



ANNUAL REPORT ON THE EFFECTIVENESS OF BUREAU OF FIELD ENFORCEMENT

Labor Code § 90.5(d) requires the Labor Commissioner to report annually to the Legislature concerning the effectiveness of the Bureau of Field Enforcement (Bureau). This report shall include: (1) the enforcement plan adopted by the Labor Commissioner and the rationale for the priorities, (2) the number of establishments investigated by the Bureau, and the number and types of violations found, (3) the amount of wages found to be unlawfully withheld from workers, and the amount of unpaid wages recovered for workers, and (4) the amount of penalties transferred to the General Fund as a result of the efforts of the Bureau.

The Bureau investigates complaints and takes enforcement actions to ensure employees are not being required or permitted to work under unlawful conditions. Enforcement action taken by Bureau investigators involves the enforcement of child labor laws; the requirement of employers to carry workers' compensation insurance coverage; audits of payroll records, collection of unpaid minimum wages, overtime, as well as prevailing and other unpaid wages; the issuance of civil and criminal citations; and the confiscation of illegally manufactured garments, and injunctive relief to preclude further violations of the law.

The Labor Commissioner has maximized enforcement efforts through the use of focused enforcement programs operating within the Bureau of Field Enforcement. These programs are designed to target those employers committing flagrant violations or operating in the underground economy. The Labor Commissioner is intent on giving the economic advantage back to the law-abiding employer, and to protect workers from unlawful labor practices. In calendar year 2005, the Bureau conducted a total of 5,407 inspections, resulting in a total of 2,604 citations with penalties assessed in the amount of \$16,286,634.¹

On July 1, 2005 the Economic and Employment Enforcement Coalition (EEEC) was launched. A partnership of state and federal agencies consisting of the Employment and Development Department (EDD), Cal OSHA, the Contractors State License Board, the Franchise Tax Board and the Federal Department of Labor, each expert in their own field, the unit has collaborated for vigorous and targeted enforcement against unscrupulous businesses participating in the "underground economy" historically abusing the workforce in the garment manufacturing, janitorial, agriculture, car wash, construction, race track, and restaurant industries. The unit has concentrated its enforcement in the areas of workers' compensation, payment of less than minimum wage, cash pay with no deduction statement, child labor, no contractor's license, no farm labor contractor license and no garment registration. In calendar year 2005, the EEEC inspected 812 worksites affecting 19,354 employees of the inspected

¹ These figures are inclusive of the number of citations issued and penalties assessed by the EEEC discussed below.

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employers. As a result of the EEEC inspections the Division of Labor Standards Enforcement (DLSE) issued:

Citations	367
Citation Assessments	\$2,687,400
Notice to Discontinue	1,662

In 2005, the Bureau conducted 788 inspections in the restaurant industry, 791 in agriculture, 751 in construction, 934 in the garment industry, 89 in janitorial services, and 2,054 in all other industries for a total of 5,407 inspections. In the 5,407 inspections conducted, the greatest number of violations found involved failure to carry workers' compensation insurance coverage, resulting in 1,290 citations. Investigators also issued 333 citations for violations relating to garment manufacturing registration requirements, 567 citations for paying employees in cash without the required itemized wage deduction statement, and violations of minors working in the workplace resulted in the issuance of 196 civil citations. Additionally, 76 citations were issued for minimum wage violations, 38 were issued to unlicensed contractors working on construction projects, and 104 were issued for violations of the state's overtime laws.

During 2005, investigators in the Bureau collected \$6,326,973 in wages owed to employees in California.

In addition to enforcement of specific Labor Code statutes and provisions of the Industrial Welfare Commission (IWC) wage orders, the Bureau investigates complaints arising from violations of the state's prevailing wage laws, and conducts payroll audits on behalf of California's workers for back wages owed. During 2005, investigations of violations of prevailing wage laws resulted in \$5,533,758 in wages for workers on public works projects. In addition to collecting wages owed for underpayment or non-payment of prevailing wages, DSLE collected \$394,870 in civil penalties for wage and public works violations.

In accordance with subsections (2), (3), and (4) of Labor Code § 90.5(d), the following data is presented to demonstrate the effectiveness of the field enforcement unit during 2005:

Number of Establishments Investigated	5,407
Total Number of Citations Issued for Labor Law Violations	2,604
Workers' Compensation Insurance	1,290
Child Labor	196
Cash Pay	567
Minimum Wage	76
Unlicensed Contractors	38
Garment Manufacturing Penalties	333
Overtime	104

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Public Works (prevailing wage) Enforcement

Cases Opened	558
Cases Closed	869
Wages Recovered	\$5,533,758
Penalties Collected	\$ 394,870

Total amount of wages found to be unlawfully withheld (BOFE, including EEEC + Public Works)	\$22,977,530
Total amount of wages recovered for workers (BOFE, including EEEC + Public Works)	\$11,460,301

**Amount transferred to the
General Fund in Calendar Year 2005**

Penalties	\$3,475,460
Fees	842,966
TOTAL	\$4,318,426

Respectfully Submitted,

Robert Jones
Acting State Labor Commissioner, DLSE