

Legislation Text

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Calling on the United States Congress to support the passage of the Tip Income Protection Act.

WHEREAS, In late 2017, the U.S. Labor Secretary Alexander Acosta announced a proposed rule that would allow restaurant owners to pocket the tips of millions of tipped workers; and

WHEREAS, The new rule would allow restaurant owners to transfer servers' gratuities to cooks and dishwashers in places where servers make at least the minimum wage. However, the proposal would also allow restaurant owners to transfer those tips to their own pockets; and

WHEREAS, While the measure would empower businesses to collect their tipped employees' gratuities - and encourages them to redistribute that cash back to workers, in a manner that cuts non-tipped workers in on the deal - the rule doesn't actually require businesses to give the money back; and

WHEREAS, The proposal sparked outrage from worker advocates who said it would permit management to essentially skim gratuities by participating in the pools themselves; and

WHEREAS, To accompany the introduction of the proposed rule, the Department of Labor (DOL) did not publish any quantitative estimate of how much income the proposal would transfer from workers to employers, even though it was required to do so by law; and

WHEREAS, The Economic Policy Institute (EPI) Policy Center conducted its own analysis and found that DOL's proposed rule would result in \$5.8 billion in lost wages for tipped workers every year, as tips are shifted from workers to employers. Furthermore, 80 percent—\$4.6 billion—would be taken from women who work in tipped jobs; and

WHEREAS, After the introduction of the proposed rule, many activist groups immediately sprang into action, submitting hundreds of thousands of comments to the Department of Labor and writing tens of thousands of letters to Congress, demanding action opposing this proposed rule; and

WHEREAS, The activists also testified on Capitol Hill, protested in front of Department of Labor buildings, and rallied at local Department of Labor and National Restaurant Association offices across the country; and

WHEREAS, In response, Representatives Rosa DeLauro (D-CT) and Katherine Clark (D-MA) introduced the Tip Income Protection (TIP) Act, which would provide protections for tipped workers, clarifying that tips are the property of employees and may not be confiscated by employers; and

WHEREAS, On March 14, 2018, Secretary Acosta appeared to reverse course and agreed to work with both sides of the aisle to support the TIP Act; and

WHEREAS, Despite this recent positive development, there is still great need for legislation to ensure that millions of tipped workers' livelihoods are never again subject to the whims of the Department of Labor; now,

therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby calls on the United States Congress to support the passage of the Tip Income Protection Act.