

Labor and Public Employees Committee

JOINT FAVORABLE REPORT

Bill No.: SB-1177

Title: AN ACT CONCERNING ONE FAIR WAGE.

Vote Date: 3/21/2023

Vote Action: Joint Favorable Substitute

PH Date: 3/9/2023

File No.:

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SPONSORS OF BILL:

Labor and Public Employees Committee

REASONS FOR BILL:

This bill is intended to eliminate the subminimum wage in the state and establish one minimum fair wage across the board. This would ensure that tipped workers will be paid said minimum wage instead of relying on customer tips to supplement a sub-minimum wage.

The substitute language makes a conforming change.

RESPONSE FROM ADMINISTRATION/AGENCY:

Dante Bartolomeo, Commissioner, Connecticut Department of Labor: Testified that the Department of Labor appreciates the intent of this bill, and comments that tipped workers' wages were not increased by the 2019 law that increased the minimum wage for other workers. She also commented that the Department of Labor is concerned that an unintended consequence of this bill is that customers may tip less, thus driving down the wages of those tipped workers.

NATURE AND SOURCES OF SUPPORT:

SEIU District 1199 New England: Support this bill on the grounds that approximately 70,000 tipped workers were left behind by Connecticut's increase of the minimum wage in 2019. They also commented that most tipped workers are not able to make up the gap to the minimum wage through tips received, and that passing this bill will also address pervasive racial, gender, and economic inequities that exist across the state.

Sarah Aaron-Bromley: Supported this bill on the grounds that it will eliminate the subminimum wage for tipped workers. She also commented that this would positively affect nearly 70,000 tipped workers in Connecticut that are 70% women and 36% people of color.

Jody Barr, Executive Director, AFSCME Council 4: Supported this bill on the grounds that it would economically benefit 70,000 tipped workers in Connecticut, many of which are women and people of color. She stated that the U.S. DOL determined that 84 percent of investigated restaurants were in violation of wage and hour laws. She further commented that it is time that these workers be paid appropriately and have the economic benefits of making a higher wage.

James Bhandary-Alexander: Supported this bill on the grounds that it's important to establish one fair wage for servers. He also stated that paying tipped workers the minimum wage will help them pay for student loans, as many tipped workers are students.

Emma Bromley: Supported this bill on the grounds that tipped workers would be brought up to the full minimum wage while still allowing for tips.

James Case, Member-Lobbyist, CWA Local 1298: Supported this bill on the grounds that tipped workers making enough to be well off is the exception not the norm. He stated that most of those workers struggle to make ends meet because their take home pay is unstable and unpredictable, an issue that has been exacerbated by the pandemic.

Chelsea Connery: Supported this bill on the grounds that the amount a tipped worker makes in tips can vary significantly, and this bill would create a stable pay for these workers. She stated that unstable pay or unpredictable hours can hurt workers who are parents or caregivers as they cannot consistently meet the needs of their family members.

Tom Connolly, People's Center: Supported this bill on the grounds that it will positively impact about 70,000 tipped workers. He stated that eliminating the subminimum wage will help eradicate systemic racism and gender inequity.

John O'Connor, Acting Vice President, CSU-AAUP: Supported this bill on the grounds that if the minimum wage is going to increase then the subminimum wage should as well. He stated that reliance on tipping is often discriminatory, and this bill would help deal with this problem.

Andres Cordoba, Tipped Worker: Supported this bill on the grounds that wages are inconsistent for tipped workers and adding a minimum wage would help fix that.

Ed Hawthorne, President, Connecticut AFL-CIO: Supported this bill on the grounds that it ends the practice of subminimum wages, requiring all employers to pay one fair minimum wage to all types of workers. He stated that seven other states have already passed this legislation, and that these states have higher restaurant job growth rates, small business growth rates, and tipping averages than Connecticut. He also commented that those seven states have one-half the rate of sexual harassment in the restaurant industry, and lost fewer restaurants during the pandemic.

Shellye Davis, Executive Vice President, Connecticut AFL-CIO: Supported this bill on the grounds that most workers earning a subminimum wage in Connecticut are tipped workers. Approximately 70,000 tipped workers are employed in Connecticut's restaurant and hospitality industry, who are 70% women and 36% workers of color. She commented that the lobbying efforts of the restaurant industry saved them \$3.10 per employee, per hour for every server they employ and \$4.00 for per employee, per hour for every bartender they employ.

Liz Dupont-Diehl, Associate Director, CCAG: Supported this bill on the grounds that it corrects an injustice whose roots date back to after Emancipation, when the restaurant industry sought to hire newly freed Black people without paying them, forcing them to live on tips. She stated that Connecticut remains as one of the 43 states that has allowed a workforce that is overwhelmingly women and disproportionately women of color to continue receiving a subminimum wage.

Joelle Fishman, Chair, CT Communist Party USA: Supported this bill on the grounds that every worker deserves a guaranteed minimum wage. She commented that the 70,000 tipped workers in Connecticut are mostly women, and over a third are women of color.

Kim Forte, Executive Director, ABCI: Supported this bill on the grounds that it is an incredible step toward equity and economic stability as it eliminates the subminimum wage, giving over 70,000 workers in our state more economic power. She stated that if Connecticut wishes to grow its economy, it must ensure that all workers are making at least minimum wage.

Seth Freeman, Professor, 4Cs SEIU 1973: Supported this bill on the grounds that the subminimum wage for tipped workers perpetuates racial and gender inequities, and results in worse economic outcomes for tipped workers. He stated that it will reduce the sexual harassment currently endured by tipped workers, the majority of whom are women.

Sarah Ganong, State Director, Working Families Power: Supported this bill on the grounds that eliminating the subminimum wage will help eradicate systemic racism and gender inequity. She stated that similar legislation has already been passed in seven other states.

Amy Harris: Supported this bill on the grounds that tips are not a reliable source of income, and one or two bad shifts in a week and one may leave a tipped worker unable to pay rent.

Winston Heimer, Executive Vice President, CT Alliance for Retired Americans: Supported this bill on the grounds that it's time for Connecticut to offer one fair wage to its tipped workers, 70 percent of whom are women and nearly 40 percent are people of color. He stated that seven states already require restaurant employers to pay the full minimum wage.

Margaret Henderson, Board President, Unitarian Universalist Congregation of Danbury: Supported this bill on the grounds that it would correct an outdated, racist, and anti-woman wage law that forces workers to rely on tips to survive, thus contributing to the wealth gap in the state. She stated that the practice of tipping encourages submission to sexual harassment and has been shown to be discriminatory.

Keri Hoehne, Executive Vice President, UFCW Local 371: Supported this bill on the grounds that Connecticut has a history of valuing working families and must prove it by eliminating the subminimum wage for tipped workers. She stated that tipped workers often must choose between working long hours to receive benefits with less tips or work shorter part-time hours and receive little to no benefits.

Nelli Jara, Executive Director, Connecticut Worker Center: Supported this bill on the grounds that members have come and asked for help, claiming that restaurant owners don't pay minimum wage, and workers are exploited as a result.

Saru Jayaraman, President, One Fair Wage: Supported this bill on the grounds that tipped workers in Connecticut can receive as little as \$6.38 from their employers. She stated that tipped workers experience the highest rates of sexual harassment of any industry because they must tolerate inappropriate customer behavior to acquire the number of tips necessary to provide for their families. She also noted that seven states have already passed legislation to eliminate the subminimum wage for tipped workers.

Melinda L. Johnson, Director of Community Engagement & Advocacy, YWCA Hartford Region: Supported this bill on the grounds that under current law, youth workers can be exploited for their labor, being paid only 70%-85% of the minimum wage for up to 200 hours depending on the industry. She stated that this bill will also streamline and wage enforcement, protecting youth workers and tipped workers from employer wage theft.

Carmen Lanche, Comunidades Sin Fronteras: Supported this bill on the grounds that tipped workers experience particularly high rates of sexual harassment, due to their reliance on tips from customers.

Yannet Lathrop, Researcher & Policy Analyst, NELP: Supported this bill on the grounds that Connecticut's subminimum tipped wages will decrease in real value as inflation takes its toll. She commented that eliminating the tipped wage is a matter of gender and racial justice, as many Connecticut servers and bartenders are women, and a substantial share are people of color.

John Jairo Lugo, Community Organizing Director, Unidad Latina en Accion: Supported this bill on the grounds that the laws in Connecticut are not currently on the side of tipped workers. He stated that it is important to make Connecticut a place where the workers who feed us and care for all of us can live with dignity.

Luis Luna, Coalition Manager, Husky for Immigrants: Supported this bill on the grounds that tipped workers experience particularly high rates of sexual harassment, and the practice of tipping itself is often discriminatory.

Fekkak Mamdouh, Chief of Staff, One Fair Wage: Supported this bill on the grounds that many tipped workers are also immigrants. He stated that workers cannot survive without a full minimum wage plus tips, and that because of this inequality in salary, they cannot provide for their families in dignity.

Brandon Mancilla, Regional Director, UAW Region 9A: Supported this bill on the grounds that most tipped workers struggle to make ends meet. He stated that sexual harassment of

tipped workers disproportionately affect the most marginalized working people due to their financial status, racial identity, and immigration status.

Nicholas Menapace: Supported this bill on the grounds that tipped workers should be paid the full minimum wage while still allowing for tips.

Florecienda Montenegro, Connecticut Worker Center: Supported this bill on the grounds that it will increase the minimum wage for waitresses, waiters, and bartenders.

Michael Oretade: Supported this bill on the grounds that it may help to improve working conditions for tipped workers who currently rely heavily on tips to make ends meet.

Yenny Orozco, Tipped Worker: Supported this bill on the grounds that seven states have already eliminated the subminimum wage for tipped workers, and these states report higher restaurant sales, employment growth rates, and tipping averages than Connecticut.

Werner Oyanadel, Policy Analyst, CWCSEO: Supported this bill on the grounds that it will provide economic stability and opportunity for workers in this state.

Sara Parker McKernan, Legislative & Policy Advocate, Connecticut Legal Services: Supported this bill on the grounds that it is untenable for workers who rely on tips to make up the difference between the subminimum wage they receive (\$6.38) and the additional \$7.62 they would need to bring their paycheck up to the standard minimum wage. She stated that these wage discrepancies disproportionately impact servers who are women and people of color.

Josh Pawelek, Minister, Unitarian Universalist Society: East: Supported this bill on the grounds that weekly earnings for tipped workers can vary significantly depending on the days and shifts they work and the time of year. He commented that tipped workers are a key example of a sector of Connecticut's labor force that struggles financially due to these practices.

Gretchen Raffa, Vice President Public Policy, Planned Parenthood: Supported this bill on the grounds that women, who represent more than two thirds of tipped workers, are left vulnerable to both economic insecurity and sexual harassment. She stated that eliminating the subminimum wage will help advance racial and gender equity.

Diana Ramirez, Senior Manager, National Women's Law Center: Supported this bill on the grounds that it will lift working families during this period of high inflation and, because women are most workers who will see their pay go up, wage gaps will likely narrow as well. She stated that this bill is a critical tool to diminish historic inequities and ensure that women in Connecticut can work with equality, safety, and dignity.

Silvia Salinas, Community Advocate, Connecticut Worker Center: Supported this bill to increase the minimum wage for all tipped workers.

Nicole Sanclemente, Policy Director, CWEALF: Supported this bill on the grounds that Connecticut's subminimum wage has been frozen at its current levels since 2019. She commented that this workforce is disproportionately comprised of women, and women of

color, and black workers, and that these workers make considerably less tips compared to their white counterparts, for the same quality of service.

Constanza Segovia, Organizer, Hartford Deportation Defense: Supported this bill on the grounds that tipped workers are often relying on unpredictable income through tips and unpredictable schedules, which prevents them and their families from planning ahead, and paying their bills every month.

Colena Sesanker, Associate Professor, Gateway Community College: Supported this bill on the grounds that the concept of a tipped workforce was originally made tolerable in the wake of emancipation because it may have been inconceivable that those previously enslaved would enter the workforce on fully equal footing with the rest. She stated that workers should not be in a position that makes it impossible to budget with fluctuating income and schedules.

Janet Stolfi Alfano Executive Director, and Jenny Kohl, Community Outreach Coordinator, The Diaper Bank of Connecticut: Supported this bill on the grounds that many of the families they serve are affected by the subminimum wage in Connecticut, making it hard to afford essentials. They stated that some tipped workers at popular restaurants do well, but they are the exception, not the norm.

Caprice Taylor Mendez, CEO & President, Universal Health Care Foundation of Connecticut: Supported this bill on the grounds that eliminating the subminimum wage is one step in reducing systemic racism and gender inequity in the labor force. She stated that research has shown that white service workers receive larger tips than black service workers for the same quality of service.

Nick Teeling, Local Strategies Deputy Director, Connecticut Voices for Children: Supported this bill on the grounds that by keeping the subminimum wage in place, women, and people of color, especially, will continue to experience inequitable tipping practices. He stated that 50 percent of all women and 58 percent of women of color surveyed said they do not make the full minimum wage after tips.

Rodney Wade, Senior Pastor, Long Hill Bible Church: Supported this bill on the grounds that after Emancipation, the restaurant industry sought to hire newly freed Black people without paying them, forcing them to live on tips. He stated that Connecticut is one of the 43 states that continues to allow a workforce that is overwhelmingly women, and disproportionately women of color to continue receiving a subminimum wage.

Sue Warzecha, Union Representative, UFCW Local 371: Supported this bill on the grounds that tipped workers undergo particularly high rates of sexual harassment. She stated that eliminating the subminimum wage will give thousands in Connecticut the stability they deserve.

Ben Zipperer, Economist, Economic Policy Institute: Supported this bill on the grounds that it will benefit low-wage workers and their families and is consistent with a growing economy in Connecticut. He stated that in 2019, tipped workers in Connecticut had a poverty rate of 13.6%, and that the situation is even worse for waitstaff and bartenders in Connecticut, whose 2019 poverty rate was 15.6%.

NATURE AND SOURCES OF OPPOSITION:

Joseph Addonizio, Owner & Manager, Saybrook FishHouse in Canton: Opposed this bill on the grounds that it will create new costs for restaurants and only hinder their ability to find employees for non-service roles. Stated that most of their servers already make over \$30 an hour.

Anonymous, General Manager: Opposed this bill on the grounds that it creates an unnecessary burden and cost for restaurants.

Keith Beaulieu, Owner, The Main Pub: Opposed this bill on the grounds that it will result in a significant cost for small restaurants and would make it harder for small restaurants to compete with larger chains. Stated that the removal of the tip credit may result in some employees losing a portion of their wages earned in tips.

Adam Halberg, Barcelona Wine Bar: Opposed this bill on the grounds that it generalizes the restaurant industry and doesn't consider different conditions for restaurants. Stated that the restaurant industry is not the only industry that compensates workers below minimum wage.

Andy Markowski, Connecticut State Director, NFIB: Opposed this bill on the grounds that it will hurt small businesses across several industries and potentially have a negative impact on their employees. He stated that increased labor costs may cause businesses to cut staff and result in fewer jobs available for the very people this bill is intended to help.

Nancy McKenney, Owner, Hops 44: Opposed this bill on the grounds that it will add another cost to small business owners and hurt the business operations, potentially causing menu items to be more expensive. She stated that there is never an hour that her employees are not making minimum wage with tips.

Wayne Pesce, President, Connecticut Food Association: Opposed that this bill on the grounds that it would hurt brick and mortar retailers, and that the unions in the industry already work to ensure that workers are fairly compensated.

Brian Phelps, President, Toad's Place: Opposed this bill on the grounds that it will hurt small restaurants and comments that employees already receive many tips.

Diana Staley, President, Restaurant Trade Association Inc: Opposed this bill on the grounds that 70% of restaurants are family-owned small businesses with relatively few employees. She stated that this bill would make it difficult for those small businesses to operate.

Lynn Ward, President & CEO, Waterbury Regional Chamber: Opposed this bill on the grounds that it will both hinder small businesses by adding costs, which will be transferred to increased prices for customers, and hurts the employees it is trying to help by causing customers to tip less after seeing a potential price increase or service charge.

Marc Weber, OnTheMarc: Opposed this bill on the grounds that his business and other small businesses are already facing high costs that make it difficult to operate.

Reported by: Gabriel Marques, Assistant Clerk Date: 3/27/23