

STATEMENT OF DAVID SIEGAL, PRESIDENT, DINING ROOM EMPLOYEES UNION, LOCAL 1, HOTEL AND RESTAURANT EMPLOYEES AND BARTENDERS INTERNATIONAL UNION, AFL-CIO

Mr. SIEGAL. Thank you, Mr. Chairman.

My name is David Siegal. I represent the Dining Room Employees Union, Local No. 1, AFL-CIO, 140 West 43d Street.

Mr. Chairman, I am here in support of the AFL-CIO and also the Building Trades Council and the arguments presented by Mr. Sidney Cohn in behalf of all the hotel boards of trade in the city of New York and the State of New York. That represents 120,000 people.

May I, with your permission, on behalf of my own local union that represents 11,000 waiters and waitresses, make a brief statement.

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As president of the largest waiters and waitresses union in the United States, I am directly concerned with the problem of the present inequity which makes declaration of tips mandatory for income tax purposes, but excludes these same tips when calculating payment of social security taxes and benefits.

The position of the Federal Government on waiters' tips is both unfair and discriminatory. Tips constitute an integral part of a waiter's income. The waiter is not responsible for this condition. Historically this practice was inaugurated by management in its desire to foist part of his labor costs on to its customers.

Discrimination resulting from the present law against the waiter makes him a second-class citizen so far as social security is concerned. The waiter or service worker employed in an establishment where tips are not permitted and therefore receives his entire income from his employer, is afforded the opportunity of having his social security determined on his full income whereas the waiter receiving part of his income in the form of tips is denied this same right.

My union has upward of a thousand members who have retired. Their social-security benefits based on this inequitable system average some \$45 a month. In many cases these waiters must apply for supplemental relief. This relief, obtained from municipal or State agencies in good part, is eventually paid for by Federal contributions. This makes for bad bookkeeping and bad economy. In my opinion, it would make more sense if proper social security payments for a retired worker came directly from the insurance that both he and the employer paid for during the period of gainful employment.

It is only fair that the full earnings of a waiter should be included not only for income-tax purposes, but also for social-security purposes. However, I join with the other unions in the city and State of New York, numbering 120,000 culinary workers in support of Representative Santangelo's bill H. R. 6032 for the reason that at least it opens the door to a realistic approach to this problem and affords some measure of relief.

I want to thank the chairman very much for giving me the privilege to appear before you.

Mr. FORAND. We thank you, Mr. Siegal, for your contribution.

Are there any questions?

If not, that concludes the calendar for the day, and the committee stands adjourned until 10 o'clock tomorrow morning.

(The following material was filed with the committee:)