



**Statement of Emily Chatterjee, Senior Counsel
The Leadership Conference on Civil and Human Rights**

**Hearing on Proposal to End Lower Wage for Tipped Workers in New York State
June 27, 2018**

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Thank you to Governor Cuomo and State Labor Commissioner Roberta Reardon for holdings these hearings on the proposal to end a lower wage for people who work for tips.

My name is Emily Chatterjee, and I'm senior counsel with The Leadership Conference on Civil and Human Rights. The Leadership Conference is a diverse coalition of more than 200 national organizations working to build an America as good as its ideals.

As an organization that is committed to promoting and protecting the civil and human rights of all persons in the United States, The Leadership Conference stands against racial, gender, and economic injustice in all arenas, including the workplace.

It is not possible to understand the dynamics of today's tipped workforce without looking at the history of the tipped minimum wage. The origins of the tipped minimum wage are deeply entwined in our nation's struggles with racial and gender equality, while the custom of tipping itself is rooted in the history of slavery.¹

The practice of tipping proliferated in the United States after the Civil War. At that time, the restaurant and hospitality industry, exemplified by the Pullman Company, "hired" newly freed slaves without paying them base wages.² The effect was to create a permanent servant class, for whom the responsibility of paying a wage was shifted from employers to customers.³ An early 20th century southern journalist recounted being uncomfortable tipping White working people. As he observed in 1902, "one expects...Negroes [to] take tips...it is a token of their inferiority. But to give money to a White man was embarrassing to me."⁴

Tipping kept African Americans in an economically and socially subordinate position. By 1880, 43 percent of all working people employed in hotels and restaurants were Black. By 1900, 25 percent of all Black working people engaged in non-agricultural labor were

¹ Azar, Ofer H. "The history of tipping—from sixteenth-century England to United States in the 1910s." *The Journal of Socio-Economics*. Vol. 33, Issue 6. Pgs. 745-764. December 2004.

² Bates, B.T. *Pullman Porters and the Rise of Protest Politics in Black America, 1925-1945*. The University of North Carolina Press. 2001.

³ Paarlberg, Michael and Teofilo Reyes. "Paying tipped workers better wouldn't lead to fewer restaurant jobs." *The Washington Post*. January 16, 2018. https://www.washingtonpost.com/news/posteverything/wp/2018/01/16/paying-tipped-workers-better-wouldnt-lead-to-fewer-restaurant-jobs/?utm_term=.17fb13b45f73

⁴ Jayaraman, Saru. *Forked: A New Standard for American Dining*. 2016. P. 33-34.

employed as servants and waiters, including the vast majority of Black women.⁵ In the early 1900s, it is estimated that five million working people in the United States – more than 10 percent of the labor force – were in tip-taking occupations.⁶ The Fair Labor Standards Act established a bare minimum floor for tipped wages only in 1966. The federal tipped minimum wage has remained at \$2.13 an hour since 1991.

Fast forward to 2018, and one can see the through line from the origins of the tipped minimum wage to today. In 2018, people of color are more likely to work in the tipped workforce and are more likely to live in poverty than their White counterparts.⁷ For example, the take-home wages of people of color who work in restaurants are 56 percent less than their White colleagues.⁸

Today, of the almost 6 million tipped working people in our country, 66 percent are women.⁹ And women of color are disproportionately represented in the tipped workforce.

Tipped workers of color are on average paid less than their counterparts. The median annual income for tipped workers of color is \$14,300. For Black working people, it is even lower at \$12,900/year.¹⁰ Poverty rates for people who work for tips are more than twice as high as rates for working people overall – with female tipped workers, especially women of color, at a particular disadvantage.¹¹

Another key aspect of tipped work today is the pervasiveness of wage theft. The Economic Policy Institute estimates that working people lose more than \$50 billion annually to wage theft—this includes tipped workers as well as non-tipped workers.¹² In the tipped workforce, 44.3 percent of wage theft occurs among workers of color.¹³

At the 1963 March on Washington for Jobs and Freedom, Black labor leader A. Philip Randolph noted that “yes, we want all public accommodations open to all citizens, but those accommodations will mean little to those who cannot afford to use them.”

We should all be paid fairly for the work that we do. And that is why The Leadership Conference supports the proposal to eliminate the tipped minimum wage in New York. Thank you for the opportunity to participate in today’s hearing and share the perspective of the civil and human rights community.

⁵ Wright, R.R, Jr. “The Negro in Unskilled Labor.” *The Annals of the American Academy of Political and Social Sciences*. Vol. 49, Issue 1. Pgs. 19-27. Sept. 1913.

⁶ Azar, Ofer H. “The history of tipping—from sixteenth-century England to United States in the 1910s.” *The Journal of Socio-Economics*, Vol. 33, Issue 6. Pgs. 745-764. December 2004.

⁷ Gallagher Robbins, Katherine and Julie Vogtman. “Low-wage jobs held primarily by women will grow the most over the next decade.” April 2016. <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2016/04/Low-Wage-Jobs-Held-Primarily-by-Women-Will-Grow-the-Most-Over-the-Next-Decade.pdf>

⁸ Oatman, Maddie. “The racist, twisted history of tipping.” *Mother Jones*. May/June 2016. <https://www.motherjones.com/environment/2016/04/restaurants-tipping-racist-origins-saru-jayaraman-forked/>

⁹ 2012-2015 ACS data on gender and race for tipped occupations, ipums.org.

¹⁰ *Ibid*.

¹¹ See generally NWLC & ROC United. “Raise the Wage: Women Fare Better in States with Equal Treatment for Tipped Workers.” Oct. 17, 2016. <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2016/10/Tipped-Wage-10.17.pdf>.

¹² McNicholas, Celine, Zane Mokhiber, and Adam Chaikof. “Two billion dollars in stolen wages were recovered for workers in 2015 and 2016—and that’s just a drop in the bucket.” Dec. 13, 2017. <https://www.epi.org/publication/two-billion-dollars-in-stolen-wages-were-recovered-for-workers-in-2015-and-2016-and-thats-just-a-drop-in-the-bucket/>

¹³ Cooper, David and Teresa Kroeger. “Employers steal billions from workers’ paychecks each year.” May 10, 2017. <https://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year-survey-data-show-millions-of-workers-are-paid-less-than-the-minimum-wage-at-significant-cost-to-taxpayers-and-state-economies/>