

BUSINESS

EVENTS CALENDAR MORE EVENTS SUBMIT EVENT

ENLARGE TEXT EMAIL PRINT COMMENTS SHARE

Calendar grid showing days 5 WED, 6 THU, 7 FRI, 8 SAT, 9 SUN

EVENTS SEARCH enter event type Search

Tipping

It's crucial income for many workers, but those who depend on gratuities are doubly hurt in current crisis

By MICHAEL COIT THE PRESS DEMOCRAT

Published: Monday, November 3, 2008 at 4:40 a.m. Last Modified: Monday, November 3, 2008 at 4:58 p.m.

Talk at the St. Francis Barbershop lately has turned to stock market losses and the slumping economy.



SCOTT MANCHESTER / The Press Democrat Norm Dees cuts Tim Welch's hair in his St. Francis Barbershop on Friday. Tips are falling along with the economy, says Dees.

So it's little surprise to owner Norm Dees that hair is not the only thing that's getting cut in his Santa Rosa shop.

Consumers are trimming back in lots of little ways as the economy slows. For workers like Dees who depend on tips, the drop in consumer spending is double trouble: Not only are there fewer customers, but they are spending less and leaving smaller tips.

"It's not a recession-proof business. You can notice a downturn when people get a little tight and don't

spend as much," Dees said.

Waiters, bartenders, cabbies and delivery drivers can earn up to half of their income from tips. When customers start pinching pennies, they feel it.

"It's a big cut," said Eric Shepard, a bartender at Third Street Aleworks in downtown Santa Rosa.

Today, Shepard pockets \$80 to \$120 a day in tips, down from \$120 to \$160 a few months ago. Shepard is working extra shifts to pick up a few more dollars, but that can't make up for fewer people going out to eat and drink.

"It's really slow right now. This time last year, we were much busier," said Shepard, a Santa Rosa resident.

Putting off visits to the salon or barber is another way more people are saving money. And patrons are tipping less once they show up.

"People are just waiting a little longer," said Amelia Pepper, an assistant stylist at L Squared salon in downtown Santa Rosa. "We've gotten more last-minute cancellations. They think they can't really spend that \$100 to \$200."

Pepper and other stylists at the salon started noticing the trend the past month or two. She takes home about \$50 less a week, or about a half-day's income.

"Tipping is real important for me. Those few extra dollars help," said Pepper, a Petaluma resident.

MOST READ MOST EMAILED MOST RECENT
This time around, SMART gains passage
Same-sex marriages stop
Woman testifies of horrific attack
Man jailed after drugs found on dog
Carrillo: 'We're the apparent winner'
SR council race brings political shift
Pedestrian survives collision with vehicle
Driver injured in head-on collision
Savoring victory
Zane, Brown elected to supervisor posts

Tips are down about one-third for the delivery drivers at Borolos Original Pizza in east Santa Rosa.

"Sometimes pizza guys get the cold shoulder. It's really hard," said Borolos driver Danny Harold of Santa Rosa. "If you get stiffed, you say 'Is there anything I can do better next time?' You need to be really friendly and really happy."

Pizza delivery drivers are struggling, with fewer pizzas to deliver and big gas bills to fuel their cars.

"It is a little harder these days. Business has just slowed down," said Borolos driver Anthony Chiaravalle of Santa Rosa.

Even some loyal customers that drivers could count on for good tips are coming up short.

"They say, 'I wish I could give you more,' " Harold said.

"There's more straight-up change in coins," Chiaravalle said.

Aleworks customers seem to scrutinize bills in figuring how much to tip. More groups of diners ask for separate checks so they can decide what to leave behind. And most are spending less, said Lisa Clark, a server at the restaurant.

"People are definitely looking at their bill closer. They're still going to tip, but on the lower check averages," she said.

People tend to be more generous when they are happy, said Michal Ann Strahilevitz, who researches consumer behavior.

"As a nation, we are currently very worried and very unhappy," said Strahilevitz, a marketing professor at Golden Gate University in San Francisco. "The more we are worried about our own futures, the less generous we are. So generous tipping will be reduced."

In some situations, Strahilevitz said, outstanding service can milk a hefty tip out of even an otherwise frugal tipper.

And while she expects tipping to rebound when the economy does, "the good old days of 15 percent even for mediocre service are probably gone for now," she said.

Traditionally, consumers tip servers 15 percent to 20 percent of a bill to reward personalized service. It is a critical source of income for waiters and others in minimum-wage service jobs.

In some states, tipped employees can earn even less than the minimum wage -- Florida, for example, lets employers pay as little as \$2.13 an hour to workers who receive tips. In California, the \$8 minimum wage applies to all workers, whether or not they earn tips.

But minimum wage isn't what keeps Clark coming back to her job as a server at Third Street Aleworks. After 20 years in the restaurant business, she counts on tips for about two-thirds of her income.

"It's pretty much our living," said Clark, a Santa Rosa resident.

Tipping is about one-fourth of Dees' income cutting hair at his barbershop. But he can't count on an extra \$5 for a \$20 cut, and more people are leaving less.

Dees recalled one regular customer who talked about major losses he suffered during the stock market's recent declines.

"This one contractor was really singing the blues," Dees said. "He normally tips \$5, but gave me \$2. That's the first time he's ever done that."

The Miami Herald contributed to this story. You can reach Staff Writer Michael Coit at 521-5470 or mike.coit@pressdemocrat.com.

COMMENTS

Only moderator-approved comments are shown on this page. To see all comments, please visit the forum.
 Post a comment | View all comments on this topic.

• [logical1](#) says...

November 3, 2008 2:22:12 pm

Thanks Capttankona, I also saw that this morning. Hang on everybody that's not making any money, soon Obama will come to the rescue and redistribute income so that you don't even need to work anymore.

• [sonomasparky88](#) says...

November 3, 2008 2:24:46 pm

good example Capttankona that might wake some people up probably not but we can hope

• [stever](#) says...

November 3, 2008 2:40:07 pm

Here's what's wrong with this absurd analogy.

Obama's plan would not increase taxes on anyone making a waiter's wages. A better analogy would have been for you to give the waiter MORE money from the hundreds of thousands you earn in capital gains or the millions you bring in each year as a corporate CEO. Oh, you don't make that much, you say? Well, then you have NOTHING TO LOSE -- and neither does this waiter -- and EVERYTHING to gain from an Obama presidency.

And yeah, the homeless guy would hopefully be fed too. So everybody wins all around, unless you're an overfed millionaire.

• [capttankona](#) says...

November 3, 2008 3:54:40 pm

Absurd analogy, are you so sure about that?

What is Obama's plan on the Bush Tax Cuts (Really the House of Representatives Tax Cuts but I will humor the Democrats)? To let them expire in 2010, one year after the next President takes office and go back to the Bill Clinton Tax Rates. Let's look at the tax tables and see what we are talking about, ok?

2008 Taxes (Current Bush Tax Cuts)

Married Filing Jointly

- Marginal Tax Rate 10% on earnings over \$0 up to \$16,050
- Marginal Tax Rate 15% on earnings over \$16,050 up to \$65,100
- Marginal Tax Rate 25% on earnings over \$65,100 up to \$131,450
- Marginal Tax Rate 28% on earnings over \$131,450 up to \$200,300
- Marginal Tax Rate 33% on earnings over \$200,300 up to \$357,300
- Marginal Tax Rate 35% on earnings over \$357,300 and over

Single

- Marginal Tax Rate 10% on earnings over \$0 up to \$8,025
- Marginal Tax Rate 15% on earnings over \$8,025 up to \$32,550
- Marginal Tax Rate 25% on earnings over \$32,550 up to \$78,850
- Marginal Tax Rate 28% on earnings over \$78,850 up to \$164,550
- Marginal Tax Rate 33% on earnings over \$164,550 up to \$357,700
- Marginal Tax Rate 35% on earnings over \$357,700 and over

2000 Taxes (The Clinton Promised Tax Cuts which turned out to be a lie. Now it is Obama's stated tax plan since he will allow the Bush tax cuts to expire in 2010.)

Married Filing Jointly

- Marginal Tax Rate 15% on earnings over \$0 up to \$43,850
- Marginal Tax Rate 28% on earnings over \$43,850 up to \$105,950
- Marginal Tax Rate 31% on earnings over \$105,950 up to \$161,450
- Marginal Tax Rate 36% on earnings over \$161,450 up to \$288,350
- Marginal Tax Rate 39.6% on earnings over \$288,350 and over

Single

- Marginal Tax Rate 15% on earnings over \$0 up to \$35,150
- Marginal Tax Rate 28% on earnings over \$43,850 up to \$63,550
- Marginal Tax Rate 31% on earnings over \$63,550 up to \$132,600
- Marginal Tax Rate 36% on earnings over \$132,600 up to \$288,350
- Marginal Tax Rate 39.6% on earnings over \$288,350 and over

Dang, if you are on the bottom, you get an automatic 50% tax increase from 10% to 15%. And Obama calls this a tax cut. If you are married filing jointly under the Clinton plan you get a penalty for being married, notice a family earning \$288,350

gets taxed at the same rate as a single person, it

• [marksparkass says...](#)
November 3, 2008 4:21:14 pm

Capttankona, are you sure Obamas tax plan is the same as Clintons?
If you could provide a link, that would be great.

• [AlCzervik says...](#)
November 3, 2008 4:26:27 pm

Not to mention the marriage penalty has been fixed and there is no proposal to
reinstate it. I'm more concerned about fixing the AMT issue.

• [capttankona says...](#)
November 3, 2008 4:51:19 pm

Obama has no stated tax plan other than to give tax cuts to 95% Americans,
allowing the Bush tax cuts to expire and raising taxes on individuals and
corporations making more than \$250,000.

But, allowing the Bush tax cuts to expire means going back to the Clinton
brackets. And you can see those online or here where I posted the actual tax
brackets.

Also, anyone who understands economics even a little bit knows corporations do
not pay taxes. Taxes are part of a businesses expenses and are calculated into the
bottom line. That means if they pay more prices go up. I am just waiting for
Americans to figure that one out. It certainly does not require more than a high
school education to understand. Maybe that is the problem with Obama
supporters.

• [capttankona says...](#)
November 3, 2008 4:58:08 pm

I think this quote really sums up the Obama phenomenon.

"Government is that great fiction through which everybody endeavors to live at the
expense of everybody else."

â??Frederic Bastiat

[Post a comment](#) | [View all comments](#)

NEXT ARTICLE IN BUSINESS-HOME

[BACK](#) (17 OF 20) [NEXT](#)



On the move

Carlenzoli and Associates announced that Geoff Coleman has passed the California
Professional Land Surveyors examination. Coleman has been with Carlenzoli and
Associates since 1998 and is also a professional civil engineer in the state of
California....

[CONTACT US](#) | [ABOUT US](#) | [ADVERTISING](#) | [SUBSCRIBE](#) | [WORK FOR US](#) | [HELP](#) | [PRIVACY POLICY](#) | [CORRECTIONS](#) | [RSS](#) | [TERMS OF SERVICE](#) | [PHOTO REPRINTS](#) | [SITE MAP](#)

Copyright © 2008 PressDemocrat.com — All rights reserved. Restricted Use only.