
Commission Reardon: On behalf of Governor Andrew Cuomo and the Labor Department, I welcome you to today's Hearing on Subminimum Wage in New York State. The Department of Labor works on behalf of both workers and businesses. We provide income support to workers who lose their jobs and we ensure that employees receive proper pay and work in safe environments. Before we go on I want to point out how to use the headset, I just realized. Today's hearing, we're going to run it like they do in the United Nations. There will be no interpretation at the table. It will be simultaneously interpreted. So when you come to the table, please speak in your own language and our interpreters will interpret for everyone. For those that are listening on headsets, channel 2 is English, channel 3 is Spanish, channel 4 is Napoli and channel 5 is Korean. And I will read this several times so if you get lost, I'll remind you which channel to use.

So to continue, The Department of Labor works on behalf of both workers and businesses. We provide income support to workers who lose their jobs and we ensure that employees receive proper pay and work in safe environments. We help businesses find and maintain a skilled workforce and we provide them with no cost services designed to help them thrive in New York's growing economy. One of Governor Cuomo's 2018 State of the State proposals directed me to evaluate through a series of hearings possibility of ending the minimum wage tip credits in New York State. In some work places such as carwashes and restaurants where wages and tips are generally both low, a worker's income can rely upon their tips. These tips meant as a reward for good service instead serve as a critical wage subsidy that brings worker's wages up to just the legally mandated minimum wage. This system disproportionately impacts women and minorities and prevents some workers are coming forward to voice concerns fearing retaliation.

Governor Cuomo has directed this agency to ensure that no workers are more susceptible to exploitation because they rely on tips to survive. This is the sixth of seven hearings to solicit public comment on how best to address potentially eliminating the minimum wage tip credit. Today, we are specifically focusing only on non-hospitality industries. We will not be hearing testimony about hospitality workers and businesses. Before regulations are formally advanced related to the subminimum wage, we want to hear from workers about how the subminimum wage impacts their ability to earn a fair wage as it relates to tips as well as raise a family. We want to hear from businesses and other industry professionals how the subminimum wage impacts how you run your business and interact with your workers. Through these hearings to date we have heard more than 25 hours of testimony. We understand these issues are highly complex and that we are talking about potentially changing rules that have been in place for decades and that is why we are here, to ensure that our findings are unassailable based on data and fact and any actions are done right in a fair and well plot out manner. Through these hearings we are asking for input about the scope of the problem and the potential scope of our solutions including any hardships created by the subminimum wage, reasons for and ramifications of eliminating the subminimum wage in your industry, and

recommendations for the elimination timeline should we move in that direction and complicating factors.

Let me also draw an important distinction. As the sign up here says, this Hearing is about eliminating the subminimum wage. It is not about eliminating tipping. We fully support tipping and worker's rights to earn those tips here in New York State, in fact when the Federal Government looks to attack worker's tips in New York State we will continue to protect your tips. Another important point I want to make is that these hearings are not about the number of people in the room. Through these hearings we are collecting your stories, related data and the insights that only you can provide.

I'd like to introduce members of our panel listening today. Mario Musolino, Executive Deputy Commissioner, Milan Bhatt, Assistant Deputy Commissioner for Worker Protection and James Rogers, Deputy Commissioner for Worker Protection.

Testimony will be limited to three minutes and that is strict. That is to allow as many people as possible to testify. At the 3 minute mark you will hear a bell ring and we will turn off the microphone. In addition, though we value their testimony, we will not allow any substitutions of speaker slots or allow testimony to be read on behalf of another individual. Please come to the front row when your name is called. If someone was unable to attend or if you have to leave before your name is called, please give us your written testimony. We will collect it from you at the front desk where you checked in.

Finally some ground rules; please respect the people testifying and the panel by not heckling the speaker, not using abusive language or threatening behavior and not interrupting another's testimony. When you come up please give your testimony to the individual's at the table, Matt and Ramona over here. Please begin your testimony when your light turns green. For those of you testifying you will get a yellow warning light at 30 seconds left, it will blink red when your time is up. I want to again thank everyone for taking the time to participate in today's hearings. I look forward to hearing all of your testimonies. So one more time on the interpretation, channel 2 is English, channel 3 is Spanish, channel 4 is Napoli and channel 5 is Korean. And we'll call the first 5 speakers, you'll come up and sit in these reserved seats up here to be ready to go. First 5 speakers Ramona.

Ramona: Good morning first five speakers please make your way to the front, Frantzy Taine, Deborah Axt, Mauricio Chavez, Leobardo Martinez, and Yendi Peralta. Do I have Frantzy Taine with us, Frantzy. Deborah Axt.

Deborah Axt: I'm Deborah Axt, I'm the co-executive director of Make the Road New York where I have served first as a Worker's Rights Attorney with a focus on wage enforcement issues that as legal director and now as Co-executive Director for the past 18 years. Through my work at Make the Road New York I have represented and partnered with tens of thousands of low wage workers facing wage theft and workplace exploitation. Workers from the entire range of low wage industries, from restaurants and

nail salon to carwashes and warehouses to delivery work and construction. In our work to craft the model legislation that became the Wages Theft Prevention Act, we analyzed many of the dynamics that underline New York's minimum wage and found the complex subminimum tipped wage system to be a key factor. And over the past 5 years, I have worked closely with the RWDSU, New York Communities for Change, the New York State Department of Labor and Office of the Attorney General in an effort to clean up the notoriously exploitative carwash industry. I have personally spoken to hundreds of carwash workers and have supervised organizers and attorneys who interviewed hundreds more, and I can personally attest to the fact that the subminimum tipped wage and the complexity of the tipped credit system makes it virtually impossible for many carwash workers and others to even identify whether they are making the legal minimum wage much less wage an adequate effort to recoup their proper wages. This undermines the level playing field that law abiding employers also deserve. In 2008 the Department of Labor in New York State found that in New York City alone 4 out of every 5 carwashes were stealing their workers wages, specifically 79% of the employers did not pay minimum wage and overtime and nearly 40% had managers illegally sharing in tips. Though organizing has cleaned up some of the industry, these tendencies do continue especially in non-union shops. Then in 2012 Wash New York the carwash campaign that I was privileged to help work on published a report based on interview with 89 workers from 29 different car washes around the city. Only 5 of the 89 workers, less than 6% reported that they were actually paid the difference between the tipped minimum wage and the regular minimum wage when their tips fell short. my experience supporting workers in the carwash and other tipped industries, nail salons and restaurants especially leads me to believe strongly that the subminimum tipped wage makes wage theft almost impossible to eradicate in the industries that employ many of our state's most vulnerable workers. These workers struggle every day and in these industries customers often have no idea that their generosity is absolutely required just to get the workers serving them to the bare minimum wage. It is time to level the playing field and implement one fair wage for carwash, nail salon, delivery workers, and all tipped workers.

Commissioner Reardon: Thank you. Maurico Chavez.

Maurico Chavez: First of all I want to thank you for the opportunity and the chance to be with you this morning. My name is Maurico Chavez, I work as _____ in a carwash for 10 years in Utica. More than 10 years I'm working over 40 hours a week. Most of the time I work in the carwash they have given subminimum wage plus tips. Most of the times the customers leave tips and this leaves us _____ workers just making a salary minimum wage. Sometimes when we get the tips, the managers will steal from us. The minimum wage law is complicated and difficult for the workers to know the legal minimum wage that we should earn. The type of salary is very common and yet for many in the industry. This week I have \$400 generally and it normally is \$220 although I was working full time I was struggling to pay my rent in many months to pay for my expenditures, money, food, other stuff. About 2 years ago I started earning full minimum wage and the more stable incomes that have relieved some of my financial issues and in fact they allowed me to send money back to my family in El Salvador. I am lucky to be

earning minimum wage at this time in our community. I need you to defend the workers and to end the subminimum wage and make sure that all New Yorkers have a fair salary. Thank you very much.

Commissioner Reardon: Thank you. Leobardo Martinez, Yendi Peralta.

Ramona: After Yendi the next 5 please come up to the front Alberto Gonzalez, Amanda Bransford, David Cruz, Simon Salvador and Otoniel Quintero.

Yendi Peralta: Good morning my name is Yendi Peralta. I belong to the Committee of Workers in Action Make the Road New York. I lived in this country since 17 years ago. I'm a widow I have 2 children. I've been father and mother who worked to be able to give them a better future to my children. I know their relatives in my family. For many years I had to work on 7 days more than 8 hours a day and have 2 jobs. Last year I work in the beauty salon _____ in New York Brooklyn washing hairs, doing nails, and doing weekly cleaning in the store. My schedule runs from 9:00 a.m. up to 8:00 p.m. 6 days a week for just \$50 a day plus tips. In a good day the tips would reach from \$25 to \$40 dollars and bad days I could get from \$15 to \$18 or nothing at all. I could get home somewhere between \$390 to \$420. And the tiredness for the long hours how to take care and maintain your family with that salary. I'm here today because as a worker a tipped worker, I have a full day schedule of other full-time workers. I work over 40 hours. It's not fair that I get earn less by the hour because I get tips. The customers do not know that they are paying my salary. I deserve for salary plus tips that I receive for my good service. I pay rent, electricity, gas, phone, food, metrocar, laundry and none of these places I've been told pay less or give us tip. We all know here that it doesn't work that way. You have to pay for your full consumption including your meals. Currently, I work in Fulton Street in Brooklyn in a nail salon in better conditions. Now I'm making \$13 an hour plus tips and I am able to take home between \$550 to \$600. Now I have the certainly how much I get a week and that's better. Thank you.

Commissioner Reardon: Alberto Gonzalez, Alberto. Amanda Bransford.

Amanda Bransford: Good morning. my name is Amanda Bransford and

Commissioner Reardon: Could you speaker close to the microphone please.

Amanda Bransford: My name is Amanda Bransford and I'm a staff attorney on the Work Place Justice Legal team at Make the Road New York. Thank you for the opportunity to share this testimony regarding tipped workers and our strong recommendation that New York State eliminate the subminimum wage. Make the Road New York is a nonprofit community based membership organization. Our work place justice legal team represents hundreds of low wage immigrant workers each year to enforce their rights under the labor employment laws. We represent many workers (mic went out) carwashes where both pay and rampant wage theft are exacerbated by the complicated and often abused subminimum wage system for tipped workers. The rules governing tip credits are

complex and to prevent abuses of this complicated system, employers who take advantage of the tip allowance are supposed to provide workers with a weekly pay statement detailing the tip credit taken. However, our carwash workers and nail salon worker clients report that their employers do not provide this statement and they are left without clarity on how much their employers actually are required to pay them. The workers we represent are already among the most exploited in the state. Low wage workers with limited English proficiency are especially vulnerable to being taken advantage of by unscrupulous employers. Tip stealing, in which the employer takes a portion of tips paid or requires tips to be shared with managers is a common complaint of our carwash worker clients. Nail salon workers frequently have their tips stolen as a punishment for making mistakes. This is illegal however the complex subminimum wage system and lack of wage statements can prevent workers from even knowing what is going on. The burden of an extremely complicated tip credit system lacking in transparency falls especially hard on these already vulnerable workers. Workers who already receive poverty level wages take home even less because of the tip allowance system. The state agrees that the labor abuses in the carwash and nail salon industries are serious and has devoted considerable resources for fighting them but these efforts are undermined by a system that frequently neither workers nor their employers can understand. Practically speaking, the tip allow system simply does not work. It is too complicated for workers to ensure that they are being paid properly and it is too complicated for well intentioned employers to be sure that they are complying with the law. The legal regulations define tips as a voluntary contributions received by the employee from a guest, patron, customer or other person for services rendered. Allowing employers to take a tip credit that enables them to pay less than the minimum wage shifts the burden of providing basic wages from the employer to the customer and makes the tip part of the worker's low wages instead of an extra for going above and beyond. Crucially eliminating the tip subminimum wage does not mean eliminating tips. Low wage tip workers depend on their tips and work hard for them. Employers meeting their obligations to pay their workers minimum wage does not mean that satisfied customers would not tip their workers. Thank you very much.

Commissioner Reardon: Thank you. David Cruz. For everyone that is going to testify please make sure the microphone is close to you so everyone can hear. Don't be afraid of it.

David Cruz: Hello, good morning my name is David Lee Cruz I'm here today to show my support to end the subminimum wage. I emigrated from Guatemala 5 years ago for a chance to have a better future. I live in Queens with my 3 siblings. I've worked in carwash through 5 years beyond paying rent, public services and other basic needs. I also send money to my family in Guatemala. Before you know _____ 2 years ago to 5 for the salary _____, I was getting minimum wage plus tips. But unfortunately most of the times there were not many tips. It was very difficult to support myself in spite of working very hard 55 hours a week I would only make like \$400 a week. It wasn't for that I would be working full-time and I was barely having to survive. When we went the minimum wage my life changed, I'm able to survive and support my family. Sadly I still

have many friends and members of my community who work in carwashes who don't have minimum wage, life is very difficult still for them. New Yorker's who work for full-time shouldn't have to decide between paying for rent or having for food at the end of the months. To eliminate subminimum of wage would be very important. I will have a stability for carwashes. I insist to get rid of the tip credit and make sure that all New Yorkers who work have a fair salary.

Commissioner Reardon: Thank you. Simon Salvador. Simon.

Simon Salvador: Good evening good morning to everybody I'm Simon Salvador. I'm member of the union RWCDU. 20 years ago I enter this country from Mexico. Since then I've lived in this county in the Bronx County, it is my neighborhood. I came to this country with the hope of supporting my family. To live a better life that's why for a long time I've worked full-time hard earning low salaries. Currently I work in carwash LLC in Brooklyn, I make minimum wage plus tips. The tips are divided between the workers making a full minimum wage allowed me to depend on a stable income and not depending on the generosity of the customers to earn a fair salary. Besides earning a fair minimum wage, my life expenses in New York City is very high. I have to share my apartment with a brother, friends and just able to pay rent. I am responsible for supporting and sending help to relatives in Mexico. I feel very lucky to be one of the very few workers in carwash who earns a minimum wage, full minimum wage in New York City. In spite of that, many of my coworkers and other coworkers struggle to survive making a subminimum wage which results in salary theft. Many workers who earn subminimum wage had to make difficult decisions such as paying the bills or buying food. Although I am aware of what the lowest pay that the owners have to earn the workers would receive compensation when their tips reach the minimum wage. By doing this statement its based on my own experience as a carwash worker. Thank you very much.

Commissioner Reardon: Thank you. Otoniel Quintero. Otoniel Quintero.

Ramona: Next 5, Mamdou Drame, Juan Coris, Mauricio Jimenez, Modesta Toribio, and Joseph Dorismond. Please make your way to the front seats.

Commissioner Reardon: Thank you. Mamdou and Mamdou has a special accommodation.

Mamdou Drame: My name Mamdou Drame. (interpreter) so I'm just going to be reading his testimony. My name is Mamdou I am here today because I want to help for too many members of the community who are working 10 hours a day, 6 days a week for less than minimum wage in intense conditions, this is not right. I emigrated from West Africa over 30 years ago. I have lived in New York since 2003. For many years before the accident where I lost my leg, I worked at SLS Carwash. They paid me less than the minimum wage plus tips. Despite working 60 hours per week I usually only brought home approximately \$500. With 3 children to support this barely paid the bills. I went

many days without eating. The subminimum wage is supposed to be made up through tips but that usually doesn't happen. On a good day maybe I'll make \$50 in tips. On many days I make nothing. Also many times managers would take our tips, wage theft was extremely common. Carwash work is very difficult. Its long hours and hard conditions, sometimes working outside all day in 5, 10 degrees, other times its boiling. Often a manager will call on your one day off a week and tell you, you have to come in. If you say no, he will fire you or take away your shift for the next few days in retaliation. Despite the suffering, these conditions and working full-time we still don't make a fair wage. It is not right. Workers need your help. they need you to stand up for what's right and get rid of the subminimum wage. The workers, we make no money, we have no vacation, no benefits, we have nothing. We deserve the minimum wage.

Commissioner Reardon: Thank you. Juan Goris. Juan Goris. Mauricio Jimenez. Juan sorry.

Juan Goris: Good morning, my name is Juan Goris and I am an organizer for Made the Road New York. Our organization represents 2,000 members many of whom work at tipped workers in the carwash industries and other industries. For most of my time at Make the Road I have worked organizing workers in the carwash industry. Through this work I have engaged hundreds of workers in more than 50 carwashes throughout New York City and I can say that undoubtedly the tip minimum wage is one of the biggest factors contributing to wage theft and exploitation in this industry. I think it is important to understand that working in this carwash industry is incredibly tough labor. Over one the workers are recent emigrants from Mexico and Central America and West Africa. They come to this country hoping to work hard in order to provide for themselves and their families. But few expect the conditions they encounter. Many workers in this industry work 60 to 70 hours weekly just to make enough to pay their rent and food for their families. A typical day for a carwash workers entails working 10 to 12 hours straight in difficult conditions. Workers are asked to perform _____ repetitive motions during their entire shift which often have left many workers with injuries. In addition, workers are exposed to the most extreme weather conditions during their shifts. In very few instances are workers provided with any type of protection from the brutal winter days in which they must dry cars with wet towels and provide detailed service out in the cold. For the most part summer does not bring much relief for workers as they must labor under the scorching sun. it is hard to believe that the law could commend employers in this industry to pay workers anything less than the full minimum wage and yet these workers earn the subminimum wage. One major problem with the subminimum wage is it is confusing. Workers often do not know how much they should be making hourly because of the complex calculations needed to figure out the base wage. As an organization we have to bring worker's paystubs to lawyers just to understand their properly hourly tip credit. This often reveals earning below the minimum wage for many workers. Carwash workers in New York City should not have to depend on having to ask the community lawyers to know their hourly wage. Another problem is customers that visit carwashes are usually under the impression workers make the minimum wage and do not rely on tips. This has left customers to not tip workers after performing services

on their car. Worst still, it is common for employers to steal tips from workers or force them to share their tips with workers who do not interact with clients. Thank you.

Commissioner Reardon: Thank you. Mauricio Jimenez.

Mauricio Jimenez: Good afternoon. I am Mauricio Jimenez I belong to the Labor Justice Committee in Making the Road New York. I belong to the Board of Making the Road. In my position in the Labor Justice committee I've seen the impact of subminimum wage. Many people in my community and the more than 20,000 members in Making the Road work in nail salons, carwashes and making deliveries in restaurants. There is a lot of confusion with regards to keeping subminimum wage. Many people don't know exactly how much they should receive and they need to consult an attorney just to calculate how much they should earn per hour. Also, keep minimum wage there is a lot of theft wage. Many of the managers take tips illegally or force the workers to share the tips to other workers such as cashiers. I have experienced that personally. I came to this country 13 years ago for a better future. I've worked in many industries such as construction and electricity. I can say that working in carwash is one of the toughest one. I work 12 hours a day 7 days a week with a subminimum wage. At the end of the day the managers put together all the tips and would share amongst all the workers from the carwash including themselves and the cashiers. After that each of us would have few tips like \$10 to \$20 with subminimum wage and that amount of tips its almost impossible to survive. When I arrived here I thought that the workers in this country would have a better treatment, safe working conditions and a minimum wage. This has been my experience. As a single man I have to pay the train fare to go back and forth from work in one of the most expensive cities in the world I mean the United States. I have to pay rent to not be on the street and I have to buy food so I can support myself. And all these are not all my expenses but they are the main ones. Everyday I wake up with the stress thinking about how I'm going to make it. To increase the minimum wage is going to bring up the income of more than 400,000 workers in the entire state of New York, that's the right thing and it's very important for me and for my entire community. Thank you very much.

Commissioner Reardon: Thank you. Modesta Toribio, Modesta Toribio. Joseph Dorismond.

Ramona: After Joseph, the next 5 people make your way down to the front, Tsedey Gebreselassie, Paul Jung, Julie Kelly, Kristina Mazzocchi, and Glenda Sefla.

Joseph Dorismond: Good morning. My name is Joseph Dorismond, I'm the recorder and organizing coordinator for the retail/wholesale and department store union RWDSU. I represent over 100,000 workers currently in retail with processing other low wages sectors including the carwash industry. We have are thankful that the New York State DOL is addressing the subminimum wage in the carwash industry and we hope that you will hear the workers when they say the minimum wage is a poverty wage and it should be ended immediately. For the past 6 years the RWDSU has organized carwash workers

and has thought to clean up an industry with a long track record of wage and other violations, not paying overtime and stealing tips. Working at a carwash is a tough, low paying and dangerous job yet the RWDSU working with our community partners managed to organize thousands of carwashes improving the lives, working conditions, and wages for thousands of workers. Still many carwash workers struggle to survive with the subminimum wage. Carwash workers in New York are some of the most exploited workers in the State. A survey by the New York State Department of Labor found that 4 out of every 5 carwashes in New York City were stealing their worker's wages. 79% of employers did not pay minimum wage and overtime, nearly 40% of employers had managers illegal in sharing in tips and 86% of employers committed record keeping violations. These abusers are facilitated by the confusing and largely _____ subminimum wage system. In addition, the 2012 survey found that 94% of the New York City carwash workers are not paid a full minimum wage when their tips do not bring their hourly pay up to the legal rate. While the Association of Carwash Owners will say that they have an internal compliance program in place that audits and reviews members, there is no evidence that this system is self-regulation holds its members accountable. Despite this internal regulatory system, we still see systematic industry wide wage theft. You will hear from carwash workers the truth about the subminimum wage works. They work long hours 7 days a week to make ends meet. Their salary is barely enough to support themselves and their families. As Governor Cuomo said, this is an issue of basic _____. We urge this commission to do the right thing and bring all workers up to one fair wage. Thank you.

Commissioner Reardon: Thank you. Tsedeye Gebreselassie. Tsedeye Gebreselassie.
Paul Jung.

Paul Jung: Dear Commissioner, thanks for the opportunity to speak of my difficulties today for a stable life of laborers we need to keep tip credit. The minimum hourly wage is \$13 an hour but when they include the tips they actually end up getting more than \$20 per hour because they get the wage plus tips. And in addition to that there is more incentive they get from the owners to combine all these things like closing up the tip credit system you are actually make the labor's payment lower because they only end up getting the minimum wage and that is going to end up making the hours shorter to work. So, in the end the total income of the laborers will be decreased and they might lose their jobs and end up losing by means of paying their daily expenses. And the tip credit system actually helps supporting the stable lifestyle of laborers. And a lot of the injustice situations they can report to the Department of Labor if they think that they have been treated in anyway injustice. And a lot of the business owners try very hard to go and follow the rules and the regulations set by the Department of Labor. So there is no need to close down the tip credit system and if you are trying to close down the tip credit system in order to protect the laborer rights. Also, I want to mention special harassment situations in workplace. This is a very unlikely situation in a lot of the work environments. Over the last 10 years, there was not even one incident related to sexual harassment and most of the people who work here are female immigrant workers so

female immigrant workers we treat them as family. And in conclusion, tip credit system make the relationship between the owners unfriendly.

Commissioner Reardon: Thank you. Julie Kelly. Julie. Before you start let me just make sure that our channels are open. There's some interference on that. Okay. Julie.

Julie Kelly: Good morning. My name is Julie Kelly and I'm the leader of the New York New Jersey Joint Board of Workers United which is the home to the New York Nail Salon Workers Association. Over the last two months, nail salon workers along with restaurant workers and carwash workers and other industries have testified at these hearing and they very bravely come forward at great personal risk of losing their jobs and they do that to share the most serious of circumstances. Their low wages being stolen, their bosses making them stay late without pay, and spending hours doing customers nails with no tip at all. And today you'll hear from more of these workers. The root of the system is a broken system, is a two-tier wage system that leaves workers unpaid for their time and vulnerable to labor abuses. And establishing one fair wage for nail salon workers and other tipped workers is long overdue. New York State has always been a leader for working families from passing paid sick time to raising the minimum wage, to protecting the rights of public sector workers, and a few years ago, after the story in the New York Times about the conditions of nail salon workers, the Governor took the important step of requiring ventilation in these salons. New York now has again the opportunity to lead on a critical issue facing working families, the existence of the subminimum wage. We should not have a system in New York that has employers use customer's potential generosity to off-set underpaying workers. At the end of the day tips are simply not enough to pay the rest. Establishing one fair wage will create a business model like other businesses have that is fair, healthy and respectful for workers and owners, and it will continue New York's legacy as a leader for working families. Thank you.

Commissioner Reardon: Thank you. Kristina Mazzocchi.

Ramona: After Linda, the next 5 names please make your way to the front, Maria Hernandez, Clotilde Noceloti, Juventina Aguirre Morales, Maria Yupa and Maricela Flores.

Kristina Mazzocchi: Good morning. My name is Kristina Mazzocchi, I'm a Civil Rights Labor and Employment Lawyer with the Law Firm of Myer, Mazzocchi and Julian. Thank you for the time and opportunity to speak today. The right against subminimum wage is absolutely consistent with what Governor Cuomo set out to do in 2015 when in order to promote social and economic justice for all New Yorkers he launched the Exploited Workers Taskforce. The time to do away with the subminimum wage and to institute a one fair wage is very much a civil and human rights and a conversation about equality. As a firm who represents mostly low wage immigrant workers in a variety of occupations, we also know that where employers are stealing wages they're also stealing workers rights to a healthy job and to a workplace free of sexual and other forms of

harassment. As many advocates have already made clear, the two-tiered wage structure in New York desperately impacts people of color, women and most definitely our immigrant brother and sisters. These already vulnerable workers are then made even more vulnerable and precarious about the economic uncertainty and insecurity of not being guaranteed even the most basic of wages, a minimum wage. The law relies on employers doing the right thing and following the law but unfortunately, as our clients know too well it is rarely the case. Right now an employer must be able to show that tipped employees receive the full statutory minimum wage when direct wages and the tip credit amount are combined. Further, where the sum of the employee's actual tip and wage is less than minimum wage, the employer is required to pay the balance so that the employee is made whole under the law. The law also requires that workers rely on the mood, the good will, the racial bias and sexual attitudes of their customers. The elimination of the subminimum wage would not only make it easier for employers to comply, it could potentially alleviate some of these economic uncertainty and mitigate some of the racial and sexual harassment this precarious workforce endures on an every day basis. More importantly though, the system as it is now relies on workers who have been heavily exploited to come forward to challenge their employer's violations of the law and in order to do so, they're risking threatening, fired, or victim to some other kind of abuse. When a law creates the burden on the exploited to reclaim their stolen dignity, healthy and wages, then the optics are, at least to our clients, that the exploitation seems to be state sanctioned. We spend a lot of our time working with worker centers, unions and agencies to create safe spaces for our clients to come forward to talk about their experiences of exploitation and we always fight back. the reality is we actually win the majority of the time and our clients are empowered by the fight and the win. Then a few months later, a year later we meet our clients again, the law has created a loophole for bad actors and for our clients they're on a never ending merry go round exploitation and wage abuse. We believe that the governor and those who have been appointed to protect these vulnerable populations will not sit idly by when there is such a simple, one step solution that makes it easier for employers to comply with the law while also addressing and helping to mitigate the injustices, economic and other that hundreds of thousands of New Yorkers face in these industries every day. Thank you.

Commissioner Reardon: Thank you. Glenda Sefla.

Glenda Sefla: My name is Glenda Sefla and I work 6 years in the industry of the nails. I'm a member of the association of Salon Nails in New York part of union workers and I'm here to give support to the campaign of a fair wage because actually my wage depends on the tips. This is very frustrating for me as well as for my coworkers depending on the generosity of our clients. Thanks to you and the Governor approve this law it will be a prize for us because we will be compensated for the hard job that we do day and day and I want to thank you also for my coworkers to come and testify and I am aware of how brave they are because we're not used to speak in public. And they have hid and kind of story behind their lives and today they're going to testify what its about working in a nail salon. It's not easy for us and we're not and we don't have a warranty as wage. Here in New York everything is very expensive and nothing is free and its

unfair that we only work and we're not able to do some savings. If we pass this law, this will be an unforgettable day and its in your hands to make a decision and to make a change in our lives. Thank you very much.

Commissioner Reardon: Maria Hernandez. Maria.

Maria Hernandez: Good morning as well as all of my coworkers. I started with a wage of \$25 a day with 12 hours working. I have 1 hour to go in but I never know what I'm going to go out with no lunchtime. I was promised that whatever I made with tips it will compensate what I get on my whole salary but that never happened. Our need lack of information turned us into a very vulnerable victims of work abuse and to mention one of those, the stealing of our wages. My name is Maria and I'm representing 700 associates from Nail Salons of New York as a part of the union of the union workers. We are supporting the campaign for a fair wage because the actual system that rules our wages is based on tips. That creates a constant worry because its very uncertain how much are we going to get by the end of the day and if its going to be enough to support our families. The tip is optional and we cannot count on that for sure. Our work is diverse, its seasonal work. Our work based on tips makes us vulnerable to the constant theft of salaries by our bosses. There are a lot of change to do to improve our work conditions but a fair wage it will be a big step in our favor. It will help us to get a very economic stabilization as we can support and move forward with our families because as all of us, we all have dreams and hopes of change. Thank you very much.

Commissioner Reardon: Clotilde Noceloti. Juventina Aguirre Morales.

Juventina Aguirre Morales: Good morning. My name is Juventina and I represent the Associations of the Salon of Nails of New York workers. I've been working for 5 years in this industry. I don't like it that much because there's a lot of risks because I got asthmatic because it's worse, they're not getting us a fair wage and we don't have a good tip. I work 10 hours a day, supposedly I get paid by hour. A month ago I was paid by a salon where we didn't have an hour to go out from work. Typically we spend sometimes 9 or 9 hours or probably 10 at night during summer. They wanted to leave early the boss will get angry. She said we need to take advantage of this season because during winter we don't have enough work. The owner has never been responsible paying the difference in order to be sure that we get minimum wage. A year ago when the owner started paying my hours we were told we were going to be paid 10 hours a day but there was none of the commission. We gave commission through the spa. It wasn't a raise, it was the same amount. Now I cannot count on the money I make. We also make a lot of work where we have the opportunity to get a tip but there's no clientele. The boss is always aware that if we're busy we have to clean up everything; we have to clean up all the area before, during and after work. Once a week we make intense cleaning that takes for long hours and she order us that we should do that because she is paying us for that. Thank you very much for listening for us and Mr. Governor listen to us, we only want a fair wage. We have children to feed and to live with dignity in this country because this city is not an easy city. Thank you.

Commissioner Reardon: Maria Yupa.

Maria Yupa: (interpreter) Good morning my name is Maria and I worked as a nail technician for 6 years. I'm from Ecuador and I speak Kichwa which is my first language. There are a lot of nail workers who speak Kichwa in this industry and other indigenous languages so I'm here today probably representing indigenous people. I'm here to say that the current tipped pay system does not work for us. The money we make with tips is not enough to live. The clients don't know that we depend on tips, they just say thank you and don't leave anything sometime. And sometimes you know we don't even get a thank you. I work from 9:30 in the morning till 7:30 at night 10 hours a day. If it's busy I make enough that day but if its not busy I don't make enough. Our time is valuable and put simply we deserve to be paid for the time we are at work. We want a fair wage simply to be able to pay our bills and support our families. Most of what we make goes to cover those basic necessities. Making one fair wage for us would mean our work and the effort we put into the nail salons would be valued. We're hear to raise our voices against unjust pay and mistreatment. The women workers who are here are fighters, independent and many times single mothers. We're here to support our children. Sometimes we put ourselves at risk just to ensure our voices are being heard like today. But this is what we deserve as human beings. Thank you and good day.

Commissioner Reardon: Thank you. Maricela Flores.

Ramona: After Maricela the next 5 names please make your way down to the front, Araceli Alberto, Alma Yojana Escobar, Sonia Morales, Crescenciana Mercado and Maria Zaruma.

Maricela Flores: Good morning everybody and thank you for allowing me to give my testimony. My name is Maricela Flores and I've been a worker as a manicure woman for 14 years. I'm a member of the union of Nail Workers of New York. During these 14 years that I worked for salons, I lived day to day, I suffer the promise with no safe wage. The first thing is to get a fair wage plus tips. Depending on tips results in that what we do is not recognized by the client and there's no reward for work because tip is optional. Once I do 80 minutes of massage and the client said she was going to come back because she didn't have cash and she didn't came back. Another day I made manicure, pedicure and massage and it was like 1 hour and a half and she said she was going to go to the bank to withdraw but she did not come back. My tip the tip is not a sure thing that we can count on. I'm doing a hard job and I don't think it's fair to depend on clients. So I work 7 days a week in order to work and save money and I got sick. My few savings I spent that on doctors. If I was making a fair wage I could possibly deal with the doctors and keep my savings. Now to get a wage and the tips it will make me for sure to pay my rent because here in New York it's very expensive. Our work must be compensated with a fair wage plus tips. Thank you.

Commissioner Reardon: Thank you. Araceli Alberto.

Araceli Alberto: Good afternoon. My name is Araceli Alberto and I've been working since 2 years in the nail industry. I'm a member of 700 of the Association of the Nail Association of New York which is part of the union of union workers. I'm supporting the campaign for a fair wage because the actual system is unstable and unfair. A lot of the employers they don't comply with the payments making us work for long hours, sometimes we don't even have time for lunchtime. Others they don't pay extra time. I have been working 10 years in this industry, salons I never had a boss which will be responsible and pay me according to the law, the difference that we made the minimum wage. If I didn't make enough tips at the end of the week I'd been effect to cover my expenses and also time to spend time with my kids. We don't have health insurance and we don't have paid vacations. That's why its very important that they value our work and be paid a fair wage with the set up of fair wage. We made strong work and we have families to support. Thank you very much.

Commissioner Reardon: Thank you. Alma Yojana Escobar.

Alma Yojana Escobar: Good morning. I'm going to give my brief testimony because honestly 3 minutes are not enough to describe what happens during the day. I'm a member of the Nail Association, my name is Alma Yojana Escobar, I've been working 14 years as a manicure person. I support a fair wage for us because we make a job which is kind of like dirt and harsh. We don't want to depend on tips. Sometimes we don't even get tips. According to the law the owners must pay the difference but they don't do that. They don't pay it. For example, where I work they made us sign papers where it was not clear how much we were paid. We just need to sign it in blank, a blank paper. Sometimes we're working with the same client for 1 hour, 2 hours we don't receive any tips sometimes, sometimes not even a thank you. Sometimes we get hit and sometimes we just got mistreated and we have to defend ourselves. We also with this actual system is going to be a change. If there's not a change we're going to be in the same situation. With a new system it will be great improvement in our lives. We will make more, we will work less and we will have enough time for our self as well as for our children. No more theft of our salaries. Thank you.

Commissioner Reardon: Thank you. Sonia Morales

Sonia Morales: Good morning. Thanks to the Commissioner and the Department of Labor from New York for giving me this opportunity to share my comments. My name is Sonia I live in the Bronx. I've been working as a manicure women for 10 years and the part of the Association of the Nail Workers. We are here speaking out and fighting to improve our work conditions. You have heard a lot of testimonies it's not something fair, that's what we are asking for to be fair. I totally support the ADF increasing the subminimum to the minimum wage because that will improve our quality of life for our homes. Besides our jobs we have a lot of duties as women you know like being a housewife and its not fair depend on tips because we know that its something personal, its nothing that we can count on that at the end of the day. I believe that its necessary to

elaborate an equal system for this industry because all the conditions are not in our favor. As women, as human beings, we ask for a fair wage. We're not asking for something that we do not deserve, we know that everybody has a work or a job to do and we know that we need to be compensated according to the job that we perform. If we get the minimum wage we don't have to pay overtime we will have plenty of time so we can have free time. We sacrifice our body because the more we work the more we get tired physically and mentally. Personally it is work exploitation because that's how we am. At the end of the day week to week, month to month, year after year all of those that work in this area we feel like we live in exploitation. So today, 700 members speaking out to you bringing our voice so you please the Governor and persons who are in charge of this who are here to us we are asking respect, justice and equality thank you very much.

Commissioner Reardon: Crescenciana Mercado.

Crescenciana Mercado: Good morning. My name is Crescenciana Mercado and I have been 10 years working. I like my work but I don't like that we cannot count on stable wage. In this industry there are days and there are not good days and you don't know how much you're going to bring home at the end of the day. If we were counted a fair wage or minimum wage we could count on that and we can assure our food and the rest and for me and for me as well for other coworkers the owners of the salons they make all these tricks so they swap the hours or they tell us that we didn't get paid or they're telling because we get paid more, when honestly its not like that. Sometimes when we made a lot more tips, we make good tips the owner didn't gave us the whole tips. During all these years that I've been working, I have never met an owner which is responsible to make the difference to get the wage. With a minimum wage I will be very, very calm and I will be staying without anxiety because I won't be worried if some clients come or some clients don't come. We wanted to support people that works in the salons as women we need to be treated equal and that's what we deserve. Thank you.

Commissioner Reardon: Maria Zaruma.

Ramona: After Maria the next 5 testifiers are Gloria Bermejo, Gloria Merlos, Luzmila Yagioa, Paulina Reyes, and Yanelia Ramirez. Please make your way down to the front.

Maria Zaruma: Good morning, my name is Maria Zaruma.

Commissioner Reardon: Hold on one second.

Maria Zaruma: Good morning, I'm Maria Zaruma I've worked in this industry for 5 years as a manicurist. I am one of the 700 members of the Association of Workers of Nail Salons in the City of New York. I'm in favor of increasing the salary because right now this very low of what we earn. All we working in nail salons will depend on tips and its not fair that the owners say that tips is salary because that's optional on behalf of the customers who value our labor. We work from 10 to 8:00 p.m. daily but then we have to

clean or wait for everybody to finish to be off. Those times the overtime we don't get paid. So many hours in the day spent working that affects with our children since we don't have time to be with them. Working for 2 years in Manhattan and the owners push us so much that we didn't have time to eat. In spite of all our efforts as customers do not leave tips. I depend on that that's how I can buy basic stuff that I need for my family. Do you believe that its fair that right now I'm without a job because I injured my hand at work and who wants us for that. The owner thinks that the salary they paid is for it, that's not true. My wish is to make our rights count as persons and speak salary and that will fail me to provide for my family. I hope you are fair with all the workers that work in nail salons. Than you very much and may God bless you.

Commissioner Reardon: Gloria Bermejo

Gloria Bermejo: Good morning everybody. My name is Gloria one more worker. I've been 17 years working as a manicurist. When I started I earned \$30 a day now after traveling and struggling I'm making \$100 a day but in the 17 years that I've been working I've never had the owner paid me the difference when I haven't making of tips to reach the minimum wage as it should be under the law. During 3 years I was being paid _____ a day and just 4 months I go they increase it to \$100 after I put for increase she didn't want to do so, I work 10 hours, sometimes 11 a day. a manicure is \$10 and pedicure is \$21 it takes me about 1 hour to do both. Depending on how the job is to be done, sometimes its more strenuous. From Monday to Wednesday we have a special \$27 and we get paid \$30, \$27 goes to the owner and 3 as a tips because w don't get more and there's some people who don't leave a penny. I get upset it takes me so much work for me just to get \$3. The owner tells the customers that they should leave more tips, they get upset and angry because they say that the tip is not mandatory it's voluntary. It would be good if we would have a fixed salary and stable that way we wouldn't be angry or in stress so much in our work. They make us do cleaning, we clean the kitchen, bathrooms, ventilators, the machines, floors, towels every morning at the beginning and then end of the day. We are 7 workers and all of us do the same. If our salary was stable would make our effort to be recognized, we could work less hours and get a better payment and we would value that. This job is too dangerous. Thank you.

Commissioner Reardon: Gloria Merlos.

Gloria Merlos: Good morning I talk to you with the respect that you all deserve. My name is Gloria Marina Merlos. I represent the Association of Nails in New York I'm one of the 700 members, have worked as a manicurist for 5 years. I want a fair increase because the pay I receive for my work is not enough to cover my expenses which include food, rent and for babysitting. I have 3 children and I need to have a good salary to cover those expenses. The prices on manicuring is \$8 and a pedicure \$20. Typically somebody who has done both they leave 1 or nothing. I like the job. I've always done with a lot of effort. Its not about getting or not tips, I should be paid a set salary from the owner. What I'm earning nowadays is not enough for babysitting and you have to limit yourself to buy your stuff when after working 10 hours a day I go home with very little because

there were not so many customers. I count on the support of my couple, I wonder what would happen with single mothers who don't have somebody to support them. Those are the ones who suffer the most because they don't have anybody else and it's very difficult for them. The owners of the nail salons need us and in the way we need them, we need the work they provide for us. We also provide for the economy of this country and also with our work which helps to the industry to keep growing day by day. If we would get paid a fair salary, it will be a persistent of payment and that way we could notice if we are being paid what they should pay us in an hourly fashion. That's why I support fair salary. Thank you very much for your time, have a good day.

Commissioner Reardon: Luzmila Yagioa,

Luzmila Yagioa: Hello, my name is Luzmila Yagioa, I've worked as a manicurist for 8 years. It's a hard labor and lots of mistreatment and discrimination and the change to our first salary would be a lot to improve the conditions in our work. In the salon where I used to work and I got paid it was by a variable commission and tips and sometimes the customers would leave and sometimes they wouldn't. We would have to record how many tips we did and the owner would check it but she wouldn't believe us that we would earn very little. And that was only with manicurists which is not much \$10 to \$12. With those prices they would leave low tips. If that's the way they tip with the current system we work so many hours in which we're not being paid for. The owner forces me to stay 20 minutes one day 20 minutes another day that's why the time should be compensated overly timely fashion. But she told me no she wasn't going to pay that way. I work 5, 6 days a week from 10:00 a.m. up to 8:00 p.m. I leave very late and sometimes I cannot see my child at the end of the day. insufficient payment that we earn it does not only effect us economically, for me I injured my hand at work and have had to pay more than \$1000 in medical expenses and the money I'm making is not enough for that. Therefore I have to work more. And I haven't had the time to heal and I reinjured once more when I started working again and its hard but the need if I would have a fair salary I would be able to cover the expenses in an easier way. I have a 2 year old, I want to be able to support him economically and be able to spend time with him to earn the fair salary would facilitate that and would provide an important change in my life thank you very much.

Commissioner Reardon: Paulina Reyes.

Paulina Reyes: Hello, good afternoon. My name is Paulina Reyes I've been 16 years working in the industry of nail salons. The truth is that I don't like this job because there's a lot of illness and they don't pay fair. I want a fair salary because you have to be a lot of hours in the workplace and we are not getting good tips. We are not earning what you deserve. 1) We want this change so that it improves our economic situation. We work so many hours and so many days and we don't earn too much. A manicure is \$9, it doesn't they leave us like \$2 in tips and when I do pedicure it could take me like 40 minutes to an hour and one person. Most of them leave \$3 in tip that's why I work and sometimes there is one lady who doesn't tip anything. In the 16 years I've been working

I've never had a boss who pays the difference at the end of the week when we don't make enough tips to make sure that I'm making the minimum. Besides we don't get the 30 minutes for lunch. The owner has told us that 30 minutes is too much for us to be eating. We do cleaning when we arrive and before leaving each of us. We have an assigned day to clean the bathrooms; we don't get paid for that time. For me to be able to get a fair salary would be the best in our work. It's not fair to have to go to be all that time be sitting down and not even be able to have enough to provide for our family. Working we have to pay rent, bills, for me to provide my family in Mexico when a fair salary. Gracious.

Commissioner Reardon: Yanelia Ramirez.

Ramona: After Yanelia the next 5 please make your way to the front, Sangho Lee, Donald Yu, Kyung Eun Park, Kyung Sook Bae, and Lorelei Salas.

Yanelia Ramirez: Good morning, I'm Yanelia Ramirez, I've worked as a manicurist for 12 years. To be depending on tips has affected a lot because I don't have enough for my expenses. Sometimes you have to work when you shouldn't be working because you're living on day by day. For instance when I was pregnant I had to go back 4 weeks after childbirth because I didn't have enough to stay home with my baby. When I started I earned \$50 at 10 hours a day now it depends, sometimes I earn \$50, sometimes \$100 depends on the commissioner but the owner has never been responsible of paying me the difference when I don't make enough tips. If I wouldn't earn enough tips to reach minimum wage the answer would be that I have to work more. Some owners have said that they're closing the salon if the law is being changed. They are going to tell us that to intimidate us. If they have to increase their prices its not true that the customers will not come they will keep coming because they like our work or the salon. A fair salary for me would mean a relief because I'm really stressed. I would be able to know how much amount of money I count at the end of the week. It would be a fair salary set on the table. My salary depends on tips even though I working hard that keeps me stressed. I hope this can change. Thank you very much.

Commissioner Reardon: Sangho Lee

Sangho Lee: First of all I would like to discuss the closure of the tip credit system and thank you for listening to my opinion. When we close the tip credit system there are a lot of negativities that come up from it. First of all, there's too much cost for the labor expenses of business. As business owner I earn even less than how much the workers make each day so in this situation if we have to increase the cost of labor expenses it is very difficult to make our living and a lot of the workers will go from one place to another. I work from 7:00 a.m. and work more than 10 hours a day and week by weekly I make \$400 to \$500. So even though I'm an owner, all of the nail salon owners strive so hard to just keep the business open. I have no time to spend with my family. I even gave up my weekend job working as a teacher. So I have given up so many things to keep my business open and I signed up for the wage new regulations and the ventilation system

that just became implemented. There are so many laws and new policies that I need to keep up with and now I'm even going to be responsible for all of the labor costs of the workers. So this is going to be too much burden as an owner. So I know my other competitors in the neighborhood, there were 2 nail salons that closed their business and I understand their pain because it is my pain. So these two business owners who closed down their stores the difference between them and I is they took in the action I haven't done yet. So I want you to be clear that you need to protect the rights of the laborers but you also need to protect the rights of the owners as well. There are so much difficulties that the business owners undergo and business owners go through the tax system and we pay tax too. And we are business owner's work day and night even harder than the nail salon workers and we hire part-time workers to reduce overtime labors. I want to make one more point. I want to add one more point.

Commissioner Reardon: Donald Yu, Donald Yu, Kyung Eun Park

Hwa Sun Kim: Hello my name is Hwa Sun Kim. For 14 years I've been running the nail salon business and I have 4 workers that work in my business. To speak honestly, I wouldn't say that I'm making enough profits to keep my business open. Our of one year there are only 4 to 5 months that I can make profit and the rest of the months I do not make profit, I'm kind of breaking even barely. And sometimes I keep profits that are even less than what the worker's make each week and I think to myself its even better to just work as a nail salon worker than being a business owner but I am too old for that. and I try very hard to keep all of the requirements that the government sets and sometimes I think to myself with disappointment, why do I even keep this business? But I go through these days with the sense of hope and determination to be a strong mother for my family. These days for people to get nails done is not a big deal and if we close the tip credit system we are in a position to force to increase our price that we get paid by the customers. And this is not good for the customers. So if you close the system of tip credit there are going to be many problems that are going to arise from this new situation and many people will lose their jobs and one point that I like to highlight today the relationship between workers and the owner is not the relationship of exploitation. We are actually in a place to benefit each other. So when we lose money the workers will lose their jobs too. I hear so many times today that the owners keep the worker's tips, but I have never heard this story before I came to this hearing today. So I came to this hearing today and I'm very shocked that these things are happening some places but I want you to understand this is not the situation of all businesses. Thank you.

Commissioner Reardon: Is Kyung Eun Park here? We can't keep changing people's numbers. We had people sign up. Okay. This is the last time.

_____: Hello my name is _____. I am against the idea of the closure of tip credit system. I have worked so hard in this industry over 30 years and in the beginning I worked more than 20 hours a day and as a result I was able to open up a nail salon business only a few years ago. I was very happy about it. Now in the recent years, there are a lot of new regulations coming up for the business owners and now with

the closure of the tip credit system I have no place to turn. I'm too old to get a new job and I am strongly against the tip credit system closure. Thank you.

Commissioner Reardon: Kyung Sook Bae.

Kyung Sook Bae: Dear the panel and I want all the blessings from God to be with you. I am the business owner of a very small nail salon. 30 years ago I came to United States with my husband and a few years ago I was able to run a nail salon business. I have 3 children. I know the workers when they are sick they can take a break. When they have other situations they can take a break but as an owner I can never take a break no matter what situation, no matter what difficulties. There the increase in rent, there is increase in wage, now there is increase in tax. And I think the workers are in better place than the business owners. Many business owners here today want to close down their business. There's a lot of employees that we get along together but each year the minimum wage is going up and now we got to a point where the tip credit system is going to disappear and the full wage must be responsible of the owner. So we have been trying to reduce our costs to run business but with this kind of change, we are forced to close business. We are the people who have worked so hard to keep our business open and this kind of difficulties I understand that the workers work very hard and like the workers we all of them try to work so hard to ensure our children's education and a better life. But there are workers who are actually making good standard of living with the money they are getting from the work that they provide. But, the business owners don't necessarily make that much money. So when the business owners are forced to close down their businesses, eventually this is going to come back as a social issue. So please stop continuing of increasing wages and consider the position of the owner and I believe in the generosity and wisdom of talking with you.

Commissioner Reardon: Thank you. Liz Vladic from the New York City Department of Consumer Affairs.

Ramona: Next 5 speakers make your way to the front, Megha Lama, Pabitra Dash, Muna Punel, Dolma Sherpa, and Angela Nawang, please come to the front.

Liz Vladic: Good morning, from the Office of New York City Department of Consumer Affairs, Commissioner Salas, thank you Commissioner Reardon for the chance to speak today. My name is Liz Vladic and I'm Deputy Commissioner at DCA and I'm glad to represent Mayor DeBlasio and Commissioner Salas to articulate the City's support for creating one minimum wage for tipped and nontipped workers in New York State. DCA is committed to combating the root causes of economic insecurity such as inconsistent pay and houses the cities Office of Labor Policy and Standards which I direct. Our office is charged with enforcing municipal workplace laws, developing policies to raise job standards and providing a central resource to help New Yorkers assert their rights. We are uniquely situated to draw on enforcement research and other experiences with a diverse array of workers to conclude that the state must eliminate the subminimum wage. Before discussing why this is so important for workers, I just note the benefit of a single

minimum wage for employers in streamlining record keeping and compliance with wage and hours laws. These will be far simpler for employers with a single minimum wage as they will no longer have to track the amount of tips paid to ensure a worker is making the legal minimum. Our agency has implemented and enforces the paid sick leave law. Despite concerns raised by employers prior to the implementation that it would be too costly and unsustainable, our experience corroborated by an independent study has not borne out these concerns. Opponents of removing the subminimum wage have raised similar concerns; the cost to employers will increase and not be recouped, but in fact studies suggest that in jurisdictions with one minimum wage for all workers business revenues haven't decreased. It is the norm in every other industry that employers bear the cost of labor. If we don't allow most employers to meet minimum labor standards by relying on clients and customers, we can't permit it for tipped workers either. The subminimum wage perpetuates income and security. Nationally the Economic Policy Institute notes that almost half of all tipped workers and their families receive government assistance compared to just 36% of nontipped workers. Income insecurity is disproportionately felt by those workers who are already the most vulnerable, people of color, immigrants and women who are over represented among tipped workers and more vulnerable to wage theft as tipped workers and difficulty in complaining and raising concerns. Bluntly speaking, keeping a subminimum wage is an endorsement of a two-tiered wage system that hurts the most vulnerable among us when we should be strengthening workplace protections and bolstering financial security for workers who need it the most. One minimum wage doesn't make tipping illegal, instead it begins to dismantle a wage system drawn along race, gender and national origin lines that perpetuates economic insecurity for the most vulnerable. We urge the Department of Labor to create one minimum wage for tipped and nontipped workers. Thank you very much.

Commissioner Reardon: Megha Lama

Megha Lama: Good afternoon, thank you Commissioner Reardon and the New York State Department of Labor for giving me this opportunity to share my comments about Governor Cuomo's proposal to examine raising the base wage pay to tipped workers to the regular minimum wage. My name is Megha Lama and I'm a nail salon worker organizer at Adhikaar. In the nail salon industry, majority of the workers are women and especially from our community its nail salon workers and domestic workers which makes it hard for our community to survive in community just as a whole and get resources from government and any other agencies. There are so many stories we hear every single day from workers that they're not paid properly, their tips are being taken, they are not allowed to take full break because they get called in, in the middle of taking a break. There are also cases where they get fired without any reasons given. So seeing all this, these communities are already in a vulnerable position. I would like to share a story on behalf of one of the worker. I am a mother of two kids. I don't want my salary to be dependent on the tips. So many times I didn't get tips from customers which made it hard for me to make end meet. If we have higher hourly pay, I will be able to put my kids to daycare so that I could work without any problems. There are times that she had

to call out from work and the owner had told her not to come the next day. These are just some of the situations that they have to go through. There are so many mothers who are nail salon workers and if they continuing doing this there will be a time where there will be no work for them and its going to be hard for their children to survive in the same community and get the resources from the government or any other agencies that they should be getting or they deserve. My mother is a domestic worker as well and it's not a tipped worker but then she had to rely on the minimum wage. She was able to put me to school and college and I'm able to be an organizer here. so I would like to request you all to have this minimum wage raised so that everybody can get this opportunity to work and be human being. Thank you.

Commissioner Reardon: Thank you. Pabitra Dash.

Pabitra Dash: Hello everyone, my name is Pabitra Dash I worked in a nail salon for 8 years and now work at Adhikaar Human Right Organization as a nail technician organizer. Thank you Commissioner Reardon, Governor Cuomo, and Department of Labor to give this time and opportunity to share my story. The nail salon industry has provided jobs for many of us nail salon technicians to survive and make a living especially for women. Salons are often women led with women employees and _____ women. For this reason, this is more than a labor issue, this is the women's issue. This job is for a student or single woman and few number of men but unfortunately because the wages are so low and people assume we can depend on tips, this industry has not been able to provide us to continue supporting ourselves. I know a worker who has worked for 18 years, their life has not improved or changed despite they have experience. Because of the subminimum wage things like tips, clients, seasons and _____ are huge factors in how much money we can make. Many times myself and other workers have endured clients who leave without leaving tips. For example, a client leaving no tips at all after 3 hour services. This is a feeling that only a nail salon technicians would be able to understand. Working so hard without tips is a challenge experience. It impacts our confidence at the workplace. We lose our appetite and stressed but we are so dependent on making the client happy, its emotional lever the fact that we are serving a client uncertain whether or not they will tip us gives stress and anxiety. Many times I know I'm doing a job I'm proud of my work I have done but the wages and tips do not reflect that. Sometimes my clients ask me, Pabitra did you get time for vacation. I feel sorry and I tell them yes, you don't look like tan. Again, I feel so embarrassed. Be a _____, be a human being. Vacation is my dream. I live in Queens most of the time, my vacation is Coney Island and _____ which is so funny. Once a year, one day Coney Island and _____. We are so dependent on tips that our entire days focus on energy goes into whether or not we make enough tips. One days I don't make enough tips I go home defeated. When people return home from working in an office this would be happy. Why should they be sad? The salon is my office, why I have to sad everyday. Why I have to be emotional everyday? That's my questions. Thank you.

Commissioner Reardon: Thank you. Muna Punel.

Muna Punel: Thank you Commissioner Reardon and the New York State Department of Labor for giving me this opportunity. My name is Muna Punel and I live in Queens, New York. I'm a nail technician and have worked nail industry for 2 ½ years now. I'm a registered nurse _____ and I am sharing my same story. I'm an RN in back country so I'm much concerned about health but because as a nail technician we are not getting one fair wage and we have to depend fully on tips, where our health is affected. We have health problems like eye irritation, respiratory problems and mental problems like depression. I would like to share my experience. One year ago I was going through a lot due to loss of my family members I was having hard time concentrating on my work and school. It made me feel like I did not have the energy to go through my daily life. I used to work on Friday, Saturday and Sundays and other days too and my friend used to get up on weekends so there is not a match between my friend and my off. So I didn't realize while working for 1 ½ years continuously on weekends that I need to enjoy some weekends. By not enjoying life and also because we have ups and downs, I went through depression. During the time I would cry in front of my friend, my employer and my doctor. Because of my nursing background I was aware of symptoms of depression and I got treated as soon as possible. I was able to take care of myself in time. We as low wage workers are bound to work on weekends without concerning our health as we depend on tips and as weekends are busy compared to week days. I would like to focus, we are not saying to eliminate tips, we are here in support of tips as well as increasing minimum wage to subminimum wage. I have found in all this hearing that people who haven't been clear about this so I would like to focus on that. Thank you so much.

Commissioner Reardon: Thank you. Dolma Sherpa

Dolma Sherpa: Good afternoon everyone, thank you for testifying me today. My name is Dolma Sherpa, I'm a professional nail technician. I have worked in the nail salon for more than 3 years and before that I have worked at several places doing living jobs. I joined Adhikaar in 2015. As a nail technician I have learned that we rely heavily on the tips for our salary. It means we have to live with the lower minimum wage per hour. Our owners unfortunately want to cut out tips out of salary which is again lower than the minimum wage. Nail industry is the one industry where nail technician has to buy their own supplies so uniform, equipment, dues and _____ with our own expenses. Workers who have to work in this field of nail technicians have to come across as known as a technicality of the unstable schedule changes due to the customer rate becomes very low during winter. Therefore there are other low standard amount of days. Our days also _____ customer rates. However during the summer our schedule is packed, we have no lunch breaks, no vacation days, even no sick days or even national holidays. Our sick leave are not paid for as well. Our workers are also struggle with earning tips due to the locations of nail shops. Certain locations so the tourist commercial areas attract many folks who don't understand the system of tips in this country like foreigners and tourists. This is problematic because of the language barrier between us. The foreigners have no concern on giving tips for the labor. Even if they do understand the system of the tips they give us workers coins mostly pennies which is very frustrating for us. Besides this sexual harassment has also been in the fields of nail technicians.

Workers who had massage plans had experience on physical touch such as grabbing of henny and _____ during manicure seasons. These acts are done mostly by men towards females. More over _____ to ascertain a body massage. This is type of sexist _____ between male and nail technician at least to sexual harassment. Unfortunately, one of my coworkers had experienced this. A male client asked for a female for body massage. The man was aware of the rule of no full body nudity while doing massage. However he was naked with only small towel to cover up his private part. We even provide him with the towels to cover up. _____ female. So in this way these are the experiences we have to live by every single day. So as we as professional nail technicians we have to be paid more than the minimum wage. We deserve the same minimal wage as everybody else. This is why we need to want fair wage. Thank you so much.

Commissioner Reardon: Thank you. Angela Nawang

Ramona: After Angela the next 5 testifiers are Simon Salvador, Elba Meneses, Elvis Boaquin, Ivan Gonzalez and Jose Linarez. Please make your way down to the front.

Angela Nawang: Hello, my name is Angela Nawang and I am the daughter of a nail salon worker and a current restaurant worker. I've seen and felt the consequences of tipped wages through my mom's work and my current job as well. My mom has worked 10 to 12 hour days since her arrival to the US in the late 90s to right now in 2018. Over the course of her work her eyesight has worsened due to overbearingly nearsighted work. She has developed multiple respiratory issues and currently her hands are swollen and easily infected because of an allergic reaction to acetone that many nail salon workers develop due to repeated exposure. Her work does not provide adequate insurance nor a comprehensive sick leave and benefits package even though she is an extremely skilled worker with almost 20 years of experience under her belt. At work my mother wears gloves that dissolve almost immediately at the touch of acetone and she works through 11 hour days with her hands stinging in pain. And it baffles me that workers who face the most risks at work with health risks such as these, employer abuse and the whims of consumers are the ones who are least protected. She went to two interviews this week where the nail salon owners wanted her to work without gloves because they thought it would look better for the customers. They do not care for the health of the workers like my mom at all. There are families behind the nail salon workers who speak here. Entire families are put at risk when wages fluctuate so severely from day to day and from season to season. Another aspect of service work that is really address is emotional work that is put in. Additional work aside from the physical services that is required when working with consumers who base their tips on the interactions with us. It does not matter for them whether my mother is going through a depressive episode or whether her hand is in extreme pain from her allergies. A large part of why I am so distant from my mother is because during my formative years I never had the time to bond with her as she was working 6 to 7 days a week because the wages were never enough to survive on. Having experienced first hand my mother's long hours with me not having spent much time with her growing up, having heard her frustrations with customers who would tip so little or

nothing at all, having seen her develop respiratory problems, I began interning at Adhikaar in 2018, 2016. Working with nail salon workers and heard stories of exploitation, harassment and abuse that my mother had probably experienced as well but had brushed aside as something that she needed to bear with in order to hold onto her job. I work at a restaurant where I am tipped relatively well but this is out of luck that the employer and the consumers are generous at my place of work. I would rather that I and all restaurant and nail salon, carwash workers be guaranteed living wages and healthy working conditions than a select few of us benefit from the exploitative system that is the subminimum wage. Our work safety and our rights to fair wages should not be at the hands of employers and consumers. Thank you.

Commissioner Reardon: Thank you. Simon Salvador. Simon Salvador. Elba Meneses.

Elba Meneses: Good afternoon. My name is Elba Meneses thank you for being here for listening to us the voice of each one of us asking for something fair. I work in a carwash company. I realized that other things and the car washers they didn't have a way to protect their rights and their body. Because they use a lot of chemicals during winter they have something to cover. What they make its really unfair, that I was aware because I lived that, I experiment on myself when I wanted to wash a car during winter, and my hands got freezing. I did not work as a carwash but I was experimenting and through that experience I'm asking for fair wage for them. Fair wage in this country and this city that is very expensive. Each one of us realize we don't make the same money but them like the car washers we're asking please a fair wage, something that they can bring home with a minimum wage and his kid is asking I want please daddy or making his son in the college. I'm a single mother, my daughter is in college and I have to fight day to day to support my daughter. As a car washer I want an increase and I want the owners to respect the tips. That's everything that I'm asking for, for car washers to be treated fairly. Thank you.

Commissioner Reardon: Elvis Boaquin.

Elvis Boaquin: Good afternoon. I want to thank you to the Commissioner and the rest of the Department of Labor of New York. My name is Elvis Boaquin I am a worker, I'm car washer in a carwash in Queens. I'm one of 1,000 car washers that we operate a carwash in the city. I've been working in the carwash industry for 4 years. I work as a drying the cars in the carwash and the night shift. There are a lot of car washers that were here in the night shift. It's a different way of working from the morning. It's a shame that no one wants to have during the night, there's a lot of risk that's why depending on the weather the amount of work. _____ in the middle of the night and we need to be careful not to be theft or stolen. A lot of carwash jobs are located in high risk criminal areas and we need to be careful, sometimes I've seen that we have to take care even the clients because they get so angry that they want to hit us and when there are a lot of employees, we are by our self drying the car, the front part and we're exposed and sometimes we got a lot of aggression from them. The carwash is a job it looks easy but the worker is exposed to a lot of dangers and what we earn its not enough to justify the

difficulty we go through this job of our needs. The tip system it contributes to make hard to understand the tip method and it's not enough, it's not always enough. As an employment we cannot ask the client for a tip because the tip it's through the client.

Commissioner Reardon: Ivan Gonzalez. Jose Linarez.

Ramona: After Jose the next 5 speakers Lorenzo Vega, John Diebold, Helen Schaub, Zechariah Choi, and Chi H Na. Please make your way to the front.

Jose Linarez: Good afternoon my name is Jose Linarez. I'm a carwash worker at Western Carwash in the Bronx. I am one of the 1000 car washers that we operate as a carwash in the City. I've been working in this industry of the carwash 11 years and I do the vacuum and I'm a driver in the carwash. The cost of life in New York City is very high and it's hard to maintain a family in this city that is so expensive. That's why I'm here because to let you know that we need fair wage plus our tip. My partner and I we just started a new family with the arrival of my daughter a couple of months ago. We share an apartment of 2 rooms apartment with another family because the cost of living is very expensive. So to live in the City we need to share apartment, small one that we live in so we can support a family in the City of New York it's very expensive. The food, transportation cost, medical expenses. We're workers. We wake up early willing to work and bring the bread to home but the reality is that depending on tips its harsh. Because we never know how much we're going to make for example a carwash in the Bronx you will never make enough amount of tips depends on the place the location of the carwash. A carwash makes less tips if he has a lot of taxes as well if he can receive more tips if he's near a hospital he doesn't receive the same as well as the amount of tips vary enormously within the city if you wash more cars in Manhattan. Thank you.

Commissioner Reardon: Lorenzo Vega. John Diebold, Helen Schaub. Zechariah Choi, Zechariah Choi. Chi H Na. So let me just be clear here, we had people sign up in order, we cannot begin to swap people in and out. I have no control over that. Everybody's waiting for their time. What is your name? Okay from now on, you may give your testimony but from now on we are not allowing people to swap. Because too many people have too many issues. Thank you.

Donald Yu: Hello, my name is Donald Yu, I'm a Director of Korean American Nail Salon Association of New York. I am also an owner of a small nail salon in New York City. Thank you Commissioner Reardon, Deputy Commissioners for us to have an opportunity to speak our concerns on tip credit issue. Most of our members nail salon owners are family owned small businesses who are trying to survive in this hard time economic environment. First the rent is going up every year, property taxes are going up along with price of nail supplies going up every year and we also have more competition from our neighborhood salons offering cheaper price. When I talk to the workers they said that they are making more money with tip from the customers than what they would be making with fair minimum wage without the tip credit. Keeping the tip credit will give incentives to the small business owners and keep the service price, nail service price

low and it's also good for the small business industry to grow in New York State. If the tip credit is eliminated, many of our small nail salon owners will have extra burden on their payroll. That means nail salon owners will have to increase their service price and the customers will complain and they will give much less tip or even no tip to the workers. Some of the salon owners are thinking about closing the door because their profit margin is so thin they cannot survive. If the salons are closed, the workers will lose their jobs, it will be harder for the workers to find another job in another nail salon place. Please understand that this eliminating tip credit is not a good policy. It will definitely hurt more businesses like nail salon and it will also hurt workers as well as customers. Because the workers will make more money by getting more tips from the customers than making minimum wage without the tip credit. Thank you so much.

Commissioner Reardon: Thank you. Chi H Na.

Ramona: Next 5 after Chi, Su Kim, Jane Kwak, Jurrero Guerraro, Abelardo Guerra and Alex Martinez. Please make your way to the front.

Chi H Na: With my wife I am presently in the small day salon in Westchester County, many customers do the nail salons over there. 15 years ago there was so much that _____ but no more than that. According to the labor law, there is no such law. New York State rule we have wage bond there is no such case could be used. We are observing the labor law strictly there are no, if there is a small _____ it's the responsibility of the people who make the law. There are several laborers speaking right here who sticks up for solicitation we are paying the lower wages, we observing the law strictly. American society deeply depending on the tips. Every customer is giving us tips. Basic wages plus regular tips are for patients to many to living. We don't wants to be a sacrifice under this undue discussions. This is sad situation for everybody opposing the tip credit. Please I am seeking your good judgment.

Commissioner Reardon: Thank you. Su Kim, Jane Kwak, Jurrero Guerraro, Jane?

Jane Kwak: Hi, I am a single mom working at the nail salon a day employee for 10 years I'm working. I have patience to my son however its \$15 an hour without tip I cannot manage a living. For our workers our total income will be reduced. For the owners many owners already have sold many stores accordingly they will have only few jobs available. Without abolishing the tip credit I have to say that keep current system please do not abolish tip credit. That's my sincere request.

Commissioner Reardon: Jurrero Guerraro, Abelardo Guerra, Alex Martinez? I'm sorry you are?

Ramona: After Alex the next 5 speakers are Myriam Hernandez, Maura Bonilla, Christopher Tripp, Pam Winberry and Jennifer Bono. Please come down to the front.

Jose Albelardo: Hello everybody my name is Jose Albelardo Salvadorian. I belong of communities for Changing New York City. I'm a father of 5 children. Less than a year ago I was working washing cars from 7:00 a.m. until 8:00 p.m. almost all the time 7 days a week. I didn't have time to enjoy my family even less to attend an event. Regardless how much effort I would put, my salary wasn't enough to provide for my family. The work the car washing job is not easy because day after day you have to use chemicals which affect our skin. Also many suffer from asthma. Many times I have to decide whether to pay my rent or for food for my family because of working several places as a car washer and regardless of where, we always faced the same problems. My salary is not enough to provide for my family. I've worked many years as a car washer but it was impossible to raise my children without knowing how much money I would take home at the end of the day. I cannot plan with tips because I cannot control neither know how many customers will arrive and from those customers which ones are going to leave a tip considering that some of the owners at the carwash or the managers many times used these tips to replace some stuff from the cars which gets damaged when they get put into the washing machines such as the windshields, the carpets, mirrors, etc. With increasing living expenses and rent, the workers we ask the state government to increase the minimum wage for those that get tips to the regular minimum wage considering especially that the tips are not consistent and that it depends on the place where you work. Thank you.

Commissioner Reardon: Alex Martinez.

Alex Martinez: Good afternoon. My name is Alex Martinez I'm a rather immigrant from El Salvador whose working at a carwash, nonunionized for 7 years. As an immigrant worker last year was one of the most difficult. I protested on the streets to stop the tax at my community but mainly I am struggling and fighting just to be able to survive on paying rent. As a car washer I get tip salary and I fight constantly because I never had the certainty of whether I would earn the right amount in tips or whether my boss is going to pay me the difference if I don't get enough tips. Most of the customers just leave a dollar or a little bit extra in tips. Most of the people don't know that we depend upon their tips. Many times the manager checks our tips and they use that for other expenses instead of giving what belongs to us. Things have been so difficult that now I have to have 2 jobs. Car washers, and other workers with tips we need a fair salary. We should be able to have the same minimum wage as the other workers. We have seen so many theft salary theft in our industry. I'm sharing my personal story with you, and I ask the State of New York to give us the workers a fair salary now. Thank you.

Commissioner Reardon: Thank you. Myriam Hernandez sorry.

Myriam Hernandez: Good afternoon everyone and thank you Commissioner and New York State Department of Labor for listening to my comments of the proposal of increase the base salary of workers with tips to the minimum wage salary. My name is Myriam Hernandez, I'm the labor organizer for New York Communities for Change. A community organization that provides for Community representation. We are

representing more than 20,000 New Yorkers of low to moderate incomes who fight for worker's rights throughout the state, as well as affordable housing among other issues that prominently affect our members. As one of the organizations that is satisfied for \$15 and organized thousands of us food workers who earn the _____ of the minimum wage as well as the department association with Carwash New York campaign we seek to raise the tipped minimum wage as the next _____ to help workers people. Many of our members are car washers, restaurant workers trying to make ends meet largely due to unstable wages. Some weeks they can't earn enough for families but most of the time inconsistent wages to budget. For example, in carwash there are some days when workers work 12 hours just to make ends meet but if its raised it is to have the carwash will close so workers wont receive no pay or any tips. Many customers do not even know that they should tip the car washers. Many employers although they are supposed to pay the difference if the tips are not equal to the minimum wage do not actually comply with the law which leaves many of our members receiving a subminimum salary. This leads to the next point about wage theft and in proper application of tips. Our members have seen managers use tips to pay for miscellaneous repairs or buy things for the store instead of give to workers what they earn. Some employers even keep a portion of the tips having the regular credit systems with the tips only encourage this practice. There is a house in crisis in the entire state of New York raise up a skyrocket while wages have remained the same. Homeless in the heights is high level with nearly 100,000 homeless New Yorkers throughout the state with thousands of workers homeless this is worse for workers. With tips they deal with both problems. As all members said today their share one and two bedroom apartments with 5 or 6 people of rarely on public assistance only to have a roof over their heads. We need to do more for those workers in our state. Thank you.

Commissioner Reardon: Thank you. Mike Veneziano.

Ramona: Maura Bonilla was next.

Commissioner Reardon: Oh I'm sorry, Maura yes.

Ramona: After her we'll have the next 5 come to this front row of chairs that are reserved right here please, Mike Veneziano, Sangho Lee, Haesook Lee, Chong ok Kim and Sunjie Kim. If you are one of those 5 people please come to the front row of chairs right by us. Thank you.

Maura Bonilla: My name is Maura Bonilla Martinez I am a member of The Community for Change in New York. I've worked for many years as a taxi driver. Once or two times a week I would have to take my car to get washed. I always knew that the _____ was very hard because whether hot or cold many of the workers spend the entire day in the carwash. Speaking with the guys I learned and I knew that its even harder because if they are not unionized they don't reach even the minimum wage. Nonetheless, if they have their tips, which I make sure to leave them for their good work, they clean my car, but I also learned that these tips didn't go directly to them but the

owners could use it to reach the minimum wage instead of extra and sometimes the owners retain the tips which is not fair. Many of us leave that money thinking that it goes directly to them because with the minimum wage plus tips it would be a reward for a good worker of the car washers. The people who depend on tips cannot control neither know how many customers they're going to have and from those customers how many are going to leave tips? With the rising cost of living and housing in New York, I ask for the state government to raise the minimum wage and receive tips to the regular minimum wage but considering especially that the tips are inconsistent and in the end they depend on the place where they work. This happens in many places because they are not protected. Thank you.

Commissioner Reardon: Thank you. Mike Veneziano, Sangho Lee

Sangho Lee: Good afternoon my name is Sangho Lee, former President of Korean and American Nail Association. Now the new _____ regulation that has been introduced by the state government making it harder for our industry. The nail salon owners are not here to create compete with our fellow employees but to make a better solution. The new role that increases the minimum wage to \$15 will make many salon stores to close down soon. Actually, owners are looking into their early retirement not by choice but because old and new know that making many owners not able to continue their businesses. In 2015 minimum wage was \$7.25, we are now after 2018 it's up \$15 which doubled the price. Meanwhile if we double our price of service, many consumers will not even come in to get their nails or pedicures done. The bottom line is that this law will kill the nail salon industry. Considering the cost of labor, rent, equipment and all other expenses. Nobody will be able to operate their nail salon business in a normal way. Mr. Governor in 2015 you mentioned at our conference in Manhattan that your family also gets their nails done. If all nail salons double their price, I'm not sure if your family will want to go to that store anymore unless we all respect the labors and right since we were all employees at one point. However you have to understand that many owners wont be able to hire their employees full-time since the cost of the labor is too high which will leave many of the other laborers to making much less than what they are making right now. Therefore, Mr. Governor, I strongly oppose this bill because this will kill many small businesses. And with many employees to be unemployed. Thank you very much.

Commissioner Reardon: Thank you. Haesook Lee.

Haesook Lee: Hi, my name is Haesook Lee a novis in this business. I started my business just 5 years ago. At the time, nail business was not implosion. Already it was a _____. Too many nail salons. However it was very easy to open a nail salon as an immigrant. 5 years ago there was only one insurance Worker's Compensation, 3 years ago I was forced to buy wage bond. I doubt how many employees claim for that. Now I need to pay \$15 from next year for employees if I can afford it. But where is the money from? Let me tell you my situation, I work hard with my employees 2 weeks for rent, 1 ½ weeks for salary, and only 3 full days for expenses, supplies and for myself. Then from next year I don't know whether I can continue my business or not. If I decide to

continue business, I have 3 options; first, raise price and promote no tips, because if the price goes up there will be less customers who can pay tips more and second, shorten business hours, at least 2 hours from now, then less money for the employees. If these two don't work then I have to choose last choice, not hire but fire at least 2 of my employees and work myself. Where they go, I don't know. I just hope they can find a better job. In any case, I cannot find anything good for employees. Now my employees are double the minimum wage. Why eliminate tip credit? For employees, not for politicians? Nail business started by immigrant women like me. most workers in there also immigrants. We pay tax and contribute to state budget but without job we will need government support. As far as I know there are many nail salons which have the same situation as mine. If we close the employees lose jobs and then we cannot pay tax. I'm already on the edge of the cliff don't push me down.

Commissioner Reardon: Thank you. Chong ok Kim. Sunjie Kim, are you Chong Kim?

Chong Kim: Yes I am Chong Kim. Good afternoon, I would like to introduce myself. My name is Chong Kim and I run a nail salon in Brooklyn. We were blessed to be owning a nail salon after immigration to the United States. My family is proud to be living in the United States since the 70s living honest life and being good citizens. Our employees who we have had with us for more than 10 years are provided with sick days and overtime pay. Having to pay our employees the new minimum wage may result in having to _____ our employees, the reason being if the minimum wage go up to \$15 next year as business owner we will not be able to financially provide commission or _____ we have for our employees. Our employee benefits far more with the recent commission and bonuses than getting paid the minimum wage. If we have to pay our employees the new minimum wage we will only be able to afford to employ them for less work days. This hurts our employees financially because they will miss less hours to work and all those tips, the main source of their income right now. The customers it will be economically difficult for them to afford the luxury of salon services. However, if we raise the price of our salon services, we would only be driving our valuable customers away. Our business would take a huge financial cut. Eventually, we will be unable to operate our business. Now salon business is not what it used to be many years ago. The business has been slowing down with the growing competition and the recent depression our country went through and we are struggling to keep our doors open. After paying wages, rent, real estate tax, _____ tax, electrician bill, telephone bill, water bill, sanitation fee, fire _____ fee, unemployment tax fee, _____ disability for our employees. We are left with hardly any income. Those who decide on policy and regulations please consider the _____ of the owner who runs the nail salons. If we're faced having to close our business, my husband and I will be losing our livelihood and dream. Thank you for your time and consideration. Thank you.

Commissioner Reardon: Thank you. Sunji Kim.

Ramona: After Sunji the next 5 speakers are Jung Soon Kim, Eftihia Nomikos, Rob Hill, Jordany Bueno and Eipido Vargas. Please come on down to the front.

Sunji Kim: My name is Sunji Kim. Many people have come here and spoke today. I have listened to the side of the workers and the business owners and I believe now is the time to really require the knowledge and wisdom of Solomon and I'm here as the owner of a nail salon and I came to the United States 17 years ago and I was wondering how I'm going to make my living. And I have happened to visit a nail salon and I really liked that store, that business that I visited the customers, everybody was happy there. The workers looked happy there so I work. I started working as a nail salon worker and eventually started my own business and now I'm the owner. So, as of today I have a very friendly, a beautiful relationship with all of my workers and the customers love our store. And my store is in Long Island in my community. All of the customers, all of the workers and the owner, everybody's happy. I love my workers and I want to pay them well. But these days I can't go to sleep at night because now there is no acknowledgement of tip credit and now there's the increase of the minimum wage, I can't go to sleep because I have thoughts about how am I going to continue maintaining my business open. Of course, I want my workers to be happy and get paid well but the difficulties of running a business is a situation only the business owners know, not the workers. And all of the expenses I do not recite and inform my workers about all of the difficulties. I'm a very shy person by nature but I took the courage to come here to let you know that when you close the tip credit system, I am forced to close my business. So by the wisdom of Solomon please consider not to abolish this system of tip credit.

Commissioner Reardon: Thank you. Jung Soon Kim.

Jung Soon Kim: Hello everybody. I first came to America 30 years ago with big dreams of _____. Of course, working here in the state _____ could be very difficult. However after working many low income jobs I had the opportunity to attend day school in order to obtain my nail license and work as a nail technician. It has been 25 long years and I am now proud to stand tall as a mother who is able to support her family. As I mentioned, I started this because I had to figure out a way to provide as a mother of two children. I understand that it isn't easy to do so but I am a firm believer in hard work and strongly believe that _____. Most of my employees also work hard to raise their children but this change of the tip credit would hurt the businesses. With the cost of higher taxes, supplies, competition and now hiring wages, I don't know how long I can keep my business open. _____ with the first change that would cut the hours of my workers force me to increase the salon service price and cut the amount of tips that my workers that already getting. I believe that nail technician is a great job for any woman or mother and wants to continue working with my employees. To continue to upgrade my salon and to provide great service to the community for the coming years. please help me to do so by keeping tip credit. Thank you.

Commissioner Reardon: Thank you. Eftihia Nomikos. Eftihia Nomikos.

Eftihia Nomikos: Hello, my name is Young Je Lee Nomikos. I just wrote this spontaneously but anyway I've been running for 20 years a nail salon business and for

the last 3 to 4 years I was running on a loss and I was forced to close my business. And the biggest reason why I chose to close my business was wage bond and increase of minimum wage and the news of abolishing the tip credit system, and all of these combined together, my hope disappeared. Because in the past there were times that I made losses of my running business but I knew that there were going to be better days in the future but with this new policies coming I know that nothing is going to get better, so I was forced to close my business. And there are many times that I am actually envious of the nail salon workers because all of these years I see that these workers get tips and I think it's a great opportunity to make money and I wish only I could be a nail salon worker but I'm too old for that. So each customer they serve, the workers make \$5 as tip so I'm sure some people have received nail salon service as a customer and you have paid tips to them. And I have one incident I want to share with you. I have a high cholesterol health concerns and also high blood pressure and I have to spend \$360 for medical expenses but this was a problem because I have to pay rent, I have to pay tax, I have to pay wages and because of the higher and higher competition in the industry, I have to start using higher quality products and there's even more expenses that are generating. So because of that the loss is becoming bigger. And the workers that work in my. Okay thank you. I'm against the abolishing to credit system.

Commissioner Reardon: Thank you. Rob Hill. Okay. Jordany Bueno

Jordany Bueno: Thank you for the opportunity to testify. My name is Jordany Bueno, I'm a tipped assistant at LaGuardia Airport, wheelchair assistant at LaGuardia Airport. I'm a member of SEIU 32BJ which represents 163 members of the East Coast including 85,000 women and men in New York. I've been working at the Airport for the past 7 years and I have struggled to get by on low wages, especially since customers don't always tip. The gradual increase in wages went through advocacy including the incredible fight for \$15, low wage workers have been making much needed progress. It's time that tipped workers have their standards raised too. As a wheelchair attendant who are with passengers most of the day, I find it meaningful to help so many people from the elderly to people who are sick, to people with disabilities. With my expertise I have learned to safely board passengers on the aircraft in a timely and orderly manner so that they can enjoy their travels. I feel comfortable assistant with emergencies and now like the time I helped the blind passenger who fell and was injured, or the time I helped another passenger who got seriously ill while boarding the gate. Many times passengers do not even know I'm a tipped worker. And some days I get very little tips or none at all. No worker should have to rely on tips to make ends meet. I'm proud of the work I do at LaGuardia Airport. Whenever we can't make tips it's like we work for free for that amount of time. I think our employers should be responsible for paying our wages not the customers. And a lot of customers are from foreign nations, they're not even like tipping is more of an American thing it's not in Asia or India, even in Europe. It's been hard throughout the years but my mother and younger brother we live in a 1 bedroom apartment that we have to share. A dream of renting an apartment that would allow us to live together comfortably. Eliminating the tip credit will help raise me and my family and thousands of tipped workers out of poverty. Thank you.

Commissioner Reardon: Thank you. Eipido Vargas.

Ramona: Next 5 speakers, Amalia Basurto, Paulina Matias, Columba Castillo, Joana Auguilera, and Alfreda Bello. Please come on down to the front.

Commissioner Reardon: Thank you. Amalia Basurto, Paulina Matias, Paulina?

Paulina Matias: Good afternoon. My name is Paulina Matias and I've been working for 8 years in the nail industry. I started because I like the work but it's not very well paid. That's the reason we want to change for payment. Tips are variable. The work remains the same but the tips are not the same. During winter we have no tips and the payment is the same, not only during the winter as well as the summer, it varies, some days it's like \$1 or nothing. Most of the owners they pay by the day they don't pay by hour. They don't care if we're 30 minutes or 1 hour after our hour, during all the time that I've been working, they will never be responsible paying the difference to complete the minimum wage, they don't care. I don't believe that they're going to close the salons if this changes. It's a business, lucrative business. They just don't want to be responsible to pay a fair wage, they pay whatever they want without caring about our jobs or how many hours we spend inside. We need to have stable income and fair and stop the abuse with the people. We will be very happy working in an environment like that and calm environment and how much are we going to make during the day. We're not asking for a big thing only what is fair. We're not asking to be paid a lot just the fair thing. We have families. I have 2 children, it's not easy to live with the salary and with the stress. There a lot of people in this same situation that's why we are here present here because we want to make a change for our wellness. Thank you.

Commissioner Reardon: Thank you. Columba Castillo

Columba Castillo: Good afternoon my name is Columba Castillo I'm from Mexico City and I belong, I'm a member of 700 persons of the Association of the Nail Industry in New York. I've been working in this industry for 14 years and I've been victim of a lot of unfair injustice. Now I'm going to go a little bit out of context because I was not counting on finding ex-employers that are here. I don't understand why they play the victims meanwhile they know that they are not. They exploit those, they humiliate us, they do not value our work, and during this 14 years that I've been working in this industry I was never able to make a trip or travel. I was never able to go into Bloomingdale's to get a perfume, never. Meanwhile they say they are for 20 hours in their business that in this industry they don't make money in this industry, please, come on. If this was not a very good business they would not be able to expand and open new locations like in Lexington. I've been working all these areas Manhattan and I was surprised when I saw my ex-employer playing the big thing that she doesn't have money and she fired me because I was asking for my money every week. There were 2, 3, 4 weeks that I had to ask her, "Excuse me do you have my salary" but she said, "You don't need your money." Of course I need my money and she said, "Look you make very good

tips” she knows who she is, she knows who is here and the business they call me like Lupe. My documents my name is Columba Castillo. That’s why I’m here. We eat in places, we don’t have a microwave, we don’t have a refrigerator, we don’t have a filter for water okay. We have to take out of...

Commissioner Reardon: Excuse me, I want order in this room.

Columba Castillo: We’ve had to take out for our lunch for our tips. Tips are not mandatory. Sometimes we made a ticket of \$80 but they give us \$2 or \$3 so at times I paid in my body and I’m a diabetic person, why? Because I didn’t eat hours, I ate whatever they have there and when there were no clients, when I say in Korea Poly poly it means rush, rush, you have to work rush. How many people will suffer from constipation, neck pain, please I supply this. We are fighting for a fair wage. If this gets certified it will allow me to pay the college for the kids and not to be exploited like we are, thank you very much.

Commissioner Reardon: Joana Aguilera, Joana Aguilera. Alfreda Bello. Please. Alfreda Bello. Excuse me, ladies if you can’t control yourselves you will leave the room all of you. Thank you.

Ramona: After Alfreda the next 5 speakers are Fanny Lluquay, Ana Bonola, Blanca Aucanshala Areliano, Gloria Arista and Maria Vasquez. Please come on down to the reserved seats.

Commissioner Reardon: Alfreda Bello? Fanny Lluquay.

Fanny Lluquay: Good afternoon everybody. My name is Fanny and I have 4 years working in the industry. What I love about my works it gives a good service to my clients and give a good service. Sometimes clients don’t treat us very well. A lot of people think that we are earning the minimum wage which is like \$13 an hour but that’s not true. I have clients that they think that I am earning that as well as other workers but we’re not. The owners they don’t pay us a minimum wage that they’re supposed to be paying us 9.5 but I get paid \$8.50 an hour. We work more than 40 hours and we don’t get paid overtime. We have long days of work and job but we don’t make we don’t get a lot of tips that was supposedly the bigger amount of our salary. Sometimes I have to work like massage like 2 hours and at the end of massage they won’t leave you a tip. It’s convenient for the owners because they charge, but for me its not convenient because I make nothing. I never have a boss or a she boss that will be responsible to pay the difference as the law says to make sure that we made the minimum wage when we don’t make enough tips. It will be very good that we make a minimum wage, I will be working 5 days and making more money. I could spend more time with my son and pay my debts and pay things for my son and also pay my rent in making a stable wage, we serve that and God bless you.

Commissioner Reardon: Ana Bonola, Ana Bonola, Blanca.

Blanca Aucanshala Areliano: Good afternoon, my name is Blanca I'm going to give my testimony based on what I've been living and during these years. I've been working 5 years, its not fair of payment depending on the tips, it affects me a lot of the tips especially during the winter because the minimum salary, we make less than the subminimum wage and the tip doesn't fill up the difference. Where I pay I have like \$80 a day that's less than the subminimum but I have coworkers that get paid less. They have less clients, the other persons they paid \$50 a day and the owners never pay their difference. They're not responsible of making the difference. Also the system this tip payment allows the owners to take advantage of ourselves. I have times where I go in but I don't know when I'm gonna go out. Sometimes I work 16 hours a day but I don't get paid for that overtime. We also do a lot of work for maintenance of the salon. When I got the job I have to do cleaning in the bathroom and I not get compensated for that work. this change in the law will stop those abusing if we make this change, it will bring us dignity and to live in wellness and please the owners stop coming here and playing the victims, we just want to have a good life and we're not one to cause any problems. Thank you.

Commissioner Reardon: Thank you. Gloria Arista, Gloria. Next Maria Vasquez. Next 5.

Ramona: Our next 5 speakers will be Charlene Obernauer, Claudia Saenz, Christine Colligan, Saemee Hong, and Camille Rivera. If you're one of those 5 people come to this front row right here for us. Thank you.

Charlene Obernauer: Hi, good afternoon my name is Charlene Obernauer, I'm the Executive Director of NYCOSH the New York Committee for Occupational Safety and Health and we're a nonprofit, worker's rights occupational and safety and health organization. And I'm not going to say much that hasn't already been said by workers themselves but we've heard this narrative from employers that rent is going up and taxes are going up and that they can't afford to pay workers more. But that's exactly the point, workers are in the same boat. Their rent is going up, most workers aren't given health insurance by their employer, if they do have it the cost is definitely going up that they're paying every year for the cost of health insurance. So how can workers pay their basic needs if costs for them are also increasing? Worker's are in a vice, costs are going up, you have rent and other costs on one side, you have health insurance and other costs on the other side and workers have to decide what should we stop paying. And for employers, they have the cost of rent on one side, they have the cost of insurance on the other side and here today's we're hearing employers saying, "Well we have to just not pay workers more." Workers are exactly the kind in this kind of an industry where they do need to be making more because, like everyone else, their costs continue to increase. And we're here to again say that victims of wage theft are often in kinds of precarious situations where they also have unsafe working conditions and I'd also say that prices, increasing prices for consumers doesn't mean that nail salons are going to go out of business. If all consumers need to pay more, then consumers will pay more, that's how growing the economy works. The minimum wage has increased in New York State,

people's wages have increased, and that's how growing the economy actually does work. And the final thing I would say is for people who are suggesting that workers are here today lying, not telling the truth about their testimony, nobody's coming here lying. People are speaking from their own personal experiences and the Department of Labor, the inspections that you all have conducted have shown what workers are saying are true; that wage theft is rampant in the nail salon industry and there have been well publicized legal cases that have shown this to be true. So the immediate reaction to not believe a worker who tells you that they're being exploited is pretty astounding. And we're here today hearing these testimonies and look there's two different sides here right? Employers don't want this to happen in many cases, workers do want this to happen in many cases but from our perspective, this dichotomy does not need to exist. You can have an increase in the subminimum wage, you can eliminate the subminimum wage and you can also have a situation where workers are not exploited and where employers are not going out of business. Thank you.

Commissioner Reardon: Thank you. Charlene Obernauer, I'm sorry Claudia Saenz.

Claudia Saenz: Hi, good afternoon, so my name is Claudia Saenz and I run the Nail Salon Organizing Project at Workers United. We support one fair wage for all workers and so as you know, an owner can apply a tip credit, thus being able to pay the subminimum wage to workers who are making tips. However, they also have the legal responsibility to keep accurate records of hours and tips earned so that at the end of the week they can pay the difference, if need be, to ensure workers are making at least the minimum wage. This is how it should work but as you've heard from the nail salon workers that so bravely spoke earlier today, not one of the owners in the salons where they have worked, despite all their years working in the different nail salons have ever done what is their legal responsibility under the current structure. In the last 3 years, we've spoken to well over 2,000 workers and not once have we met someone for whom this has been true. On the contrary, what we actually see are owners not calculating the accurate minimum wage, and in some cases falsifying the records and others simply leading workers to believe that in this industry you get paid by the day and not by the hour. Over 90% of our association members continue to be paid a daily rate that does not account for overtime hours worked. Put simply, this complex system enables workers to be exploited in countless ways leading to rampant wage theft. Other states have already implemented a standard minimum wage successfully. California did this for nail salon workers and the nail salon industry continues to be blooming. We can and should do the same here in New York. New York has the opportunity and the responsibility to establish better laws and support a new business model that requires basic standards of dignity for workers. We've heard today and in the past hearing, these workers have experienced rampant wage theft, underpay, overwork, scheduling issues. While the worker's stories may vary, at the root of all of them is this flawed second tier pay structure that leaves workers, the majority immigrant women, at the whim of owners who, while they may paint themselves as victims, actually hold the power. Establishing one fair wage would mean workers would get a long overdue base level of compensation but also simply a system that is right with exploitative worker grounds for owners. New

York is built on small businesses but its necessary that we support a business model that follows the law and treats workers justly. We hope that you honor the stories and the bravery of the people who have come forward today and making the needed changes they've been seeking for so long. Thank you.

Commissioner Reardon: Thank you. Christine Colligan, Christine.

Christine Colligan: Good afternoon, my name is Christine Colligan the Co-President of Career American Parents Association of Greater New York. I'm representing its I don't know some reason its not listed there but I'm representing 500,000 Korean American parents and then a family in New York area. I'm here today also, I work because some of the person identified as a working for the government as well. I work as a parent coordinator at a junior high school 189. I took day off today because I really think that this is important. An immigrant myself it is very important to testimony. First of all, I've been praying for this for many, many days and I thank God for the opportunity and I ask God's help to give us the justice and the right solution. The nail salon industry is created by Korean women, almost 95%. Its created by the mid 1980 there was no nail salon exists before, it was in the one chair or two chair in the beauty salon but the brave woman as a Korean working very, very hard and then they create this industry. Nobody recognized it, now New York Style Nail Salon is all over the world. I went to Tokyo saw whatever there is a New York Salon. Nobody give credit for this. And then these are the women single mother, divorcee, widow, whatever, that's exactly same thing. And a few days ago one mother shared with me when she started she have to scrub 27 people's feet because they have to come into the salon in order to become a skill for the nail technician they have to do the pedicure first. So we been through all this kind of thing and also when 2015 start _____, New York Times reporter reached out to me when there was _____ throwing out Korean Senior Citizen, I met her there and she asked me, "If you see any kind of wrong doing in their salon business, please let me know." I said, "Why?" "Cause I want to write a big story." So years later, boom May 2015 she met a whole lot 4 page of the article and guess what, next day Governor Andrew Cuomo sent a special order to investigate the whole thing about the nail industry. So now after that oh is it done already. Anyway the one thing I want to say I'm against it, this is Asian women discrimination, this has to be stopped and we need tax sale and we will win.

Commissioner Reardon: Thank you. Saemee Hong, Saemee Hong

Female: My name is _____ presenting Career in American Nail Association. A few years ago there were more than 2,000 nail and spa business in our organization in New York. According to our statistic 5% to 8% of the business going out of business every year because of very high cost. This is a signed petition, please take this, 714 employers and employees signed to keep tip credit so that we keep running the business. With tip credit we could barely maintain our business. Without tip credit many of the businesses will face the harsh reality of having to reduce the number of employees or close down their business. Nail salon business owners are trying to very hard to keep their employees even though the cost is rising faster. Our survey indicated that without

tip credit about 5,000 employees would lose their job. Then this will impact their family life. Where will those 5,000 employees and their family go? Many of them are over 50 years old and they want to work, not depending on government or welfare. Our own nail salon alone provides job to more than 25,000 employees. Our concern is that without tip credit the employee's gross decrease will increase because their working hours will be reduced in order to have the same income as before. Our employees get paid about \$20 an hour with the tip credit. Without the tip credit we have to raise service charge and our client will not pay tips as before then our employees will live on almost minimum wage. Without the tip credit nobody wins. My Korean women culture is a _____ to endure. I cannot even claim my work, I only work hard. Personally I started my immigrant life as a nail technician in Manhattan. I got paid \$30 a day with \$22, \$30 tips. Fortunately, the nail salon business saved my life. I could provide my 3 kids college education and they are also working hard to accomplish their dreams. I am very thankful for what I have now and some of my employees have the same dream. So please help us, please leave us at it is. Thank you and God Bless Europe and God Bless American.

Commissioner Reardon: Thank you. Camille Rivera.

Ramona: After Camille Rivera, the next 5 testifiers are Kwanghae Paik, Jenny Hong, Steve Rotlevi, Eunhae Lee, and Maritza Silva-Farrell.

Camille Rivera: Thank you so much. First, I want to say thank you for allowing me the opportunity to testify today on behalf of carwash workers and nail salon workers and later on, on the hospitality workers. I'm the National Political Director for the Retail/Wholesale Department Store Union RWDSU. We represent over 100,000 workers primarily in retail, food, processing and other low wage sectors including the carwash industry. Today our hope is that you will hear the voices of low wage workers when they say that subminimum wage is a poverty wage and it should be ended immediately. This is not a black and white issue, this is not a Latino issue, this is not an Asian issue, this is an economic inequality issue and it needs to be addressed. As you know we have successfully organized carwash workers for the last 6 years. As a result of our exposure to the industry and with the help of the Department of Labor we have identified 4 key reasons why the New York DOL should end the subminimum wage for carwash workers. It should also be noted that most of these points are relevant for nail salons, parking valets and restaurants too. First, in the carwash industry there is no customary tipping practice, it is 10%, 20%, \$5, \$1 actually many people don't tip at all because they don't know what these workers earn. A subminimum wage that is subsidized by tips no one should actually live this way. Without customary tipping practice, workers cannot depend on tips to bring them up to the minimum wage. Couple this with rampant wage theft and workers are left in poverty despite working a full-time job, this is a counter to the American dream. Second, carwash work is seasonal. Even during the busy season traffic varies widely depending on the weather. One day the carwash could be full and the next day it could be empty. Thus there is no way a worker can rely on tips to make a living. This also means that workers never know whether or not they will be able to pay rent or buy food. A higher base wage would help to address these destabilizing wage

swings. Third, carwash workers, nail salon owners, restaurant owners should not be treated differently than any other industry in New York State. They should be required to play by the same rules. Tips should be provided on the top of this base wage not as a replacement for the base wage. We have on the ground evidence that paying the full minimum wage plus tips is feasible in this industry as part of our union negotiated contracts, a New York City carwash operator pays the full minimum wage plus tips including paid vacation benefits and they are not out of business. This carwash continues to thrive while paying its workers a full minimum wage demonstrating that the industry can do fine in the absence of a tipped wage. Beware of those owners who like Chicken Little claim that the sky is falling, it is not. Thank you.

Commissioner Reardon: Thank you. Kwanghae Paik.

Kwanghae Paik: Hi my name is Jenny Hong.

Commissioner Reardon: So hold on one second let me just make sure that Kwanghae is not here. Kwanghae Paik. Thank you.

Kwanghae Paik: Hello everyone my name is Kwanghae Paik. First of all, thank you so much for giving us the opportunity to sharing our experiences through this hearing. Monday our store is closed, Tuesday, Wednesday, it's a slow business and the rest of the weekdays and the weekends we are sustaining our business on a barely minimum level. And in the wintertime there are times that we cannot even take our salary and there are times that we make losses, very often. For the last 3 years my husband had 3 surgeries in the past but he's been working in the nail salon in order to reduce the labor costs in the business. So, in the situation of abolishing the tip credit system, the customers have to be the responsible for the consequences of this result and they have to eventually the customers is not going to willing to pay higher price for the same services. Now I have in the past was very proud of creating jobs in this economy and I was very proud of taking care of my workers and my business as a United States citizen. Now I ask for your help and consideration not to close up my business because of this new system abolishing. There are many times that I helped out my nail salon workers. For example, I wrote letters for a bank and family for workers in Ecuador, thank you.

Commissioner Reardon: Thank you. Jenny Hong

Jenny Hong: Hi my name is Jenny Hong I have a store in downtown Manhattan so I told the former all the speakers they speakers they speak all the emotional things, now I want to tell you about the clients. I have 50% of the customers is European, tourists, they come in from the old Europes and when they come in they so happy and they say, "How come from head to toe I can get a service only one place without appointment?" So happy and then compared with Europe's prices, so cheap. This what they do when they come in all stuff, all beauty stuff. Now just take off the other tip credit we have to raise the price double, more than double. Why? Because only one customer coming in from to the color to drying time around approximately 45 to 1 hour takes. So, I have a \$20,000

rent a month and taxes, insurances, even non necessary wage bond I have to pay every month and the workers than I have to cut, of course I have to change the whole system. only for time appointment only and then cut off half of the workers, then I can pay rent, okay amazing. All this more business take it off and then empty is going to be all my street. Somebody said, take off the tip credit is not going to be effect, no way. You should come down you have to see, its your life. You just stay in an office just see the numbers or the emotional things, forget about it. Then we going to cut down the old tourists, cut down their incomes, you're going to be poor New York City this is how you want it? Okay. Even this morning one customer come in, where the color? Next day I have a job in Tokyo change the color. You can't do it? No, this is _____ life but \$30, \$40 you're going to get the manicure every single day? No way. You're not going to be happy and then not happy New York City, poor New York City that's what you wanted? Better. So put the small business and not only franchise, not only McDonalds only in the street, beauty street you cannot do with. Not anyone. This is special. We built up this business. We make it possible every single moment you can get in. Without appointment you be happy, less than \$20 your day is a happy day. We made it don't forget. You have to appreciate. We build up the small business it's going to be New York City, its going to be win. Let's make a better New York City. Thank you so much.

Commissioner Reardon: Thank you. Steve Rotlevi, Steve Rotlevi. Eunhae Lee.

Ramona: After Eunhae Lee, the next 5 speakers are Janet Lee, Bomin Kwon, Sooyoung Jung, Yuriye Kim and Chanhoon Kim. Please come on down to the front.

Eunhae Lee: Hello, my name is Grace Lee. I have been a part of nail and spa business for 30 years in New York City. During those 30 years, I am proud to say that I have been able to launch successful business that has been safe, fair and lawful for everyone. I have employed over 100 technicians, have the employees to obtain American citizenship and to watch the _____ of a single mother send their children to college. All from a system that has worked for us this long. Governor Cuomo's proposal to eliminate the minimum wage tip credit, it's not a good idea for everyone. This change will bring negative effect to our business industry and anyone running their business will be affected. Small business owners will have to raise the service price to meet the new increase in wages. The clients will not enjoy or understanding this price hike and will pay less tip naturally. They may come less or may stop coming at all. The workers will receive an increase in hourly pay but lose in end because they can make more money with an open tip system. they may lose working hours if employers have to cut their time to met and make the outcome will be a loss and not a gain. I am a small business owner in the beauty service industry and I am a woman. When our system is failed and unjust and when your employees cheat the profession, the system should not change. Please understand that ending tip credit is not beneficial to business owners, to their workers and to the clients as well. Thank you.

Commissioner Reardon: Thank you. Maritza Silva-Farrell. Maritza. Janet Lee.

Janet Lee: In the past a lot of the policies in New York that are formulating is actually killing the businesses in New York. I run my business in Manhattan. Each year the labor costs, rent, tax, wage bond, a lot of the system is increasing its cost every year and now I have to make ventilation system and there are many difficulties to sustain my own business. And now with abolition of the tip credit system, running my business is going to be even more difficult. There's a lot of government officers here. For you guys I understand that every officer in government with different hierarchy and ranks do not get the same salary. So that's why if you abolish tip credit system everybody gets minimum wage like equal wage is not going to be realistic idea because this is going to force us to increase the price and as a consequence the customers will not come anymore and the business will disappear as a result. So I hope you understand that the more you support the owners of the business you are actually supporting the entire industry to blossom and flourish. So in the past there were a few situations that I almost closed the business but I persevered and now as a small business owner, mainly dominated by Asian women, this new policy is going to put this whole industry in danger and this new policy and right now because of this new policy there are few workers each day. They come to my business and ask us for job. And I ask them why did you quit before? And why do you come here to look for a job? They tell me that they come to look for a job because their previous store have closed up, they went out of business. So I became aware that there's many businesses that already went out of business in the city so this is not just a matter of my personal issue, but it's the entire city phenomena. So I understand that there are some unfair abusive business owners but that's why we created the wage bond for so please do not apply to the tip credit system.

Commissioner Reardon: Bomin Kwon

Bomin Kwon: Hello, my name is Bomin Kwon I run my business in Long Island with 5 employees, I run a small business and in the area there are more nail salon stores opening and the tax is going up and the competition is getting higher so now I consider closing my own business. My children work hard for their own future and I have my retirement plan with my workers that we gonna work hard and make more money together. But I know that when you abolish the tip credit system my workers will not have as many hours to work as they are now and they will end up making less money than they do now. And eventually customers will be less and as a business I might have to close the business entirely. So I want to make sure that how can we provide high quality service without raising the price to customers and we should keep tip credit system.

Commissioner Reardon: Thank you. Sooyoung Jung

Sooyoung Jung: Hello, me and my wife have run nail salon business in Manhattan for the last 18 years. You have listened to the difficulties of the workers and the business owners today. I actually want to keep the current tip credit system because as we keep the current tip credit system, they have discussed the issued like the owners are stealing the tips from the workers, and I think that because of this phenomena which I never heard of before, they are going to set a minimum wage is not the issue together that you need to

combine, they should be dealt separately. All of my children are grownups now and I want to continue to work and if you abolish tip credit system, this will result in closing the business and second, we are forced to raise the price to customers because I want to keep my business even if I have to raise the price to customers. But when we look at the economic conditions of New York, when a business raise price, customers will not come to the store anymore and no customer will want to pay increased price plus tips. And I have lived in United States over 35 years and I'm used to the American system with pay tips. So when you increase the price and nobody pays tips this will affect the quality of the services so the customers will not get high quality services. So a lot of workers want to work and they wanted to come here today to speak their opinions in my store but they had to work today so I ended up as coming just presenting all of the store workers in my business. But I hope you understand all of the intricacies of this current situation. Thank you.

Commissioner Reardon: Thank you. Yuriye Kim, Chanhon Kim.

Ramona: Next 5 speakers Jihee Kim, Mi jung Kim, Chun Hwa Kim, Dae Yong Park and Insook Kim. If you are one of the named called please come to reserved front row seats.

Commissioner Reardon: And the rest of you can come up to the front when they call your name so we know that you're here.

Chanhon Kim: Hello, my name is Chanhon Kim. I have 5 workers that I run my nail salon business. Many nail salon business owners have the same worries and concerns like I do. Each year there's a higher competition, higher cost for the items and the minimum wage is going higher each year, a lot of the bills go up every year and now we have to face the expenses of the new ventilation system of rule. And now if we decide to abolish the tip credit system, I question myself it will make me question myself why the owners of the nail salon business are being targeted to suffer. We as business owners cannot take a break or cannot take vacation even if when we are sick. And I don't know how long I can sustain this level of suffering too much longer in the future. As a husband, as a man, as a parent, I try to do all of my duties as hard as I can and in the past we had the tip credit system. So if you work hard, we got compensated higher so it motivated me to provide higher quality services, to work hard with my colleagues. But now we are facing all the way as high as \$15 an hour minimum wage. It will eventually make the tip go away so people will have less incentive to work hard to customers and this will also result in decreasing the hours of the workers that are able to work. So this system will actually force the business to go out of the business and all of these workers will have to go out to the workforce and get a new job and I will lose my entire business. And that's my worry and that's the most difficulty idea that I have to live with everyday. So the tip credit system is affecting restaurants and nail salons and many other industries that are working well and I am against abolishing tip credit system.

Commissioner Reardon: Thank you. Jihee Kim.

Jihee Kim: Hello, my name is Jihee Kim I have been working in the nail industry for over 25 years. When I heard about eliminating tip credit I thought it would be great because my pay would go from \$11.35 next year to \$15.00 an hour. But, when we started to go more into the details, I beginning to worry about how my work hours would be cut from 40 hours to almost 30 hours. Because my owner will not be able to afford paying everyone a full \$15 an hour. My nail salon is also talking about raising the service price with the tip included so that the customer will have to pay a higher price. But eventually no tip going to the workers. By removing the tip credit and making my pay into the minimum wage you are actually not helping but hurting us. I work hard as a nail salon technician to receive tip. I am able to receive a lower hourly pay and receive a tip from the customer. By removing tip credit owner will have to raise the service price then customer will no longer tip. Many customers tip because of the great work I do as well as the _____. Please understand my income come more from tips. This will also hurt many businesses and they will no longer be able to afford the number of workers they employ. Therefore costing many people their jobs. Please take into the consideration that I don't want lose my job, my customer. One thing, at least I clean the bathroom and I'm very happy to do it because we're the ones using it, its _____. It has nothing to do with the tip credit so we opposed the eliminate tip credit. Please so we oppose eliminate tip credit. Thank you very much.

Commissioner Reardon: Thank you.

Mi jung Kim: Hello, my name is Kim Mi jung. For 5, 10 years I'm operating a nail salon. This is a small business, small number of employees. I'm employed 4 employees. My price is the same since 20 years ago. So many expenses such as insurance, rent and other expenses, after that those expenses, I am managing to operating my business. Under these circumstances, there will be a more a burden to those owners if they be abolished. If we raise the wages, there will be more burden to customers accordingly the same amount will be reduced. To those who employees they will get minimum wage without getting the tips. The employee will not do good. Under the current assistance from the minimal wage plus tip will be better to those employees. To the business owners they are reluctant to raise the price because the number of customers will be reduced. Please maintain the current system its good for those of the storeowners and employees and the customers too. We opposed to abolishment of the current system. Please help us. Thank you.

Commissioner Reardon: Thank you. Chun Hwa Shim

Chun Hwa Shim: Hello, my name is Chun Hwa Shin, I have 4 employees in my small nail salon and I'm a storeowner. Two of the workers get hourly wage of \$10 an hour the other two get \$12 per hour. They work 40 hours a week. And as a business owner I work 6 days a week and make less than the workers after deducting the tax and the bills and rent. But I am proud of myself creating jobs and running my own business in the City. And now that I'm facing the possibility of abolishing tip credit system, this will reduce the good system that I'm having and this will result in increasing the prices for the

customers and this will minimize the incentive when the customer when the workers work with the customers. And the hours and the number of workers that I have and workplace will reduce and the four workers and I all five of us work together as a family. We made decisions together as a team and now I want to ask questions of New York State, who is this for? This abolishing the tip credit system, who is it for? Is it for the business owner? Is it for the workers? Or who is it exactly benefiting because this will not benefit any one of us because the workers might lose jobs and when they lose jobs will the New York State support the workers to find new jobs after that? Please consider this issue. Thank you.

Commissioner Reardon: Thank you. Dae Yong Park.

Dae Yong Park: Hello, I am a nail salon owner in Long Island. I came across, I'm not an owner, I'm actually a worker and when I heard the issue of the tip credit system closing I at first was interested but after discussion with my store owner, my owner told me that this will actually end up making the customers to enjoy the services less because the price will go up higher and eventually this will give less incentives to the workers to work harder and the business might shut down. And currently, I am working 50 hours a week and I do not want to find another job that I have to like find one nail salon to another nail salon as they go out of business. And in conclusion, I think this keeping the current system of tip credit will be much better and when you change it this might negatively affect both storeowners and workers.

Commissioner Reardon: Thank you. Insook Kim.

Ramona: After Insook, Rob Hill, Rob could you come up to the front, after Rob we'll have Vittorio Antonini, Vincent Orlando, Jum Hoe Ku, Junglin Kim and Mi Young Kwok.

Insook Kim: Hello my name is Insook Kim. My employees we have met many years ago and my workers have sent their kids to college, now they became lawyers, teachers, accountants. They became very successful workers in the society. And now I am a proud mother and my workers are like my family. But in the past we have experienced the entire business has slowed down in the last few years and sometimes customers tell us, oh this and that, nail salon went out of business in the area. Also, my younger sister was running business but her business went out of business. So there's insurance, tax, all of the costs go up every year and the prices that we have charged to customers have kept the same in the last 20 years. So now I am facing shut down of my business if you change the current tip credit system. Please consider to keep it.

Commissioner Reardon: Thank you. Rob Hill.

Rob Hill: Thank you for the opportunity to testify. My name is Rob Hill and I'm the Vice President of Service Employees International Union local 32BJ. We represent 163,000 service workers on the east coast and 85,000 in New York. And we at 32BJ

strongly supports raising the tip subminimum wage to the nearly 40,000 tipped workers employed at restaurants, airports, nail salons, carwashes and other establishments across New York State. Through our own experience organizing tipped airport workers we recognized first hand the struggles tipped workers endure in order to make ends meet. At JFK, LaGuardia and Newark Airport, 32BJ represents nearly 1800 skycaps and wheelchair attendants. Many of them have experience declining and unreliable tipped income and struggle to get by. Skycaps who handle luggage at the airports have been subject to changes in both passenger tipping and airline practices. Over the past 2 decades, passengers have not increased the amount they tip while the cost of living has increased. In fact, workers report that additional back charges have lead to reductions in tips both because passengers are bringing fewer bags with them and they have less money to spend after all the charges. Some skycap companies now charge for each bag handled which comes on top of the airlines baggage fee. Skycaps working under this new model can only hope to receive tips after the supervisor accepts the companies payment. Tipped wheelchair agents who help move elderly, sick, disabled persons through the airport also experience inconsistent wages. This can only have consequences for both workers and passengers. Federal law and regulations require assistance to be provided with passengers with mobility impairment free of charge. Thus workers providing wheelchair assistance services are not permitted to ask for tips and yet their employers may pay them less than the minimum wage. In practice its largely up to chance whether or not passengers will choose to tip when receiving wheelchairs for services so its no surprise that workers report low and unreliable tipped income. This is unfair both to the workers and to the vulnerable passengers they serve. Given limited resources to monitor abuses and enforce wage mandates, tipped airport workers, much like the larger tipped workforce experience wage and hours violations. Under these conditions the risk of workers getting short changed is too high. Its time to raise the tip subminimum wage to ensure that all workers are afforded economic security, dignity and respect on the job. Thank you.

Commissioner Reardon: Thank you. Vittorio Antonini, Vincent Orlando, Jum Hoe Ku,

Jum Hoe Ku: Honorable Department of Labor officers, thank you for having us today and giving us the opportunity to talk. Over 10 years I've been running a nail salon business. Tip credit system was the reason how the female workers have been able to elevate their quality of living and this helps so much of running the business as a business owner. I was able to make profit in a stable way because of the tip credit system and many workers, the female workers have provided great services because they were earning tips and the tip credit system was one of the contributing factors that supported both the business owners and the workers. And now you are if you oppose the idea of the tip credit system I might have to say good-bye to the workers that I would consider as almost my family. And I will barely sustain a healthy well being because the customers will not come to our business anymore as much as they're coming now. Now the statistics say that there are more nail salons than Starbucks in the City and we want to grow more and flourish more with providing good services, providing good prices to customers. So I want you to consider not to abolish the tip credit system that's been

working very well. And we live in the time that any workers can call the Department of Labor if they're ever treated unjustly. Thank you.

Commissioner Reardon: Thank you. Junglin Kim, Mi Young Kwok. Oh sorry.

Junglin Kim: Hello, its been 18 years that I've been working as a nail politician. Each week I make, each month I make about \$3,200. I am able to support 3 children and my husband and my youngest daughter is finishing college now. So with the new system that you're considering to adopt, the skilled worker and new workers aren't getting the same level of payment of \$9.50. So this is not an equal, this is not consistent to pay skilled and unskilled laborers with the same pay rate and this will also be bad for business owners because they will go out of business and many people will lose job as a result. Please remember the money that we are earning as tip is sufficient for the business to help the business owner as well as the worker. So thank you.

Commissioner Reardon: Thank you. Mi Young Kwok.

Ramona: After Mi Young the next 5 speakers are Myonghee Kim, Hyun yul Kim, Yeonhee Nam, Yunsook Park, Jae Young Kim. If you are one of those names called please come down to the front.

Mi Young Kowk: Hello, my name is Mi Young Kowk. I run nail salon in Queens area. The rent is getting higher, the cost of items and inventory is getting higher and the tax is getting higher. We are already facing a sufficient amount of difficulties to run the business and now if the tip credit system is abolished, this will be the responsibilities of the customers and the business owner. And the customer will have to pay higher price for the same service they've been getting and they will be less willing to pay tips to the workers and eventually this will not be good for the workers. And the customers with higher price will not able to come to the store as much as they used to and the business will eventually shut down. And this will affect the economy entirely. So keeping the current tip credit system is helping the customers as well as the business owners and the workers. I want you to remember that nail salon is not just a place to trim you nails, it's a place where a lot of senior citizens or females stop by and they share dialogues and good times inside the nail salon. Thank you.

Commissioner Reardon: Thank you. Myonghee Kim

Myonghee Kim: Dear Commissioner and the Department of Labor, I thank you for the opportunity to be able to speak here today. My name is Myonghee Kim, I am working as manicurist and many years I have been a business owner. And recently there have been many new policies for nail stores and I eventually closed my own business and now I'm working as a nail salon worker. I am a single mom, I work more than 4 days a week. On my overtime, tips, salary, everything combined I can actually make my own living. When you consider abolishing the tip credit system this actually makes me worry that I won't be able to work as many hours as I used to before. So, the money that I'm getting

with tip and wage is not that little. I am able to make my living so I am opposing the idea of abolishing the tip credit system.

Commissioner Reardon: Thank you. Hyun yul Kim, Hyun yul Kim. Jaeyon Kim.

Jaeyon Kim: Hello, my name is Jaeyon Kim. I am here today as a nail salon workers. I've been working for 15 years. My storeowner pick us up from home to nail salon every morning. She buy is breakfast every morning and at the end of the day she give us ride back to home in Flushing. She is always concerned our wellbeing. She always talk nice things about us. She makes sure that customers pay us tips but when it doesn't happen, she compensates us certain amount for that. so when I first heard the story of abolishing tip credit system I at first thought that this was a good thing for the workers. However in the long-term I came to realize that this is not a good idea and it caused negative effects. In the past with tips I used to I would take more money to home but with no tips I'm barely going to make my living and paying rent. Every day counts so I want to work as many days as I can so that I can provide for my family. So the more hours that I work, its better for the workers. In the beginning the owner will think that okay we will just raise the price but when you raise the price its not a good decision because we will have less business and let's say if the workers who work 5 days a week will end up working 3 days a week so no matter how much minimum wage we get, this is not going to be enough. So we just want to keep tip credit system, work many hours and many days as we are working now and this will be a good thing as worker. And as a worker I have never witnessed such situation that when we provide service, the customers usually pay the workers directly. So when I hear the story that the storeowners exploiting the tips from the workers, this is not really a condition I've seen. So sometimes nail salons aren't allowed tips actually because the customers pay us directly the tips amount. So there are workers from all over the world, from Ecuador and other countries and they make a lot of tips. Thank you for listening to my story up until now.

Commissioner Reardon: Thank you. Yeonhee Nam

Yeonhee Nam: Hello, my name is Yeonhee Nam. Thanks for everyone being here today. The first job I got in the United States was nail salon work and I've been a proud nail worker and I consider the United States as my second country, home country and I raise my kids here in this country and I love my job and I work so hard and I didn't spend many hours with my children but they grew up as responsible individuals. Lately we have higher rent, higher tax, higher expenses to run the business and this is causing a lot of difficulties already as a business owner and not as a nail salon owner but as an entire small business owners industry this is a big change to make. So I am opposing the idea of ending the tip credit system. This will result in reducing the hours of workers to work and they will not make money as they used to. So please, broaden your perspective and consider both the workers and the business owners and the customers.

Commissioner Reardon: Thank you. Yunsook Park, Yunsook Park.

Ramona: The next 5 speakers after Yunsook, Jae Young Kim, Hyosook Choi, Kyeong Soon Yi, Soon Duk Yoon, and Sungjun An. Please make your way down to the front row.

Yunsook Park: Thank you interpreter is here no? Thank you. Thank you for giving me the opportunity to speak today. The nail salon is a very seasonal work. Summertime, wintertime it fluctuate a lot. So I'm here today to oppose the idea of ending the tip credit system. to get a manicure it costs usually \$20 to \$30, it cost \$30 to \$40 to get pedicure and it takes usually almost an hour to care one customer each at a time. Considering summer, winter, weekday, weekends we can take of 4 to 5 customers per worker per day. There are some workers that make more than \$50 to \$100 a day and they make more than \$600 per week and this will be even more if you work in Manhattan area expensive, rich area. So when you abolish the tip credit system, manicure and pedicure services will be so luxury not many people will be able to afford. And when workers get tips. Today I heard the story that the workers get only tips but there are many storeowners that provide incentives and some level of salary so the workers have tips as well as the salary now but they did not speak about it today in this hearing. I want to emphasize that for the last 30 years the cost of manicure or pedicure to customers have not been increased, it actually stayed the same level and it's the truth. So landlord, workers, government nobody is caring about these store owners situation so with all of the higher and higher expenses to run the business, we're actually facing reducing the hours to open the business because of the less customers. Thank you.

Commissioner Reardon: Thank you. Hyosook Choi

Hyosook Choi: Hello, my name is Hyosook Choi. I work part-time 3 to 4 days a week as a manicurist. Sometimes when there is a customer who are happy they pay a lot of tips and I can work even when I'm after 50 or 60 years old as a manicurist so I'm happy about that. But I hear many storeowners concerns that they are facing a lot of competitions in this industry so many stores are closing down now and this is actually making people lose their jobs. I got to many places that I receive services, I always make sure I pay tips. Thank you.

Commissioner Reardon: Thank you. Kyeong Soon Yi

Kyeong Soon Yi: Hi, you must be very tired. My name is Kyeong Soon Yi. I have 30 years of running the business. I am 62 years old. I am New York State licensed exam supervisor. I've been volunteering myself for this industry. I have worked 7 days a week. I have worker named Josephine she takes as many sick days as she wants and I'm actually like very envious that she can take the break when she wants to. She was here today who spoke. I want to ask the reason why you are considering closing the tip credit system currently. The minimum wage will go up all the way up to \$15 now you are making us to set up a new ventilation system and many other new policies such as bond. So now with the addition of the tip credit system closing, this is going to affect the storeowner, many small business owners and many people will retire and end up getting

government benefits. The Governor Cuomo in 5 years or 10 years will face the judgment of the history. I am absolutely opposing the idea of ending tip credit system.

Commissioner Reardon: Thank you. Soon Duk Yoon

Soon Duk Yoon: Hi, my name is Soon Duk Yoon and I have worked in the nail salon industry for 25 years in the state of New York.

Commissioner Reardon: Can you get a little close to the microphone?

Soon Duk Yoon: Okay. For 11 years I have been an owner and operator of a nail salon. That means that for 14 years I was in the position of nail salon employee instead of an owner. As a storeowner for 11 years, I work 7 days a week with very little time for vacation. I worked 10 hours a day for many years without complaining because it was required to make my business run without _____ closing down. Some of us are very important to the local community. Small businesses provide the jobs, tax dollars and the economy stability to the community. _____ owner in New York State. There are many _____ running successful business. The increase of store rent, taxes, maintenance, insurance, utilities, this alone will cost and the transportation cost. With the tip credit gone to raise the minimum wages there are salons of small business owners will have a significant loss over profits. With the loss over profits more small business owners will be at the high risk of going out of business. If the small business have to close multiple and police lose their jobs. The tip credit proposal is not correct for long-term planning and the keeping open of _____ nail salon small business. I respectfully ask you listen to the words and the consideration of the hardworking nail salon and small business owner who contribute to the state and the local community with their payment of taxes, business _____ and employment over several workers.

Commissioner Reardon: Thank you. Sungjun An.

Ramona: After Sungjun An, next 5 speakers are Hyun Sook Kang, Kyungsook Chun, Young Hee Lee, Jung Ok Kim, and Won Kyung Kim. Please come on down to the front row seats.

Sungjun An: Thank you for giving me the opportunity to speak in today's hearing. I run nail salon in Long Island. I think in order to guarantee a stable lifestyle of workers, we need to keep the current tip credit system. they make on average of more then \$18 an hour and this \$12 is made of tip, incentives, salary and some of them are provide by the storeowner. Each year minimum wage is going up however this year the idea of ending the tip credit system this will eventually reduce the hours and the wage of workers make each week or month and the customer will actually end up having to pay higher price for the services. And if you want to help the workers, we will not be able to do it because we will end up giving less hours to the workers and we will actually cut off the incentive that we are providing to the workers now. An many workers will lose their jobs eventually and some workers told us here today that some of the stores are not following the

regulations of the industry but in that case, anyone is free to report and sue the business. So they are protected about this situation. So when you are ending the tip credit system, this will affect the New York City economy in a negative way. So I'm not speaking of this idea from the intention of saving my owner money but I am considering all of the factors in the bit picture. I pay higher rent, I pay higher expenses to run the same business. So the timing of your changing the policy you have to really consider when would be a good time.

Commissioner Reardon: Thank you. Hyun Sook Kang

Hyun Sook Kang: I am, I typed up something earlier today but I don't need it anymore. Actually I listened to everybody's voice today and it is breaking my heart because its not true. I've been running the nail salon business for the last 5 years and 3 months. Before I was in Long Island. Queens, Long Island, Manhattan are facing different situations. I have one employee and she's been working for over 3 years. and this one worker that I have I have a very good relationship and I do all the cleaning and I have actually a professional cleaner that are like 2, so 2 professional cleaners come in and all the rest of the chores its my responsibility. I spend more than 2 hours a day cleaning and organizing the store. I met here today 2 workers from Central America, Latin America, I don't know why we are in this situation today. Like the environment that we're in is very different than what it used to be. Many years ago when this industry was starting out, the people with skill set have been very valued and those people wit good skills actually got paid a lot higher than anybody else. And those workers who do not get wage as high as the other workers have incentive to improve their skill set so that they can get paid more. In my nail salon that I run is very clean and I compensate for those workers who did not get tip from customers. But right now the situation is already difficult. And what you are trying to do now is very unrealistic because you're making the situation even more difficult than a difficult situation. Why do you try to do it and why do you try to listen to the stories that is not true. I love my employees. I think to my employees we say to each other that we love each other. And I hope you can actually find the nail salon that is not as you hear of today's stories. I don't see them in reality so that makes me really angry. Thank you. And please help us to have a healthy and happy relationship with the workers.

Commissioner Reardon: Kyungsook Chun, Kyungsook Chun, Young Hee Lee.

Young Hee Lee: Hi, my name is Young Lee, I am a tiny nail salon owner and one of the workers. In New York State nail salon workers are paid a base wage if it drops below the minimum wage if lack of initiation that they are earning significantly more than the minimum wage when tips are in credit. If they don't then the nail salon owner is really required to top them off so that they never make less than the minimum. Tip credit allows nail salons with narrow profit margins to properly staff and to keep service prices low for customers. We know that the elimination of the tipped wage will put the nail salon worker's jobs at risk because a lot of nail salons will go out of business due to inability to credit proper margins. This will cause the big supply services prices that the

customers won't be able to get services often from the nail salon which are owned by minority females. Eliminating the tip credit will result in business closes, job losses, low wages for workers and higher prices for customers. It will be devastating to employers and nail salon workers and the customers across New York State. It will eliminate jobs in minor communities where jobs are already hard to find. It will destroy economy opportunities for both nail salon owners and the nail salon workers who are minority females. Therefore I oppose against the elimination of the tip credit. Thank you so much.

Commissioner Reardon: Thank you. Jung Ok Kim, Jung Ok Kim. Jung Ok?

Jung Ok Kim: Hello, my name is Jung Ok Kim. I have a nail salon business, it's a very small size, there are 3 workers and the owner is there. I'm one of the workers. We work as a family unit. We help each other. One year ago the owner told us that they need to increase the price because of the rent, tax, etc. so all of the expenses went up 50% compared to when they first started business and they never increased the price compared to 10 years ago, but after my owner increased the price, 30% of the customers disappeared. But eventually we were able to keep our own customers because we use very expensive materials and chemicals. This year, the storeowner told us that when tip credit system is ending they might have to close the entire business or they have to increase the price again to the customers. I want to work, I want to keep everything as it is. I want to work and make money, make customers happy and I want to make more tips. So I don't anyone to be in pressure I just want everybody to work as a family.

Commissioner Reardon: Thank you. Won Kyung Kim

Ramona: After Won Kyung Kim our next 5 speakers are Jong soon Thung, Helen Koh, Chun Swa Shin, Robert Kotch and Richard Blum. Please come down front.

Won Kyung Kim: Hello, I work I'm in my 50s and I am a nail salon technicians. I have been raising my children as an immigrant and working as a nail salon. Usually I make \$17 to \$18 per hour, I get tips, I get incentive, I get some level of salary so I'm able to pay all my bills and I work more than 4 days a week. Everybody in the store work as a group and help out each other. Now if we are facing the ending the tip credit system the owner is forced to raise the price to customers and we might have the potential to not work as hard as before to the customers. Who wants to provide excellent customer service when you don't get tips and we are actually old to get new jobs? It's becoming more and more difficult. So is the state going to provide new jobs to all of the workers who lose jobs eventually? We are fine. I want you to leave us alone because our system is working. We are happy working as a nail technician. Thank you.

Commissioner Reardon: Thank you. Jong soon Thung.

Jong soon Thung: Hello, I've been working for 20 years as a nail technician. My name is Jong soon Thung. I've been working in a Korean nail salon. I never felt any kind of

injustice or mistreatment. I've been working very hard to provide my family as a mother. I work 40 hours a week, I make \$680 approximately per week and this is a fair level of payment and other workers in the business get around this range. So when I look at how much profit the owner is making, I cannot really complain. I think my workplace is a fair work environment. I consider my boss and my colleagues as family. Now with the new ending the tip credit system, we already know the difficult situation of the stores so I know this is going to be a bad decision. And this will eventually make us to have less number of customers and if I lose my job and I'm almost facing 60 years old, what should I do to get a new job? I want to ask this question to the state, New York State. Is this positive for the workers who are facing losing their job? And can the state give us jobs if they lose the jobs?

Commissioner Reardon: Thank you. Helen Koh.

Helen Koh: Hello, my name is Helen Koh. I have a nail place in Long Island. I work 7 days a week and more than 10 hours a day which is very normal for all nail salon owners, its not special. Tip credit allows owners to hire inexperienced and entry level workers until they develop their skills and experience. Let me explain something, the Manhattan and the suburban area look at different ways in the system. So urban area nail salon wage is determined by workers experience and skills. We call the manicure person, pedicure person or pick up person. If unskilled inexperienced workers get higher wages do you think skilled and experienced workers will just cheer for them and don't mind getting paid the same wage as a low experienced person? Obviously not. They will demand higher wages because they are better. 90% of my workers don't need a tip credit, I have 16 employees, only one person needs a tip credit right now. They make much more than minimum wage. The problem is when get rid of the tip credit it will drive their wages even higher. We can't afford that, I can't afford that. for example, I pay one low skill employee we call the pedicure girl \$8.30 per hour with the tip credit. If you get rid of tip credit I have to pay her \$11 per hour right away. You tell me how much I should pay someone already making \$11 per hour right now, same? No, that's not going to happen. This is the biggest problem if you get rid of the credit. It's my problem, a lot of suburban area owners problems. When you increase the low ceiling, high ceilings goes even higher. Then in order to keep maintain the same standard, owners will be forced to pay higher wages to everyone. In the process eventually consumers will suffer the most by paying higher prices. Are you will to pay \$50 for manicure pedicure for regular? And in the end this cycle will drive owners out of business and consumer will end up paying even higher prices or have no place to get their nails done because a lot of people go out of business. It's simple. If the credit eliminated, we will be forced to increase prices or we have to cut down technician's working hours. Thank you and I'm against the tip credit elimination.

Commissioner Reardon: Thank you. Robert Kotch, Richard Blum.

Ramona: After Richard the next 5 speakers are Esther Chang, Dong Gu Lee, Chang Gyu Kim, Maeng dori Kim and Jinjin Woo. Please come on down to the front row seats.

Richard Blum: Hi, my name is Richard Blum and as I think you know I'm a staff Attorney at the Legal Aid Society in the Employment Law Unit, the Legal Aid Society is in favor of eliminating the tip credit. Based on our experience, we represent workers in wage theft cases in a variety of industries including nail salons and gas stations and we see the rampant wage theft that the tip credit facilitates. Our points in the written testimony are basically two main points; the first that you've heard me say before, gratuity is not a wage. A wage is a commitment to compensate someone for their labor. A gratuity is the quirk of a customer and leads to harassment and abuse because people are dependent on abusive and harassing customers to make a living. And of course, its not certain that they will. The second points that the tip credit is an open invitation to wage theft and it's an invitation that unfortunately is all too often accepted. It is, as you've heard today, systemic in certain industries. I think we have heard from a wide range of workers about their vast experience with persistent wage theft in the nail salon and gas station industries. We see it in other industries as well. We'll be testifying at the next hearing of the hospitality industry where its also rampant. It seems to me that an honest employer would actually favor the elimination of a tip credit because of the advantage that wage theft gives to an unfair competitor. So actually it is in the interests of honest employers not to have to take that unfair competition out of play. And of course, because of this, this is one of the reasons that we're urged the Department of Labor to strictly enforce the notice requirements that are predicates under the regulations for the counting of tips toward a tip credit or the permission to the employer, the exception to the general principle that tips are not wages, tips belong to the workers that exception should be granted in only an hourly as long as the tip credit does exist, which we hope not for long. Now we do not favor a ban on tips as you mentioned earlier at the beginning. That's not the position of the Department and in fact we have heard some concerns from some colleagues organizing to say that their restaurants, at least and I don't know about other industries where they have said no tips, the customers may not give tips. Now tips are a nonwage relationship directly between the customer and worker and I think any change in the rule should also include a provision that says that tips cannot be banned if that is what the customer wishes to give the worker. Finally, I'll just say a response to some of the things we've heard today that it's a little bit disturbing. First of all I think we know that the owners don't speak for the workers. That there are exceptions today seems to suggest a radicalized hierarchy within the industry of nail salons is very disturbing. Our clients do not see the owners as family. They're not treated as family and this is not and underpaying your workers is not a model for profitability. If they cannot compete profitably by paying their workers a proper minimum wage they shouldn't be in business.

Commissioner Reardon: Thank you. Esther Chang

Esther Chang: Hello, my name is Esther Chang I am a first generation immigrant in the United States. I have overcome many difficulties and I am proud of myself living an honest life as a small business owner. I want the government to support the small business owners but they made us to buy bonds, insurance and ventilation system so this is guaranteed to make the business owners suffer even more going forward. and I want

you to consider the reactions of the customers that come to the nail salon. When the price goes up the customers will reduce the number of customers will reduce and this will result in reducing the number of hours that we need at the nail salon. So the customers, nail salon workers, and the owners none of us will benefit from ending the tip credit system. I want to tell you a little bit of my family history. My mother is suffering lung cancer and I have a son who is also sick. Only 1 or 2 or sometimes 3 to 4 times a week I need to take care of my mother, I need to take care of my son. So most of the times I trust my workers to run the business and I believe that the workers put a lot of teamwork to me and we have good relationship with trust. So now with the new system I might have to lose my own business and my workers will lose their jobs. And this is a very unfortunate situation. We have developed our good relationship over many, many years and I want to continue work with them many, many years going forward. So please help us to continue to keep the current system and please do not eliminate the current tip system.

Commissioner Reardon: Dong Gu Lee

Dong Gu Lee: Good afternoon, my name is Dong Gu Lee, owner of And your tips nail spa Oceanside, New York. Director Reardon, officers, and staff members of labor department thank you for providing us opportunity to present testimony on Governor Cuomo's 2018 State of the State proposal. Workers and owners support our self on their industry, thank you for your sacrifice, your valuable time and attending here today. On behalf of my nail salon, my employees and my customers, I am strongly opposed the elimination of the wage tip credit. The Governor had previously used the wage board to engineer a 50% tipped wage increase that took effect on December 31, 2015. The results were predictably disastrous numerous service businesses closed or cut back. By forcing small business to raise the salaries higher than the _____ jobs. They will be forced to discontinue them no longer ever to make a profit. Small business owners of nail salon would have to send some workers home without any job at all. Low income workers will be at the highest risk of being fired since their work wouldn't be profitable any longer. By forcing the minimum wage, we force business to make up for the loss of capital somehow. Often our only way to off set this _____ is by increasing price for consumers. If state government forced to us a higher minimum wage, remove tip credit from our industry then the price for customers of all goods and service go up dramatically. This will hurt consumption and the business profit from which the government will reap less taxes. This is only. Thank you.

Commissioner Reardon: Thank you. Chang Gyu Kim, Maeng dori Kim and Jinjin Woo

Ramona: After Jinjin the next 5 speakers are Hyung Ju Kim, Ok Bun Kim, Jae Hee Lee, Sang Suk Lee, and Jae Kim. Please come on down to the front row seats.

Jinjin Woo: Hello, my name is Jinjin. I've been working in the nail salon for 12 years. In the beginning was a beginner and then I became an intermediate worker and then I'm an advanced skilled worker now. I've been working 33 hours a week. I work \$42,000

annually last year and most of it was tips. I did not go to college, I graduated high school. But when I work 50 hours a week in nail salon and when I make \$42,000 annually its because my skills are very valued and my customers like me as a technician. So when we increase the minimum wage to \$15 then my owner is forced to increase the price to customers and the customers will not be happy and they will stop coming to the store or come less. So in that case if I work 33 hours I will be able to work less hours and my annual income will reduce maybe about \$30,000 a year. So I understand I might able to survive but many of the business will go out of the business. So now, I want to find a way to keep the business open and make more money with tips next year.

Commissioner Reardon: Thank you. Hyung Ju Kim.

Hyung Ju Kim: Hello, my name is Hyung Ju Kim. I am here to oppose the elimination of tip credit system because in the beginning the workers might be happy with a higher minimum wage but if you eliminate the tip credit system the owners might need to raise the price to customers and there will be less customers that come to store and eventually the workers might need to be fired because there is less work available. We are facing loss during winter season already. And I know that New York State is very much in support of small business owners and this is good for the entire economy as a whole. So if we continue having the current tip credit system, this is benefitting the storeowners and the workers. So I oppose the eliminate of the tip credit system.

Commissioner Reardon: Thank you. Ok Bun Kim

Ok Bun Kim: Hi, thank you very much for allowing me to addressing. Actually I'm no one. You can call me a loser after closing the carwash business even I close the nail salon I still lots of the owners running nail salon are friends of mine okay but I'm a human lover. That's it and New York City and New York State are the New Yorkers like a see something, say something. I comply with the _____. From what I seen, what I heard, what I've been experience, I don't have to be funded, I don't have to be scholar because as you know conventional wisdom is wrong. Like business owner making all the times making money is wrong. Okay when we come to minimum wages, raising minimum wages sounds great. They say, wow but why don't they suggesting like different levels like 10, 11, 12 something like that depends on business _____ rather than uniformly imposing certain number like \$15. What is New York State color? We are living the black hole _____ where giant Internet company and _____, _____ company sucking in mom and pop, brick and mortar, small business. Even locals turn their back on local business. They luring people. All you have to sit back, relax, just punch your computer keyboard then we delivering with. _____ sounds rosy but when we look at _____ so many even thousands there are so many _____ in there. We need politician leaders with insight you know. Where is everybody? We believe in everyone. Do I have to sing a song? I believe in yesterday, sudden there's shadow hanging all over us. They cried out, where is everybody. I love you I miss you, that's too late. I will try to keep strongly recommend one thing.

Commissioner Reardon: Thank you.

Ok Bun Kim: Everybody kill themselves, kill others, all of them is strong directly to the _____. The worst part of Harlem. Thank you. God bless you all.

Commissioner Reardon: Thank you. Jae Hee Lee

Jae Hee Lee: Hello, my name is Jae Hee Lee and I work as a manager in New York City nail salon both big and small for the past 30 years. I'm here to say that ending the minimum wage tip credit in New York State is a bad idea. It will hurt the owners and the workers in our industry. As a manager I can speak for both the owners and workers. From the owner's side starting a small business in New York City is hard. It requires a lot of time, money, sweat and tears. You look for the perfect location, come up with a unique vision and work 7 days a week to deliver the service. It takes on average 1 to 2 years for a store to make a profit. During that time, it is very hard to business owners I mean very hard for business owners and we all know how competitive the New York City market is. Many small businesses don't make it and the owners are left with nothing. Ending the tip credit rules will make it that much harder for small businesses in New York. From the employees side, the employees work hard with the owners helping them to make the business successful. Employees can learn new skills from the owners who usually have more experience. There is support and a family like feeling in our nail salons that Governor Cuomo is not seeing and maybe he doesn't want to see. We are an industry mostly run by immigrant women. Owners and employees are not enemies. We are sisters and we are a community. We have the same goals. Within the past 2, 3 years the nail salon industry has been called abusive, dangerous and ignorant. This is dishonest and wrong. This industry has provided for thousands of women and their families. We provide a popular service and give to the economy. Ending the minimum wage tip credit will hurt both workers and owners by increasing costs, decreasing store revenue and reducing tips and wages. Please help us please ourselves. Say no to ending the minimum wage tip credit. Thank you.

Commissioner Reardon: Thank you. Sang Suk Lee.

Sang Suk Lee: Hello, my name is Sang Suk Lee. I've been running nail salon business over 20 years. I have 3 to 4 workers in my business and I am strongly opposing the idea of eliminating tip credit system. I give compensation for my employees work and they get tips and I'm also responsible for covering expenses for insurance, tax, rent, and now if you end the tip credit system, of course, consequently I have to increase the customer's price and this will result in closing down the business eventually because the customers will get the same level of service or even less quality services with more expensive price and I might have to fire 1 or 2 workers. So as a whole, many workers will eventually lose job. I know that you have consideration for worker's wellbeing but I also want you to consider the situation of small business owner so I want to oppose eliminating the tip credit system.

Commissioner Reardon: Thank you. Jae Kim.

Ramona: After Jae Kim the next 5 speakers are Kwibin Lee, Jeff Rose, Hwa Sun Kim, Joseph Choi, and JungHee Choi. Please come on down to the front row seats.

Commissioner Reardon: Thank you. Kwibin Lee, Jeff Rose. Are you Kwibin Lee?

Kwibin Lee: Hello, my name is Kwibin Lee. I immigrate to America 36 years ago and I have been working in nail salon in Queens for the last 17 years. Some of my nail workers have been with me in my salon for at least 10 to even 16 years together. They are like my family members. I spend more time with my workers than my actual family. I share their personal joy and their pain and sorrow too. I have a lot of love and compassion for my workers. I now pay more than minimum wage to all my workers and I always wanted to pay more salary and give more benefits when I can. I already pay my workers an additional commission every day so that they make almost \$20 an hour. However I have a very high rent, property tax, common area tax and now I have increase in my insurance too. So I'm wondering how long I can keep my nail salon business open with these high expenses. My health insurance has a very high deductible so I do not go to the doctors or hospital unless I'm willing to pay the annual deductible. Some of the high end nail salons in rich neighborhood may survive with all these expenses. However a lot of nail salon owners like me cannot afford to raise the service price. My customers are like my family too. And I do not want to keep rising the price on them and possibly losing them. the nail business used to be for selected rich people, but now it is for everyone and I hope we can keep it that way by not increase the service prices. We may have to shut down our nail salon due to all the high expenses along with the higher wage and benefits. Many other local nail salons may be shut down too for the same reasons which means customer will have to travel farther to find a nail salon for their manicure and pedicure. I'm proud to say that the last 36 years living in America with my American dream was real to me and my family. However, now it is becoming more and more a financial burden to keep us in this place. He put this policy for eliminating tip credit is for workers then please also let the small business owners close and survive together with the workers. Thank you.

Commissioner Reardon: Thank you. Jeff Rose, Jeff Rose. Hwa Sun Kim, Joseph Choi.

Joseph Choi: Hi, my name is Joseph Choi. I arrived here since 10:30 a.m. it's been 6 hours, I have seen all of the speakers today here. I tried to research and collect as much information as possible. I came to realize that many people here have the same point as I do so I just have one question. Eliminating the tip credit system who have gathered here since this morning, many people claim that they made \$25 per week or \$50 per week. They clean too much, they have no lunchtime, they're being exploited by their storeowner. All of this is very inaccurate accusations. Now it's the 21st Century media age that we are living. Everybody is sharing a lot of information over the Internet so the fact that they are suffering with all these unfair mistreatment. I think they have been

misguided by the organization to speak this way today here. And why, why there are so many type of businesses that use chemicals like hair salons, but why only nail salon become the target of such strict regulations? Wage bond is not accepted in any other countries so why we get this kind of strict regulation with wage bond? We want to be treated equal as other businesses, other industry or other countries. So we try to survive in this difficult business environment and our fight is very lonely and we try to protect and provide as much as we give to the workers. Every week I give so much attention to be able to afford every worker's weekly wage. Thank you.

Commissioner Reardon: Thank you. JungHee Choi.

Ramona: After JungHee the next 5 speakers are Nam K Oh, Il Hyung Kim, Ryan Kim, Sung DF Kim, and Heekyoung An. Please come on down to the front.

Commissioner Reardon: Nam K Oh, Il Hyung Kim, Ryan Kim, Sung D\F Kim, and Heekyoung An.

Ramona: After JungHee the next 5 speakers please come up to the front; Betty Kim, Lucy Yao Lu, Tina Tsamia Penpa, Sangsug Kim, and Eu Soo Choi.

Heekyoung An: Hello, my name is Heekyoung An. I run nail salon in Long Island. If you eliminate the tip credit system, the first thing I will do is to raise the price to customers and this will make me not as a strong business in such competitive business environment. And I need customers who actually understand this type of business environment but this was very unlikely. So the customers will not likely return to the business. So eliminating the tip credit system is not applicable or it's not practicable to implement in the current business environment and in order to make \$15 per hour minimum wage, this is not providing a stable lifestyle to workers because they might lose their jobs. So please, maintain the current tip credit system.

Commissioner Reardon: Thank you. Betty Kim, I'm sorry your name?

Male: I have tried I prepared some statement earlier but many of the statements have been repeated in the past with other speakers but I just want to share what I felt and realized. But I am opposing the idea of eliminating the tip credit system. I understand many workers have complained here today and there were the points that I did not understand because it especially made me upset because I don't practice my business in the way that they were claiming. I think that a lot of the business owners do not practice their business in the way that they describe because there is a New York State law that prevents them to do so. And these workers can still complain and if they really got this kind of injustice and mistreatment, I just want to apologize for their situation and I want to let you know that there is the nail salon worker's association is here to make sure that they don't get this kind of treatment. And we actually are able to recommend some of the better nail salons so they can make and escape this suffering. So we're here because we are opposing the idea of the tip credit system elimination and I want you to understand

that there are many, many people here who are in the same side. A few years ago I broke my retirement plan funds and bought the business so there was a ventilation installation and I don't know if I have enough finance to afford this situation. Thank you.

Commissioner Reardon: Betty Kim, Lucy Yao Lu

Lucy Yao Lu: Hi good afternoon. My name is Yao Lu. I have been working the nail salon for 18 years. I get salary pay \$120 and about \$80 tips from customers per day. That means around \$1000 income per week in the total. And recent the business gets slower, the rent and the supplies expense for the store are going higher every year. Now I'm so worried that as salary go up the owner won't be not able to pay and lose ability for running the store and I will be lost my job. The store will be closed one day in the future, I will be lost my job. My son going to college this year. I really need my job to support him. I hope my wages will be not changed and business owner will keep going. I think that's good for owner side and worker. Thank you so much.

Commissioner Reardon: Thank you. Tina Tsamia Penpa, Tina Penpa.

Tina Tsamia Penpa: Good afternoon, my name is Tina. I work for a nail salon. Since 7 years ago I worked for a boss and I am worried about my job. It's only for 40 hours and if they put me more hours, I can 3 hours can take me out of my schedule, I take out 3 hours. So my boss is worried, is concerned about her business about for me and my coworkers. She wants to help us but she can't because the business sales are very low and they're telling us that they can't cover the tip and card and that's not convenient for us because we live through our clients. Its more convenient for us. I want to eliminate the tip because it's so good for us. Thank you. it's my first time I don't understand this very well. Thank you.

Commissioner Reardon: Thank you. Sangsug Kim.

Sangsug Kim: Good afternoon, my name is Sangsug Kim. We are a small size nail beauty salon located in Manhattan. Over half of our customers are tourists. If this bill is passed, we will eventually have to lay off labor _____. We will either have to increase the service charge. European tourists are _____ to get manicure and pedicure in New York because it is cheaper than their own country. If you put the price up will they ever be willing to spend the money for such service. Without customer, there is not much we can do. If this bill pass, employers, owners and even New York City economy will have a hard time. That is why I oppose the tip credit elimination law. _____ Governor we have to leave, we will scatter. Thank you.

Commissioner Reardon: Thank you. Eu Soo Choi.

Ramona: After Eu Soo, the next 5 speakers are Yong Sook Han, Yeau Sun Kang, Sun Woo Chung, HeeKyung Lee, and Eun Mi Hwang. Please come on down to the front row seats.

Commissioner Reardon: Yong Sook Han.

Yong Sook Han: Hello, I run a small nail salon. Small women's business industry has grown in the past and I was thinking how or why. So it was because of the tip credit system. So the workers were able to make tips and sustain their stable income. And many customers have been willing to pay the tips because we have good skills and it was because of the tip credit system that enabled us to be able to grow as a worker and a business owner. These days I pay a lot of rent and tax and at the end of the week its very difficult for us even with the current tip credit system to pay our workers compensation. So if you eliminate the tip credit system I am not able to keep my business open and I will be eventually closing the business. And I have to try to find a new way of making income. In the past I've been happy working with my employees as a team and we have grown as a team. I work 6 to 7 days a week and I try very hard to pay as much compensation to the workers as I can. So if you eliminate the tip credit system that we have currently, I am not able to run my business. So please stop this eliminating the tip credit system.

Commissioner Reardon: Thank you. Yeau Sun Kang.

Yeau Sun Kang: Hello. I am in Westchester, I opened a business 1 year ago with a dream and hope but right after I opened the business, I have a big stress and losing sleep at night and insomnia because of insurance, tax, rent, high wage, utility costs. So the business is inevitably at loss and I am still in responsible for paying the fair wage for the workers. In the situation when the customer does not pay tip to the customer, the storeowner needs to pay the worker. So I work for 1 hour and I have \$20 in my hand but I need to pay the workers and if there's no tip, the storeowner needs to pay the workers out of our own expense, otherwise the workers leave to other business. So we are in a structure that the workers and the storeowners need to help each other. And I always support and cooperate as much as so that the workers can make as much money as possible. Like I clean the customer's feet so that the customers can pay more tips to the workers and we are always together working together as a team and even today I have a lot of worries and anxiety if I can keep my business. It's been 14 years since I came to United States and I've been always working for other boss but only as of last year I open up my own business and I've been making some savings from hard work and finally opened up my own business. But with the eliminating of the tip credit system I'm not going to maintain this business open too much longer. So we inevitably have to raise the price to customer in the name of service change and this will bring many negative effects. And I have to control and make sure that I don't pay overtime and even let go of many workers. So this will bring even less profit than I have now and this will hurt the business. So I strongly oppose the elimination of the tip credit system.

Sun Woo Chung: Hello, thus far many people have spoken and we have listened. The side of the business owners, the side of the workers, we are all in difficult situations. But, I cannot agree or I cannot understand eliminating the tip credit system the way we have

currently because tip, what is tip? Tip is defined it reflects how a customer is satisfied with the service that is provided and that is a reward that is generated from the services provided. So why are we eliminating the tip? I do not understand why tip is going to be eliminated. So I don't know how or where this idea started with and even from different other states, they keep the tips system so why New York State only want to eliminate the tip credit system, I do not understand why. For example, other states the workers, there is a study that showed the result that the income of the workers actually reduced after eliminating the tip system so it's not my own words, it's actually based on a specific study and we have clear results. So I hope you reference and I would really appreciate it if you do so that everyone including the business owners and the workers, right now the relationship is very good actually. It's a very positive relationship so with this kind of dialogue we are like opposing each other, we are like at confrontation with each other and this is eventually going to bring down the quality of service that we provide to customers. So it's not only reducing the profit and resulting at loss of the profit. So the level of service provided to customer is directly related to the profit that is generated from the customer. So nail shop or other types of business included I hope everything goes well.

Commissioner Reardon: HeeKyung Lee, Eun Mi Hwang.

Ramona: Next 5 speakers are Seonk Woo Hong, Jenny Kim, Hangsun Byeon, Eunsil Lee, and Julien Lee. Please come on down to the front row seats.

Commissioner Reardon: Seonk Woo Hong

Seonk Woo Hong: Hello. I am here today on behalf of my wife. Nail business right now is the busiest season of our nail salon industry so being here today for 1 day is actually risking a lot of financial loss and I took a day off and I want to deliver, I'm here because I really wanted to make sure to deliver the message that my wife wanted to tell you even though despite the very busy season. So, this is reflection of how important this topic is to all of us here today. My wife has been working in this industry for over 20 years and in the past she was an owner of the business but now she's an employee of other business owner. So this issue of eliminating the tip credit system is important to both workers and business owners. Let's look at the issue from the business owner's perspective. So the owners are facing increased rent, tax, wage bond enrollment, insurance, and all the other high cost expenses so when you eliminate tip credit system, this will generate 40 to 50% higher expense on the business owner's standpoint. So the business owner is forced to let go of new, unskilled workers or expensive workers or the remaining workers will need to reduce the hours in order to compensate the high labor costs and, of course, the current incentive weekly compensation is no longer be existing. And many people in the past have worked in the lovely way in order to generate high compensation incentive from customers. So I don't think the quality of the service will be the same to the customers when they get paid minimum wage as a result. And the effect of it is going to be the customers do not get good customer service anymore. And in the long-term, the business owners might need to shut down the business.

Commissioner Reardon: Thank you very much.

Seonk Woo Hong: In conclusion I oppose the eliminating tip credit system.

Commissioner Reardon: Jenny Kim.

Jenny Kim: Hello, my name is Jenny Kim. Thank you for hosting the event and thank you everybody for organizing the event today. Please look around. Where are the workers that were here this morning where did they go? They're not here now. They were welcoming the idea of tip credit system and everybody here right now are the people who are opposing the idea of eliminating tip credit system. So I think this shows that how desperate we are to be here even this late hour to voice our opinion. So its been over 20 years I also been working in the nail salon industry. I've been a worker myself and I'm a business owner. Everybody who have worked in this business, of course, have different point of views so the workers, the owners, boss, are in different situation with each other. So there are things that we want to provide more to the workers but we are not able to do that even though I want to do it. So now that we are facing the potential of eliminating the tip credit system is actually going to hurt the relationship and we will not be able to pay as much taxes as we used to and this will like we might end up shutting down our own business. So that's why I cannot agree with eliminating the tip credit system. So I want you to consider keeping the current system as it is. Everybody's hard working. But thank you for being here today with your attention and long hours and I really hope you to exercise your wisdom today. Thank you.

Commissioner Reardon: Thank you. Hangsun Byeon.

Hangsun Byeon: Hello, I run a very small nail salon but I shut it down last year because of the high rent, high cost of running the business, high tax. Last year when I increased the price of the services, we no longer had enough customers to run the business anymore. So this is a personal issue. I am heartbroken that a lot of business owners are facing the same situation as I do. So when you eliminate the tip credit system, the customers will face a higher price and this will slow down the business flow. So we shouldn't eliminate the tip credit system. Right now I work as a worker at another business and I actually make more money than when I used to be a business owner. So I think this should not be eliminated.

Commissioner Reardon: Thank you. Eunsil Lee.

Eunsil Lee: Hi, my name is Eunsil Lee. Thanks for the opportunity today for me to speak here at the hearing. I think that every policy needs to benefit many citizens but this new idea is actually going to hurt and damage many small business owners. Usually the business is open 10 to 12 hours a day and all of these hours, the business owners cannot afford paying the workers so when we raise the price, there will be less customers and the business will shut down. But if the price of the service is too high they will not come to the business as frequently and there will be even higher competition in the industry and

many businesses will close. From morning to night we work over 11 hours a day. We have never given many workers less than minimum wage because we have been there ourselves in the same shoe. We give them vacation, sick vacation, we give them coffee, lunch, we give them breaks because they're our family. And we pay a very high tax amount but they don't pay tax as much as we do and they make more money than we do. So I think if you are going to make everybody equal you should charge higher tax to the workers are you do to us. And I came to learn today that many carwash employees do not get treated justly and they don't get the same treatment in nail salon industry so please do not take that the small percentage of bad business owners reflect the majority of the business owners. Thank you.

Commissioner Reardon: Thank you. Julien Lee.

Ramona: After Julien the next 5 speakers are Chunok Smith, Kyung Hwa Lee, Young Sook Park, Jong Kook Kim, and Myung Hee Cha. Please come on down to the front row seats.

Julien Lee: Good afternoon, my name is Julien Lee and thank you for being very patient with us and hearing our voices. I believe my position is of great value as I have been both employee and now employer of nail salon with total 20 years experience and I can see both sides of debate. But I am opposed to passing this law as it would save many jobs and businesses. I thought a lot about pros and cons for my employees and as an owner. 4 years ago I purchased nail salon from previous owner who was also my employer. In my time at this company I have not only worked alongside with my coworkers as a fellow employee and friend, but now I have the privilege of serving them as an owner, balancing their best interests and the interest of my business at heart. As with many businesses represented here, our business is being stereotyped as taking advantage of immigrant workers by providing poor wages and dictating an unsuitable environment. And this is further from the truth. I have created a family culture that I'm very proud of. I'm a conscious and considerate owner and a nail technician concerned for the welfare and fair payment of my employees for the work they do each and every day. It is my joy to provide them wonderful work environment so they're happy to come to work. I'm here to discuss wages and how that will affect both parties. The nail industry is very competitive and has a large minority female business ownership business. While we are competitive in our cost of services we also stand together to ensure we are able to continue manage our businesses fairly in order to stay provide for our employee and families. Raising a minimum wage will force us to raise our price substantially. Customers do not wish to pay much more than what they are already paying. Raising our price will cause them to re-evaluate how often they get their services done or to consider not doing them at all. We will lose business. I have spoken with my customers about this law and the feedback I received will result in cutting employees hours, the loss of jobs and closing of businesses. The combination of paying their higher weekly compensation. Thank you.

Commissioner Reardon: Thank you. Chunok Smith. Kyung Haw Lee. Young Sook Park.

Young Sook Park: Respectable Chief of Department of Labor. My name is Young Sook Park. 3 months ago I closed out of my business. First of all as a service industry the government guarantees tip credit however the current new law trying to abolish the tip credit is to reduce the number of employees. From the point of the owners, owner has difficulty to pay the employee accordingly we have to increase the price. The number of customers will be decreased and the number of hours of employees also will be decreased. All of the parties will be negatively effect. If they go to \$15 Governor try to enforce the strict laws of the labor law and we all of us trying to keep strict rules. So far we have wage bond, there is no rear instances anybody use the wage bond. 90% of the employees are women, respectable Chief of Department Labor, 80% of the employees are Asian women. Both owner and employees are women. Most of the customers are women. This country _____ first. Respected Department of Labor the real reason of closing out of business without the big profit I continue to manage the business however with the advent of wage bond and the ventilation rules, I cannot survive. Without ventilation we have to pay the huge penalty I couldn't survive it that's the reason I close out my business. Thank you.

Commissioner Reardon: Thank you. Jong Kook Kim, and Myung Hee Cha.

Ramona: Next speakers are Gil Sun Kim, Yeni Lee, Tae soon Kim, Hyeon Ju kim, Ea Kyung Choun, Soo jung Chung, Gloria Lee and Joojin Oh. Please come on down to the front row.

Commissioner Reardon: Gil Sun Kim. And we have two extras that are not on the list Laurie Sardoff and Jung Kwan Lee they will be at the very end.

Gil Sun Kim: Good afternoon, thank you for giving us the opportunity, thanks for opening the hearing and giving us the opportunity to speak about the difficulties of the owner. When you eliminate the tip credit system it will result in closing and shutting down many small businesses. There is inflation in the economy; it costs us more to buy a lot of the items and run the business and if you end the tip credit system this is a loss for both owners and as well as the workers. We will be forced to transfer the full-time workers to part-time worker and then eventually they will be losing jobs because we won't have as many customers anymore. So I am opposing this eliminating tip credit system. I work 7 days a week, in rain, in the sun, I want to continue to work more and I must continue to work because of my situation financially. But I am not able to work for other people because I'm old so please do not make me go out of my own business.

Commissioner Reardon: Thank you. Yeni Lee I'm sorry, Tae soon Kim, Hyeon Ju Kim, Yeni Lee.

Yeni Lee: Good afternoon, I've been working over 20 years in the nail industry and my name is Yeni Lee. I love my job. My job very suits my personality. Of course, there are bad days and there are good days but I love my job overall. In the beginning when I heard that I will be making \$15 minimum wage I was happy but upon giving some more consideration and thoughts I realized this is not a good thing. When I provide high quality service to my customers, I want to receive a comparable and matching tips from the customer and I'm sure the tips is what I get from providing the services that I give and when you eliminate the tip credit system, this will reduce my income significantly and I want have the same level of joy by providing my higher quality services to customers anymore and I wont have as many days, I won't have as many hours that I work. I'm actually satisfied with everything the way it is now and I'm very grateful for having this current situation. So I oppose eliminating the tip credit system.

Commissioner Reardon: Thank you. Tae soon Kim

Tae soon Kim: Good afternoon I run two nail salons that have more than \$20,000 rent so I wrote a lot of points but I just want to highlight the most important topics. So I have a huge store, I run huge stores but I have no insurance myself because since 2015 and since the ventilation installation issue, 30% of the profits decreased and I don't have the same income anymore and I cut off my own insurance. And who would believe this? I am sick but I can't go to hospital. I know this is a long story but I want to tell you the part that I really don't understand, why are you making things very difficult for women workers and women hardworking industry? Also I open the store early morning from 9 to 9, 12 hours I work and I can't bring any money home and I know that there were workers in the morning. These workers are not willing to work more than 40 hours a week and I'm willing to work more than 40 hours a week but you don't give us the advantage. You don't give us the consideration to work harder, work more and I just don't understand why you want to jeopardize small business owners. When I was getting my citizenship the immigration officer told me that I am a very hard working person and this is a good thing for the country. So I want you to really consider not to eliminate the tip credit system. This will kill us all. Thank you.

Commissioner Reardon: Thank you. Hyeon Ju Kim.

Hyeon Ju Kim: Good afternoon. My name is Hyeon Ju Kim. I work in a family oriented like atmosphere business. I increased the price very little bit and then the overall profit decreased significantly and my income decreased significantly and there's so much competition in the industry because there's so many nail salon stores in the area. So when you increase the minimum wage the customers will pay higher price and there will be less number of customers that come back to the business and nobody will make more money overall. So I think that maintaining the current system is better for the customer, its better for the owners, its better for the workers. Thank you.

Commissioner Reardon: Ea Kyung Choun

Eu Kyung Choun: Good afternoon, my name is Eu Kyung Choun. I've been working in this nail industry for 15 years. when I was starting to work in this business I was so happy looking at the satisfied customers and now there are so many discussions about eliminating the tip credit system and implementing \$15 minimum wage in the business. So when customers start feeling the pressure of higher price, there will be lesser amount of tips or lesser amount of income for the store and as a result the family of business owners will not be able to survive and they won't be able to get education. And many people feel nervous about maintaining their daily living expenses so I want to oppose the eliminating of the tip credit system.

Commissioner Reardon: Thank you. Soo jung Chung

Soo jung Chung: Good afternoon. My name is Soo jung Chung. I'm very nervous to speak in public. Since 1985 I'm been running nail salon in Manhattan. When I first opened business the rent was \$3000 now the rent is \$30,000, on top of that I have real estate tax and business tax. So the tax and other expenses come up to \$40,000 each month. And I pay a lot of tax that is charged by the government. And by the seasonal nature of the business, the income in the summertime is double but in the winter is half. But no matter what month, the expenses are the same. And there are times that I have to pay fine and sometimes in the wintertime I need to borrow money from my family members and then pay back in the summertime. So when you eliminate the tip credit system I'm no longer able to afford higher expenses than I'm already paying. I run the same business for 30 years in the same spot and I heard some complaints from many workers but a lot of the business owners that I know are getting along with their workers beautifully. They are very honest with money and they have good relationship. But, of course, everybody have something to complain but this shouldn't be the issue of everybody because it's a very small percentage of people who have this kind of complaints. So instead of me making my points, I also want to hear some of the questions of the big politicians why they consider this new rule. Thank you for listening.

Commissioner Reardon: Thank you. Gloria Lee.

Gloria Lee: Hello, I'm a little nervous. First I would like to thank you for your time today. I'm sure for the past hours many of my fellow business owners have already stated their concerns. My name is Gloria and I currently work with my mother at her nail salon. 3 years ago I quit my own personal job to help my mother when her business was getting more difficult. One may think that as a small business owner we earn more income or benefits, but that is not the case. Working beside my mother I insisted in taking care of paying for the store's electric bills, rent, water bills, insurance fees, garbage fees, etc. After quitting my job and being involved in her nail salon this is when I realized that this is not an easy job. My mother has raised my sister and I as a single mother. She has always been honest and a hard worker and she currently works 7 days at her own salon from 9 am to 9 pm every day. Truthfully, I've never witnessed her take a single vacation for herself in the last 6 years. She makes sure and cares for every single one of her workers and her customers will see this too especially with her smile every

morning ready to work besides her staff as her own family. Before owning her own store, she started from the bottom working her way up at someone else's nail salon for the past 10 years. So I'm confident she will never be an owner to take advantage of any wages or tips. I understand that an increasing wage are what some people are wanting here today. After paying off the store bills and our house bills and paying our workers a fair amount there's really nothing for us to save. Please take into consideration that with this increase in wage and eliminating tips credit it will hurt our businesses as the rents get higher and competition builds. Our business is our home, its our life, its our passion. Please do not take this away from us. We are not here to cause an issue but we are here to address and solve this in a fair and justice way. Thank you.

Commissioner Reardon: Thank you. Joojin Oh.

Joojin Oh: Good afternoon, I think I have the last number. But I've been sitting here since morning because I wanted to hear other people's stories. Since 1990 my mom started this business and I continue my mom's business on the same location. There are many hardships, there was 911, there was hurricane Sandy, and all of those incidences we needed to close the business but landlord still charged us the same rent each month and we struggled but we were able to continue the business in a fortunate way. I didn't know exactly what they were concerned with but in my opinion these workers saying that they have difficulty affording their rent by working in the nail salon but that's a story for every New Yorker. If one person makes all the income in the household you cannot afford the rent and everything else, all the education expenses, food expenses. So even I have to work, me and my husband combined then we can pay rent together. So I feel like very sympathetic to the Spanish workers. I want to help them out too but I cannot help them out all of it because I need to help myself too. I have Napoli workers, Korean workers, Spanish workers, we've been working together for 5, 6 years and I have my own sister that come to my own business to help us out. I treat my workers like my family. I attend their family events, I buy them gifts. They like me, I like them too and I like their children, and their children call me auntie. So 40 hours a week minimum wage. Since then we became more calculated relationship and we do not have the same bond and trust as we used to before. So now if we eliminate the tip credit system that we have now, we are going to start calculating how many hours she works in my business and we're not going to have a good boss employee relationship anymore. For the 30 years in the past I have not been late in the payment for our employees, not even once. Everybody who got pregnant, who delivered babies, they raised their babies, maintained their family has been a good thing with the help of tip credit system. Thank you.

Commissioner Reardon: Thank you. Laurie Sardoff.

Laurie Sardoff: Hello, I am Laurie Sardoff, the co-founder of SNAILS a new mobile app similar to open table but for nail salons where customers don't just book but they pay and tip in the app. I came here today to support the salons that I work with. I did not expect to speak. My name is not on the list. While sitting here and listening, I realized I can do more than support them. I may be able to be part of the solution. SNAILS has a vibrant

community of over 200 nail salons in New York City and Brooklyn and over 7500 registered women between 22 and 35 using the app. Our users leave reviews that help monitor cleanliness and professionalism in the nail salons. As you have heard today, salon owners have worked so hard to grow their businesses with very small profit margins. Workers spoke about being underpaid and not seeing their tips. I oppose removing the tip credit because raising wages and removing the tip credit will not help either side. The extra costs will put the salons in the red which will result in job losses and work hour reductions and in some cases salon closures which is bad for both the workers and the salons. Both sides will suffer. I'm wearing this blue shirt but I believe what some of the workers were saying. However the source of the problem of them not seeing their tips lies not in the tip credit but in the salons that are dishonest and the bad actors in the industry. I am proposing a new idea. SNAILS can flush out the bad guys and put in a system for tracking tips that has yet to exist allowing honest salon owners to flourish and workers to receive their fair pay. We've already implemented paying and tipping in the app. If salons are on SNAILS platform customers will tip through the app therefore providing the ability to track all incoming tips. Independent research shows that people tip more in app than in person in many industries, no more, I don't have cash and no more having to use the ATMs on the spot. SNAILS can have a minimum tip amount, an additional incentive to give more by offering loyalty points for extra tipping. Technicians have their own login and therefore can see their tips at any time offering complete transparency and empowerment. Don't raise the wages and remove the tip credit. Don't punish the good guys because of the dishonesty of the bad guys. Work with SNAILS to benefit both the workers, the salon owners and customers by tracking tips and embracing transparency in this industry. Thank you.

Commissioner Reardon: Thank you. Our last speaker today is Jung Kwan Lee. Jung Kwan Lee. No. Okay thank you all very much.