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Thursday, March 4<sup>th</sup> |

Testimony of Teófilo Reyes

**to: Co-Chairs and members of the Labor and Public Employees Committee**

**Testimony in SUPPORT of HB 858 An Act Concerning Employees Who Customarily And Regularly Receive Gratuities And The Minimum Fair Wage**

My name is Prabhu Sigamani of the Restaurant Opportunities Center, and I am reading this testimony on behalf of Teofilo Reyes, the National Research Director for the Restaurant Opportunities Centers United.

Thank you to Senator Gomes, Representative Tercyak, and the members of the Committee for the opportunity to speak to you today about raising wages for tipped works. We are very supportive of the concept **HB 858**, but believe it needs to go further.

**Tipped workers in Connecticut need a raise, and the state has the chance to lead on this issue. They deserve One Fair Wage- the same wage for tipped and non-tipped workers.**

With over 11 million employees nationwide, the restaurant industry is one of the largest and fastest-growing private sector employers in the nation. Unfortunately, despite the growth and profitability of the industry, restaurant jobs provide largely low wages and little access to benefits.

Five of the ten lowest paid occupations in Connecticut are in the restaurant industry, and four of these occupations are tipped workers. You will hear a lot about the average wage of restaurant servers. The median wage for tipped workers in Connecticut is \$9.78 an hour *including tips*. This means that half of the state's 63,000 tipped workers earn at or less than that amount. A small minority does make a living wage, but they are not representative of all tipped workers in the state. Servers, the largest group of all tipped workers, have nearly three times the poverty rate of the workforce as a whole, and rely on food stamps at a higher rate than the general population.

We analyzed the American Community Survey and found that nearly 6,000 tipped workers in Connecticut, workers who would like to provide for themselves and their families, must depend on food stamps and other public benefits to survive. This costs the state \$764,476.00 a month. Over 2,000 depend on hot school lunches.

The poverty burden created by the sub minimum wage for tipped workers disproportionately impacts women and people of color. In Connecticut, poverty rates are higher for African American and Latino servers, with nearly 20% of African American servers and 18% of Latino servers living in poverty, compared to 14% of white servers. Women make up 66% of tipped workers and 68% of restaurant servers, suffering disproportionately from the low tipped minimum wage. While men make up a majority of non-tipped restaurant workers who make the standard minimum wage, women make up a large percentage of tipped workers in restaurants.

Tipped workers are not mostly teenagers making some extra money as they prepare for their real careers. In fact, the median tipped worker is 30 years old, and 29% of tipped workers are 45 years of age or older. One third of tipped workers are parents, and nearly half have some form of higher education.

One minimum wage for tipped and non-tipped workers will reduce poverty levels among tipped workers generally. Poverty rates among servers have been reduced by a third in the states without a subminimum wage. Significantly, states with no subminimum wage have dramatically reduced poverty among tipped workers of color. The poverty gap between white tipped restaurant workers, and tipped restaurant workers who are minorities is 1.7 times as large in Connecticut as it is in the states with no subminimum wage. Eliminating the subminimum wage will greatly reduce poverty among tipped workers who are minorities and women.

In Connecticut, a \$5.78 tipped minimum wage means that tipped workers depend on their tips to survive, and if they have a slow week or month, they find themselves in serious trouble and feel obligated to ingratiate themselves to customers who effectively pay their wage. This is exemplified by the fact that sexual harassment is twice as high in states that follow a subminimum wage as it is in the states with one fair wage—the same minimum wage for tipped and non-tipped workers.

Gradually increasing wages for tipped workers as contemplated in the current bill is a sensible and needed proposal. The current tipped minimum wage of \$5.78 per hour is too low, and we encourage the State to expand tipped worker wages until no worker earns less than the minimum wage. This is not only fair for tipped workers, but good for the economy overall. Bringing tipped workers up to a minimum wage of \$10.10 per hour would add more than \$400million back into the economy of Connecticut.

Further we encourage to state the ensure that gratuities are protected as the sole property of employees and that employers are prohibited from taking any portion of a worker's tips to pay for credit card company fees. I have presented a lot of numbers, but several workers present here will speak to the real life impact of this policy. Raising the wage for tipped workers to that of the general minimum wage will improve the lives of thousands of the state's residents.

**It is time to raise tipped minimum wage till it meets the full minimum wage. Thank you.**