

Dear Chair Griffith and members of the Finance Committee,

I would like to thank you for letting me speak today. My name is Naila Rosario, im a partner at Skal Bk Cafe I am here to urge the inclusion of ending the subminimum wage for tipped workers in SB 0803. While the state minimum wage increased to \$13.25 on January 1, 2023, the subminimum wage for tipped workers has stayed at an abysmal \$3.63 since 2014.<sup>1</sup>

We know the subminimum wage continues to perpetuate racism and sexism. When One Fair Wage researched Maryland tipped worker pay, they found that the wage gap between Black women and white men in 'front-of-house', tipped positions was \$6.19 per hour, which is a difference of almost \$13,000 a year for a full-time worker.<sup>2</sup>

The restaurant industry is still not fully recovered from the pandemic. We know that in Maryland 18,000 workers left the restaurant industry and haven't returned.<sup>3</sup> Too often restaurants that oppose better wages will claim that this is a result of a "worker shortage."<sup>4</sup> However, as One Fair Wage published in a recent report, the current restaurant industry isn't facing a worker shortage, it's a wage shortage.<sup>5</sup>

The industry in Maryland needs to stop basing its business strategy on a wage 150-year-old system that is the direct legacy of slavery and join the modern working world. Already 7 states, Alaska, California, Minnesota, Montana, Nevada, Oregon, and Washington, pay the full minimum wage with our neighbors in the District of Columbia joining the club.<sup>6</sup> Our industry needs to modernize and pay at least the full minimum wage with tips on top.

States that pay tipped workers the full minimum wage with tips on top report higher restaurant sales, employment growth rates, and tipping averages than Maryland and the other states that still cling to the antiquated subminimum wage system.<sup>7</sup> It is time to raise the wage and ensure Maryland's restaurant industry doesn't get left behind.

Tipped workers are tired of being left behind. They deserve to be paid at the very least, the full minimum wage with tips on top. Its time for SB 803 to move forward and become law.

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<sup>1</sup> U.S. Department of Labor. Minimum Wages For Tipped Employees. (Jan 2023). <https://www.dol.gov/agencies/whd/state/minimum-wage/tipped>.

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<sup>3</sup> One Fair Wage. (December 2021) Closed Due To Low Wage. [https://onefairwage.site/wp-content/uploads/2021/12/OFW\\_Closed.pdf](https://onefairwage.site/wp-content/uploads/2021/12/OFW_Closed.pdf)

<sup>4</sup> The Guardian. Saru Jayaraman and Mark Bittman (May 2021), The US restaurant industry is lacking in wages, not workers

<https://www.theguardian.com/environment/2021/may/09/the-us-restaurant-industry-is-lacking-in-wages-not-workers>

<sup>5</sup> One Fair Wage, Ending a Legacy of Slavery and Addressing Maryland's Restaurant Staffing Crisis (Jan 2023). [https://onefairwage.site/wp-content/uploads/2023/01/OFW\\_EndingLegacySlavery\\_MD-1.pdf](https://onefairwage.site/wp-content/uploads/2023/01/OFW_EndingLegacySlavery_MD-1.pdf)

<sup>6</sup> US Department of Labor. Minimum Wages for Tipped Employees. (Feb 2023) <https://www.dol.gov/agencies/whd/state/minimum-wage/tipped>.

<sup>7</sup> ROC United. (2014). The Great Service Divide: Occupational Segregation & Inequality in the US Restaurant Industry. [https://chapters.rocunited.org/wp-content/uploads/2014/10/REPORT\\_The-GreatService-Divide2.pdf](https://chapters.rocunited.org/wp-content/uploads/2014/10/REPORT_The-GreatService-Divide2.pdf).

Thank you again for taking the time to hear from me today.