

The Enforcement Gap: Why Workers Still Aren't Paid What They're Owed

OVERVIEW

Wage theft—when employers fail to pay workers what they are legally owed—remains a pervasive problem in the United States and around the world. Labor advocates have responded by pushing for stronger state and local laws, operating under the assumption that enforcement agencies will translate those powers into vigorous enforcement.

That assumption is wrong, according to new research forthcoming in *Regulation & Governance* by Workplace Justice Lab researchers at Northwestern and Rutgers, led by IPR political scientist **Daniel Galvin**. Many agencies aren't using the full extent of their legal authority to enforce the minimum wage—and workers who can least afford it are paying the price. The findings suggest that stronger laws alone aren't enough: How agencies wield their authority matters just as much.

POLICY TAKEAWAYS

- Strong laws are necessary but not enough. Enforcement agencies must also adopt strategic practices that leverage these powers.
- Advocating for stronger statutes should be paired with investment in investigator training, pilot projects, and co-enforcement initiatives that are partnerships between state agencies and worker organizations or civil society groups.
- States should move from reactive (complaint-driven) to proactive enforcement, by using industry mapping, company-wide investigations, complaint triage, and vigorous penalty assessment.
- Policymakers should prioritize innovative strategies to reach nonhourly and tipped workers, who remain beyond the reach of conventional enforcement.



ABOUT THE LAB

The **Workplace Justice Lab** conducts rigorous research on workers' rights, labor standards enforcement, and worker organizing, while forging partnerships that build communities of learning and practice and support innovations in government and civil society.

FINDINGS

Neither strong laws nor vigorous enforcement practices on their own, are statistically associated with lower minimum wage violation rates. Only when strong statutory powers and strategic enforcement practices are paired together do the researchers see a significant, meaningful reduction in violations.

Moving from a state with strong laws but minimal enforcement to one with strong laws and strong enforcement practices reduces the predicted probability of a violation from 5.6% to 3.4%. Critically, this effect holds above and beyond staff capacity: It's not about more "cops on the beat," but about how agencies wield their authority.

Workers at a significantly elevated risk of minimum wage violations include:

- women, noncitizens, and workers without a high school diploma,
- Black, Hispanic, Asian, and Native American workers,
- young workers (ages 15–24) and older workers (65+),
- nonhourly and part-time workers, and
- workers in food preparation, personal care, farming, and building maintenance.

Laws alone don't protect workers.

Galvin and his colleagues show that violations fall only when strong laws and strategic enforcement work together.



11M+

workers in the U.S. paid below state minimum wage from 2021–23.



40%

reduction in the probability of a violation when strong laws and strategic enforcement are combined.

METHODOLOGY

The researchers drew on four novel datasets spanning all 50 states and Washington, D.C.: hand-coded minimum wage statutes (2018–22), an original survey of state labor departments (with a 91% response rate), public records requests on full-time wage and hour investigators, and state-level wage estimates from Current Population Survey data.

To analyze the relationship between enforcement and violations, they ran logistic models controlling for demographics, industry, occupation, union density, and broader economic and political conditions. The models tested how statutory powers and enforcement practices interact to drive down violation rates.

REFERENCE

Galvin, D., H. Shepherd, J. Round, J. Barnes, and J. Fine. Forthcoming. [Powers and practices in labor standards enforcement](#). *Regulation & Governance*.

FACTS AND FIGURES

- About 17% of low-wage workers experience minimum wage violations each year, losing on average 20% of their income owed (~\$3,000/year).
- Between 2021 and 2023, over 11 million workers, representing 3.3% of all covered, nonexempt workers in the U.S., lost 24% of wages they were owed on average.
- Five states in the Southeast U.S. (Ala., Fla., Ga., La., Miss.) have no state-level wage enforcement agency.
- In Texas, 80% of wages that courts ordered paid from 2010–20 had yet to reach workers as of 2022.