



February 27, 2017

Senator Joni Albrecht, Chairwoman – Business and Labor Committee
Room 2102, State Capitol Lincoln NE, 68509

Re: Support for LB 211 – Change the minimum wage for persons compensated by way of gratuities

Dear Chairwoman Albrecht 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 is consistent with our state values. **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The policy of paying tipped workers a separate minimum wage was originally enacted in 1966 and at that time, the tipped minimum wage was 50% of the regular minimum wage, which is what LB 211 seeks to restore.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. **A recent national report estimated that 40% of tipped workers have children.**¹In light of federal inaction on this issue since 1991, many states have taken the initiative on updating their tipped minimum wage—**34 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.**²

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 service workers are teenagers. On the contrary, according to the Bureau of Labor and Statistics, **the national median age of those workers was 29.6 in 2016, and nearly 62% were age 25 or older.**³

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

¹ Sylvia Allegretto and David Cooper, “Twenty-three years and still waiting for change,” Economic Policy Institute, July 2014.

² U.S. Department of Labor, Wage and Hour Division, Minimum Wage for Tipped Employees, January 2017, <http://www.dol.gov/whd/state/tipped.htm>.

³ “11b. Employed persons by detailed occupation and age,” U.S. Bureau of Labor Statistics, 2016.

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assistance programs to supplement low wages, with 46% of tipped workers receiving some form of federal assistance, compared to 35% of non-tipped workers.⁴

We believe that LB 211 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 being more prominent.

Julia Tse, Policy Associate

⁴ Allegretto and Cooper, "Twenty-three years and still waiting for change."