



# The California Labor Commissioner's Office

*Inadequate Staffing and Poor Oversight Have Weakened Protections for Workers*

## Background

The California Labor Commissioner's Office (LCO) is part of the Department of Industrial Relations (DIR) and is responsible for, among other things, adjudicating wage theft claims (wage claims) that workers file against their employers. State law requires that the LCO determine within 30 days of receiving a claim whether a hearing is needed. Further, the LCO must hold a hearing within 90 days of determining a need for a hearing and it must issue a decision within 15 days of holding a hearing. The LCO's Wage Claims Adjudication Unit (Adjudication Unit) has 17 field offices throughout the State that receive and adjudicate wage claims. Its Judgment Enforcement Unit (Enforcement Unit) helps workers enforce judgments against employers to collect owed amounts.

## Our Key Recommendations

- To monitor the LCO's progress in reducing its backlog of claims and filling vacant positions, the Legislature should require the LCO to report annually to the Legislature on its progress in both of these areas.
- To ensure adequate staffing, the LCO should perform a workload assessment to determine the number of staff necessary to timely process all claims and identify whether it will need any additional analyses of employee salaries. It should also streamline its hiring process, including improving its applicant screening, to reduce the number of cancelled recruitment.
- To maximize its judgment enforcement efforts on behalf of workers, the LCO should, by July 2024, develop standard operating procedures for Enforcement Unit staff outlining how to determine appropriate judgment collection methods to use for a claim and require supervisors to ensure that staff implement all applicable methods.

## Key Findings

- As a result of an inefficient wage claim process, the LCO often takes two years or longer to resolve the wage claims it receives.
  - The average number of days the LCO took to resolve claims has steadily increased from 420 days in fiscal year 2017–18 to 890 days in fiscal year 2022–23.
  - The LCO had nearly 47,000 backlogged claims as of the beginning of fiscal year 2023–24, and as of November 2023, the LCO had a backlog of nearly 33,000 claims that had been part of the LCO's backlog for at least three years.
- The LCO's field offices do not have adequate staff, contributing to the rapidly growing backlog of wage claims.
  - The LCO's Adjudication Unit has a statewide vacancy rate of 33 percent as of June 30, 2023, with 16 of its 17 field offices having vacancy rates that ranged from 10 percent to 45 percent of authorized positions.
  - Based on available data, we estimate that the LCO needs hundreds of additional positions than it currently has to address backlogged and new claims, and to provide appropriate supervisory coverage.
  - The LCO's low salaries and inefficient hiring process hinders its ability to fill even the existing vacant positions.
- After long wait times to resolve wage claims, only 12 percent of workers using the LCO's judgment enforcement services receive all of the wages owed to the worker.
  - The Enforcement Unit has a backlog of 2,200 unassigned cases and staff vacancies that prevent the unit from addressing all cases in a timely manner, and from pursuing all potential avenues to collect payment.
  - Because the unit lacks procedures, deputies also use inconsistent methods to collect payment, causing correspondingly inconsistent levels of success in collecting payment.

**The Average Number of Days the LCO Takes to Resolve Claims Has More Than Doubled**

