

Wage Theft: A Critical Labor Determinant of Health

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🔗 See also Lee et al., p. 492.

Wage theft is a widespread but underrecognized feature of low-wage labor markets in the United States. Common forms of wage theft include unpaid overtime and wages below the legal minimum. Using the most recent estimates, Cooper and Kroeger found that employers stole roughly \$15 billion per year through minimum wage violations in the mid-2010s.¹ By comparison, the FBI estimated that the combined value of all robberies, burglaries, larceny, and motor vehicle theft was \$12.7 billion in 2015.¹ Minimum wage violations thus exceeded the total value of property crimes, yet only a small share of stolen wages is ever recovered.² Galvin estimates that 16.9% of low-wage workers reported minimum wage violations.² Despite these striking figures, wage theft remains understudied.^{1,2} This gap may begin to close with the comprehensive data set on wage theft laws covering 40 cities and 25 states compiled by Lee et al. (p. 492) in this issue of *AJPH*, which I believe will be the gold standard for future research.

WAGE THEFT AS A DETERMINANT OF HEALTH

Wage theft should be understood as a social, or labor, determinant of health

and, potentially, as a public health hazard. Like low, falling, and stagnant wages, wage theft undermines economic security in ways that are consequential for health. Falling and stagnating wages among lower- and middle-income workers have characterized the US economy for several decades. [Figure 1](#) shows cumulative growth at five-year intervals in inflation-adjusted wages (including salaries) and per capita gross domestic product (GDP).³ From 1979 through 2020 (data not available for 2025), wages rose by only 11.6% at the 10th percentile and 23.1% at the median, with most gains occurring between 2015 and 2020; wages at the lowest percentile declined from 1979 through 2010. By contrast, wages at the 95th percentile increased by 75.6% over the same period yet still lagged behind the per capita GDP growth of 89.1%.

The vertical gap between GDP and wage lines reflects income generated in the economy that did not accrue to workers in the bottom 95% of the wage distribution. Although some income accrued to workers above the 95th percentile, most flowed to capital owners through profits, capital gains, interest, dividends, and rents. The figure thus offers a wage-based perspective on the well-documented, decades-long

increase in US income inequality. These patterns sharply contrast with those of 1945 through 1973, when wage percentiles and per capita GDP grew at similar rates—an era captured by John F. Kennedy's remark that “a rising tide lifts all boats” and described by some as a period when the United States was “Great.”

Falling and stagnating wages for lower- and middle-income workers have been linked to many economic, social, and political problems, including the increasing gap between wages and productivity (had wages kept up with productivity, they would be approximately 45% higher today),⁴ a perceived crisis in male identity, growing anti-immigrant sentiment, political polarization, decreasing affordability of basic goods and services, and heightened resentment among non-college-educated Americans toward college-educated Americans.⁵ The wage trends may also influence US presidential election results. Wage theft is also an equity issue: relative to White men, disproportionate shares of women and Black and Hispanic people hold low-wage jobs and experience wage theft (Lee et al.).⁵

There are many public health implications of these wage trends. First, they have been associated with increasing “deaths of despair”—including liver cirrhosis, drug overdoses, and suicide—which began in the late 1990s and continue today.⁵ These deaths resulted in US mortality rates increasing in the late 2010s even before the COVID-19 pandemic.⁵ Second, wage theft and low wages increase reliance on the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and Affordable Care Act subsidies and contribute to individuals' receipt of Social Security disability benefits.^{1,5}

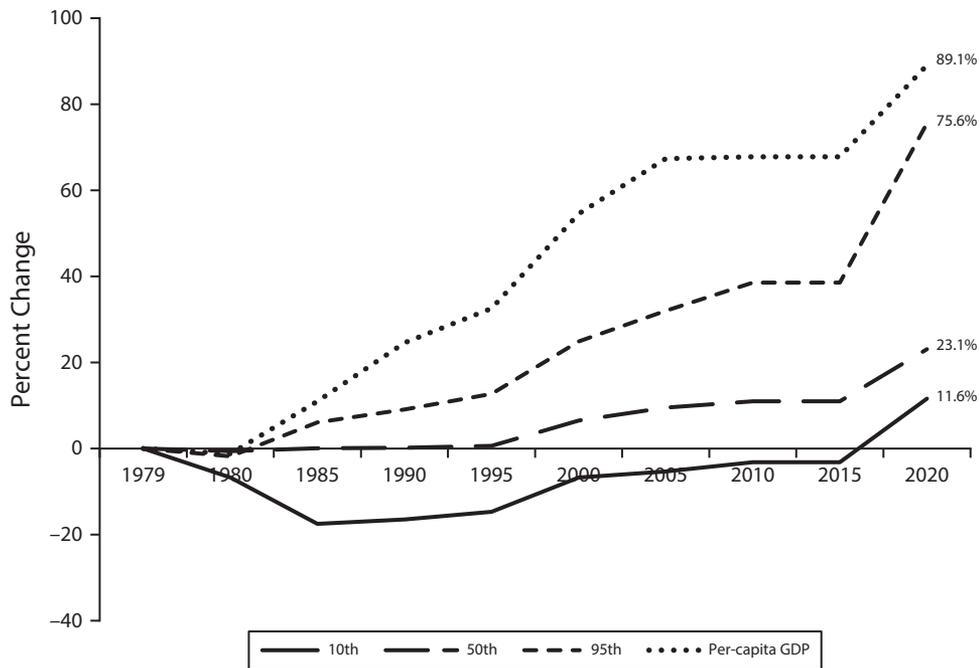


FIGURE 1— Cumulative Growth in Wage Percentiles and per Capita Gross Domestic Product (GDP)

Source. Economic Policy Institute³; United States.

Cooper and Kroeger estimate that approximately one third of victims of wage theft rely on some form of public assistance.¹ US taxpayers—the funders of SNAP, Medicaid, and the subsidies—thereby subsidize businesses and corporations that benefit from keeping workers healthy yet profit from wage theft and low wages.⁵ Third, falling and stagnating wages contribute to rising income inequality, which, in turn, might harm population health. Fourth, the Centers for Disease Control and Prevention identifies economic stability as one of five social determinants of health, noting that even people employed full-time often do not earn enough to afford health-promoting resources and activities.⁶ Finally, low wages and wage theft may be health hazards, as several public health investigations into economic well-being, financial strain, and living wages suggest.⁷

These trends have numerous causes. The inflation-adjusted federal minimum wage has decreased over time: from \$12.76 (in 2025 dollars) in 1980 to \$7.25 today. By collectively bargaining for better pay, unions lift wages for their members and create competitive pressure for nonunion employers to raise theirs; conversely, declining union presence erodes this upward pressure, lowering standards. Unions also reduce, and sometimes eliminate, wage theft. Since 1980, union membership has been declining. Private-sector membership was 23% in 1980 but fell to 6% in 2024, a level lower than in 1929, during the presidency of Herbert Hoover. Lind attributes this decline to business-friendly policies enacted over these years.⁵ Finally, wage theft may contribute to wage trends: when some employers engage in wage theft, they gain an unfair advantage by lowering labor costs, thereby pressuring ethical

employers to lower wages and undermining workers’ livelihoods.

There are ways to combat wage theft. First, the federal government and many state governments have labor departments with wage and hours divisions that can enforce wage theft laws and provide outreach to inform workers of their rights. Lee et al. suggest that educational outreach might be particularly effective. State and federal legislators could prioritize enforcement by providing these divisions with adequate funding. Second, states and the federal government could pass stronger laws governing wage theft. Galvin’s study suggests that treble damages, that is, penalties equal to three times the amount of stolen wages, imposed on employers for violations are especially effective deterrents.² Lee et al. document variation across jurisdictions in the use of outreach and treble-damages provisions.

To date, a dearth of robust data sources has hindered a causal understanding of the link between wage theft and health. Lee et al. review the four most prominent public health studies and note that none use city-level data. A similar assessment applies to the economics and social science literatures, which include relatively few studies overall and only a handful that use city-level data.

FUTURE RESEARCH

Lee et al. assembled a data set based on systematic coding of local and state minimum wage and wage theft laws spanning January 2010 through April 2023. These data enable the examination of policy-relevant research questions. The authors examined approximately 85 criteria when reviewing each law and produced a data set with substantial variability, creating opportunities for future empirical inquiry.

First, Galvin's treble damages finding warrants further investigation. Second, researchers could construct a composite index—as Galvin did—to classify states or localities as having strong or weak laws by summing relevant provisions and logically weighting them (e.g., weighting treble damages more heavily than double damages).² Third, the two-way fixed-effects model—long the workhorse in minimum wage studies—has been found to generate bias; alternative approaches, including stacked regression, may yield less biased estimates.⁸ Finally, wages should be the initial dependent variable investigated. Laws should reduce wage theft and thereby increase wages, and models intended to estimate health effects should first demonstrate effects on wages. If the models and data fail to detect wage effects, their estimated

health effects are less credible. This test is analogous to those in minimum wage studies that establish wage effects before examining downstream health outcomes.⁸

Wage theft is a substantial but understudied labor determinant of health, operating through economic insecurity, inequality, and weakened protections for low-wage workers. A clearer empirical understanding of these mechanisms is essential for aligning labor policy with public health goals. *AJPH*

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CONFLICTS OF INTEREST

I have no conflicts of interest to declare.

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