



# Pennsylvania Conference of Teamsters

## Strength in Numbers 95,000

# LEGISLATIVE ACTION ALERT

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## Josh Shapiro says he's cracking down on wage theft, worker misclassification

**The governor and New Jersey Gov. Phil Murphy are readying a task force to fix what they say is a big problem**

City&State © Justin Sweitzer

Gov. Josh Shapiro said Thursday that his administration will be joining forces with New Jersey officials to crack down on wage theft and worker misclassification in both states.

The collaborative approach will take the form of a new task force, which will be made up of members selected by Pennsylvania Acting Secretary of Labor & Industry Nancy Walker and New Jersey Department of Labor and Workforce Development Commissioner Robert Asaro-Angelo.

Shapiro said that when workers get misclassified as independent contractors, it can result not only in lost wages, but also in lost tax revenue.

"Employee misclassification – it's a big deal, not just to those who get ripped off, but to every community they live in," Shapiro said. "When a worker gets misclassified, the proper taxes don't get collected, the proper wages don't get paid. You know who gets short changed? Our local police, our local parks – they don't get the revenues that they deserve, and then the commonwealth has to come up with the difference."

"It's not just the workers that get screwed, it's a whole food chain of folks who get screwed", said NJ Governor Phil Murphy. Both the New Jersey Department of Labor and the Pennsylvania Department of Labor & Industry will also be tasked with sharing data and case information that can help with the enforcement of labor violations, and will also be in charge of developing strategies to prevent wage theft and worker misclassification.

The Department of Labor & Industry defines misclassification as a "nationwide problem" that occurs when employees are improperly classified as independent contractors by their employers. This can result in a reduction in payroll and other added costs.

According to data from L&I, there are approximately 389,000 workers in the state who are misclassified annually.

Shapiro highlighted an investigation into Glenn O. Hawbaker while he was attorney general, which led to the company paying more than \$20 million in stolen wages to more than 1,000 workers in Pennsylvania.

See attached letter

April 13, 2023



Dear Commissioner Asaro-Angelo and Acting Secretary Walker:

You have dedicated your careers to advancing workplace justice and share a deep understanding of how strong and fair workplace standards can provide a vital foundation for working people, support a strong regional economy, and ensure a level playing field among businesses. As you know, when employers violate workers' rights, the harms accrue to both workers and the larger communities around them. The misclassification of employees as independent contractors robs state treasuries of vital tax dollars, leaves workers in the shadows without equal access to their rights, and leads to unfair economic advantages for businesses that abuse the law. Wage theft prevents workers from accessing needed goods and services, undermines the funding of shared safety net systems, and results in artificially low payroll costs for employers who break the law.

As neighboring states with a shared border and broad economic ties, New Jersey and Pennsylvania have a common interest in ensuring that workers enjoy the full protection of the rights and privileges to which they are entitled. Indeed, many employers operate in both states and, when they misclassify an employee or withhold earned wages, both states and the employees are harmed. In New Jersey and Pennsylvania, we are committed to upholding the simple yet critical principles that one should be paid in full for their work and have unobstructed access to their rights.

In order to root out illegal practices and hold bad actors accountable across state lines, it is imperative that New Jersey and Pennsylvania work collaboratively as regional partners to uphold workplace laws. As such, we hereby reiterate New Jersey and Pennsylvania's shared interest in strong enforcement of state labor laws and ask the New Jersey Department of Labor and Workforce Development (NJDOL) and the Pennsylvania Department of Labor & Industry (PA DLI) to pursue all opportunities to deepen our existing collaboration with the aim of strengthening workplace standards in both states. Your agencies have been engaged in recent years in growing coordination to jointly combat worker mistreatment and today we further prioritize these joint efforts to combat wage theft, employee misclassification, and related workplace ills.

Commissioner Asaro-Angelo  
Acting Secretary Walker  
April 13, 2023  
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Specifically, NJDOL and PA DLI must seek out appropriate opportunities to:

- Share data and case information relating to wage/hour, prevailing wage, unemployment compensation, or workers' compensation outreach and enforcement that can help with the identification or enforcement of labor violations across state lines.
- Develop common interest and other agreements that protect and facilitate early-stage case communications to identify joint enforcement and referral opportunities.
- Share the results of enforcement actions involving potential interstate actors.
- Share effective enforcement strategies, trainings, and tools.
- Identify and refer violations of each other's labor laws.
- Conduct joint enforcement actions to uphold the laws of both states.
- Provide support for interstate fact-finding and case development.
- Assist in the identification of assets and the enforcement of money judgments against interstate actors who break the law in one state while keeping their money in the other.

Toward this end, NJDOL and PA DLI leadership and appropriate staff should discuss and develop the most effective protocols and best practices to formalize and standardize effective collaboration. Such meetings may include other state governmental entities that you identify as key partners in efforts to promote workplace justice and compliance with the law.

In addition, we are asking that you identify key individuals from your agencies to serve on an interstate task force to combat wage theft and worker misclassification. That task force should meet regularly to recommend strategies and practices to us that will work to prevent and remedy abuses visited upon workers by employers who cross our states' borders.

Robust and strategic labor law enforcement will make both New Jersey and Pennsylvania stronger, and you have our full confidence and support to pursue this joint initiative to protect the rights of workers and promote a strong regional economy.

Sincerely,



JOSH SHAPIRO  
Governor of Pennsylvania



PHILIP D. MURPHY  
Governor of New Jersey