



STATE OF CONNECTICUT

ASIAN PACIFIC AMERICAN AFFAIRS COMMISSION



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Wednesday, March 5, 2015

Dear Chairman Tercyak, Chairman Holder, 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).

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Alok Bhatt

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 858: An Act Concerning Employees Who Customarily and Regularly Receive Gratuities and the Minimum Fair Wage.

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, 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 appreciates the language of SB-858 reducing the 'tip credit', or amount gratuities that may compensate between the subminimum and minimum fair wage, thereby guaranteeing tipped restaurant workers a base salary close to the state minimum wage. However, we feel it important to note that a fair minimum wage ought to

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/ROCUnited_Recipe-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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apply to all employees in the State of Connecticut. Gratuities represent an employee's additional compensation for excellent personal service, not an employer's means to reduce business. We recommend eliminating the tip credit altogether and furnishing tipped workers with the regular minimum fair wage.

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 economy⁷. Furthermore, research demonstrates that restaurants offering a higher tipped wage experience higher sales per capita than restaurants paying the federal subminimum wage of \$2.13⁸.

In addition to increasing the wages for tipped restaurant workers, APAAC also supports measures to protect them from improper and unfair wage reduction⁹. To this end, we recommend an additional provision that effectively express, "...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"¹⁰. 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 employees¹¹.

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 supports SB-858 with modifications. 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.

⁷ <http://www1.ctdol.state.ct.us/lmi/wages/naics2013.asp#FoodServices>

⁸ http://rocunited.org/wp-content/uploads/2014/03/ROC-United_FactSheet-on-TMW.pdf

⁹ <http://thinkprogress.org/economy/2014/03/28/3420407/raise-tipped-minimum-wage/>

¹⁰ <http://www.cga.ct.gov/2014/TOB/S/2014SB-00060-R01-SB.htm>

¹¹ www.dol.gov/whd/regs/compliance/whdfs15.pdf

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Sincerely,

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