



# The Commonwealth of Massachusetts

## AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

SUZANNE M. BUMP, ESQ.  
AUDITOR

TEL: 617-727-2075

June 28, 2017

The Honorable Chairman Jason M. Lewis  
Joint Committee on Labor and Workforce Development  
State House, Room 511-B  
Boston, MA 02133

The Honorable Chairman Paul Brodeur  
Joint Committee on Labor and Workforce Development  
State House, Room 472  
Boston, MA 02133

Dear Chairmen:

I am writing to you in support of House bill 1033 and Senate bill 999, *An Act to prevent wage theft and promote employer accountability*.

When I served as the Secretary of Labor and Workforce Development, I gained a deeper appreciation for not only the scope of the underground economy, but also for its impacts of the workers within it and the employers who play by the rules.

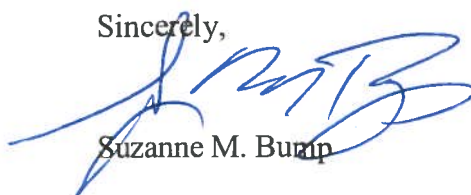
In 2008, Executive Order 499 created the Joint Task Force on the Underground Economy. The goal was to promote systematic information-sharing by state agencies about businesses that were exploiting workers and gaining a competitive advantage over businesses operating lawfully. The theory was that collective enforcement efforts would be more productive than siloed ones. In the beginning, only a half-dozen agencies were at the table. Over time, however, more agencies joined the collaborative efforts, with the result that 2014 produced over \$20 million in wage restitution, unemployment insurance trust fund contributions, workers' comp premiums, taxes, and penalties.

Despite these efforts, wage theft continues. A May 2015 study by the UMass Amherst Labor Center identified the residential construction industry as a hotbed for wage theft activity. The nature of this industry, with its many contractors and subcontractors, is ripe for employee misclassification. This practice victimizes some of the Commonwealth's most vulnerable workers.

House bill 1033 and Senate bill 999, *An Act to prevent wage theft and promote employer accountability* targets the abuses of this industry and others that make frequent and widespread use of subcontracting and outsourcing.

Therefore, I respectfully ask that you report this bill out favorably. Thank you for your time and consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read 'SMB', is written over the printed name 'Suzanne M. Bump'.

Suzanne M. Bump

Auditor of the Commonwealth