

Opening Statement for Ranking Member Alma Adams (NC-12)

Subcommittee on Workforce Protections

"Examining the Biden-Harris Attacks on Tipped Workers"

2175 Rayburn House Office Building

Wednesday, September 18, 2024 | 10:15 a.m.

Thank you, Mr. Chairman. And I also want to thank our witnesses for joining us today.

In one of the richest countries in the world, no one working full-time should be living in poverty. Yet, sadly, that is the reality for millions of low-wage workers in this country.

Currently, under the *Fair Labor Standards Act*, an employer may pay a tipped employee a subminimum wage of no less than \$2.13 per hour and use the employee's tips to meet the employer's obligation to pay the federal minimum wage of \$7.25 per hour.

However, the subminimum wage results in lower pay, more uncertainty, and higher poverty rates for tipped workers than for non-tipped workers. Through error or outright wage theft, employers too often fail to ensure their workers are making the full minimum wage. According to a 2014 report by the White House National Economic Council and the Department of Labor, more than 1 in 10 surveyed workers in predominantly tipped occupations report they received hourly wages, including tips, below the full federal minimum wage.

While my Republican colleagues may point to a handful of high-earning tipped workers as evidence of the system's success, we must confront the reality of most tipped employees. Tipped workers are, unfortunately paid less per hour than non-tipped workers, and they have less access to benefits such as paid sick leave, health care, short-term disability, life insurance, and paid vacation. These workers face systemic challenges and often suffer from inadequate pay and rampant abuse.

And the conditions for tipped workers under the Trump Administration were even worse. In addition to the fact that roughly half of all jobs in the leisure and hospitality sectors were lost between February and April of 2020, the Trump Department of Labor pushed to allow low-road employers to steal tipped workers' hard-earned pay.

For example, the Trump-era tip rule would have allowed employers to take the tips that tipped workers earn and share them with untipped workers and managers as long as the employers pay at least \$7.25 per hour and do not take a tip credit. In practice, the rule would allow employers to steal tipped workers' wages to line their own pockets or subsidize the wages of their non-tipped staff. According to a 2017 report from the Economic Policy Institute, this rule would have resulted in an estimated \$5.8 billion in stolen wages from tipped workers annually.

And so as we look ahead, it's clear that Republicans are laying the groundwork for Project 2025, which threatens to further erode the protections that workers rely on.

In stark contrast, Congressional Democrats are committed to advancing legislation that will lift millions of hard-working Americans out of poverty and hold unscrupulous employers accountable. The *Raise the Wage Act* would gradually increase the federal minimum wage to \$17 per hour and phase out all subminimum wages. And the

LET'S Protect Workers Act would hold employers accountable by closing loopholes and enforcing penalties for those who neglect worker safety and fair compensation.

Our economy, our communities, and our country are stronger when we reward and support hardworking families. Congressional Democrats are committed to raising workers' standard of living through policies like expanding access to affordable child care, overtime pay, and paid time off to take care of loved ones and ensuring workers can stand together and negotiate for better wages and benefits.

And so as we proceed with today's hearing, let us remember the real faces and stories behind these statistics. Let us work together to build a system that supports and protects all workers.

Thank you Mr. Chairman, I yield back.