

Still Waiting For A Raise

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Last month, many of our nation's low-wage workers got their first raise in a decade as the federal minimum wage inched up to \$5.85 an hour. But millions more who are paid in part with tips—low-wage workers like waiters and waitresses, car wash attendants, and delivery workers—are still waiting. For them the minimum wage has been frozen at a meager \$2.13 an hour for 16 years. And the restaurant industry—which fights to block pay increases for tipped workers—has lobbied hard to keep it that way. It's time for Congress to stand up to this special interest and give the nearly three million Americans who work for tips a long overdue raise.

In the past, tipped workers weren't always excluded from minimum wage hikes. For decades, employers were required to pay them a base wage of at least half the federal minimum wage. This guaranteed a stable income that was automatically adjusted as the minimum wage went up. And it reflected changes in the cost of living and recognized that tips are notoriously unpredictable and can vary substantially depending on work schedules, seasons, and broader economic trends.

But in 1996, when President Bill Clinton shamed House Speaker Newt Gingrich and Congress into raising the minimum wage,

Republican lawmakers sided with restaurant industry lobbyists and excluded tipped workers by permanently freezing their minimum wage at \$2.13. This resulted in a tipped-worker minimum wage that is worth less and less every year, forcing them to rely almost entirely on tips to make ends meet. Ultimately, it's meant lower and less certain pay for millions of Americans.

Restaurant industry lobbyists defend their position by focusing on waiters and waitresses at high-end restaurants who earn a lot of money in tips. But such workers are the exception, not the rule. According to the Bureau of Labor Statistics, the average waiter or waitress in the U.S. makes just over \$17,000 per year including tips—hardly enough to support a family, as many of these women and men struggle to do. And other tipped workers—like car wash attendants and delivery workers—make even less.

As Congress has refused to address this serious problem, thirty-one states ranging from Arkansas to Ohio to North Dakota have stepped in to establish minimum wages above \$2.13 an hour for people who work for tips. In fact, seven states require that tipped workers be paid the full minimum wage, recognizing that they are struggling to keep up with the rising cost of gas, rent and

milk. None of these states have found that it hurts business to ask employers to pay tipped workers a fair wage. According to the National Restaurant Association, three of the states with higher minimum wages for tipped employees—Nevada, Arizona, and Florida—are projected to see the fastest growth in restaurant jobs and/or sales over the next 10 years.

Congress should follow the states' lead and restore the tipped-worker minimum wage to its historic level of at least 50 percent of the federal minimum wage, or \$3.63 in 2009.

This would give full-time workers an extra \$3,120 a year—which would make a real difference in the lives of millions of working Americans.

As a nation, we pride ourselves that people who work hard and play by the rules should earn enough to support themselves and their families. Our shocking \$2.13 wage is an affront to this deeply held value and is hurting working families. It's time for Congress to stand up to the restaurant industry and fix this unfair vestige of the Gingrich era.