Restaurants Flourish with One Fair Wage

FEBRUARY 13, 2018
Seven states have adopted equal treatment for tipped workers ensuring all workers one fair wage, independent of tips. In those seven states:

- **Sexual harassment is lower than in the subminimum wage states that maintain an unequal treatment regime.** Tipped women workers who earn a guaranteed wage report half the rate of sexual harassment as women in states with a $2.13 minimum wage since they do not have to accept inappropriate behavior from customers to guarantee an income (Figure A). Tipped women workers in $2.13 states report that they are three times more likely to be told by management to alter their appearance and to wear ‘sexier,’ more revealing clothing than women in equal treatment states.3

- **Wages including tips are unambiguously higher than in the 43 states that maintain an unequal treatment regime.** The median wage for tipped restaurant workers in one fair wage (OFW) states is $11.44, surpassing the median wage of $9.57 in states with a tipped subminimum wage, both including tips. The $9.57 median wage for restaurant tipped workers in subminimum wage states is even lower than the wage of the lowest 10 percent of earners in OFW states at $9.66 (Figure B). The median wage for bartenders and servers, restaurant tipped workers providing direct service in New York is $10.98 in New York and $9.22 in Michigan, compared to $12.40 in California (Figure C).

- **Restaurant tipping rates remain constant across the country, but servers earn the highest tips in San Francisco, higher than in New York City or Washington, D.C.** Tipping rates vary around the country, ranging from a low of 14.9 percent in Washington, D.C. to a high of 17.1 percent in Alaska, but remain constant by OFW and $2.13 regions at 16 percent. Rates in New York and Michigan are 15.7 percent and 16.6 percent, respectively. Tipping amounts reported by workers do not statistically vary between OFW and subminimum wage regions. However, among higher earners, servers in equal treatment cities report higher wages and higher tips than their counterparts in unequal treatment states (Figure D).

- **Restaurant sales are higher.** Sales were expected to grow by 5.1% in OFW states in 2017, compared to 4.2% in $2.13 states. Restaurant sales in New York were...
projected to grow by 3.6 percent, a rate lower than the individual rates of six of the seven equal treatment, or OFW states. OFW states also have the highest restaurant sales weighted by population, over double the rate of sales in $2.13 states and 13 percent higher than in New York. OFW states also outperform the rate of sales per full service employee in $2.13 states by eight percent.

- **Restaurant employment rates are equal or higher.** From 2011-2016, full service restaurant employment (FSRE), where tipping is concentrated, grew by 20.4 percent in OFW states. States with a $2.13 subminimum wage did not fare as well; FSRE grew by 16.37 percent during the same time period. FSRE grew by 20.13 percent in New York and 13 percent in Michigan.

- **Restaurant establishment growth is equal or higher.** The number of full service restaurants (FSR) has steadily increased over the last five years. From 2011-2016, FSRs in OFW states grew by 9.44 percent, compared to 8.8 percent in $2.13 states, 4.88% in New York, 8.7 percent in Michigan, and 13 percent in D.C.

- **Poverty rates, especially for workers of color, are much lower than in subminimum wage states.** In OFW states workers of color experience poverty levels 27 percent lower than in $2.13 states, 17 percent lower than other states with a subminimum wage, and 10 percent lower than New York.

It is time for the restaurant industry to adopt one fair wage.
ipped employees, workers that receive a portion of their compensation through tips, have not received a federal wage increase in over 27 years. Since the proliferation of tipped labor, following the end of slavery, until the 1966 amendments to the Fair Labor Standards Act, tipped workers worked solely for tips. From 1966 until 1991, the tipped wage crept up to its current level of $2.13, and was decoupled from any further increase in 1996. This means that over the last century and a half, tipped workers have experienced an increase of a little fewer than one and a half cents a year.

In response, seven states have adopted an equal treatment wage system with only one minimum wage independent of any tips received, but 43 states and the District of Columbia retain the antiquated tipped subminimum wage system. There are 18 states where tipped workers earn the federal subminimum wage of $2.13 an hour, and an additional 26 states that pay a tipped minimum wage of over $2.13 an hour, but below the full minimum wage. With historically low wages, tipped workers depend on tips from the customer for a majority of their income. Although employers are required by federal law to ensure that tips bring tipped workers up to the overall minimum wage of $7.25 an hour, the U.S. Department of Labor reports pervasive non-compliance with this regulation. As a result, tipped workers, from the 43 states with a tip-penalty access the social safety net and live in poverty at higher rates. Restaurant tipped workers in the 43 subminimum wage states depend on food stamps at 1.7 times the rate of the overall workforce and experience poverty at 2.2 times the rate, the numbers for tipped workers as a whole are the same. While restaurant workers comprise almost 81 percent of the overall tipped workforce, a substantial number of tipped workers are in occupations such as healthcare support, personal care, and transportation.

There are nearly six million tipped workers in the United States, with a median age of 30. People of color (Latinos, Blacks, and Asians) are overrepresented, comprising 41 percent of this workforce, reflecting the Rising American Electorate. Tipped work is also the economic center of many families; 32 percent of tipped workers are parents, 37 percent of women are mothers, and nearly half of these are single moms. Women make up sixty six percent of the total tipped workforce, and over seventy percent of servers.

The tipped minimum wage puts women in the compromising position of having to please employers and guests, as their livelihood depends on their capacity to earn tips. It is not surprising that the accommodation and food services industry, which includes the vast majority of tipped workers, is the largest source of EEOC sexual harassment claims. While these workers are seven percent of the total working population, they account for 14 percent of sexual harassment complaints.
In the seven states, employing 1,167,820 tipped workers, where all workers earn a full minimum wage directly from their employer independent of tips, the poverty rate amongst tipped workers has been reduced by 20 percent and food stamp usage by 21 percent, and sexual harassment has been cut in half.\textsuperscript{25,26}

This report finds that across the country tipped workers benefit when they receive one fair wage, as this guaranteed base pay eases workers’ economic vulnerability and instability, directly leads to higher wages for workers at nearly every income decile, and is positively correlated with restaurant sales and employment per capita, and with no discernable effect on tipping patterns, as illustrated by the seven one fair wage (OFW) states. Our findings indicate that it is time to enact OFW for all workers.

WHAT IS THE TIPPED MINIMUM WAGE?

There is no official list of tipped occupations; instead, under federal law any worker can be classified as a tipped worker if they customarily receive at least $30 per month in tips.\textsuperscript{27} To capture the universe of tipped workers this report includes currently employed civilian workers who regularly receive tips at least $30 per month in tips in food preparation and serving, healthcare support, personal care and service, and transportation and material moving occupations.\textsuperscript{28}

When the Fair Labor Standards Act (FLSA) was enacted in 1938 and first established a minimum wage, restaurant, retail, and other workers at establishments deemed not to be involved in interstate commerce, including most tipped workers, were excluded.\textsuperscript{29} It was not until 1966 that tipped workers were contemplated through the establishment of a subminimum wage set at 50 percent of the full minimum wage in an amendment to the FLSA, and not until the 1974 amendment did the FLSA specify that tips were to be retained by employees.\textsuperscript{30}

In intervening years, the subminimum wage at times reached 60 percent of the full minimum wage, but never dipped below 50 percent.\textsuperscript{31} In 1991, the subminimum wage reached its current level of $2.13, 50 percent of the regular minimum wage of $4.25.\textsuperscript{32} In 1996, the National Restaurant Association (NRA) convinced Congress to freeze the subminimum wage at $2.13 an hour, and decouple it from any further increase.\textsuperscript{33}

It has remained frozen at $2.13 ever since. As a result, the United States is the only industrialized nation where tipped workers must depend on tips for a majority of their income.\textsuperscript{34} Although tipping restaurant workers and other professions is customary in many countries, it is generally treated as a method of rewarding good service. Only in the United States do tips provide the bulk of an employee’s income, and yet tipping practices are largely inelastic; individuals tend to tip the same regardless of service. However, servers, and in particular women, can receive larger tips if they touch their customers, call customers by name, smile, crouch next to the table, and engage in other similar behaviors.\textsuperscript{35} This puts workers who depend on tips in a difficult position when faced with inappropriate customer behavior.

Employers are required by law to ensure that any tips that an employee receives make up the difference between $2.13 and the tipped minimum wage. The FLSA allows employers to take a “tip credit” from tip earnings to cover their liability to provide the minimum wage above the subminimum wage. Seen from the perspective of employees, the FLSA requires employers to take a tip penalty from the minimum wage due to the tips they receive. This practice leads to some of the highest rates of wage theft of any industry.\textsuperscript{36} A compliance sweep by program analysts at the U.S. Department of Labor reported that 83.8 percent of restaurants had some type of wage and hour violation, including 1,170 tip credit violations, which resulted in nearly $5.5 million in back wages.\textsuperscript{38} Every year employers are
forced to pay millions for misappropriating tips and failing to pay the minimum wage. Our current system of allowing a subminimum wage for tipped workers encourages this abuse.

WHO ARE TIPPED WORKERS

There are over six million tipped workers working in occupations as varied as massage therapists, barbers, nail salon attendants, shampooers, and bartender assistants. Although the restaurant industry employs the vast majority of tipped workers, nearly twenty percent of all tipped workers are not in the restaurant industry.

Half of all tipped workers are at least 30 years old, and two-thirds are over 24. Twenty-nine percent of tipped workers are married, and 32 percent are parents. Twenty-four percent of men are fathers, 37 percent of women are mothers, and 18 percent of tipped workers are single mothers. People of color are overrepresented amongst tipped workers. Nineteen percent of the tipped workforce is Latino, over 10 percent are African American, and nearly 10 percent are Asian. Together, tipped workers embody the Rising American Electorate — historically underrepresented groups who will play a decisive role in deciding future elections.

SEXUAL HARASSMENT AND TIPPED WORK

The overwhelming majority of tipped workers are women. Two-thirds of tipped workers are women and nearly 37 percent of them are mothers. The overwhelming representation of women in tipped roles makes them particularly vulnerable to abuse at work by guests and employers, since many key facets of tipped restaurant workers’ employment experiences, from income level and scheduling to hiring and firing, are dependent upon their relationships and interactions with guests. The nature of tipped work makes women dependent on tipping interactions in order to maintain their livelihood and support their families. The Center for American Progress found that the restaurant and hospitality industry is the single-largest source of sexual-harassment charges filed by women with the Equal Employment Opportunity Commission (EEOC), with a rate twice that of the general workforce. While seven percent of American women work in the restaurant industry, more than 14 percent of all sexual harassment claims to the Equal Employment Opportunity Commission come from the restaurant industry. According to the EEOC harassment claims, including sexual harassment claims, filed in 2015 averaged ‘approximately 76 harassment charges filed daily,’ a number remaining constant, as since 2010 (and as of 6/2016) ‘employees have filed

DEPARTMENT OF LABOR’S PROPOSED RULE CHANGE

In 2011 the Department of Labor (DOL) issued regulation 29 C.F.R. §531.52, clarifying that tips are always the property of the employee and prohibiting the sharing of tips with any workers who are not in direct line of service. Since then, in 2016, the Ninth Circuit Court affirmed the right of the DOL to regulate tip pools. Time and again, over the decades, it has been declared that workers are the owners of tips and the tipped subminimum wage has made tips essential to a workers’ income. The DOL is now proposing a rule change allowing employers to confiscate tips if they pay the minimum wage. Employers would have control of distribution of tips and could implement completely arbitrary tip redistribution systems and expand tips pools to include traditionally non-tipped workers, but would be under no obligation to share tips. An economic analysis estimates restaurant employers will confiscate $5.8 billion annually from tips due to the proposed changes, and $4.6 billion of this would be taken from women workers. If this proposal is adopted, restaurants will be able to reduce wages for all restaurant workers to minimum wage plus tips, systematically reducing all workers’ wages, and employers will confiscate the difference.
162,872 charges alleging harassment seeing employers pay out $698.7 million to employees alleging harassment.\textsuperscript{55}

A nationwide survey of 688 current and former restaurant workers across 39 states on issues of sexual violence in the workplace found that sexual harassment is widespread, with nearly 90 percent of women reporting sexual harassment.\textsuperscript{53} This study by ROC United and Forward Together found that the power dynamics and highly sexualized environment of restaurants impact every major workplace relationship, with restaurant workers of all genders reporting high levels of harassing behaviors from restaurant management (66 percent), coworkers (80 percent), and customers (78 percent).\textsuperscript{55} Sixty percent of women and transgender workers, and 46 percent of men reported that sexual harassment was an uncomfortable aspect of work life, and 60 percent of transgender, 50 percent of women and 47 percent of men reported experiencing ‘scary’ or ‘unwanted’ sexual behavior.\textsuperscript{57}

This survey also found that management requires women in tipped occupations to wear suggestive or sexually revealing uniforms, in particular in states where women depend primarily on tips for their income. Tipped women workers in $2.13 states report that they are three times more likely to be told by management to alter their appearance and to wear ‘sexier,’ more revealing clothing than women in equal treatment states. Three-quarters of tipped workers report that women’s uniforms are more suggestive than men’s, compared to a third among non-tipped workers. Sexual harassment is over twice as high in restaurants that require men and women to wear different uniforms, and women are three times as likely to feel uncomfortable in their uniforms compared to men (40 percent vs. 13 percent). Ninety-two percent of workers in states where the sub-minimum wage for tipped workers is $2.13 an hour have a uniform policy, compared to 60 percent of workers in states with a sub-minimum wage higher than $2.13.\textsuperscript{58}

According to the EEOC, many workers who experience harassment in the workplace do not report harassing behavior, or file a complaint, because ‘they fear disbelief of their claim, inaction on their claim, blame, or social or professional retaliation.’\textsuperscript{59}

The survey by ROC and Forward Together also found that over a third of women who were tipped workers feel compelled to quit their jobs as a result of unwanted sexual behavior in the workplace.\textsuperscript{60} Even when women leave their
job or the sector after experiencing harassment, their experience increases the likelihood that women will come to expect sexual harassment in other work environments.62

In total, restaurant workers in states with a $2.13 subminimum wage are twice as likely to experience sexual harassment as workers in an equal treatment state without a subminimum wage.63 Women experience higher rates of sexual harassment than men; workers in tipped occupations experience higher rates of sexual harassment than workers in non-tipped occupations; and workers in states where the sub-minimum wage is $2.13/hour experience higher rates of sexual harassment than workers in states where the sub-minimum wage is higher than $2.13/hour.64

The very highest rates of sexual harassment are experienced by women, in tipped occupations, in states where the subminimum wage is $2.13 per hour (Figures 1.1-1.2).65,66

One simple way to reduce instances of sexual violence and harassment in the workplace would be to implement OFW for all workers. The wage increase would in part diffuse the points of economic vulnerability for women. While this would not eliminate sexual harassment, it would enable women to stand up to abuse in the workplace and break through the normalization of sexual harassment in the industry.

Sexual harassment in the workplace not only impacts those that experience it, but as the EEOC states it ‘affects all workers, and its true cost includes decreased productivity, increased turnover, and reputational harm[;]...a drag on performance — and the bottom-line.’67 The tiered wage system should be replaced with OFW for all workers to support healthy workplaces where the normalization of sexual harassment begins to dissipate.

TIPPED WORKER ECONOMIC WELL BEING

The tiered wage system has perpetuated economic instability for the many workers that are subject to this wage structure. It is worth noting that approximately 10 percent of workers in the restaurant industry do earn a living wage, though they are primarily bartenders and servers in fine dining establishments.68 While some workers do experience economic success, a significant portion of tipped workers live in poverty and access public assistance to survive. However, the number of workers living in poverty significantly declines as the minimum wage increases.

Currently in OFW states, the median wage for restaurant tipped workers is $11.44, compared to $10.88 in New York, and $9.25 in states with a $2.13 subminimum wage.69 The bottom decile of restaurant tipped workers in OFW states earn a median wage of $9.66, a wage five percent higher than the median wage in $2.13 states.70 Tipped workers, and tipped restaurant workers, in OFW states earn higher wages at every decile than their counterparts around the country (Figure 2).
Hourly wages including tips for servers and bartenders are higher in California, an equal treatment state, than in the comparable state of New York (Figure 3). Median wages are lower still in the state of Michigan.71

DO RESTAURANT CUSTOMERS TIP LESS AS THE MINIMUM WAGE INCREASES?

Tipping rates are constant across the country. Rates vary within a band of 14.9 percent in Washington, D.C. to 17.1 percent in Alaska.72 However, there is no significant difference by tipped wage region. Restaurant customers tip around 16.1 percent in OFW states, 16.4 percent in $2.13 states, and 16.1 in other subminimum wage states.73 The rates in New York and Michigan are 15.6 and 16.6 percent respectively.74 An examination of tips reported by tipped workers finds that there is no statistically significant relationship between reported tips and the underlying wage.75 Individuals do not tip based on wage, rather due to custom and culture. However, higher earning servers in equal treatment cities report both higher earnings and higher tips than servers in unequal treatment cities (Figure 4).

Almost 18 percent of tipped workers live in poverty, over two times the rate of the rest of the US workforce.76 In the restaurant industry the numbers increase to over 20 percent of restaurant tipped workers live in poverty, nearly 2.5 times the rate of the overall workforce.77

In the seven states that have eliminated the tipped minimum wage, the poverty rate among tipped workers is lowered by a quarter, 14.6 percent compared to 19.4 percent, in $2.13 states.78 The reduction in poverty is more significant for workers of color. In OFW states the poverty rate for tipped workers of color is 15.6 percent, compared to 21.1 percent in states with a $2.13 subminimum wage.79 In New York, a state that currently has an overall subminimum wage of $7.50,
over 17 percent of tipped workers of color live in poverty, twice the rate of the overall workforce, the rate in Michigan is even higher at 26.2 percent. In OFW states there is a poverty level reduction for tipped workers of color of almost 26 percent when compared to $2.13 states, 17 percent when looking at states with a subminimum wage, 41 percent when looking at Michigan, and a 10 percent reduction when comparing to New York. Implementing OFW would have a big impact on closing the currently widening racial income gaps that perpetuate accumulating income inequality.

As tipped wages increase we also see a reduction in food stamp usage. In OFW states, 12.8 percent of tipped workers access food stamps, compared to 16.7 percent in $2.13 states. When comparing food stamp usage amongst tipped workers in OFW states to that of tipped workers in $2.13 states there is a 24 percent reduction, when looking at states with a higher subminimum wage the reduction is 20 percent, and when looking at New York there is a reduction of almost 22 percent. Implementing one fair wage for workers would enhance the economic wellbeing of the tipped workforce, as when tipped wages increase poverty rates, in particular for workers of color and women, and food stamp usage rates decrease.

An increase in wages sees a reduction on tipped worker poverty levels.

**TABLE 3**

<table>
<thead>
<tr>
<th>Poverty Rates for Tipped Workers of Color</th>
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<tbody>
<tr>
<td>Michigan</td>
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<tr>
<td>New York</td>
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<tr>
<td>OFW States</td>
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</tbody>
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**TABLE 2**

<table>
<thead>
<tr>
<th>Percent of Tipped Workers That Access Food Stamps by Wage Region</th>
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<tr>
<td>OFW States</td>
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<tr>
<td>12.8%</td>
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**TABLE 4**

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<th>State of Tipped Workers for Selected States</th>
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<tr>
<td>D.C.</td>
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<tr>
<td>Median age tipped workers:</td>
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<tr>
<td>Median tipped worker wage:</td>
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<tr>
<td>Tipped workers using food stamps:</td>
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<tr>
<td>Tipped workers below poverty line:</td>
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<tr>
<td>Tipped workers of color below poverty line</td>
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<tr>
<td>Tipped worker single moms:</td>
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</tbody>
</table>

**STATES TAKE THE LEAD IN RAISING AND PHASING OUT THE SUBMINIMUM WAGE FOR TIPPED WORKERS**

Two states, Michigan and New York, and the District of Columbia, are currently examining raising the subminimum wage and joining the ranks of equal treatment states. In New York, Governor Cuomo announced in the 2018 State of the State a proposal to “Examine Eliminating the Minimum Wage Tip Credit to Strengthen Economic Justice in New York State,” and his administration has scheduled a series of hearings to gather testimony on the matter. In Michigan a coalition, One Fair Wage of Michigan, received approval from the state Board of Canvassers to collect signatures for a November 2018 ballot measure which would raise the minimum wage to $12 per hour by 2022, while simultaneously phasing out the tipped subminimum wage by 2024. In Washington, DC, the Board of Elections has qualified a referendum on phasing out the subminimum wage to be placed before voters in June of 2016. Here are a few indicators from each state, juxtaposed against similar figures from a comparable equal treatment locale.
The restaurant industry is thriving, the National Restaurant Association (NRA) indicates that ‘sales per full-time-equivalent employee at eating and drinking places in 2016 were $79,400 [and] average unit sales in 2014 were $992,000 at full-service restaurants.’ The NRA also projected that in 2017 table service restaurant sales would reach $263 billion, an 3.5 percent increase from 2016, industry sales overall were expected to, in 2017, top $798 billion, equating to 4 percent of the U.S. Gross Domestic Product.  The NRA also predicts that the sector will continue to grow, expecting to add 1.6 million jobs over the next nine years, helping boost New York’s restaurant workforce by 6.1 percent. The industry is certainly robust and continues to be in the seven states that do not allow a subminimum wage, Alaska, Montana, Nevada, Minnesota, California, Oregon, and Washington. OFW state’s experiences indicate that the industry can afford to transition into a one-wage system. The OFW states account for over one million tipped workers, and between 2016 and 2017 were projected to experience the highest percentage increase in restaurant sales, with an annual increase of 5.1 percent. California, a OFW state, was anticipated to have the highest restaurant sales, topping over $82 million in 2017, reflecting an annual restaurant sales increase of over 5 percent- arguably because they pay one fair wage to all workers. New York, home to one of the largest restaurant industries in the country, had a projected restaurant sales increase of 3.6 percent, a rate lower than the individual rates of 6 of the 7 OFW states. Restaurant sales in the $2.13 states were expected to experience a 4.24 percent increase from 2016, and the states with higher subminimum wages anticipated a 4.1 percent increase.

It is difficult to compare states directly, but a close examination of state-by-state projected sales per full service restaurant employee (FSRE) and sales weighted by population in the restaurant industry from 2016-2017 shows that sales per FSRE and weighted by population increase as the tipped minimum wage increases. OFW states have the highest restaurant sales weighted by population, 45 percent higher than the rate of sales in $2.13 states and 13 percent higher than sales by population in New York. When looking at sales by FSRE OFW states also outperform the rate of sales of $2.13 states by eight percent. One potential explanation for greater sales per FSRE and weighted by population is an increase in menu prices tied to greater labor costs. If that were true, one would expect to see employment among restaurant workers, and in particular tipped workers, stagnate or decline, yet OFW states have the highest projected increase in sales at 5.1 percent. An examination of actual trends
in restaurant employment since the end of the Great Recession in 2009, finds absolute growth in restaurant employment, including among tipped restaurant workers, across all states. To compare across states, sales per FSRE is substantial across all categories, and slightly higher in D.C., though in comparison quite low in Michigan and $2.13 states.

However, average sales weighted by population is highest in one fair wage states illustrating that sales are higher still in states that offer the full tipped minimum wage. In states with no tipped minimum wage, tipped workers have grown in importance as a percentage of the total economy. Although a confound might be responsible for this relationship, a higher minimum wage is associated with higher restaurant sales per FSRE and population, as well as higher employment growth rates. As states increase the tipped minimum wage, restaurant sales increase, as does the importance of tipped workers as a driver in the state economy.

A higher tipped minimum wage might affect sales and employment by increasing productivity, allowing workers to focus on customer service instead of maximizing tips, and creating a local stimulus by putting desperately needed funds directly in workers’ pockets. Reduced turnover is also likely a key factor. A survey of over 1000 restaurant employers found that higher wages cut turnover in half, reducing hiring and training costs, and allowing for a more knowledgeable and productive workforce and more robust industry.

### TABLE 5
SALES PER FULL SERVICE RESTAURANT EMPLOYEE AND SALES WEIGHTED BY POPULATION BY WAGE REGION AND SELECT LOCALES

<table>
<thead>
<tr>
<th>2016-2017</th>
<th>Sales per FSRE</th>
<th>Sales Weighted by Population</th>
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<tbody>
<tr>
<td>$2.13 States</td>
<td>$117</td>
<td>$22,419,940</td>
</tr>
<tr>
<td>OFW States</td>
<td>$127</td>
<td>$49,636,813</td>
</tr>
<tr>
<td>Michigan</td>
<td>$108</td>
<td>$15,887,140</td>
</tr>
<tr>
<td>New York</td>
<td>$129</td>
<td>$43,317,950</td>
</tr>
<tr>
<td>Washington DC</td>
<td>$136</td>
<td>$3,753,079</td>
</tr>
</tbody>
</table>
FULL SERVICE RESTAURANT AND WORKFORCE GROWTH

The elimination of a tiered wage system is associated with positive FSRE and FSR establishment growth. When looking at FSRE rates for the seven OFW states, there is a consistent increase in the size of the workforce in each state, and as a group. Between 2011 and 2016, OFW states saw an employment increase of 20.4 percent.101 States with a $2.13 subminimum wage saw less overall employment growth, from 2011 to 2016 their FSRE increased by 16.37 percent. From 2011 to 2016 New York experienced a FSRE increase of 20 percent, and Michigan's FSRE increased by 13 percent.102 It is worth noting that D.C.’s FSRE industry grew by 29 percent, not much higher than in San Francisco, a OFW city comparable to D.C., that saw employment grow by 27.35 percent during the same time period.103

The number of full service restaurants (FSR) in OFW states has also steadily increased throughout the last five years. From 2011 to 2016 the number of FSRs in OFW states increased by 9.44 percent. OFW states experienced nearly double the FSR growth rate of New York, which only had an increase of 4.88 percent. Michigan and $2.13 had similar growth rates during that time span, increasing their number of establishments by 8.7 percent.104

In states with no tipped minimum wage, tipped workers have grown in importance as a percentage of the total economy.
ENACT ONE FAIR WAGE FOR ALL WORKERS

Our current subminimum wage system encourages abuse and sexual harassment, and is based on a notion and history of servitude.\textsuperscript{105} By devaluing individual human worth and dignity the tiered wage system reinforces a financial power dynamic that renders workers vulnerable and susceptible to economic instability and to sexual harassment and abuse at work.

States with one wage for all workers have higher wages for workers, lower rates of poverty—especially for workers of color, use food stamps at lower rates, and experience restaurant sales increases at higher rates. The industry, and overall economy, would benefit from enacting one wage for all workers, allowing workers to continue to thrive as service professionals and enable workers to focus on providing the excellent service that promotes continued industry growth.

\textbf{It is time to enact one fair wage for all workers.}
A worker that earn at least $30 a month in tips can be considered a customarily tipped employee. U.S. Department of Labor Wage and Hour Division. Fact Sheet #15: Tipped Employees Under the Fair Labor Standards Act (FLSA) [Online]. Available at: https://www.dol.gov/whd/regs/compliance/whdfs15.pdf


5 Cross-tabulating the projected sales from endnote 4 with the civilian population data from the United States Census Bureau https://www.census.gov to received sales weighted by population, or with the number of full service restaurant workers (sales per FTE), 722511, in 2016 from the Quarterly Census of Employment and Wages; Bureau of Labor Statistics Quarterly Census of Employment and Wages. Available at: https://data.bls.gov/cgi-bin/srgate (accessed 2/5/2018).

6 See endnote 4.


10 See endnote 2.

11 A worker that earn at least $30 a month in tips can be considered a customarily tipped employee. U.S. Department of Labor Wage and Hour Division. Fact Sheet #15: Tipped Employees Under the Fair Labor Standards Act (FLSA) [Online]. Available at: https://www.dol.gov/whd/regs/compliance/whdfs15.pdf


17 American Community Survey (ACS), 2012-2015. Calculations by the Restaurant Opportunities Centers United (ROC-United) of civilian employed tipped and general population food stamp usage rates based on Ruggles et al., Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database]. Minneapolis: Minnesota Population Center, 2010

18 See endnote 1.

19 See endnote 2.

20 Ibid.

21 Ibid.

22 Ibid.


24 Ibid.

25 See endnotes 1 and 3.

26 Poverty rates of the tipped workforce in the 7 one wage states compared to poverty rates of the 43 subminimum wage states, observing the percent differential and food stamp usage rates of the tipped workforce in the 7 one wage states compared to food stamp usage rates of the 43 subminimum wage states, observing the percent differential. See endnotes 2 and 17.

27 See endnote 11.


tletins/tab2012_2.htm

31 See endnote 12.

32 See endnote 12.


35 Ibid.


37 Ibid.

38 Ibid.


40 Federal Register, Vol. 82, No. 232.

41 Ibid.

43 See endnote 1.
44 See endnote 1.
45 See endnote 2.
46 Ibid.
47 Ibid.
48 Ibid.
49 Ibid.


51 See endnote 11.
52 See endnote 23.
53 See endnotes 1 and 23.

55 See endnote 3.
56 Ibid.
57 Ibid.
58 Ibid.
59 See endnote 54.
60 See endnote 10.

62 Ibid.
63 See endnote 3.
64 Ibid.
65 Multiple linear regression was used to predict interaction effects TSHI by gender, tipped occupations, and region, and margins were plotted to outline the results. As hypothesized, TSHI is higher for men than women, but increases for both in tipped occupations, and is highest in tipped occupations in states where the sub-minimum wage is $2.13 per hour. In: *Restaurant Opportunities Centers United, Forward Together,* (Oct. 2014). *The Glass Floor: Sexual Harassment in the Restaurant Industry.* New York

66 Figure 1.1, F(2.636)= 8.57, p<.000. in ibid.
67 See endnote 54.
69 See endnote 1.
70 Ibid.
71 Ibid.

73 Ibid.
74 Ibid.
75 See endnote 28.
76 See endnote 2.
77 Ibid.
78 Ibid.
79 Ibid.
80 Ibid.
81 Ibid.

84 See endnote 2.
85 Ibid.
88 See endnote 86.
89 Ibid.

91 See endnote 4.
92 Ibid.
93 Ibid.
94 Ibid.
95 See endnote 5.
96 Ibid.
97 Ibid.
98 See endnote 4.
99 See endnote 5.
101 See endnotes 7 and 8.
102 See endnote 5.
103 Ibid.
104 Ibid.
105 See endnote 14.
BETTER WAGES, BETTER TIPS

Restaurants Flourish with One Fair Wage