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Wage Theft Along California’s South Coast: A Survey of Low Wage Workers in Santa Barbara and Goleta

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Introduction

A new survey of 124 low-wage workers in Santa Barbara and neighboring Goleta reveals deep problems with labor standards in mid-coast California. Although unemployment in Santa Barbara has dropped to just 4 percent and most low wage workers in our survey benefit from something close to a 40 hour work week, wages seem not to have responded to these demand-side pressures: they are stagnant, little higher than for similar occupations in California as a whole. Meanwhile, various forms of “wage theft,” illegal employer behavior involving overtime pay, rest breaks, and other mandated benefits and standards, have reached epidemic proportions, especially for undocumented workers. And most striking: low wage workers in Santa Barbara and Goleta frequently work while they are sick or injured because they fear that if they take time off from the job they will be demoted, have their hours cut, or be fired.

Survey Results

Of those for whom we recorded relevant gender, ethnic, and citizenship information, our sample consisted of 53 percent men and 47 percent women, not far different from the rest of the working population. But the low-wage workers we surveyed were disproportionately undocumented. Sixty percent were U.S. citizens or held a “Green Card” (permanent residency). However, a full 40 percent of our sample lacked proper documents, holding neither citizenship papers nor the green card that makes paid work legal for immigrants in the U.S. Moreover, the ethnic demographics of the sample of low-wage workers we surveyed differed significantly from the entire population of coastal Santa Barbara County. They were far more heavily Hispanic, reflecting the dominance of this ethnic group in the lower economic reaches of the South Coast working class.

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Table 1: Low-Wage Workers in Southern Santa Barbara County are Heavily Hispanic

Ethnicity	Percent Southern Santa Barbara County	Percent in Survey Sample ¹
Hispanic	33	68
White	56	14
Asian	6	7
African American	1.5	8
Native American	No data	1
Arab	No data	1

Sources: Population statistics from BW Research Partnership, *Santa Barbara County Economic and Workforce Information Analysis*, April 2013. (Privately published in Wrentham, Mass.), p.26. Sample statistics from Center for the Study of Work, Labor, and Democracy (CSWLD) survey of 124 people August 2014-January 2015.

Though respondents did not report major problems involving unemployment or insufficient hours of work per week, their wage levels are very low for the area. Unemployment was not a problem for those



we surveyed: 4 percent of the sample were currently unemployed, the same rate as Southern Santa Barbara County as a whole. Of the two women and three men currently unemployed, one had been fired, two had quit, one was out of seasonal work, and one was injured and so could not work. Given the low area unemployment, it may not be surprising that the 40 hour week seems almost a norm even in occupations such as food preparation and serving, retail sales and personal care occupations where so many employers define

30 or 34 hours per week as “full-time.” And we are talking about lots of workers. A 2013 workforce analysis listed 11,144 farmworkers and laborers in the county, 5,667 retail salespersons, 4,591 maids and housekeeping cleaners, and 4,018 waiters and waitresses.¹

¹ In some instances the total number of respondents upon which proportion was calculated numbers less than 124 because of missing information.

Table 2: A Regular Work Week on the South Coast

Industry or Occupational Sector	Percent of Sample	Mean Hours Per Day	Mean Days Per Week	Total Weekly Hours
Hotels/Hospitality	11.3	7.5	4.7	35.3
Food Prep/ Service	16.9	7.1	5.3	37.6
Landscaping	8.9	8.4	5.6	44.8
Retail	13.7	8.0	4.9	39.2
Construction	10.5	8.1	5.2	42.1
Maids and Housekeeping Cleaners	9.7	6.0	4.6	27.6
Personal Care and Service	5.6	7.2	5.0	36
Janitor/ Maintenance	9.7	8.0	5.6	44.8
Agriculture	4.8	10.7	5.6	59.9
Production/Manufacturing	2.4	9.0	4.8	43.2
Other	6.5	7.2	4.5	32.4
Total	100.0	7.7	5.1	39.3

Source: CSWLD survey

Despite this relative degree of full employment, wages remain low on the South Coast, even compared to regions with much higher levels of unemployment. The rate of unemployment in California as a whole is twice that of the Santa Barbara area, likewise in Los Angeles unemployment is much higher. But wages in the occupations we sampled in our region are the same or even lower than these high unemployment areas. Although the definition of what constitutes an industry or occupation in our survey might vary somewhat from the BLS definition, the Table 3 below demonstrates that in almost every employment category, wages in Santa Barbara are no higher than elsewhere despite low unemployment and a full workweek. In our own analysis of the data, we found no apparent relationship between size of establishment and average wage.

Our survey project sought to intervene in a larger debate about the structural transformations in business and the economy that have generated not just an explosion of low-wage work but the growth of an epidemic of law breaking when it comes to violation or non-enforcement of labor standards involving wages, overtime, rest breaks, and health and safety. In recent years this has been labeled “wage theft.” Students of this phenomenon used to emphasize the extent to which such illegality was a product of an “informal economy” characterized by family enterprises, unlicensed construction, undocumented workers, and drug, gambling, and sex related work. This was once thought to be a typically “third world” phenomenon that had migrated to the United States. Much of this sort of employment still exists, and by some estimates upwards of 20 percent of all workers in the U.S. labor force in this imperfectly regulated sector of the economy. ²

Table 3: Santa Barbara Area Wages Remain Low Compared to Other Places

Industry or Occupation	Mean Santa Barbara wage	US wage	California wage	Los Angeles Metro
Maids and Housekeeping Cleaners	\$11.70	\$10.82	\$12.44	\$12.17
Construction Laborers	\$15.60	\$17.19	\$20.08	\$20.30
Hotel, Motel, Resort Clerks	\$12.09	\$10.67	\$12.26	\$12.10
Retail Salespersons	\$11.74	\$12.38	\$12.98	\$12.89
Farming, Fishing	\$10.30	\$12.09	\$10.24	\$10.99*
Food Prep/ Service	\$10.08	\$10.57	\$11.30	\$11.04
Personal Care and Service	\$10.83	\$12.01	\$12.93	\$13.10
Landscaping	\$12.57	\$12.85	\$13.74	\$13.57
Janitor, Maintenance	\$12.55	\$12.68	\$13.88	\$13.48
Production/Manufacturing	\$17.00	\$17.06	\$16.93	\$15.79

* Oxnard and Ventura figures

Sources: Santa Barbara mean wage derived from CSWLD survey. U.S. California, and Los Angeles mean wages derived from Bureau of Labor Statistics, *Occupational Employment Statistics, Employment and Wages*, May 2014.

But in recent years sociologists of work have also identified a set of pressures leading to such labor law violations generated by the rapid growth of franchising, sub-contracting, self-employment, and retail or brand dominated supply chains. In this sector of the economy, large and technologically sophisticated corporations offload much of the actual labor that goes into production or distribution to a complicated network of smaller business units who operate in a hyper-competitive market that virtually requires a squeeze, legal or not, on the wages and working conditions of the often highly transient workforce that they employ. Such corporations actually retain a high degree of operational control of the entire supply chain, but through sub-contracting and franchising they absolve themselves of the legal and financial responsibility traditionally associated with the institution once known as the “employer.” David Weil, an economist whom President Obama selected to head the Labor Department’s Wage and Hour Division, describes all this as “the fissured workplace.” Such disaggregated corporate structures are increasingly characteristic of the restaurant, hotel, and retail sector of the economy. ³

Whatever the power and prevalence of such employment “fissuring,” our survey found that larger establishments were less likely to break the labor law when it came to employee rest breaks, lunch breaks, and correctly paid overtime. More research is required, however, because not all survey respondents were aware of the relationship of their workplace to a larger corporate entity. A seemingly small employer might well be a franchise that was part of a large corporation. In keeping with these findings, we found an apparent positive correlation between size of establishment and whether or not they offered health insurance (i.e. larger establishments are more likely to offer health insurance). There was also an apparent positive correlation between size of establishment and whether it provides sick leave to employees. And finally, we found no apparent relationship between size of establishment and average wage.

Wage theft is rampant among the employers of the undocumented and among very small employers. Because non-citizens tend to work for smaller establishments, they were less likely to be paid overtime. Only 49 percent of the undocumented who worked over 40 hours received overtime pay, but citizens did not fare much better because 37 percent of them were not awarded overtime when they had earned it. Non-citizens were also less likely to receive legally required breaks than citizens. 59 percent of non-citizens reported no 10 minute break, required by a California state law, and 27 percent reported that they were not given time for a lunch break. Among citizens, 34 percent reported no 10 minute break and “only” 19 percent reported no lunch break.



Table 4: Wage Theft Victimizes Many Workers at Enterprises Large and Small⁴

Employees	Male	Female	Documented	Un- documented	<5	5-9	10- 19	20- 49	50+
No Regular Breaks	40% (25)	48% (27)	34% (24)	59% (27)	62% (16)	48% (10)	61% (11)	43% (9)	21% (7)
No Lunch Breaks	16% (10)	28% (15)	19% (13)	27% (12)	42% (10)	19% (4)	33% (6)	10% (2)	12% (4)
No Weekly Overtime	37% (20)	44% (21)	37% (24)	49% (13)	70% (14)	50% (8)	44% (8)	26% (5)	26% (8)
Total Reports of Wage Theft	55	63	61	52	40	22	25	16	19

Source: CSWLD survey

For low wage workers health insurance was exceedingly spotty, despite the recent generally successful implementation of the Affordable Care Act (ACA) in California. Although 34,000 additional people have enrolled in Medi-Cal (Medicaid, expanded under ACA) in Santa Barbara County since October 2013,⁵ 44 percent of those surveyed report they have no health insurance, either from their employer or the state. (This figure closely corresponds to the proportion of undocumented in our survey pool, and since the undocumented are not eligible for participation in any aspect of the ACA, this provision of the law has a very large negative impact on the working class in Santa Barbara.) On the other hand 22 percent reported that they did have health insurance through Medi-Cal while another 28 percent reported that they had insurance through their employer or the employer of a family member.

Maintenance/Janitorial and Landscaping employees are the least likely to have health insurance provided by employers (1 of 7 for maintenance, and 2 of 11 for landscaper). Hotel Maids/domestics and



Personal Care workers are also very unlikely to have health insurance through employers (2 of 9 each). “Other” is the most likely category to have employer-provided health insurance, followed by retail and construction (approximately 50 percent for each).

Table 5: Health Insurance Coverage is Spotty at Best for Low-Wage Workers

	Documented	Undocumented	Total
Not Insured	31% (22)	63% (29)	44% (51)
Insured by Employer	26% (18)	17% (8)	22% (26)
Insured by Employer of Family Member	10% (7)	0	6% (7)
Insured with Medi-Cal	23% (16)	20% (9)	22% (25)
Insured by Parent	3% (2)	0	2% (2)
Insured Privately	4% (3)	2% (1)	3% (4)

Source: CSWLD survey

Although low wages were a chronic grievance among those surveyed, employment issues involving sickness and injury on the job generated the greatest resentment and complaint among respondents. None of the Janitorial/Maintenance and Agricultural workers reported getting paid sick leave. Personal Care and Service workers were also very unlikely to work for employers who provided paid sick leave. The most likely employees to receive paid sick leave were retail workers.

Over half the respondents reported working while sick at some point in the past year. They cited many reasons for doing so, most commonly not being able to afford taking the day off and being concerned about being fired for taking the day off, but also frequently over concern for creating more work for others and supervisor informing them they had to come in. The box below summarizes patterns of working while sick.

Working while sick: Key statistics

- On average, non-citizens worked more days while sick (mean=14) than citizens did (mean=9.8). The relationship did not reach statistical significance.
- There does appear to be a statistically significant relationship between the number of days worked while sick and the size of the establishment (in total number of workers). The larger the establishment, the more likely it is that someone would continue to work while sick.
- There also appears to be a statistically significant difference between industries in terms of the number of days individuals worked while sick. Some descriptive statistics:
 - Agricultural workers labored on average 25 days while sick in the past year.
 - Food service workers worked on average 22 days while sick in the past year.
 - Retail workers reported only working on average 6 days while sick in the past year.
- Janitorial/Maintenance and Construction workers each reported working on average 10 days while sick last year.

Of workers who experienced a pregnancy, only 12 percent said that they were not able to take leave for pregnancy and return to their jobs after. The other 88 percent reported taking pregnancy leave and then being able to return to their jobs.

On-job injuries were alarmingly high in this low-wage sample: 17 percent of all respondents—about one in six—reported being injured on the job in the last year. Of those injured, 62 percent reported their injuries while 38 percent did not. Seven percent said they were injured on the job because of unsafe working conditions. On average non-citizens more commonly worked under unsafe conditions, though the correlation is not statistically significant. Nor is there a statistically significant correlation between injuries due to unsafe conditions and pay.

Particularly distressing, workers who were injured due to unsafe working conditions were *less* likely to report the injury. Only 56 percent of those who reported being injured because of unsafe working conditions reported the injury, compared to 62 percent of all those injured. Though we did not ask why people chose not to report their injuries, it is telling that one person—out of only eight injured due to dangerous working conditions who reported their injuries—said he was fired because he reported the on-job injury. The box below on health-related rights gives other examples that indicate people are fearful of reporting injuries—and may have good reason to be so.

Table 6: Despite a New State Law, Employers Deny Workers Sick Leave

Employees	Documented	Undocumented	<5	5-9	10-19	20-49	50+
Denied Requested Sick Leave	50% (5)	20% (3)	13% (1)	20% (1)	67%(4)	67% (2)	0% (0)

Source: CSWLD survey

California’s Healthy Workplace Healthy Family Act, passed in 2014, is scheduled to take effect on July 1, 2015. It provides for 3 workdays of paid sick leave without regard to the size of the establishment or its income. (Among low-wage workers only In Home Service Supportive Providers are exempt.) If the accounts in the box below, taken from the survey questionnaires, are indicative of the way employers now see their responsibility to provide sick leave or take care of injuries, implementation and enforcement of this new law will be difficult.

**Too frightened to claim health-related rights:
Examples from the survey**

- A 38 year old female gardener, single and of Hispanic descent, earns \$9.80 an hour. She works for a firm with 20 employees. It offers neither health insurance, paid sick days, nor vacation time. Injured on the job, she did not file a workers compensation claim. Instead, her manager gave her half of what her checks would have been while she recovered. It was barely enough to live on, so as soon as she could, she returned to work.
- A 28 year old female “boat washer,” a Mexican immigrant, earns \$10 an hour. She reported that in a previous job as a restaurant cashier, she requested pregnancy leave. At first management agreed, but when she showed her supervisor a doctor’s note, he told her that her cashier’s job had been filled by another workmate.
- A 42 year old male gardener, divorced and of Hispanic descent, makes \$9.50 an hour. He fell trimming a tree, hurt his back, saw a doctor and got pain medication. He now wears a brace around his waist and has occasional pain but he is not planning on returning to the doctor for fear of getting “labor restrictions.” His 12-worker employer offers no health insurance, no paid sick days and no vacation time. He reports that he has worked while in pain because he could not afford to take a day off and because he fears that he would be fired if he did not continue to come into work.
- An \$11 an hour male fruit picker, aged 34, has a painful back and probable asthma caused by pesticides. But he has no health insurance and will not see a doctor. He fears that he will be fired or penalized if he does not come into work.
- An \$11.15 an hour Goleta construction worker, a 31 year old African American, fell off a ladder in the rain and injured himself. When he and other workers complained about unsafe working

conditions they were all sent home. He filed a workers' compensation claim but when the company offered him cash instead he took it, allowing the formal claim to lapse.

- A 38 year old home health care worker, single and of Pacific Island descent, makes \$12.75 an hour working for a large firm. She told a survey taker that when she asked for maternity leave for her last child her supervisors were reluctant to give it to her. It wasn't until the 36th week of her pregnancy that she was granted leave and was only given two months of the six months for which she asked. When she returned she kept her position but they had changed her hours to only 15-20 a week. She says that she asked her supervisor for more hours. After several months she was granted them. She said it was hard working as "part-time" because she could not cover her living expenses. She had to resort to government assistance for a while.

Conclusion

Low wages, wage theft, and employer resistance to the provision of sick/injury leave are a toxic set of workplace problems facing low wage workers and their advocates in Santa Barbara and the county in which it lies. Raising the minimum wage to \$15 an hour is probably the reform most widely supported by the broader electorate, but progress eliminating wage theft and advancing the routine provision of medical leave may well be explosive issues closest to the heart of low wage workers themselves. A campaign to implement and actually use the new Healthy Workplace Healthy Family Act in thousands of workplaces small and large has the potential to touch and potentially mobilize huge numbers of low-wage workers themselves, regardless of citizenship status.

Appendix: The Survey

This is a pilot survey preliminary to more thorough research. The survey has had two originating purposes. First, the Santa Barbara office of the California Rural Legal Assistance, Inc. wanted to get a better sense of the kind of problems faced by its increasingly urban clientele in low-wage industries along the South Coast, especially those linked to the tourist, hospitality, and retail trade sectors of the local economy. And the very existence of the survey and the publication of its results would alert potential CRLA clients of the services provided by the non-profit legal services group. A similar survey has been initiated by CRLA in Santa Cruz in cooperation with faculty at UC Santa Cruz. Second, the UCSB Center for the Study of Work, Labor and Democracy wanted a survey that would demonstrate to the citizens of Santa Barbara city and county the urgent need for a local ordinance raising wages to a sufficient degree that workers in this high cost region will not live in poverty. The UCSB Center has provided initial financial support for the survey, secured Human Subjects approval from the UCSB Office of Research, and helped recruit Spanish-speaking student survey takers. Together we have written and revised an 18-page survey questionnaire, identified occupations and locales with a heavy concentration of low-wage workers, and completed interviews with 124 workers.

Respondents in the survey were identified in two ways. First, CRLA made contact with a set of churches, schools, community organizations, and city agencies willing to cooperate with the work of the survey and arrange times and venues for UCSB students to conduct interviews with those who are associated

with or who utilize the services of these institutions. Second, students on their own visited laundries, restaurants, coffee houses, and other locales where low-wage workers might be interviewed. A 2013 study, *A Snapshot of Poverty in Santa Barbara County*,⁶ helped target those areas where low-wage workers could be found. Survey participants received both a \$10 gift card and a CRLA-authored “Know Your Rights” information flyer highlighting wage & hour and health & safety laws in California. The interviews each took approximately one half hour to complete.

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¹ BW Research Partnership, *Santa Barbara County Economic and Workforce Information Analysis*, April 2013, p. 21.

² Demetra Smith Nightingale and Stephen Wandner, “Informal and Nonstandard Employment in the United States” *The Urban Institute*, Brief 20, 2011.

³ David Weil, *The Fissured Workplace, Why Work Became So Bad for So Many and What Can Be Done to Improve It*. (Cambridge: Harvard University Press, 2014).

⁴ The percentages listed refer to the total responses to each separate question asked. Thus the “Total Reports of Wage Theft” is recorded as a number and not a percentage because the baseline number of respondents is not the same for each of the different categories of wage theft.

⁵ Lara Cooper, “Insurance Enrollments ‘Skyrocket’ in Santa Barbara County After Affordable Care Act Rollout,” *Noozhawk*, January 20, 2015 on line.

⁶ Insight Center for Community Economic Development, *A Snapshot of Poverty in Santa Barbara County*, April 2013. On line