



STATE OF CONNECTICUT

ASIAN PACIFIC AMERICAN AFFAIRS COMMISSION



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Legislative Analyst
Alok Bhatt

Wednesday, April 9, 2014

Dear Chairman Tercyak, Chairman Holder-Winfield, and distinguished members of the Labor and Public Employees Committee of the Connecticut General Assembly:

My name is Alok Bhatt. I serve as Legislative Analyst for the Asian Pacific American Affairs Commission (APAAC/the Commission). The Connecticut General Assembly established APAAC in 2008 to engage and advocate for our state's Asian Pacific American (APA) population. This population consists of peoples originating from over 62 countries, who speak more than 100 distinct languages and dialects.

In advancing APAs and all workers in the food service industry, as well as promoting a sustainable industry model, APAAC writes in strong support of SB-60: An Act Concerning Employee Gratuities (SB-60).

Nationally, restaurants employ nearly 10,000,000 people, including about 2,000,000 waiters and waitresses who depend on tips to make their living¹. Waiters and waitresses comprise 63% of all tipped-wage occupations. Despite their importance to the restaurant industry, which promises excellent dining and customer service, restaurant servers remain the second-lowest paid tipped workers². As a consequence of subminimum wages, restaurant service workers live in poverty and rely on food stamps at twice the rate of the general United States workforce³.

Of particular concern to the Commission, while APAs comprise just 10% of all tipped restaurant workers⁴, 14% of all APA restaurant servers live in poverty⁵. In Connecticut, restaurant servers can earn as little as \$18,400 annually, which is below the federal poverty line for a family of three⁶. APAAC will not allow peoples of our community, or any community, of any age, to remain trapped in the demoralizing socioeconomic patterns of low wages and diminished opportunities.

On this basis, the Commission lauds the language of SB-60 recognizing "...as part of the minimum fair wage...gratuities in the

¹ http://www.bls.gov/oes/current/naics4_722500.htm

² http://rocunited.org/wp-content/uploads/2014/03/ROC-United_FactSheet-on-TMW.pdf

³ http://rocunited.org/wp-content/uploads/2014/03/ROCUnite_Rcipe-for-Success.pdf

⁴ Ibid

⁵ http://rocunited.org/wp-content/uploads/2014/02/report_realizing-the-dream.pdf

⁶ <http://www1.ctdol.state.ct.us/lmi/wages/naics2013.asp#FoodServices>

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amount[,],...effective January 1, 2017, equal to thirty percent of the minimum fair wage per hour”⁷. This provision reduces the current ‘tip credit’, the amount gratuities may compensate between the subminimum and minimum wage, thereby affording tipped restaurant workers 70% of the state minimum wage. Considering the recent increase in Connecticut’s minimum wage, tipped restaurant workers in the state will earn \$10.07 per hour beginning January 1, 2017⁸. In effect, SB-60 will bring Connecticut in line with President Obama’s proposal for fair wages, which Connecticut’s entire Congressional delegation supports⁹.

With increased wages, the food service industry will see higher morale and lower turnover, enabling restaurants and their employees to grow. Greater income for the 24,000 tipped restaurant workers in Connecticut will also generate greater activity in the local economy¹⁰. Furthermore, research demonstrates that restaurants offering a higher tipped wage experience higher sales per capita than restaurants paying the federal subminimum wage of \$2.13¹¹. Ultimately, higher wages for restaurant workers signifies a benefit for all people in Connecticut.

In addition to increasing the wages for tipped restaurant workers, APAAC also supports measures to protect them from improper or exploitative employer practices¹². In securing the gratuities that often comprise the majority of waiters’ and waitresses’ wages, SB-60 mandates, “...if an employer imposes a surcharge on or reduces the gratuity paid to any employee through a [customer’s] credit card transaction, such gratuity shall not be recognized as part of the minimum fair wage”¹³. This language creates a disincentive to appropriate servers’ personal earnings to reduce business costs. This provision also reinforces the policy of the US Department of Labor that gratuities remain the sole property of tipped employees¹⁴.

To protect the labor rights of a significant workforce, including many APAs in Connecticut, and bringing Connecticut into compliance with sensible proposals on the national level, APAAC strongly supports SB-

⁷ <http://www.cga.ct.gov/2014/TOB/S/2014SB-00060-R01-SB.htm>

⁸ <http://www.cga.ct.gov/2014/ACT/PA/2014PA-00001-R00SB-00032-PA.htm>

⁹ <http://www.reuters.com/article/2014/03/26/us-usa-obama-women-idUSBREA2P0MQ20140326>

¹⁰ <http://www1.ctdol.state.ct.us/lmi/wages/naics2013.asp#FoodServices>

¹¹ http://rocunited.org/wp-content/uploads/2014/03/ROC-United_FactSheet-on-TMW.pdf

¹² <http://thinkprogress.org/economy/2014/03/28/3420407/raise-tipped-minimum-wage/>

¹³ <http://www.cga.ct.gov/2014/TOB/S/2014SB-00060-R01-SB.htm>

¹⁴ www.dol.gov/whd/regs/compliance/whdfs15.pdf

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60. The time has long passed for tipped restaurant workers to see a fair increase in their wages. The Commission stands behind APAs and all peoples in this industry who work to bring food to our tables when we dine out. We must make sure these workers are able to put food on their own dining tables at home.

The Commission greatly appreciates your time and consideration of this matter.

Sincerely,

Alok Bhatt

Legislative Analyst, Asian Pacific American Affairs Commission

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