

**Name: Alexis Snovitch**

**Labor and Employment - Payment of Minimum Wage - Tipped Employees**

Greetings to the chair and members of the committee and thank you for taking the time to hear from me today.

My name is Alexis Snovitch, I am a Maryland resident and I am representing the owner Mera's Kitchen Collective in Baltimore and I am here today to urge this committee to move forward SB 803 so workers finally receive the full minimum wage with tips on top in HB 549.

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> Paying tipped workers less than minimum wage in the United States is a direct legacy of slavery and continues to perpetuate wage gaps in our industry by race and gender.

Are any of us truly surprised that the subminimum wage continues to be legal for Maryland's tipped workforce which is 65 percent women and 38 percent people of color?<sup>2</sup> By forcing workers to rely on customers' tips to make up their income because of such a low base pay, the subminimum wage system is designed to hurt marginalized workers – and tipped workers know it.

As an employer, I see this in the labor shortage facing our industry. One Fair Wage researchers found that 18,000 workers left the industry in Maryland and haven't returned since the pandemic.<sup>3</sup> Why are they leaving? They need a real wage. This isn't a labor shortage it is a wage shortage.

When One Fair Wage surveyed workers, 53 percent of those who remain in the restaurant industry reported that they are considering leaving. Of those considering leaving, 78 percent say the only thing that will make them stay or return to working in restaurants is a full livable wage with tips on top.<sup>4</sup>

Too often, we hear claims the industry can't handle and doesn't need to actually pay its workers a full wage with tips on top. Yet, 7 states already require employers to pay a full minimum wage with tips on top - Alaska, California, Minnesota, Montana, Nevada, Oregon, and Washington and they will soon be joined by our neighbors in the District of Columbia.<sup>5</sup>

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<sup>1</sup> Minimum Wages For Tipped Employees. (Jan 2022). U.S. Department of Labor. <https://www.dol.gov/agencies/whd/state/minimum-wage/tipped>.

<sup>2</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>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> One Fair Wage. (May 2021). It's a Wage Shortage, Not a Worker Shortage: Why Restaurant Workers, Particularly Mothers, are Leaving the Industry, and What Would Make Them Stay. [https://onefairwage.site/wp-content/uploads/2021/05/OFW\\_WageShortage\\_F.pdf](https://onefairwage.site/wp-content/uploads/2021/05/OFW_WageShortage_F.pdf)

<sup>5</sup> US Department of Labor. (2020). Minimum Wages for Tipped Employees. <https://www.dol.gov/agencies/whd/state/minimum-wage/tipped>.

These seven states have had the same or higher restaurant sales, employment growth rates, small business growth rates, and tipping averages than Maryland and the 42 other states with a subminimum wage for tipped workers.<sup>6</sup> Workers in these seven states also report half the rate of sexual harassment as workers in Maryland and the dozens of states with a subminimum wage for tipped workers.<sup>7</sup>

As a business owner, I know our industry and the problems in it. We need to compete with our neighbors by raising wages to compete. It is time to end the subminimum wage and pay a full fair wage with tips on top.

Thank you.

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<sup>6</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).

<sup>7</sup> Ibid.