



February 1, 2016

Sen. Burke Harr, Chairperson
Business and Labor Committee
Room 2000, State Capitol
Lincoln, NE 68509

Re: Support of LB 1089

Chairman Harr and members of the Business and Labor Committee:

My name is James Goddard, and I am the Director of the Economic Justice and Health Care Access Programs at Nebraska Appleseed. Nebraska Appleseed is a nonprofit law and policy organization that fights for justice and opportunity for all Nebraskans. I am here today to testify in support of LB 1089.

As we all know, Nebraskans recently confirmed through their vote that hard work should pay in Nebraska. Nearly 60 percent of voters supported an increase in the minimum wage, which reached \$9 per hour on January 1 of this year. However, the tipped minimum wage was not included in this increase, and should be increased to bring tipped workers up to a more reasonable wage standard.

Nebraska's current tipped minimum wage, \$2.13 per hour, has been in place since 1991.ⁱ Employers are permitted to pay employees \$2.13 per hour as long as that wage plus tips equals the minimum wage at the end of the week. But unfortunately, many tipped workers are unaware that their tips and hourly wages must add up to the minimum wage, and this requirement is difficult to enforce.ⁱⁱ

Moreover, although tipped workers in Nebraska earn a *median* wage of \$8 per hour with gratuities included,ⁱⁱⁱ the median wage does not tell the whole story for many workers,^{iv} particularly restaurant servers, who make up the majority of tipped workers.^v Indeed, compared with the workforce as a whole, nationally servers generally experience almost three times the poverty rate.^{vi} In Nebraska, the rate is even worse, with *tipped restaurant workers living in poverty at four times the rate of the Nebraska workforce*.^{vii} About 71 percent of these servers are women, many of whom are parents.^{viii}

LB 1089 would bring the tipped wage into line with the recent minimum increase already in place.^{ix} The bill would affirm the dignity in a hard day's work, rebuild the middle class, and help families earn enough to meet their basic needs. For these reasons, we respectfully urge the committee to advance LB 1089.

Sincerely,
NEBRASKA APPLESEED



James A. Goddard, Esq.
Director, Economic Justice &
Health Care Access Programs

ⁱ Sylvia A. Allegretto & Kai Filion, “Waiting for Change: The \$2.13 Federal Subminimum Wage,” Economic Policy Institute and Center on Wage and Employment Dynamics, Feb. 2011, <http://s1.epi.org/files/page/-/BriefingPaper297.pdf>.

ⁱⁱ *Id.*

ⁱⁱⁱ “State of Tipped Workers - Nebraska,” Restaurant Opportunities Center United, last visited Jan. 26, 2015, http://rocunited.org/state_of_tipped_workers/ne/.

^{iv} One reason the median wage is not representative is that some tipped workers are in high end industries and receive larger gratuities, skewing the median wage.

^v “Tipped Over the Edge: Gender Inequity in the Restaurant Industry,” Restaurant Opportunities Center United, Feb. 2012, <http://rocunited.org/tipped-over-the-edge-gender-inequity-in-the-restaurant-industry/>.

^{vi} *Id.*

^{vii} “State of Tipped Workers - Nebraska,” Restaurant Opportunities Center United, last visited Jan. 26, 2015, http://rocunited.org/state_of_tipped_workers/ne/.

^{viii} “Tipped Over the Edge: Gender Inequity in the Restaurant Industry,” Restaurant Opportunities Center United, Feb. 2012, <http://rocunited.org/tipped-over-the-edge-gender-inequity-in-the-restaurant-industry/>.

^{ix} LB 1089 would increase the tipped minimum wage incrementally. Starting in August of 2016 the tipped wage would increase to 40% of the minimum wage, then increasing to 50% of the minimum wage in January of 2017.