

Public Advocate Letitia James
Statement on Int. 125-B
June 9, 2015

New York City needs the Car Wash Accountability Act. For too long, unscrupulous car wash owners have felt free to routinely commit wage and labor violations and to deny their workers the wages and earnings due to them.

The rationale for this Act is clear: despite several high-profile investigations and enforcement efforts by the New York Attorney General's Office, the New York State Department of Labor, and the U.S. Department of Labor, violations continue to be prevalent at car washes across the city. We've heard numerous reports of car wash owners paying less than the tipped minimum wage and of failing to make up the difference between the minimum wage and the amount workers earn in tips. Workers are denied overtime, their "spread of hours" pay, and reporting pay. All of these are violations, and all are unfortunately prevalent within the industry.

I've stood with car wash workers and rallied to protect them. These violations have gone on for years, and it is time to do something about it: more must be done to hold car wash owners accountable.

In 2008 an investigation by the New York State Department of Labor (NYSDOL) found that 78 percent of the city's car wash operators were guilty of minimum wage and overtime violations. Of the 28 New York City car washes investigated, the Department found minimum wage and overtime violations at 21. Managers were found to improperly take a portion of workers' tips at 11 of the car washes, and 24 carwash operators were guilty of recordkeeping or wage statement violations. Across the state, the Labor Department estimated that workers had been underpaid by \$6.5 million.

Most recently, New York Attorney General Eric Schneiderman announced a \$3.9 million settlement in 2014 after an investigation uncovered more than \$2.2 million in unpaid wages to 1,000 workers at 21 car washes across the city. These car washes are all owned in part by John Lage, dubbed the "Car Wash Kingpin" by the *New York Daily News*. This came after a major lawsuit filed by the U.S. Department of Labor in 2005, when Lage was ordered to pay over \$4.7 million in back wages, damages, and interest.

A few months ago the members of the WASH NY coalition came to me with new evidence that these violations continue to this day. Interviews conducted in November of 2014 showed the same patterns persisting. They told me the story of a worker at Vegas Auto Spa in Brooklyn who works every day of the week, and one week worked 95 hours without overtime pay. For the first four years at the car wash, this worker was paid only \$5.50 an hour, and on top of this only six to 10 dollars a day in tips on a typical weekday, and maybe 10 to 30 dollars a day on a weekend. Owners often withhold workers' pay for weeks. One of the workers explained, "He always tells us to wait until next week. He says there is no money, no business, no customers... we know this is not true."

The Car Wash Accountability Act would take important steps to stop this kind of behavior. It is commonsense in an industry with such a history of violations to require a license and a surety bond to cover unpaid wages.

These workers have suffered abuses long enough. Pass this Act today.



NEW YORK CITY CENTRAL LABOR COUNCIL AFL-CIO

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Testimony in Support of Resolution 692 June 4, 2015

Good afternoon, my name is Anthony Thomas, and I am the Political Director of the New York City Central Labor Council, AFL-CIO. Representing 1.3 million members across 300 affiliated unions, the Central Labor Council strongly endorses Resolution No. 692, calling upon the State Legislature and Governor to sign A.4762 and S.1291, extending labor protections to farm workers. Farm workers are some of the most exploited wage-earners in the United States, and often times are foreign-born immigrants. The Central Labor Council and our affiliates believe something must be done to strengthen these workers' rights in their profession, specifically to collective bargaining.

Farmworkers are denied many of the benefits lawfully required for a vast majority of the working population. Among the benefits denied are overtime pay, disability insurance, unemployment, and the ability to collectively bargain. Denying workers these basic rights inhibits the ability of average people to build wealth, raise a family, and meaningfully contribute to the State economy. With over 60,000 farmworkers in the State of New York, extending labor protections to farmworkers would be an effectual way to further 'raise the floor' on wages, and lift the standard of living for all workers.

The daily working conditions and lack of benefits for farmworkers impact all consumers of American agricultural products. According to a report by the University of California Berkeley's Labor Research Center, a survey of farmworkers across the country found 53% of workers reported picking, processing, or selling food while sick, or being sick at work at least three days per week¹. 37.6% of survey respondents also claimed to be paid "poverty wages," and, "Only 13.5% of workers...earn[ed] a livable wage²." A lack of benefits and good pay forces more workers to subsidize on public assistance, which means taxpayers are subsidizing the profits of large farms across the nation, but specifically right here in the State of New York.

The Central Labor Council firmly believes all workers have a right to organize in their place of employment. New York State should extend respect to the people growing food for both the State and beyond, and give this vulnerable population of workers the courtesy of a basic social contract. Passing this resolution will show broad public support for a commonsense, humane policy. Thank you for your time and consideration.

¹ Saru Jayaramen et al, *Food Labor Research Center, University of California, Berkeley*, "The Hands That Feed Us", June 6, 2012: <http://laborcenter.berkeley.edu/the-hands-that-feed-us/> (Page Five.)

² See above source (Pages 3-4.)