disadvantaged racial and ethnic groups in the US-born population, Latinos and African Americans, comprise a significant portion of the workforce in all three cities. While African Americans are more concentrated in Chicago and New York, Latinos constitute a far larger proportion of the Los Angeles workforce than that of either New York or Chicago. Latino workers may be more likely to experience violations in Los Angeles as well, given the racialisation of immigration status there and the reality that employers do not always differentiate among unauthorised, authorised and US-born Latinos.

In order to further explore the potential importance of both the labour market and the demographic variations among the three cities, we now turn to the UWS data, using logistic regression analysis to help determine which factors contribute most to explaining the inter-city variations in violation rates.

## 2 LOGISTIC REGRESSION MODELS OF WORKPLACE VIOLATIONS

As discussed earlier, the seven violations shown in Table 1 are those for which prevalence rates were significantly higher in Los Angeles than in Chicago or New York City. The analysis shown there is based on logistic regression models in which the only independent variables included were city dummy variables.

In an effort to understand the factors underlying the inter-city differences, we constructed a series of multivariate logistic regression models (not shown) of the UWS violation data, successively adding independent variables until we developed models in which the city dummies are *not* significant predictors. Table 4 presents the final models for four of the seven violations shown in Table 1: payment below the legal minimum wage, not receiving a pay document, non-payment for work performed and late payment.[6]

The independent variables included in these models, descriptive statistics for which are shown in Table 3 for the three cities, correspond to the extent possible, given the limitations of the UWS dataset, to the discussion in the previous section (and in Table 2); they include: industry, establishment size, gender, race and ethnicity, immigration status and educational attainment. However, Tables 2 and 3 cannot be directly compared because, as noted earlier, the UWS involves a highly truncated sample of low-wage workers, encompassing roughly the bottom 15 per cent of the workforce in Los Angeles, Chicago and New York City, whereas the data in Table 2 include the bulk of the labour market of each city.

Other differences between these two Tables are also noteworthy. Unfortunately, a union status variable could not be derived from the UWS dataset.[7] On the other hand, another important variable is available in the UWS dataset—but not in the Current

[6] For three of these violations, the unit of time involved is the previous workweek; the exception is not being paid at all (a less frequent event) for which the unit of time is the previous year. For the other three violations shown in Table 1—meal break, tip-stealing and workers' compensation violations—the city differences remained significant in a wide variety of multivariate models (not shown). Two of these violations (meal break and workers' compensation violations) are explored further in the final section of this article.

[7] Many unionised industries were excluded from the UWS sample because their median wages were higher than the low-wage threshold described in note 1. Moreover, the unionised workers who were in the sample were concentrated in a very small set of industries, rendering any analysis of differences in violation rates that included union status as an independent variable problematic.

*Table 3: Descriptive statistics for variables used in logistic regression models*

| Variables | Los Angeles County Weighted percentage | Chicago (Cook County) Weighted percentage | New York City (five boroughs) Weighted percentage |
|---|---|---|---|
| Industry | | | |
| Construction | 8.4 | 5.6 | 3.8 |
| Private household labour | 14.9 | 13.7 | 11.2 |
| Retail | 12.3 | 12.3 | 25.7 |
| Garment manufacturing | 21.9 | 0.2 | 3.1 |
| Manufacturing, except garment | 9.5 | 16.6 | 2.9 |
| Hospitality (restaurant and hotel*) | 11.2 | 21.3 | 21.0 |
| Other services‡ | 14.5 | 18.7 | 17.6 |
| Health, education and social assistance | 7.4 | 11.5 | 14.6 |
| Establishment size† | | | |
| >1 but ≤ 99 employees | 81.4 | 70.2 | 82.2 |
| 100 or more employees | 18.6 | 29.8 | 17.8 |
| Gender | | | |
| Female | 51.9 | 61.7 | 57.0 |
| Male | 48.1 | 38.3 | 43.0 |
| Race/Ethnicity | | | |
| Latino | 82.0 | 60.3 | 54.3 |
| African American (excluding Latinos) | 6.0 | 32.5 | 16.0 |
| White/Asian/Other | 12.0 | 7.2 | 29.7 |
| Pay method | | | |
| Cash or personal check | 61.5 | 38.7 | 54.7 |
| Company check | 38.5 | 61.3 | 45.3 |
| Immigration status | | | |
| Authorised immigrant or US-born | 43.6 | 66.9 | 80.6 |
| Undocumented | 56.4 | 33.1 | 19.4 |
| Educational attainment | | | |
| Less than high school | 59.3 | 37.5 | 30.6 |
| High school graduate | 25.8 | 35.4 | 34.4 |
| Some college or more | 14.9 | 27.1 | 35.0 |
| Total *N* | 1,815 | 1,140 | 1,432 |

Source: Authors' analysis of 2008 Unregulated Work Survey.
*Most UWS respondents in hospitality were restaurant workers: 93% in Los Angeles, 88% in Chicago and 100% in New York City (unweighted *N*s). In New York City, hotel workers were excluded from the UWS sample entirely on the basis of their relatively high earnings.
†Excludes workers who work alone.
‡Includes couriers and messengers, landscaping, security, nail and hair salons and related personal services, car washes, auto repair and some warehouse workers.

Population Survey (CPS) or other secondary datasets—namely 'pay method'. This is our term for the variable that specifies whether workers were paid in cash (or by personal check), as opposed to a company paycheck. Cash payment is not illegal, but employers *are* required by law to issue a statement of earnings and deductions, regardless of pay method. In the multivariate regression models presented in Table 4, as discussed later, pay method is a significant predictor of three of the four violations shown.[8]

[8] Data on pay method are not included in the CPS or other labour market surveys, to our knowledge.

*Table 4: Results of logistic regression models predicting odds of selected violations*

| Variables† | Paid below minimum wage (previous week) | | No pay document (previous week) | | Not paid at all (previous year) | | Paid late (previous week) | |
|---|---|---|---|---|---|---|---|---|
| | Coefficient (SE) | Odds ratio | Coefficient (SE) | Odds ratio | Coefficient (SE) | Odds ratio | Coefficient (SE) | Odds ratio |
| Constant | −3.69 (0.42) | | −2.95 (0.47) | | −3.06 (0.68) | | −4.05 (0.95) | |
| Construction | −1.60 (0.41)*** | 0.20 | 0.37 (0.43) | 1.45 | 1.28 (0.55)* | 3.60 | 1.24 (0.85) | 3.45 |
| Private household | −1.00 (0.41)* | 0.37 | 1.68 (0.50)*** | 5.34 | −0.18 (0.65) | 0.84 | 0.09 (0.92) | 1.10 |
| Retail | 0.19 (0.27) | 1.20 | −0.11 (0.34) | 0.90 | −0.56 (0.55) | 0.57 | 0.37 (0.83) | 0.69 |
| Garment manufacturing | 1.03 (0.31)*** | 2.81 | −0.17 (0.43) | 0.84 | −0.38 (0.54) | 0.68 | −0.11 (0.78) | 0.90 |
| Manufacturing, except garments | −0.44 (0.29) | 0.64 | −0.11 (0.35) | 0.89 | −0.13 (0.51) | 0.88 | −0.20 (0.69) | 0.82 |
| Hospitality | −0.35 (0.27) | 0.70 | −0.52 (0.33) | 0.60 | −0.42 (0.49) | 0.66 | 0.32 (0.75) | 1.38 |
| Other services | −0.08 (0.26) | 0.92 | −0.04 (0.32) | 0.97 | −0.30 (0.45) | 0.74 | −0.16 (0.69) | 0.86 |
| ≤99 employees | 0.85 (0.27)** | 2.33 | 0.80 (0.29)** | 2.22 | 0.03 (0.39) | 0.97 | 0.75 (0.52) | 2.12 |
| Female | 0.38 (0.14)** | 1.47 | −0.10 (0.18) | 0.90 | 0.09 (0.24) | 1.10 | −0.36 (0.31) | 0.70 |
| Latino | 0.47 (0.21)* | 1.60 | 0.27 (0.22) | 1.31 | 0.31 (0.36) | 1.37 | −0.60 (0.48) | 0.55 |
| African American | 0.91 (0.25)*** | 2.49 | −0.12 (0.29) | 0.89 | 0.37 (0.42) | 1.45 | −0.77 (0.51) | 0.46 |
| Undocumented | 0.55 (0.16)*** | 1.73 | 1.02 (0.20)*** | 2.78 | 0.47 (0.29) | 1.60 | −0.17 (0.38) | 0.84 |
| Payment in cash or personal check | 1.24 (0.16)*** | 3.46 | 4.07 (0.18)*** | 58.73 | −0.05 (0.29) | 0.95 | 0.76 (0.34)* | 2.14 |
| <High school | 0.29 (0.19) | 1.33 | 0.17 (0.23) | 1.19 | 0.05 (0.31) | 1.05 | 0.99 (0.48)* | 2.69 |
| High school grad | 0.05 (0.18) | 1.05 | 0.20 (0.21) | 1.21 | −0.31 (0.33) | 0.74 | 0.43 (0.45) | 1.53 |
| New York | −0.00 (0.18) | 1.00 | −0.15 (0.22) | 0.86 | −0.18 (0.29) | 0.87 | −0.44 (0.35) | 0.65 |
| Chicago | 0.25 (0.20) | 1.29 | 0.08 (0.22) | 1.09 | −0.14 (0.32) | 0.84 | −0.73 (0.39) | 0.48 |
| Pseudo $R^2$ | 0.18 | | 0.56 | | 0.06 | | 0.10 | |
| Log pseudo-likelihood | −1,431.44 | | −952.25 | | −596.28 | | −507.60 | |
| Wald Chi$^2$ | 235.24 | | 853.90 | | 44.85 | | 68.17 | |
| *N* | 3,172 | | 3,173 | | 3,203 | | 3,193 | |

*$p \leq 0.05$; **$p \leq 0.01$; ***$p \leq 0.001$.

†*Reference Groups* for industry: health, education and social assistance; for establishment size: 100 or more employees; for gender: male; for race-ethnicity: Asian, White and other; for payment method: company check; for legal status: authorised immigrant or US-born; for education: some college or more; for city: Los Angeles.

The descriptive statistics presented in Table 3 are weighted percentages reflecting post-stratification adjustments to the UWS sample.[9] In the regression analysis, the reference group for each variable is the category for which violation rates are lowest (details are at the bottom of Table 4); the only exception is the city variable, where Los Angeles is the reference group.

As Table 3 shows, the Los Angeles UWS sample includes a larger share of garment workers, private household workers and construction workers than the samples for the other two cities; the share of workers paid in cash or by personal check is also largest in Los Angeles. Demographically, the Los Angeles sample is disproportionately Latino, undocumented and includes a larger share of workers who did not complete high school than the samples in the other two cities. Although given the truncated character of the UWS sample, there are many deviations from the data presented in Table 2 for each city, the basic patterns are consistent.

Table 4 summarises the results of the final multivariate logistic regression analyses. As the first two columns show, the odds of a minimum wage violation are significantly lower for private household workers and (even more so) for construction workers, but significantly higher for garment workers. Odds of this violation are also higher for those employed in smaller establishments (with less than 100 workers) for women, Latinos and African Americans, for those paid in cash or by personal check and for the undocumented. For garment workers, the odds of experiencing a minimum wage violation were almost three times that of workers employed in health care and social assistance; for those paid by cash or personal check, the odds of this violation were three and a half times those paid by a company check; and those in establishments with fewer than 100 workers had more than twice the odds of this violation than those in larger establishments. Undocumented workers had almost twice the odds of a minimum wage violation as respondents who were either authorised immigrants or US-born. Odds were much greater for females than males, and for Latinos and African-Americans than the reference category (in this case, an aggregate of Whites, Asians and others).

In this multivariate model, the city variables are included but are not statistically significant. The model shows that the significantly higher minimum wage violation prevalence rates for Los Angeles shown in Table 1 are driven by such factors as the disproportionate presence in the UWS sample for that city of garment manufacturing, along with its disproportionately large undocumented immigrant population. Indeed, the industry and legal status variables were such strong predictors of minimum wage violations that each one of them was powerful enough alone to make the city dummy variables insignificant in the intermediate models we constructed (not shown). The prevalence of payment by cash or personal check, as well as small establishment size, both of which, as noted earlier, are more common in Los Angeles than the other cities, are additional factors that help to explain Los Angeles' high minimum wage violation rates (although New York City has about the same distribution by establishment size). That women and African Americans have higher odds of a minimum wage

[9] The weighting adjusts for variations in respondents' social networks, as is standard in RDS studies, and also for the homophily that surfaced in the UWS survey, which involved high levels of non-random recruitment in several racial/ethnic groups as well as between US-born and foreign-born workers (However, non-random recruitment did *not* occur on the basis of industry, employer or the experience of workplace violations). To address the homophily, we generated RDS violation rate estimates within specific race/ethnicity/nativity subsamples, and then recombined them using a weighting system based on independent estimates of the relative sizes of each sub-group in order to generate the overall estimates. For more details, see Spiller *et al.* (2010).

violation is not likely to be tied to the city variations but is entirely consistent with well-known evidence about the demographic distribution of low-wage work.

The second model shown in Table 4 (in the third and fourth columns) offers insight into the factors driving a second common workplace violation, namely the employer's failure to provide the legally required pay document listing workers' earnings and deductions. The odds of not receiving such a pay document are five times greater for private household workers than for the reference group (health care and social assistance workers); for workers employed in small establishments, the odds of experiencing this violation are twice as high as for those employed in establishments with 100 or more workers; the odds for undocumented workers of not receiving the required pay document are nearly three times greater than those for respondents with legal status. Not surprisingly, the strongest predictor here is being paid in cash or by personal check rather than by company check.

Once again, the city variables are included in this model but are not statistically significant, demonstrating that such factors as Los Angeles' relatively large undocumented population and the disproportionate presence of workers paid in cash and in small establishments underlie its higher violation rates. Also relevant here is the fact that Los Angeles has a larger proportion of its workforce in private household service than the other two cities do.

The right-hand half of Table 4 shows regression models for two other violations, namely non-payment and late payment. These two models are far weaker than those for minimum wage and no pay document violations, and must be interpreted with caution. Here, again, the city variables are included in the models but are statistically insignificant. The results show that Los Angeles' disproportionately large construction industry, the disproportionate size of its cash-based informal economy and its relatively large proportion of workers who have less than a high school education underlie the higher violation rates for non-payment and late payment, but the models have very limited explanatory power.

In general, the multivariate models suggest that the variations in the industrial and demographic characteristics of the three cities help to explain Los Angeles' generally higher workplace violation rates. A few factors stand out as especially important: the disproportionate importance of garment manufacturing and construction in the Los Angeles low-wage labour market (and in the UWS sample), the relatively large size of the city's undocumented population and the greater prevalence there of informal types of payment (cash or personal check).

Although the models in Table 4 do render the city dummy variables insignificant for all four violations shown, they at best explain only part of the variation. Even for the two cases—minimum wage and no pay document—for which the models are strongest, much remains unexplained (as indicated by the pseudo $R^2$ figures in Table 4). This leads us to consider the question of differences in the legal standards in the three cities.

## 3 STATE VARIATIONS IN LEGAL STANDARDS AND ENFORCEMENT

The 1938 Fair Labour Standards Act (FLSA) is the law governing minimum wages, overtime pay, and other basic labour standards in the U.S. Federal law permits states to supplement the FLSA with their own labour standards legislation, with the proviso that standards are thereby raised, rather than lowered. Among the many states that have established standards higher than the federal ones are California, New York State and Illinois. However, these three states vary among themselves both in regard

to the specific standards they have set and in the effectiveness with which those standards are enforced.

For three of the seven types of workplace violations shown in Table 1—those involving minimum wages, meal breaks and workers' compensation—California had higher standards than either New York State or Illinois. The laws regarding the other four violations shown in Table 1—tip stealing, the lack of a pay document listing earnings and deductions, late payment and non-payment of wages—are the same in all three jurisdictions, however.[10]

In 2008, when the UWS was fielded, California had the highest minimum wage of these three states (it was raised to $8.00 per hour on 1 January 2008, where it remains at this writing). New York has stricter labour standards than Illinois in some respects, but Illinois has a higher minimum wage (it was $7.50 per hour in 2008, and since then has been raised in several steps to $8.25, exceeding the California minimum wage at this writing) than New York (where it was $7.15 per hour in 2008, and then was raised to the $7.25 federal level in July 2009, where it remains at this writing). In addition, California requires that workers who receive tips from customers be paid the standard minimum wage, whereas both New York and Illinois permit a lower minimum for tipped workers.

California also has the strongest laws regarding breaks, requiring a 30-minute meal break for shifts of five or more consecutive hours. Illinois law mandates a 20-minute meal break for a work shift of 7.5 or more consecutive hours, while in New York, the standard is a 30-minute meal break in a shift of six consecutive hours. New York does require longer breaks for shift workers and those employed in factories; Illinois provides longer breaks for hotel attendants. California is the only one of these three states to require paid rest breaks (ten minutes for every four hours of work) in addition to meal breaks.[11]

The third area in which California has higher standards is workers' compensation. All three states require employers to carry workers' compensation insurance to cover medical costs that result from on-the-job injuries or illnesses, and all three prohibit employers from requiring workers to pay medical bills associated with such events and from retaliating against those who file workers' compensation claims. In California, however, the legal requirements are especially strict. For example, state employers who become aware of a worker's injury are legally required to instruct him or her to file a workers' compensation claim and to provide the legal form with which to do so within one working day after learning of the injury; neither of these requirements exists in either New York or Illinois.

In an effort to determine whether or not California's stricter laws might help explain Los Angeles' higher workplace violation prevalence rates, we conducted a series of counterfactual analyses of the three violations shown in Table 1 for which California has higher standards, namely minimum wage, meal break and workers' compensation violations. We generated simulations of the earlier analyses to find out what would have happened if the laws were the same in all three jurisdictions,

[10] The UWS generated prevalence estimates for additional violations that are not included in Table 1 because, for them, Los Angeles did not have significantly higher prevalence rates than the other cities. For most of these additional violations—such as retaliation against workers who complain about working conditions or organise, illegal payroll deductions, and unpaid off-the-clock work or repeated verbal abuse on the basis of a protected category like race or gender—the laws are the same in all three jurisdictions; however, California has stricter overtime pay laws than either New York or Illinois.

[11] None of the three states require employers to pay workers for the time allocated to meal breaks.

applying the New York, Illinois and California state laws, in turn, to each city. The results are summarised in Table 5.[12]

The simulations are particularly revealing in regard to minimum wage violations. When we applied New York's minimum wage laws to all three cities, the inter-city differences became statistically insignificant. In the simulation applying Illinois' minimum wage laws to all three cities, similarly, the difference between Chicago's and Los Angeles' violation rates was no longer statistically significant; however, in this iteration, New York still had a significantly higher minimum wage violation rate than the other cities—not surprising as its actual minimum wage standard was the lowest of these three cities'. Finally, the simulation that applied California's stricter minimum wage laws to all three cities yielded significantly higher violation rates for both New York City and Chicago than for Los Angeles. This last result is exactly what one would expect, as the standard used (California's $8.00 minimum wage) was stricter than the actual minimum wage in those two cities.

The simulation results for meal break violations are weaker, perhaps because the meal break laws vary less among the three states, especially for full-time workers who typically work for 7.5 or more hours per shift. When we applied Illinois' meal break laws (the weakest of the three states) to all three cities, the resulting prevalence rates differed significantly among all three (as in the original analysis shown in Table 1). When New York's laws (which are somewhat stricter than those of Illinois) were applied to all three cities, Los Angeles still had a significantly higher violation rate than either New York or Chicago, but there were no significant differences between the latter cities. When California's stronger meal break laws were applied to all three cities, Chicago's violation prevalence rate more than doubled (in comparison to the actual rate under Illinois law, as shown in Table 1) but it remained significantly lower than the rate in Los Angeles. In this last iteration, however, there was no statistically significant difference between Chicago and New York or between Los Angeles and New York.

Finally, in all the simulations for workers' compensation violation rates, no matter which of the three sets of state laws were applied, there were no statistically significant inter-city differences.[13]

Taken as a whole, the results of these simulations suggest that Los Angeles' disproportionately high workplace violation rates, relative to those in Chicago and New York City, are at least in part a product of the fact that California has stronger workplace laws than New York State and Illinois do. The key finding from the counterfactual analysis summarised in Table 5 is that many of the inter-city differences would not exist if the New York laws were in effect in all three cities (with the exception of meal break violations, which would still be higher in Los Angeles than in the other cities).

Counterfactually applying the Illinois laws to all three cities yields mixed results: meal break violations differ significantly among all three cities (as is in fact the case, as shown in Table 1); in this simulation, however, New York has the highest minimum wage violation rate—reflecting the fact that a higher standard than the actual one is being applied—while there are no significant inter-city differences in workers compensation violation rates.

[12] *N*s are not included in Table 5; for each violation in each city, they are identical to the *N*s shown in Table 1.

[13] The New York and Illinois workers' compensation laws are essentially similar to one another; California's however are much more rigorous than either of the others.

*Table 5: Simulations of Workplace Violation Analysis, 2008*

| Type of violation | Los Angeles | New York City | Chicago |
|---|---|---|---|
| A. Prevalence rates for workers 'at risk' applying New York state laws to all 3 cities | | | |
| Worker was paid below the minimum wage in the previous workweek | 20.9% | 22.1% | 23.2% |
| Worker was denied, worked through, or had an interrupted or shortened meal break in the previous workweek† | 87.1%*** | 73.3% | 69.6% |
| Worker experienced a workers' compensation violation for most recent on-the-job injury in the past three years | 15.1% | 16.0% | 19.6% |
| B. Prevalence rates for workers 'at risk' applying Illinois state laws to all 3 cities | | | |
| Worker was paid below the minimum wage in the previous workweek‡ | 22.3% | 30.3%* | 23.8% |
| Worker was denied, worked through or had an interrupted or shortened meal break in the previous workweek§ | 83.9%*** | 73.3%*** | 44.3%*** |
| Worker experienced a workers' compensation violation for most recent on-the-job injury in the past three years | 15.1% | 16.0% | 19.6% |
| C. Prevalence rates for workers 'at risk' applying California state laws to all 3 cities | | | |
| Worker was paid below the minimum wage in the previous workweek¶ | 29.2%*** | 43.9%** | 52.4%** |
| Worker was denied, worked through or had an interrupted or shortened meal break in the previous workweek†† | 83.9% | 80.7% | 79.3%* |
| Worker experienced a workers' compensation violation for most recent on-the-job injury in the past three years | 89.8% | 89.7% | 89.9% |

Source: Authors' analysis of 2008 Unregulated Work Survey.
*$p \leq 0.05$; **$p \leq 0.01$; ***$p \leq 0.001$.
†Los Angeles has significantly higher prevalence rates than both New York and Chicago ($p < 0.001$); no statistically significant differences between Chicago and New York City.
‡New York has significantly higher prevalence rates than both Chicago ($p < 0.05$) and Los Angeles ($p < 0.001$); no statistically significant differences between Chicago and Los Angeles.
§All three cities have significantly different prevalence rates ($p < 0.001$).
¶All three cities have significantly different prevalence rates; the difference between Chicago and New York is significant at the $p < 0.01$ level, for all the other inter-city differences $p < 0.001$.
††Chicago has significantly lower prevalence rate than Los Angeles ($p < 0.05$); no statistically significant differences between Chicago and New York or between Los Angeles and New York.

Finally, the counterfactual analysis that applied California's stricter laws to all three cities, as one would expect, greatly inflates New York and Chicago's violation rates for all three violations, with statistically significant inter-city differences for minimum wage violations and for Chicago's meal break violation rate.

Of course, this exercise cannot explain the fact that Los Angeles has (as shown in Table 1) significantly higher prevalence rates than the other two cities for the violations on which all three have similar laws, namely: tip stealing, lack of a pay document, being paid late and not being paid at all. But the counterfactual simulations do suggest the possibility that one key driver of the higher violation rates in Los Angeles is that it has the strictest labour standards of the three cities.

That brings us to the question of enforcement. In all three cities, as the overall UWS results underscore, and as many other commentators have pointed out, enforcement of existing labour standards is weak. In theory, California's stronger laws with their higher standards should provide better protection for its workers than those in the other states. But stronger laws are not necessarily effective in the absence of adequate enforcement.

To explore this aspect of the problem further, we examined data on state-level enforcement agency staffing and budgets in all three jurisdictions, as well as the available qualitative evidence. In general, the data suggest that enforcement is more vigorous in New York than in the other two states, California ranks second, while Illinois is a distant third. However, in all three state jurisdictions, as well as at the federal level, enforcement efforts fall far short of what is needed.

At the federal level, the Wage and Hour Division (WHD) of the US Department of Labor is charged with enforcing the FLSA. In the decade leading up to the 2008 UWS, the number of WHD investigators declined by over 20 per cent, and the total number of enforcement actions fell by nearly 40 per cent, even as the number of workers covered by the FLSA continued to rise (US Government Accountability Office, 2008; see also Ruckelshaus, 2008 and Bobo 2008: 121). In principle, federal-level FLSA enforcement should not be geographically variable, but in practice, the leadership of the federal agency across individual regions is inconsistent in quality, which can lead to state-level differences in the effectiveness of enforcement. Moreover, vigorous state-level enforcement can stimulate more activity on the part of WHD, further magnifying regional variations. This dynamic reflects the fact that federal FLSA enforcement has been largely complaint-based in recent years, with relatively limited proactive efforts (Fine and Gordon, 2010).

The FLSA does not cover all employers (those that neither engage in interstate commerce nor have annual sales below $500,000 are not covered, nor are many public sector employers); in addition, as we have already noted, many states—including Illinois, California and New York—have legislated standards that exceed those in the FLSA. Those states have established their own agencies to enforce their wage and hour laws, often in cooperation with state attorneys general. Some state attorneys general (most notably, New York's) also pursue wage and hour enforcement independently. In all three states, private enforcement is also an option, although, in practice, it is inaccessible to most low-wage workers (Lurie, 2010; Meyer and Greenleaf, 2011; Schiller and DeCarlo, 2010).

Table 6 summarises data on state-level enforcement efforts in Illinois, California and New York. It presents staffing and budget averages for the five years ending in 2008 (the year the UWS was fielded). New York and California are similar in regard to the number of workers covered by each agency staff member as well as in regard to

*Table 6: State-level enforcement agency staffing and funding in New York, California and Illinois, 2004–08*

| State | Average number of civilian employed non-farm workers (2004–08 inclusive) | 2004–08 Average state agency staffing (full-time equivalents) | 2004–08 Average state agency funding | Workers per agency staff member | Enforcement funding per worker |
|---|---|---|---|---|---|
| New York | 8,629,430 | 243 | $21,297,200 | 35,512 | $2.47 |
| California | 14,910,400 | 388 | $44,098,000 | 38,429 | $2.96 |
| Illinois | 5,908,120 | 51 | $3,290,900 | 115,845 | $0.56 |

Note: data shown for each state are for fiscal years 2003–04 through 2007–08. The fiscal year begins on July 1 in California and Illinois and on April 1 in New York.
Sources: US Bureau of Labor Statistics data (accessed from http://data.bls.gov/cgi-bin/dsrv?sm); budget data for New York State's Division of Labor Standards supplied via Freedom of Information Law Request, File No. FL-10-0160; staffing data for New York State Department of Labor from its *Annual Reports*, available at http://www.labor.ny.gov/workforce/swib/swibreports.shtm; Budget data for California is from the State Department of Finance, available at http://www.dof.ca.gov/budget/historical/2011-12/ Staffing data for California are from the Department of Industrial Relations, Bureau of Field Enforcement (BOFE) *Annual Reports*, available at http://www.dir.ca.gov/dlse/DLSEReports.htm. For Illinois, both budget and staffing data were supplied in response to a Freedom of Information Act request.

enforcement funding per worker; New York staff cover slightly fewer workers than in California, but California provides slightly more funding per worker. Illinois is far behind the other states on both these indices.[14]

Other differences among the three states, however, are not captured by the data shown in Table 6. New York State in particular stands out for its efforts, starting in the late 1990s, to partner with community organisations and unions in its wage and hour enforcement efforts. After a decade of informal collaboration between labour and community groups and the Labor Bureau of the New York State Attorney General's office in the period when Eliot Spitzer was Attorney General, and similar collaboration with the NY State Department of Labor after he became Governor, New York's Labor Department announced a 'Wage and Hour Watch' pilot program in 2009.[15] California's labour standards enforcement agency has also experimented with community and labour partnerships in recent years, notably in the janitorial industry and in the building trades (see Fine and Gordon, 2010 for details).

In general, New York has the strongest record of enforcement among these three states, followed closely by California, with Illinois lagging behind both, in the period immediately prior to 2008, when the UWS data were collected. Since that time, under the Obama administration, the federal WHD has significantly increased its staffing levels and sought to enhance its enforcement efforts in a variety of ways. In the same period, both public and legislative attention to wage theft and other workplace violations has increased as well, both nationally and in these three states, but there is no evidence of change in the ranking of the three in regard to enforcement effectiveness.[16]

[14] The data shown in Table 6 for all three states include staff and funding for not only wage and hour violations but also prevailing wage laws. For additional state-level data and analysis, see Lurie (2010); Schiller and DeCarlo (2010); Meyer and Greenleaf (2011).
[15] The press release is available at http://www.labor.ny.gov/pressreleases/2009/Jan26_2009.htm
[16] All three states, in part responding to recent public attention to workplace violations generated by reports on UWS, have enacted new legislation designed to improve enforcement. Illinois passed a Wage Theft Enforcement Act in July 2010 that went into effect in January 2011; New York passed a Wage Theft Prevention Act in November 2010 that went into effect in April 2011; California passed a measure with the

In all three states, as well as at the federal level, enforcement efforts in recent years have been severely limited in scope relative to the vast number of violations that both the UWS and other studies have documented. One result is that California's stronger workplace laws have failed to protect the state's low-wage workers—the largest concentration of whom live and labour in Los Angeles. Instead, the high labour standards enshrined in California's laws may have actually contributed to the higher workplace violation rates found in Los Angeles relative to New York City and Chicago documented in this study.

This raises a series of broader issues that need further investigation, but that are beyond the scope of the present inquiry. There may be employers who, even as they are in violation of California's minimum wage law and other labour standards, implicitly accept the less stringent federal standards as legitimate; some may even believe themselves to be in compliance with the law. It is also possible that some employers of respondents to the UWS were unaware of the January 2008 increase in the California minimum wage, which took effect a few months before the survey was conducted. On the other hand, there is evidence of the existence of 'knowing employers' who wilfully violate minimum wage and other workplace laws across the nation (Ruckelshaus, 2008); some of the same employers also knowingly hire unauthorised immigrants. For this group, the historical norms of compliance with minimum wage laws and other legally mandated labour standards have virtually disappeared; for other employers, our findings suggest that there has also been serious erosion of those historical norms. It certainly does not help that enforcement of both state and federal workplace laws is so limited that employers who are in violation are very unlikely to be apprehended.

## 4 SUMMARY AND CONCLUSION

The 2008 UWS found that workplace violation prevalence rates in the nation's three largest low-wage labour markets were generally higher in Los Angeles than in New York City or Chicago. Our analysis has identified a series of distinctive features of Los Angeles' urban economy that help to explain this finding. First, we have shown the importance of Los Angeles' *industrial composition*, and, specifically, the over-representation in its labour market of key violation-prone industries like garment manufacturing, construction and private household service, all of which account for a greater share of the low-wage workforce in Los Angeles than in the other two cities. Our logistic regression analyses found that violation rates are significantly higher in these three industries than in other low-wage sectors; the inter-city differences become insignificant in models that include the industry variables. Although a unionisation variable could not be included in the regression models due to the limitations of the UWS dataset, the fact that union density in both construction and manufacturing is far lower in Los Angeles than in the other two cities is another factor that likely contributes to these industry-driven effects.

Second, we have shown that the *over-representation of small manufacturing establishments* in Los Angeles, as well as the *over-representation of employers who pay their workers in cash or by personal check* (rather than by company check), plays a role in

same name as New York's which was signed into law in 2011 and takes effect in January 2012. Although all these laws increased the penalties for violations, none of them provided additional funding or staffing for enforcement.

shaping the inter-city differences. These are two typical features of casualised employment, which is disproportionately violation-prone; that both are more widespread in Los Angeles than in the other two cities helps explain the inter-city variation in violation prevalence rates.

Third, the larger *proportion of Latinos and of undocumented* immigrants in Los Angeles' low-wage workforce relative to that in the other two cities is a crucial part of the explanation for that city's higher violation rates. Given the greater vulnerability of unauthorised workers, and that at least some employers treat documented and undocumented Latinos similarly, it is not surprising that this is another important driver of Los Angeles' higher violation prevalence rates.

Finally, we also explored the implications of variations in labour standards among the three states in which the three cities included in the UWS are situated, and specifically the fact that California has stricter state-level standards than Illinois or New York State. In a counterfactual analysis that controlled for the variation in labour laws and standards among the three jurisdictions, we found that in addition to the factors listed earlier, the higher violation prevalence rates in Los Angeles reflect California's higher legal standards. The critical issue here is the fact that legally mandated labour standards are not adequately enforced in *any* of the three jurisdictions. Stronger laws designed to protect low-wage workers are urgently needed throughout the nation, but even if labour standards are raised—as they have been in California—in the absence of adequate enforcement, the epidemic of wage theft and other workplace violations is likely to persist.

**Acknowledgements**

We wish to acknowledge here the vital work of our colleagues in the team that (along with two of the authors, Milkman and González) designed, fielded and analysed the 2008 UWS, namely Annette Bernhardt, Douglas Heckathorn, Nik Theodore, Mirabai Auer, James DeFilippis, Victor Narro, Jason Perelshteyn, Diana Polson and especially Trey Spiller, who provided extensive technical assistance in support of this article. The UWS was funded by the John Randolph Haynes and Dora Haynes Foundation, the Russell Sage Foundation, the Ford Foundation and the Joyce Foundation. We are grateful to Laura Braslow, Terri Gerstein and David Rindskopf for advice on various aspects of the analysis, and to participants in seminars at the MIT Institute for Work and Employment Research and the New York University Sociology Department, where earlier versions of the article were presented. Thanks to Annette Bernhardt, Terri Gerstein, Jennifer Gordon and Chris Tilly for helpful comments on an earlier draft.

## References

Abu-Lughod, J. L. (1999), *New York, Chicago, Los Angeles: America's Global Cities* (Minneapolis, MN, University of Minnesota Press).

Bernhardt, A., S. McGrath and J. DeFilippis (2007), *Unregulated Work in the Global City: Employment and Labor Law Violations in New York City* (New York, Brennan Center for Justice at New York University School of Law).

Bernhardt, A., R. Milkman, N. Theodore, D. Heckathorn, M. Auer, J. DeFilippis, A. L. González, V. Narro, J. Perelshteyn, D. Polson and M. Spiller (2009), 'Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities'. Jointly

published by the Center for Urban Economic Development, University of Illinois at Chicago; the National Employment Law Project; and the UCLA Institute for Research on Labor and Employment. Retrieved 9 September 2012 from http://www.unprotectedworkers.org/

Bobo, K. (2008), *Wage Theft in America: Why Millions of Working Americans Are Not Getting Paid—and What We Can do about It* (New York, The New Press).

Bonacich, E. and R. P. Appelbaum (2000), *Behind the Label: Inequality in the Los Angeles Apparel Industry* (Berkeley, CA, University of California Press).

Fine, J. and J. Gordon (2010), 'Strengthening Labor Standards Enforcement through Partnerships with Workers' Organizations', *Politics & Society*, **38**, 4, 552–585.

Fortuny, K., R. Capps and J. S. Passel (2007), *The Characteristics of Unauthorized Immigrants in California, Los Angeles County, and the United States* (Washington, DC, The Urban Institute). Retrieved from http://www.urban.org/uploadedpdf/411425_characteristics_immigrants.pdf

Freeman, J. B. (2000), *Working-Class New York* (New York, The New Press).

Greenhouse, S. and S. Rosenbloom (2008), 'Wal-Mart Settles 63 Lawsuits Over Wages', *New York Times*, 23 December. Retrieved 9 September 2012 from http://www.nytimes.com/2008/12/24/business/24walmart.html?scp=1&sq=Greenhouse%20Rosenbloom%20Walmart%2063%20Lawsuits&st=cse

Haydamack, B., D. Flaming and P. Joassart (2005), *Hopeful Workers, Marginal Jobs: L.A.'S Off-The-Books Labor Force* (Los Angeles, CA, Economic Roundtable). Retrieved from http://www.economicrt.org/summaries/hopeful_workers_marginal_jobs_synopsis.html

Heckathorn, D. D. (1997), 'Respondent-Driven Sampling: A New Approach to the Study of Hidden Populations', *Social Problems*, **44**, 2, 174–199.

Heckathorn, D. D. (2002), 'Respondent Driven Sampling II: Deriving Valid Population Estimates from Chain-Referral Samples of Hidden Populations', *Social Problems*, **49**, 1, 11–34.

Kerwin, D. M. and K. McCabe (2011), *Labor Standards Enforcement and Low-Wage Immigrants: Creating An Effective Enforcement System* (Washington, DC, Migration Policy Institute). Retrieved from http://www.migrationpolicy.org/pubs/laborstandards-2011.pdf

Koval, J. P., L. Bennett, M. I. J. Bennett, F. Demissie, R. Garner and K. Kim (eds) (2006), *The New Chicago: A Social and Cultural Analysis* (Philadelphia, PA, Temple University Press).

Levin, R. and R. Ginsburg (2000), *Sweatshops in Chicago: A Survey of Working Conditions in Low-Income and Immigrant Communities* (Chicago, IL, Center for Impact Research, Sweatshop Working Group).

Lurie, I. (2010), *Enforcement of State Minimum Wage and Overtime Laws: Resources, Procedures and Outcomes* (Albany, NY, Nelson A. Rockefeller Institute of Government, State University of New York, Alban).

Mehta, C., N. Theodore, I. Mora and J. Wade (2002), *Chicago's Undocumented Immigrants: An Analysis of Wages, Working Conditions and Economic Contributions* (Chicago, IL, Center for Urban Economic Development, University of Illinois at Chicago).

Meyer, J. and R. Greenleaf (2011), *Enforcement of State Wage and Hour Laws: A Survey of State Regulators* (New York, National State Attorneys General Program, Columbia Law School). Retrieved from http://op.bna.com/dlrcases.nsf/id/smgk-8ggtkd/$File/columbiafullreport.pdf

Milkman, R. (2006), *L.A. Story: Immigrant Workers and the Future of the US Labor Movement* (New York, Russell Sage Foundation).

Milkman, R., A. L. González and V. Narro (2010), *Wage Theft and Workplace Violations in Los Angeles: The Failure of Employment and Labor Law for Low-Wage Workers* (Los Angeles, CA, UCLA Institute for Research on Labor and Employment). Retrieved from http://www.irle.ucla.edu/publications/pdf/LAwagetheft.pdf

Ruckelshaus, C. (2008), 'Labor's Wage War', *Fordham Urban Law Journal*, **35**, 2, 373–408.

Schiller, Z. and S. DeCarlo (2010), *Investigating Wage Theft: A Survey of the States* (Cleveland, OH, Policy Matters Ohio). Retrieved 9 September 2012 from http://www.policymattersohio.org/wp-content/uploads/2011/10/InvestigatingWageTheft20101.pdf

Spiller, M. W., A. Bernhardt, J. Perelshteyn and D. Heckathorn (2010), 'Technical Report: Sampling, Fielding and Estimation in the 2008 Unregulated Work Survey'. Retrieved 9 September 2012 from http://www.economyandsociety.org/publications/wp62_SpillerHeckathornetal_Sampling.pdf

US Government Accountability Office (2008), 'Fair Labor Standards Act: Better Use of Available Resources and Consistent Reporting Could Improve Compliance'. (July 15). Retrieved 9 September 2012 from http://www.gao.gov/new.items/d08962t.pdf

Valenzuela, A., N. Theodore, E. Melendez and A. L. González (2006), *On the Corner: Day Labor in the United States* (Los Angeles, CA, UCLA Center for the Study of Urban Poverty). Retrieved from http://www.sscnet.ucla.edu/issr/csup/uploaded_files/Natl_DayLabor-On_the_Corner1.pdf

Weil, D. (2005), 'Public Enforcement/Private Monitoring: Evaluating a New Approach to Regulating the Minimum Wage', *Industrial and Labor Relations Review*, **58**, 2, 238–257.

Weil, D. and A. Pyles (2005), 'Why Complain? Complaints, Compliance and the Problem of Enforcement in the US Workplace', *Comparative Labor Law and Policy Journal*, **27**, 1, 59–92.