



7521 Main Street, Suite 103
Ralston, Nebraska 68127

(402) 597-3100 P
(402) 597-2705 F

<http://voicesforchildren.com>

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February 1, 2016

Senator Burke Harr, Chairman – Business and Labor Committee
Room 2102, State Capitol Lincoln NE, 68509

Re: Support for LB 1089 – Change the minimum wage for persons compensated by way of gratuities

Dear Chairman Harr and Members of the Business and Labor Committee,

Nebraska is a state that values family and hard work. Voices for Children supports LB 1089 because this bill supports working parents and their children. **We believe that individuals working full-time should be able to meet all of their family’s basic needs independently, because children can only thrive when their basic needs are met.**

The policy of paying tipped workers a separate minimum wage was originally enacted in 1966 and at that time, the tipped minimum wage was 50% of the regular minimum wage, which is what LB 1089 seeks to restore. When the federal minimum wage was raised in 1996, the tipped minimum wage was decoupled from full minimum wage and frozen at the level originally established in 1991, \$2.13 per hour. In light of federal inaction on this issue since 1991, many states have taken the initiative on updating their tipped minimum wage—**33 states and the District of Columbia currently have a higher tipped minimum wage than Nebraska’s current rate. In fact, 7 states even require that full minimum wage be paid to tipped employees.**¹

Our current tipped minimum wage overly relies on consumers, while protections for workers who do not earn the full minimum wage after tips are limited. Current rules rely on the employee to notify the employer if they have received less than minimum wage in a “workweek,” which is defined as any fixed and regularly occurring 168-hour period. **The volatility of schedules for tipped workers creates challenges in determining if the requirement has been met. It also leaves the income of tipped workers highly unpredictable, making it difficult to plan or budget for any household.**

It is a common misconception that the majority of food and beverage servers are teenagers. On the contrary, according to the Bureau of Labor and Statistics, **the national median age of those workers was 29.5 in 2014, and nearly 61% were age 25 or older.**² **Additionally, a recent national report estimated that 40% of tipped workers have children.**³

The reality of decoupling our tipped wage from full minimum wage is that family budgets for tipped workers can be tight—the same report found **higher poverty rates among tipped workers, and that tipped workers were more likely than other workers to rely on public**

¹ U.S. Department of Labor, Wage and Hour Division, Minimum Wage for Tipped Employees, January 2016, <http://www.dol.gov/whd/state/tipped.htm>.

² “11b. Employed persons by detailed occupation and age,” U.S. Bureau of Labor Statistics, 2015.

³ Sylvia Allegretto and David Cooper, “Twenty-three years and still waiting for change,” Economic Policy Institute, July 2014.

assistance programs to supplement low wages, with 46% of tipped workers receiving some form of federal assistance.⁴

We believe that LB 1089 would be a step toward ensuring that more working Nebraska families can make ends meet and we encourage the committee to advance the bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Julia Tse". The signature is fluid and cursive, with the first name "Julia" being more prominent than the last name "Tse".

Julia Tse, Policy Associate

⁴ *Ibid.*