

Testimony

Presented to the Hospitality Industry Minimum Wage Board

**by Robb Smith, Executive Director, Interfaith Impact of NYS
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My name is Robb Smith. I am here representing Interfaith Impact of New York State. We are a statewide organization of clergy, congregations and lay leaders from Unitarian Universalist, Protestant, Reform Jewish and other faith traditions. We work for the common good through progressive religious advocacy.

I thank Wage Board Chair Timothy Grippen and Board members Heather Briccetti and Peter Ward for this opportunity to offer our views on the minimum wage gap for tipped workers, which we believe to be fundamentally flawed. It is not our intention to duplicate the facts and statistics about tipped and low-wage workers that others are providing the Board today. That data speaks eloquently on its own. Instead, we offer a lens through which to understand the wage gap itself.

Since 1940, New York's Minimum Wage Law has allowed employers of tipped workers to pay a lower wage than they are allowed to pay other workers. We look on this wage gap as a subsidy for employers that is taken out of the earnings of New York's lowest paid and most vulnerable workers. To require these employees to essentially pay their own wages in this way is unconscionable. It is a kickback to the employer.

The wage gap is also deceptive and distorts the concept of charity that we teach in our religious denominations, where charity is a fundamental tenet of our respective faiths. While the public considers charity to be an act of benevolence, of kindness, and a tip to be an action of this sort, the truth is that the state in effect confiscates the difference between the tipped worker minimum wage and the real minimum wage and gives it to the employer. As of December 31, that difference will be \$3.75 per hour for a waitress or waiter. Unaware of the way New York State law allocates the server's tips to his or her employer, the public sees tipping as a charitable action, a kindness, and assumes that the tips go to the servers. This impression is false, and the New York Labor law perpetuates this falsehood. That is why we consider the wage gap to be a deceptive practice. Although it has been shamefully enshrined in labor law for nearly 75 years, the wage gap should be eliminated.

The wage gap is confiscatory. We assert that the tip belongs to the service worker or workers to whom it is given. To require servers to give up their earned tips to meet the minimum wage that other workers get is a simple act of plunder, rendered all the more repugnant because the victims here are workers who are most affected by seasonal, hourly and other variations in

employment, not to mention the erratic nature of tips themselves, which depend on the unpredictable nature of the habits and benevolence of the tippers.

The injustice is compounded by the minimum wage itself, which is below poverty level for a full-time worker. The wage gap for tipped workers makes it much more difficult for tipped workers to provide for themselves and their dependents. Whatever chance they might have is effectively eliminated for many by the deficit created by the wage gap.

The low minimum wage and extremely low minimum wages for hospitality and food service workers is a concern when we look at the escalating economic inequality in New York. Janet Yellen, chair of the Federal Reserve said, "I think it is appropriate to ask whether this trend [increasing inequality] is compatible with values rooted in our nation's history, among them the high value Americans have traditionally placed on equality of opportunity.....inequality of outcomes can exacerbate inequality of opportunity, thereby perpetuating a trend of increasing inequality."

The Rev. Dr. Richard S. Gilbert, President of Interfaith Impact of NYS, points out, "Escalating inequality is not only a social, political and economic problem; it is a moral problem as well that hurts human beings in many ways. In our society the rich have a morally corrupting superfluity; the middle class struggles up the down escalator; and the scandal of poverty in the midst of plenty increases."

We note that the argument made by some employers that their business would suffer if they had to pay their employees the ordinary minimum wage is simply not true. In fact, where the minimum wage has been raised to a living wage—say \$15 per hour—the ensuing prosperity has revitalized communities and created even more work for hospitality and food service workers.

The wage gap is a deceptive kickback for employers taken directly from the earnings of the most vulnerable of our workers. This practice keeps far too many New Yorkers in deep poverty and financial uncertainty. This wage board can change that.

"Poverty is not an accident. Like slavery and apartheid, it is man-made and can be removed by the actions of human beings," said Nelson Mandela.

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