

WHY THE FEDERAL GOVERNMENT SHOULD ELIMINATE THE TIPPED WAGE

5 reasons why Congress should eliminate the Tipped Wage

1. **Livable wages are necessary** because the current wage infrastructure is ineffective
2. In **1938**, the Fair Labor Standards Act created the **minimum wage**
3. An employee earning more than **\$30 a month** in tips is considered a tipped employee
4. Service industry occupations are affected the most in **paying low wages**
5. Tipping is a part of **psychological servitude**

Background

In the United States, “tipping” is the total opposite of its formal introduction in Europe as a way to show service appreciation. Tipping is used as a method to escape paying underserved populations, and women fair wages. Author Jacob Tomsy highlights the following statement in this manner: “Tipping change is bad luck, people. If you can't round your generosity up to a whole dollar, then just embrace your cheapness. Don't try to pay off your guilty conscience with quarters.”

Tipping became common practice in service area industries such as restaurant workers, and porters; popular occupations for blacks and women. Occupations that classify as “tipped employee” are as follows: host or waiter/waitress, hairstylists, drivers, massage therapists, nanny, and bartender.

Problem & Reasons to Eliminate the “Tipped Wage”

- The Fair Labor Standards Act of 1938
- 1942 Supreme Court Ruling
- 1966 Subminimum Wage creation
- Long periods of inactivity to raise wages
- Lack of transition from wage legislation to law

WHY THE GOVERNMENT SHOULD ELIMINATE THE TIPPED WAGE CONT.

In 1942, the Supreme Court of the United States in *National Restaurant Association vs. Department of Labor* ruled that Section 203(m) of Title 29 permits an employer to reduce its cash-wage obligation to a “tipped employee,” provided that the employer informs the employee of Section 203(m)’s provisions and the employee either retains her tips or participates in a tip pool comprised only of “employees who customarily and regularly receive tips.” 29 U.S.C. 203(m). Section 203(m) thus places conditions on an employer’s taking of a “tip credit” against its cash-wage obligation to a tipped employee. 29 C.F.R. 531.59(a). The question presented is whether, as the Department of Labor amended its regulations to say in 2011, Section 203(m) places those same conditions on employers that pay a direct cash wage of at least the federal minimum wage and thus do not take a tip credit.

This ruling paved the way for Congress in 1966 to create the subminimum wage as an amendment under the Fair Labor Standards Act of 1938. The significance of this is important as it perpetuated the elevation of starvation wages. In 56 years, the subminimum wage has increased to \$2.13 with no increase since 1991.

According to the Department of Labor, several cases of theft have occurred between employers hijacking wages from their employees. In a recent development, Investigators have recovered 230K in wages from Black’s Barbeque Restaurant based in Austin, TX affecting 274 Austin area workers. The company was taking employees tips, and illegally sharing with managers, a violation of the Fair Labor Standards Act of 1938.

Wage infrastructure can be a preventive measure to solving homelessness. Unstable pay equates to unstable life. Minorities, women, and the disabled face greater pay inequities. This leads to childhood hunger. Over two thirds of tipped employees are women.

HR 8427 Tipped Worker Protection Act (117th Congress) introduced by Rep. Jahana Hayes D-CT5 would amend the Fair Labor Standards Act of 1938 and instead increase the wage in year one to \$3.60 per hour increasing each year not to exceed the current federal minimum wage.

According to the Shriver Center for Law and Poverty, tipped workers of color continue to suffer the consequences of this legacy. In the restaurant industry alone, over 27% of Black workers live in poverty. About 37% of tipped workers are mothers, and nearly half of these women are single moms. For a single mother, earning the tipped minimum wage often means going without – going without breaks at work, going without insurance because her employer is not obligated to provide it, going without enough nutritious food to keep her and her family fed and healthy.

WHY THE GOVERNMENT SHOULD ELIMINATE THE TIPPED WAGE CONT.

Conclusion

America's wage infrastructure has not kept up with the current pace of the rise of the cost of living. There are a lot of factors as to why the current state of affairs has happened. One thing that we will not say here is that: "the system is broken". That language continues a false narrative that it was designed to be successful for all in the first place which is simply not true.

In the wage system implementation, minorities, and women were to be kept in a certain financial status: poor. What was not factored in is that this system would spread to other races of people effecting the population as a whole. The other races are just sacrificial lambs or collateral damage of the intentions to keep the ultimate goal; to disenfranchise minorities, and women.

Now that the history of where the tipped wage originated, its purpose, and the outcome it has had on America, now the hard part; what are you going to do about it?

Recommendations

- Mobilize budget justice marches once per month on all city halls, and state capitals
- Support states that have repealed the tipped wage
- Support Raise the Wage Act

About National Coalition for the Homeless

The National Coalition for the Homeless is a national network of people who are currently experiencing or who have experienced homelessness, activists and advocates, community-based and faith-based service providers, and others committed to a single mission: To end and prevent homelessness while ensuring the immediate needs of those experiencing homelessness are met and their civil rights are respected and protected.

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