

# ONE FAIR WAGE

## THE KEY TO SAVING THE MASSACHUSETTS RESTAURANT INDUSTRY POST-COVID 19



### THE SUBMINIMUM WAGE for tipped workers is still just \$6.75 an hour in the state of Massachusetts.<sup>1</sup>

A direct legacy of slavery, the subminimum wage affects a workforce of nearly 125,000 tipped workers that is 69 percent women and 27 percent people of color.<sup>2</sup> Ending this low-wage carve out positively impacts an overall restaurant industry of over 250,000 workers in Massachusetts.<sup>3</sup>

#### 1 The Subminimum Wage Is a Legacy of Slavery

- ◆ After Emancipation, the restaurant industry sought to hire newly freed Black people without paying them, forcing them to live on tips.<sup>4</sup> This concept was made law, excluding a workforce of mostly Black women from the full minimum wage, even when other workers received the federal minimum wage as part of the New Deal in 1938.<sup>5</sup>
- ◆ Today, Massachusetts remains one of 43 states that permits this business model built on slavery, and has allowed a workforce that is overwhelmingly women and disproportionately women of color to continue to receive a subminimum wage 150 years since Emancipation.<sup>6</sup>

#### 2 The Subminimum Wage Was Always a Source of Economic, Race and Gender Injustice

- ◆ The subminimum wage for tipped workers was a problem long before the pandemic for a workforce of several hundred thousand tipped workers in Massachusetts who are overwhelmingly women working in casual restaurants and bars.<sup>7</sup>
- ◆ These workers have struggled with twice the poverty rate of other workers and the highest rates of sexual harassment of any industry because they must tolerate inappropriate customer behavior to feed their families in tips.<sup>8,9</sup>

#### 3 Seven States Are Faring Better With One Fair Wage

- ◆ For decades, 7 states did it differently: CA, OR, WA, NV, MT, AK and MN — all require a full minimum wage with tips on top.<sup>10</sup>
- ◆ These 7 states have higher restaurant job growth rates, small business growth rates, and tipping averages than Massachusetts; they also have one half the rate of sexual harassment in the restaurant industry and lost fewer restaurants during the pandemic than Massachusetts.<sup>11,12</sup>

#### 4 The Pandemic Made the Subminimum Wage a Matter of Life and Death

- ◆ With the pandemic, the subminimum wage for tipped workers changed from an economic, race and gender injustice to one of life and death.
- ◆ Over 165,000 restaurant workers in Massachusetts lost their jobs at the start of the pandemic, but 37 percent of restaurant workers reported they couldn't access unemployment benefits because they were told their subminimum wage was too low to qualify for benefits.<sup>13,14</sup>
- ◆ Hundreds of thousands of tipped workers went back to work last summer; over 70 percent of Massachusetts workers report their tips have decreased by at least half because sales were down.<sup>15</sup>

- ◆ Meanwhile, customer hostility, health risks and harassment increased, with women tipped workers being asked to remove their masks so men could judge their looks and their tips on that basis.<sup>16</sup>
- ◆ Tipped workers were put in the impossible situation of having to enforce COVID protocols on the same restaurants from whom they had to get tips to survive.

## 5 The Wage Shortage: Workers Are Refusing To Work Without One Fair Wage

- ◆ With the pandemic driving tips down and harassment up, this life threatening situation for service workers resulted in over 25,000 workers leaving the industry in Massachusetts.<sup>17</sup>
- ◆ In a recent survey, 53 percent of those who remain in the restaurant industry reported that they are considering leaving; 78 percent say the only thing that will make them stay or return to working in restaurants is a full livable wage with tips on top.<sup>18</sup>



Thousands of tipped workers in Massachusetts are leaving the restaurant industry and are not willing to return without One Fair Wage, and nearly 250 Massachusetts employers are now paying One Fair Wage to recruit staff and seek a level playing field — the time to pass One Fair Wage is now.

## 6 Hundreds of Massachusetts Restaurants Are Now Paying One Fair Wage

- ◆ As a result of this exodus, we've documented 4,000 restaurants nationally and nearly 250 in Massachusetts who are paying One Fair Wage to recruit staff.<sup>19</sup>
- ◆ Many of these independent restaurants have joined forces with workers to call for One Fair Wage policy for two reasons:
  - 1) they say they need a level playing field, and
  - 2) they say they need policy to send a signal to millions of workers that these are permanent wage increases and it's worth coming back to work in restaurants.<sup>20</sup>
- ◆ With 53 percent of workers nationwide saying they're leaving, Massachusetts restaurants are not able to fully reopen unless we pass One Fair Wage.<sup>21</sup>

**1** Minimum Wages For Tipped Employees. (Jan 2022). U.S. Department of Labor. <https://www.dol.gov/agencies/whd/state/minimum-wage/tipped>.

**2** OFW analysis of American Community Survey data, 2016-2020 5-Year Sample. Steven Ruggles, Sarah Flood, Ronald Goeken, Megan Schouweiler and Matthew Sobek. IPUMS USA: Version 12.0 [dataset]. Minneapolis, MN: IPUMS, 2022. <https://doi.org/10.18128/D010.V12.0>

**3** U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis. (May, 2022). All Employees: Leisure and Hospitality: Food Services and Drinking Places in Massachusetts. <https://fred.stlouisfed.org/series/SMU2500000707220000ISA>.

**4** One Fair Wage. (February 2021). Ending a Legacy of Slavery: How Biden's COVID Relief Plan Cures the Racist Subminimum Wage. [https://onefairwage.site/wp-content/uploads/2021/02/OFW\\_EndingLegacyOfSlavery-2.pdf](https://onefairwage.site/wp-content/uploads/2021/02/OFW_EndingLegacyOfSlavery-2.pdf).

**5** Segrave, Kerry. (1998). Tipping: An American Social History of Gratuities. McFarland.

**6** Minimum Wages For Tipped Employees. (Jan 2022). U.S. Department of Labor. <https://www.dol.gov/agencies/whd/state/minimum-wage/tipped>.

**7** ROC United. (2015). Ending Jim Crow in America's Restaurants: Racial and Gender Occupational Segregation in the Restaurant Industry. New York, NY: ROC United. <https://chapters.rocunited.org/publications/ending-jim-crow-in-americasrestaurants/>.

**8** Allegretto, S. et al. (July 2014). Twenty-Three Years and Still Waiting for Change: Why It's Time to Give Tipped Workers

the Regular Minimum Wage. Economic Policy Institute. <https://www.epi.org/publication/waiting-for-change-tipped-minimum-wage/>.

**9** One Fair Wage. (March 2021). The Tipping Point: How the Subminimum Wage Keeps Income Low and Harassment High. [https://onefairwage.site/wp-content/uploads/2021/03/OFW\\_TheTippingPoint\\_3-1.pdf](https://onefairwage.site/wp-content/uploads/2021/03/OFW_TheTippingPoint_3-1.pdf).

**10** ROC United, (2018). Better Wages, Better Tips: Restaurants Flourish with One Fair Wage. <https://eofnetwork.org/wp-content/uploads/2019/10/Better-Wages-Better-Tips.pdf>.

**11** *ibid*.

**12** ROC United. (2014). The Great Service Divide: Occupational Segregation & Inequality in the US Restaurant Industry. [https://chapters.rocunited.org/wp-content/uploads/2014/10/REPORT\\_The-Great-Service-Divide2.pdf](https://chapters.rocunited.org/wp-content/uploads/2014/10/REPORT_The-Great-Service-Divide2.pdf).

**13** U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis. (May, 2022). All Employees: Leisure and Hospitality: Food Services and Drinking Places in Massachusetts. <https://fred.stlouisfed.org/series/SMU2500000707220000ISA>.

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**15** One Fair Wage. (2020). Take off your mask so I can know how much to tip you: Massachusetts Service

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