



March 5, 2025

The Honorable Arthur J. Corvese, Chair

House Committee on Labor

Rhode Island Statehouse

Providence RI, 02903

**RE: Testimony In Support of House Bill No. 5507: An Act Relating to Labor and Labor Relations –
Minimum Wages for Employees Receiving Gratuities**

On behalf of United Way of Rhode Island, we express our support for Bill Number 5507, which aligns with our commitment to ensuring that all Rhode Islanders have access to economic opportunity and financial stability. Through the LIFT UNITED initiative of our LIVE UNITED 2025 Strategic Plan, we work to remove barriers to financial security, support workforce development, and strengthen pathways to upward mobility. Equity is at the heart of our mission, ensuring historically marginalized communities have the resources to thrive.

Bill Number 5507 represents an opportunity to expand economic opportunity, enhance financial literacy, and provide essential supports that empower individuals and families to achieve long-term stability and greater socioeconomic mobility.

Workers who receive gratuities, such as waitstaff and bartenders, are among the lowest-paid workers in Rhode Island, often earning significantly below a livable wage due to the instability of tip-based income. According to the Economic Progress Institute's 2023 Rhode Island Standard of Need report, a single adult in Rhode Island must earn at least \$44,164 per year (\$21.23 per hour) to meet basic living expenses, yet many tipped workers earn far below this threshold (Economic Progress Institute, 2023). The state's current subminimum wage structure for tipped employees makes it difficult for them to afford basic needs such as rent, utilities, and healthcare. By gradually increasing the minimum wage for gratuity-based workers, Bill 5507 will help ensure that these employees earn a fair wage that aligns with the rising cost of living in Rhode Island.

Additionally, raising the minimum wage for tipped workers reduces income volatility, ensuring a more stable and predictable paycheck. Studies have shown that higher wages lead to lower employee

[Uniting our community and resources to build racial equity and opportunities for all Rhode Islanders.](#)

turnover, better job retention, and improved economic security. As Rhode Island faces rising living costs, it is essential to support policies that ensure all workers—regardless of industry—can achieve financial stability.

Financial stability should not be a privilege—it is a necessity. By supporting Bill Number 5507, Rhode Island can continue making strides toward economic mobility for all. This investment will ensure families can access the resources they need to thrive, reducing long-term reliance on emergency assistance and strengthening our local economy. We urge you to support this measure and stand with us in our commitment to creating a more equitable and financially secure Rhode Island.

Sincerely,

Elijah McLean

Manager, Government Relations & Policy

United Way Rhode Island