

Wage Theft Prevention and Wage Recovery Act of 2022 (H.R. 7701)

The *Wage Theft Prevention and Wage Recovery Act (Wage Theft Act)* modernizes the *Fair Labor Standards Act of 1938 (FLSA)* for the 21st Century to ensure workers are paid for all of the work they do. The *Wage Theft Act* ends the use of one-sided arbitration agreements and class action waivers exploited by employers to avoid liability for wage theft violations, and increases penalties on employers who steal from their workers. The *Wage Theft Act* was introduced May 10, 2022.

Unscrupulous employers steal an estimated [\\$50 billion per year from workers'](#) legally owed earnings by committing a variety of minimum wage, overtime, off-the-clock, tip, and meal-break violations. These illegal practices, known as "wage theft," disproportionately harm low-wage workers and amplify poverty. Wage theft is also widespread. For those with at least 10 years in the workforce, [nearly 40 percent describe experiencing wage theft](#) at some point in their careers. As many as [35 percent of tipped workers](#), and [17 percent of low-wage workers generally](#), report being paid less than the prevailing local minimum wage in their state. Worse, [46 percent of tipped workers in service industries](#) say they are not compensated at the legally required "time-and-a-half" rate for overtime work.

The Problem: *Too often, dishonest employers are able to steal worker pay in violation of the FLSA without the worry of significant consequences.*

- The FLSA does not require detailed pay stubs or recordkeeping, which are critical for workers to confirm pay accuracy and, if necessary, establish a legal claim for stolen wages. As many as [20 million workers](#) do not receive a regular pay stub detailing their earnings and deductions.
- The FLSA's civil penalties and liquidated damages provide little deterrent to keep employers from committing wage theft, as [willingly violating the FLSA is likely cheaper](#) than paying employees.
- Mandatory arbitration agreements and collective action waivers shield employers from accountability under the FLSA. For example, of the 4.6 million workers making less than \$13 per hour and who likely experienced a wage theft violation in 2019, [4.5 million—98 percent—will have their wage theft claims stymied](#) by employer-imposed arbitration clauses and class action waivers.

The Solution: *The Wage Theft Prevention and Wage Recovery Act will ensure a workers' right to be paid all legally owed wages and hold unscrupulous employers accountable for violating the FLSA. Specifically, it:*

- Requires detailed pay stubs be delivered to employees regularly as well as access to the recordkeeping necessary to hold employers accountable in court for violating the FLSA;
- Prevents employers from exploiting mandatory arbitration and collective action waivers and protects an employee's ability to pursue remedies for stolen wages under the FLSA; and
- Increases civil monetary penalties and liquidated damages to deter wage theft and make certain that unscrupulous employers do not profit by stealing from their employees.