Testimony concerning Wage Theft and Misclassification of Workers: H-5902
House Committee on Judiciary
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The Economic Progress Institute strongly supports Chairman Craven’s bill H-5902 to increase the penalties for wage theft and misclassification of workers. Although, no doubt, most employers are honest, wage theft and employee misclassification remain an ongoing problem, costing hard-working Rhode Islanders millions of dollars each year. Clearly, the current penalties in Rhode Island statute are too low to discourage employers from engaging in wage theft or misclassifying their employees to avoid providing adequate pay and benefits. By increasing the financial penalties and including the threat of jail time, employers will be more motivated to treat their employees fairly.

According to data assembled by the Economic Policy Institute, the Department of Labor and/or Office of the Attorney General recovered $1,322,300 in lost wages for Rhode Islanders in 2019 and another $700,094 in 2020. To be clear, these numbers include only the stolen wages that were recovered, with the actual total wage theft certainly being much higher. At a time when 61% of single adults and 70% of single parents with two children in RI cannot meet their basic needs, it is imperative that employees receive all of the wages and benefits to which they are entitled. Low-wage workers tend to be disproportionately affected by wage theft and employee misclassification – and these workers are disproportionately women and workers of color.

The following information, from the same Economic Policy Institute analysis, explains the many forms of wage theft, helping to demonstrate the seriousness of the problem:

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