



# A PERSISTENT LEGACY OF SLAVERY

Ending the Subminimum Wage  
for Tipped Workers in Illinois as  
a Racial Equity Measure

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One Fair Wage  
The UC Berkeley Food Labor Research Center











**IN 2020, both the COVID-19 pandemic and the uprisings for racial justice catalyzed by the police murder of George Floyd illuminated the repression, precarity, and exclusion facing people of color, particularly Black people, throughout U.S. society. This year has brought to the forefront three major sources of violence and harm to Black communities and communities of color more generally: police violence, health inequities and economic precarity. The nexus of these three forces is acutely felt by one of the largest workforces in the country – tipped service workers.**

Women and people of color disproportionately comprise the tipped service sector, the largest share of which comes from the restaurant industry. The restaurant industry is one of the largest and fastest growing industries and also the lowest paid.<sup>1</sup> Indeed, eight of the 15 lowest-paid occupations are restaurant jobs, seven of which are tipped.<sup>2</sup> As COVID-19 forced the closure of thousands of restaurants in Illinois and nationwide, as well as other tipped personal service occupations such as nail salon, car wash, airport and parking attendants, and tipped gig workers, this workforce plummeted even deeper into poverty and financial insecurity.

**These workers' low pay is a result of the subminimum wage for tipped workers, a legacy of slavery that emerged during the era following Emancipation to exploit recently freed people, particularly Black women. This legacy continues today.** In Illinois, tipped workers, still subject to a subminimum wage by law, are more than twice as likely to live in poverty and rely on Medicaid compared to the rest of the state workforce.<sup>3</sup> More than 13 percent of tipped workers live on food stamps, 1.5 times the rate of other Illinois workers.<sup>4</sup> These statistics are worse for tipped workers of color and women. The percentage of Illinois tipped workers of color living in poverty is nearly 40% higher compared to white workers; while the percentage of tipped women workers in poverty is nearly 25% greater than men. However, it is Black women who are hit hardest by the subminimum wage. In Chicago, one third of Black women tipped workers live in poverty, one-half depend on food stamps and forty-five rely on Medicaid – all three to five times the rate of the general workforce.<sup>5</sup>

Focusing particularly on the restaurant industry, government data shows that nearly half of all Illinois tipped restaurant workers are people of color and the majority are women,<sup>6</sup> largely employed in casual restaurants where wages, and more importantly, tips, are limited. To further illustrate this point, additional research shows that cities across the nation, including Chicago, only 22% of people of color and 43% of women are employed in the highest paying front of house positions in fine dining.<sup>7</sup> It is this overconcentration of workers of color and women in casual restaurants and under concentration in high paid fine dining positions that is leading to a large race and gender wage gap, particularly between Black women and white men.

**This report, based both on government data and recent surveys and interviews with Illinois restaurant workers during the COVID-19 pandemic, indicates that:**

- 1** The subminimum wage for tipped workers has made a pre-pandemic wage gap between Black women and white men in restaurant dining floors much worse. Black women in the front of house in restaurants earn a full \$3.55 per hour less than white men in Illinois. This already-existing disparity is now being felt profoundly when these workers are being asked to return to work for a subminimum wage and far less in tips.<sup>8</sup>
- 2** Workers being asked to return are facing both grave health risks and a subminimum wage for tipped workers when the majority of Illinois workers surveyed report that their tips are down at least 50%.<sup>9</sup> This impact will be felt by the majority of Illinois workers, who because of customer bias earn less in tips to begin with.



We document how these inequities for people of color, and women of color in particular, are caused by both the subminimum wage for tipped workers and race and gender segregation in the service sector. As the economy re-opens and workers are forced to resume potentially dangerous occupations or lose their unemployment insurance, many will see deeply reduced incomes. Limited restaurant capacity, plummeting tipping rates and customers who refuse to comply with health protocols leave many tipped service workers' lives and livelihoods at grave risk. With so many futures on the line, it is clearer than ever that we must eradicate the subminimum wage for tipped workers and pass One Fair Wage legislation. This legislative change as well as government programs that incentive new corporate policies and practices to end racial and gender discrimination create the clearest pathway to ensure the lives of Black workers, women and all workers are truly valued and protected in the state of Illinois.

# { 1 } THE RESTAURANT SECTOR'S RACE AND GENDER WAGE GAP

## KEY FINDINGS

- › There is a \$3.55 per hour wage gap between 'front-of-house' restaurant workers in Illinois who are white men versus those who are Black women. This means that Black women in the industry are earning just 76% of what white men earn.<sup>10</sup>



The subminimum wage allows employers in Illinois and 43 other states to pay workers below the state's set hourly minimum wage, forcing employees to make up their remaining wages based on tips. This policy is a direct legacy of slavery. At the time of Emancipation, restaurant industry leaders sought to hire newly-freed slaves, mostly Black women, for little to no pay, instead forcing people to rely on tips. The other large group of workers who were forced to live off of tips at this time was the Pullman car porters, comprised mostly of newly freed Black men. However, the original concept of tipping, which originated from Europe, always required tips as a bonus on top of a wage, never as a replacement. The restaurant industry nevertheless seized upon this mutation and incorporated the tipped wage into the nation's first minimum wage laws, thus allowing workers to be paid primarily through customer tips. While Pullman car porters were able to organize and eventually win their freedom from subminimum wages, the Black women who made up the tipped restaurant workforce were never granted this victory. Now, due to decades of continued lobbying by the National Restaurant Association, the federal subminimum wage remains trapped at only \$2.13 an hour for tipped workers. Although Illinois has instituted a subminimum wage above the federal minimum of \$2.13, tipped workers' median wages are still nearly half of that of other workers throughout the state.

The subminimum wage for tipped workers both nationwide and in Illinois disproportionately impacts workers of color and women. Today, 40% of all tipped workers in Illinois are people of color, and in Chicago 63% are people of color.<sup>11</sup> Women are also overrepresented in the Illinois tipped sector, where nearly 70% of tipped workers are women and 38% are mothers.<sup>12</sup> Race and gender inequities are rampant throughout the tipped service sector, particularly in restaurants, which claim the largest share of tipped workers. **There is a full \$3.55 wage gap between front of house restaurant workers in Illinois who are white men versus Black women. This means that Black women in the industry are earning just 76% of what white men earn.**<sup>13</sup>



These race and gender pay inequities are a direct result of three factors. The first is that women and Black and brown people of color, particularly women of color, are overrepresented in lower paid sectors of the industry, such as casual dining establishments like Denny's and Applebee's, instead of fine dining restaurants in which tips are significantly higher. The second is that the few workers of color who gain entry into fine dining restaurants experience greater levels of occupational segregation between higher and lower paid positions in the 'front of the house' (dining room and supervising staff), which we call Tier I and Tier II positions respectively. Lastly, research shows that people of color, specifically Black workers, receive less in tips than their equally qualified white counterparts regardless of position or restaurant.<sup>14</sup> Both the subminimum wage and racial discrimination in the industry result in a huge wage gap for people of color and women, with Black women feeling the ultimate brunt of structurally racist policies and practices.



The fact that people of color and women are overrepresented in tipped front of house restaurant positions, yet experience a nearly \$4 per hour wage gap between Black and Latina women tipped workers and white men tipped workers is partly a consequence of being concentrated in the lowest-tipping segment of the full service restaurant industry – casual dining.<sup>15</sup> Although we do see some underrepresentation of people of color in Tier I positions when looking across all segments (casual to fine dining), and this disparity is particularly strong in fine dining establishments, the wage gap cannot be fully explained by this disparity. Evidence shows that people of color are disproportionately excluded from fine dining establishments altogether, particularly Tier I positions, where tips produce larger incomes.<sup>16</sup> For the few people of color that are hired into fine dining restaurants, heightened occupational segregation in those establishments further exacerbates the wage gap.

A research study observing the racial makeup of fine-dining, front-of-house workers in Chicago, Detroit and New Orleans, demographically similar metro cities found that 81% of observed management positions were held by white staff.<sup>17</sup> In this same study, researchers found that white workers held 78% of other observed Tier I front of house service positions, while workers of color held only 22%.<sup>18</sup> Furthermore, for the relatively few Tier II positions held by white workers, 77% were in host positions.<sup>19</sup> As primarily customer facing, hosts tend to experience greater career advancement into other Tier I customer service positions such as servers and bartenders.

In conclusion, people of color are locked out of the highest paid fine-dining positions, Tier I positions. Without state law mandating a full minimum wage at all establishments, women and people of color will never be able to close the wage gap that is a result of their exclusion from fine dining. In addition to One Fair Wage legislation, in order to fully close the wage gap government must incentivize businesses to invest in equitable race and gender hiring and promotion policies in order to counter rampant segregation.

## RACIAL SEGREGATION IN THE RESTAURANT INDUSTRY

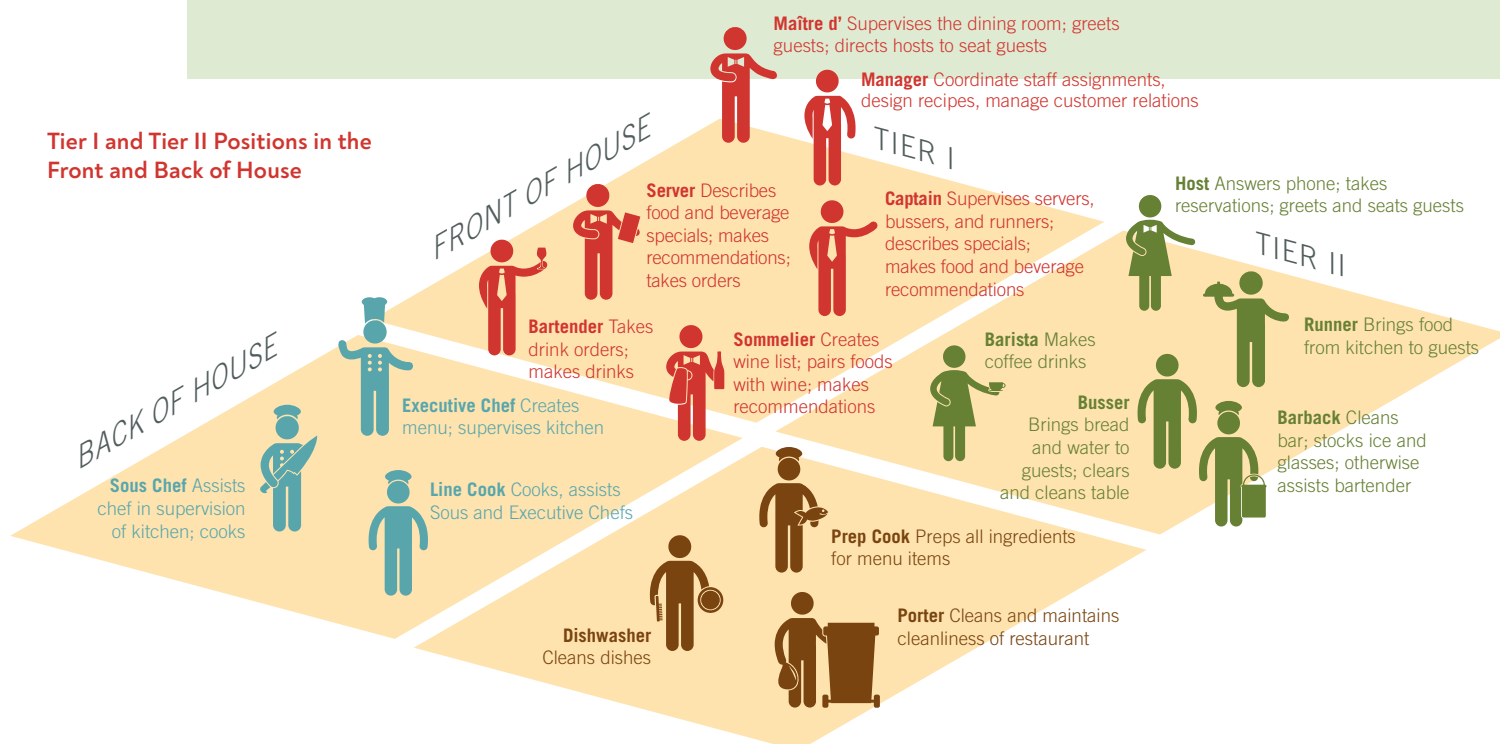
### Our research focuses on front-of-house tipped service positions within the restaurant industry.

One of the most influential factors in a worker's wage within the restaurant industry is the segment of the industry in which they work – fast food/quick service, casual dining, or fine dining restaurants. Fast food or quick service provides only limited table service and make up some of the lowest paying jobs in the industry. These establishments often operate without tips or very low tips. Casual dining offers more family style and informal environments for full service dining with tips. This includes both corporate chains like Denny's, Olive Garden and Applebees as well as independently-operated casual dining establishments. These two types of casual restaurants account for the majority of jobs held by people of color. Finally, fine dining is characterized by upwards of a \$40.00 per guest price point. This type of restaurant allows for the greatest income, especially through tips.

Although there is serious wage inequity and segregation by race and gender between the “Back of House” (kitchen) and the “Front of House” (dining floor), this report focuses on disparities even within the front of house. Front-of-house positions include Managers and Supervisors, Hosts, Maitre D's, Bussers, Food Runners, Servers, Captains, Bartenders and Barbacks.


We additionally distinguish higher paid “Tier I” positions and lower paid “Tier II” positions within the tipped restaurant section. Tier I positions include the Managers and Supervisors, Maitre D, Servers, Captains and Bartenders, while Tier II positions include Food Runners, Hosts, Barbacks, and Bussers.

Tier I and Tier II Positions in the Front and Back of House






# TABLES




## Average Wages for Illinois Tipped Restaurant Workers by Gender and White, Black and Latinx Racial Groups

White men	\$15.24
Black and Latino men	\$14.29
White women	\$12.88
Black and Latina women	\$11.57
Black women	\$11.69
Wage gap between white men and Black women	\$3.55




## Racial Segregation by Tier for Front-of-House Restaurant Workers in Illinois

	Tier I	Tier II	Total
People of color	38%	45%	60%
White	62%	55%	40%
Total	100%	100%	100%



## Racial Segregation by Tier for Male Front-of-House Restaurant Workers in Illinois

	Tier I	Tier II
White men	58%	55%
Black men	15%	6%
Latino men	25%	32%



## Racial Segregation by Tier for Female Front-of-House Restaurant Workers in Illinois

	Tier I	Tier II
White women	63%	54%
Black women	10%	17%
Latino women	23%	22%

Source: Analysis of average wages by race and gender are calculated using the Current Population Survey Outgoing Rotation Group microdata U.S. Census Bureau CPS-ORG), (2017-2019).

Gender and racial representation for data by tier are also calculated using the CPS-ORG (2017-2019).

Tipped positions include: food service managers, first line supervisors, bartenders, counter attendants, waiters and waitresses, food servers, non-restaurant, Bussers and Barbacks, and Hosts and hostess. We include front of house supervisors, managers and hosts because in many restaurants these positions do receive tips, even if extralegally.





## Rameka Aton

Rameka is the founder and owner of Hoodmommy, a juice and health food business, that strives to bring healthy and whole foods to her community. Raised in South Central L.A. by her father who was a vegan chef, Rameka has been part of the food businesses since she was a child. As a young adult, Rameka moved to Chicago and spent over a decade in the restaurant industry as a server. After years of racial discrimination and sexual harassment, Rameka decided to start her own business so she could provide her employees with the safe, respectful and humane work environment she never had in the industry.

With more than a decade of experience Rameka had moved from casual full-service restaurants to higher end dining. As a career professional, she sought the higher paying positions that could support her young child and growing family. She attained her sommelier license and hoped to be hired in the more upscale Gold Coast restaurant district of Chicago. Despite completing her training with peers who were general managers, she was routinely passed up for positions. "I just thought after so many years in the industry and this training I was going to get a job. But every application required a photo with my resume, and I didn't get a call back... It was just such obvious discrimination." After a slew of rejections, Rameka conducted her own small study. She started sending in a photo of her Caucasian friend (Rameka uses this term to disrupt the White/Black language that is rooted in an era of slavery and political disenfranchisement). She got a call back within 45 minutes. She did not, of course, end up getting the job.

Falling deeper into despair and worried for the financial future of her family, Rameka decided to go directly to the HR department of one of the restaurants she had applied for. "I called Human Resources and told them that these photo-based applications were discriminatory. The HR person said to put her name on my resume, that she would help me get the job. I was finally hired after having to do things that no one else has to do," recounts Rameka.

Once hired, she saw the same pattern she had seen her whole career. Light skinned people in the front of house positions, and dark skinned people in the back. She continued to watch as her Caucasian male counterparts got the most lucrative shifts, sections, and large parties. Even when she was put on a good section, customers would often call in and request a specific server, always someone of European descent. "Sometimes my managers had to put me on the table that had requested another server. Then they would say I had to be this way or that. That I had big shoes to fill. It's hard cause I saw my Caucasian counterparts, especially men, freely living their life, but I couldn't be myself." Managers would often explicitly support the racial preferences of customers, saying that customers want people who look like them. Of course, when working in a high-end restaurant it is not hard to imagine the racial make-up of the customer base. All of this equated to less money in tips and therefore a smaller wage than the white-skinned men she worked with.

After years of disheartening experiences, Rameka finally decided to retake her agency and open her own business. She hired people who were from her neighborhood or community. She paid them a living wage, encouraged them to be fully themselves in culture, clothes, hair and personality. At 7 months pregnant, she wanted to really look out for the young people and families that she knew and loved, and that loved and respected her in return. "People think

that someone of African descent can't be a professional. That in order to be taken seriously you have to dress up a certain way and go into corporate European America. It feels like you have to assimilate into more European and Caucasian culture when you go to these restaurants. When people work for me you don't have to assimilate. I want to educate people about the food, about health. Help people be invested in the company. Wherever you are at right now, I'm gonna help you get where you want to go. That's why I called my business Hoodmommy. Taking care of the hood like a mommy would."



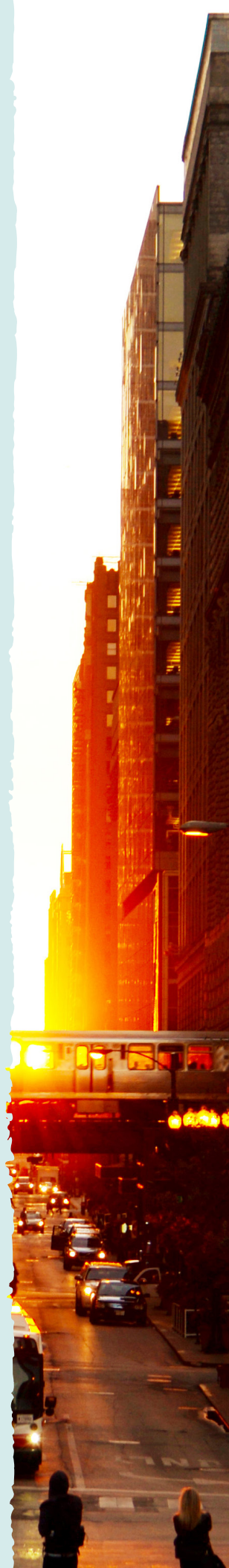
## Honni Harris

With over 3 decades of experience in Chicago food service, Honni Harris is a veteran of the restaurant industry. Sadly, little has changed when it comes to discrimination and the dehumanizing treatment of service workers since she began serving in the 90's. As a Black woman and mother, Honni now works to advocate for restaurant workers so that future generations can earn a dignified wage free from racial and sexual harassment.

At the beginning of her career, Honni recounts numerous experiences of sexual harassment and objectification. Working primarily in bars and places with alcohol service, Honni has experienced sexual advances, inappropriate language, and direct touching from customers. Management rarely intervened in conflicts that involved some of their biggest patrons. Honni was forced to rely on her own wit, charisma and firm boundaries, with little support from the management team. Her mother had been a bartender, and her sister a server, so Honni knew the skills it took to navigate mistreatment while keeping one's safety and dignity intact. But it did not come without a cost. "Being abused by customers. You get a thick skin. I want customers and other workers to know we are not your sexual toys, or a way for you to feel better about yourself by putting others down. I want people to know that service people are people too," says Honni.

As Honni has gotten older, she has met a different type of discrimination. With employers requiring photos with every application, Honni has slowly been shut out of the service industry. Even though she has decades more experience than she did as a young woman, she believes it is how you look that either opens or closes the door. "I could get hired in the kitchen, but that is not what I do. I thrive off of people. I have put years into this work and I want to use that to serve my customers. If I was a weaker person that kind of being shut out would have destroyed me."

Now with the COVID-19 crisis slamming the industry, Honni worries for the workers who are just starting to return to work. "Tips are gonna be down. There won't be as many customers... People need real salaries. The history of tipping is that it was always supposed to be a salary plus tips. Service workers have stayed the course during this crisis to make food and serve people. How are we going to treat them now?" asks Honni. As both the daughter of a service worker and as a mother herself, Honni knows first-hand what it is to support a family on tips alone. As Honni emphasizes, "The tips enabled me to live, my wage wasn't anything." Now with tips down and the health dangers mounting, a full salary with tips on top has never been more important for the workers who feed us.





## { II } HOW RACIAL SEGREGATION IN THE RESTAURANT INDUSTRY OCCURS

### KEY FINDINGS:

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- › Using matched pair testing, white applicants were nearly twice as likely to be hired than equally or more qualified applicants of color for fine dining service positions.<sup>20</sup>
  - › Through Implicit Association testing, researchers found that nearly 40% of white managers and nearly half of managers between 35 and 44 years of age demonstrated a preference for white people over people of color.<sup>21</sup>
  - › This same test revealed that more than 40% of white consumers showed an unconscious preference for white people.<sup>22</sup>
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There is clear evidence of racial discrimination and implicit bias on the part of employers throughout the U.S.; this is also true of the restaurant industry in Illinois. These actions drive the race and gender based segregation we see both across segments and positions in the restaurant industry. While the government of Illinois must institute One Fair Wage policy as a means to swiftly close the race and gender wage gap, incentives that pressure employers to adopt active racial equity policies and practices are critical in countering racial discrimination and occupational segregation. A Restaurant Opportunities Centers United research study used match pairs audit testing in order to determine the prevalence of race and ethnic-based discrimination in hiring at fine dining establishments. Conducting 95 tests in the city of Chicago using equally matched pairs of white testers and testers of color who were trained to apply for server positions, the study tested whether discriminatory attitudes and actions played a role in racial segregation within the industry. Findings revealed that testers of color were only 53% as likely as equally or less qualified white testers to get a job offer.<sup>23</sup> **In other words, white applicants were nearly twice as likely to be hired than equally or more qualified applicants of color for a fine dining service position.** White testers were also more likely than testers of color to receive a job interview and a job offer. The two discriminatory effects of experiencing a lower likelihood of receiving a job interview or of receiving a job offer resulted in an overall 40% rate of discrimination for testers of color.<sup>24</sup>



The importance of training and incentives to pressure employers to enact racially equitable hiring and promotion policies in their restaurants cannot be overstated. Racially-focused implicit bias has been found to be a significant feature of the unconscious actions of restaurant owners and managers throughout the US. As defined by the Kirwan Institute for the Study of Race and Ethnicity, implicit bias is the “attitudes or stereotypes that affect our understanding, actions, and decisions in an unconscious manner. These biases, which encompass both favorable and unfavorable assessments, are activated involuntarily and without an individual’s awareness or intentional control.” In the fast paced, subjective and often informal decision making environment that restaurant owners and managers operate within implicit bias can have huge impacts on hiring and promotion decisions that unfairly impact workers of color and women.

Using Implicit Association Tests (IAT) that measure in milliseconds our implicit bias reactions, researchers conducting tests in cities around the U.S. found that **nearly 40% of white managers and nearly half of managers between 35 and 44 years of age demonstrated a preference for white people compared to much smaller percentages for other race and age groups.**<sup>25</sup> This study also tested restaurant consumers for levels of race-based implicit bias. Relevant to previous research that shows a significant disparity in higher rates of tipping for White servers over equally qualified Black servers,<sup>26</sup> **the IAT results reveal that more than 40% of white consumers showed an unconscious preference for white people.**<sup>27</sup>

The race and gender wage gap as well as findings around the mechanisms of discrimination and segregation were all present before 2020, the onslaught of the COVID-19 crisis has only worsened the safety and well-being of tipped workers of color. Since the pandemic, the restaurant and service industries have been decimated with unprecedented financial and physical precarity facing workers.



## { III } COVID-19 EXACERBATES INEQUITIES FOR TIPPED WORKERS OF COLOR

### KEY FINDINGS:

- › Over 63% of surveyed tipped workers in Illinois were either unable to obtain unemployment insurance or uncertain if they qualified for unemployment insurance. However, a full 79% of Black workers reported these same barriers to accessing unemployment insurance.<sup>28</sup>
- › Only 32% of surveyed tipped service workers reported that their state unemployment checks were based on their full wage including tips.<sup>29</sup>
- › A staggering 96% of Black tipped service workers reported being unable or unsure whether they could afford their rent or mortgage. Eighty-two percent of Black workers reported only being able to afford groceries for 2 weeks or less.<sup>30</sup>

#### Impacts of COVID-19 Crisis on Tipped Service Workers

Do not qualify or are unsure if they qualify for unemployment insurance

63% ALL APPLICANTS

79% BLACK APPLICANTS

Unable or are unsure whether they can pay their rent or mortgage

91% ALL APPLICANTS

96% BLACK APPLICANTS

Can afford groceries for 2 weeks or less

77% ALL APPLICANTS

82% BLACK APPLICANTS

On March 16, 2020 One Fair Wage launched the One Fair Wage Emergency Fund for service workers in order to provide emergency cash relief and resources to service workers across the country. Since then we have received nearly 200,000 applications and heard countless stories of absolute dire circumstances for workers and their families. Given unemployment claim delays or outright denials, many workers have forgone months of rent, run out of food and are even turning to free school lunches to feed their families. For a disease that is supposedly color blind, we know that workers of color are experiencing higher rates of unemployment, and housing and food insecurity.

With over 21,000 applicants from the state of Illinois, surveys of this workforce are helping to reveal the bleak circumstances for tipped workers in general and tipped workers of color in particular. Sixty-one percent of surveyed applicants are people of color.<sup>31</sup> Sixty-seven percent are women and 66% take care of dependents. **Of surveyed Illinois applicants, 91% report being unable or unsure whether they can pay their rent or mortgage.** For Black applicants this number rises to 96%. Seventy-seven percent of surveyed applicants can only afford groceries for 2 weeks or less; while 82% of Black applicants reported this situation.<sup>32</sup>

By April 2020, we saw a nearly 50% percent decline in the number of food service and accommodation jobs in Illinois, totaling nearly 214,000 jobs lost, by and far more than any other industry.<sup>33</sup> Given the fact that workers of color, and Black workers in particular, are overrepresented in the service sector, and the fact that the service sector overall experienced higher

levels of dislocation than other sectors, it therefore follows that workers of color, and Black workers in particular, also have experienced higher levels of unemployment in general. According to national data from the Bureau of Labor Statistics the unemployment rate for all Black workers is 16.7%, compared to 14.2% for white workers.<sup>34</sup> When we consider this reality for Black women, the unemployment rate rises to 16.9% compared to 12.8% for white men.<sup>35</sup> Nearly one in five Latina women are experiencing unemployment.<sup>36</sup>

Despite the large number of unemployment insurance claims from tipped workers, we have found that a disproportionate percent of service workers were excluded from unemployment insurance coverage. This is due to two Illinois state requirements that disadvantage service workers:

- 1) the requirement to possess a social security number and
- 2) the requirement of a minimum earnings threshold over a base pay period.



Unemployment insurance must be based on a worker's full wage including tips, however, notoriously high levels of underreporting of tips by employers means lower unemployment coverage for employees. In the U.S. Department of Labor investigation of over 9,000 restaurants, officials found that 84% of investigated restaurants had violated wage and hour laws, including nearly 1,200 violations of wage laws that require tipped workers to earn the minimum wage.<sup>37</sup> In Illinois, where subminimum wages are ubiquitous, this pattern can lead to either underpaid unemployment insurance claims or denied claims since many low wage workers are already near the minimum earnings threshold. In short, when employers exploit subminimum wages during an economic crisis, workers can lose access to unemployment because they simply make too little.

Surveys with service workers across the state reveal how many are ineligible for unemployment compensation. Over 63% of surveyed One Fair Wage Emergency Fund applicants in Illinois were either unable to obtain unemployment insurance or uncertain if they qualified for unemployment insurance.<sup>38</sup> Even worse, 79% of Black workers reported these same barriers to accessing unemployment insurance.<sup>39</sup> While this sample cannot be extended to the general population, BLS survey data reveals that the service industry claims the lowest rate of unemployment benefits usage out of any industry, even during economic highs.<sup>40</sup> **For surveyed applicants to the One Fair Wage fund who did qualify for unemployment, nearly 50% had to wait a month or more to receive their check.<sup>41</sup> Only 32% of surveyed applicants reported that their state unemployment checks were based on their full wage including tips.<sup>42</sup>**



## { IV } SERVICE WORKERS FEARS AS THE ECONOMY RE-OPENS

### KEY FINDINGS:

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- › Sixty-two percent of service workers are reporting that tips have halved since returning to work, and nearly a third have lost more than 70% in tips.<sup>43</sup>
  - › More than 40% of service workers who have returned to work since being laid off are working 10 hours or less a week.<sup>44</sup>
  - › The number one concern raised in interviews with Illinois service workers is health and safety, including a lack of workplace protocols and non-compliant customers.<sup>45</sup>
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As the economy re-opens without the arrival of a vaccine, guaranteed health coverage or a basic social safety net, many restaurant workers will be faced with unimaginable choices between their life or their livelihood, and in many cases, they may risk both. Surveys and interviews with 111 Illinois restaurant workers reveal an emerging set of fears as restaurants re-open. Of surveyed respondents, 41% have recently returned to work, with more than 40% working 10 hours or less.<sup>46</sup> **Sixty-two percent of workers are reporting that tips have halved since returning to work, and 33% have lost more than 70% in tips.**<sup>47</sup> Worker interviews reveal three leading concerns with returning to work:

- 1) lack of health and safety protocols, including non-compliant or hostile customers;
- 2) being forced to return for a subminimum wage when there are not enough tips; and
- 3) not being provided enough hours to make ends meet.

With restaurants operating at limited capacity, greater numbers of customers eating at home, and decreased tipping rates for takeout service many restaurant workers are taking home drastically reduced paychecks. Even though the vast majority of restaurant workers do not have health insurance, and people of color face greater risk of death due to COVID-19, workers cannot refuse to return to work without the threat of losing their unemployment. In the current circumstances, workers will be forced to return to potentially unsafe working conditions for vastly less pay.

## CONCLUSION 1

### SERVICE WORKERS NEED ONE FAIR WAGE NOW

Eliminating the subminimum wage for tipped workers and passing One Fair Wage legislation in Illinois is the most direct and impactful path to closing a \$3.55 race and gender wage gap in the restaurant sector and allowing struggling tipped workers to survive the COVID-19 pandemic. Raising the subminimum wage in casual and limited service establishments, locations that disproportionately employ workers of color and women of color, will ensure there is a dignified floor for all workers regardless of tips. It is also clear that One Fair Wage legislation provides greater stability for service workers during times of crisis and economic downturn given the fact that a sizable portion of tips are underreported which distorts tipped workers

reliance on the unemployment insurance safety net. As the restaurant industry re-emerges from the ashes over the coming months and years, it is likely there will be an ongoing depression in sales and tipping rates, a direct burden upon already low wage workers. One Fair Wage legislation will guarantee a minimum income, supplanting a regressive system that penalizes the lowest paid workers during a recession. For centuries, tipped service professionals have been forced to rely on customer whims for the majority of their income. Amid calls for massive restructuring of our most racist institutions, we must consider the end to tipping as part of this current evolution.



## CONCLUSION 2

### SUPPORT RACIAL EQUITY INCENTIVES FOR EMPLOYERS

Racial equity initiatives that train and motivate employers to counter implicit bias and discrimination in hiring, promotion and pay will help close the wage gap resulting from occupational segregation. A number of innovative city and state level programs in New York City, Detroit and California are leading the way in a just re-opening that centers the health and financial security of low wage service workers. We need this kind of support at the state as well as city level in order to make sure workers who live outside the city are not left behind.



High Road Kitchens, initiated by One Fair Wage in partnership with mayors and governors in New York City, Detroit and California, advances One Fair Wage policy and racial equity and community relief programs while also providing financial backing for employers. High Road Kitchens is a national program leveraging private as well as state and local governments to provide wage subsidies and initial investments to restaurants that commit to paying a full minimum wage with tips on top as well as participating in the One Fair Wage Racial Equity Training Program. As part of High Road Kitchens, restaurants will also convert their kitchens to provide meals on a sliding scale to low-wage workers, health care workers and first responders during this crisis. This program works to support a sustainable path forward for both restaurant workers and responsible restaurant owners. The State of Illinois should consider providing public support to restaurant owners and workers through innovative programming that provides financial stability as well incentives to implement racially equitable wage and operations models.

**Together, One Fair Wage and statewide racial equity programs can move the Illinois restaurant industry out of a legacy of systemic racial inequity and into a just and prosperous future.**



## END NOTES

- 1 Bureau of Labor Statistics, February 2019. Employment Projections, 2016-2026.
- 2 National Restaurant Association, (2019). Restaurant Industry Facts at a Glance. <https://restaurant.org/research/restaurant-statistics/restaurant-industry-facts-at-a-glance>.
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- 4 Ibid.
- 5 Ibid.
- 6 Ibid.
- 7 Restaurant Opportunities Centers United, The Great Service Divide: Occupational Segregation & Inequality in the U.S. Restaurant Industry (New York, NY: ROC United, 2014).
- 8 One Fair Wage analysis of the Current Population Survey Outgoing Rotation Group microdata U.S. Census Bureau CPS-ORG), (2017-2019). Analysis was done using Stata IC statistical software. Dataset was downloaded from the Center for Economic Policy Research center. Tipped positions include: food service managers, first line supervisors, bartenders, counter attendants, waiters and waitresses, food servers, non-restaurant, bussers and barbacks, and hosts and hostess. We include front of house supervisors, managers and hosts because in many restaurants these positions do receive tips, even if extralegally.
- 9 To determine the change in tipping percentages since the emergence of COVID-19, we conducted 111 surveys with service workers throughout the state of Illinois from July 31, 2020–August 9, 2020. Additional data points in the survey included information about unemployment insurance and fears about returning to work.
- 10 See endnote 8.
- 11 See endnote 3.
- 12 Ibid.
- 13 See endnote 8.
- 14 Lynn et al., (2008). Consumer Racial Discrimination in Tipping: A Replication and Extension. *Journal of Applied Social Psychology*, 38(4), pp.1045–1060.
- 15 See endnote 8.
- 16 See endnote 7.
- 17 Ibid.
- 18 Ibid.
- 19 Ibid.
- 20 Ibid.
- 21 Restaurant Opportunities Centers United, Building the High Road to Racial Equity. (New York, NY: ROC United, 2019).
- 22 Ibid.
- 23 See endnote 25.
- 24 Ibid.
- 25 See endnote 26.
- 26 See endnote 17.
- 27 Ibid.
- 28 Statistics provided are based on a non-representative sample from the One Fair Wage Fund applicant pool of tipped workers in New York state. This data is not exhaustive. Data is based on responses to surveys that are administered to applicants. However, for ethical reasons completion of these our applicant survey is not required in order to apply.
- 29 See endnote 9.
- 30 See endnote 33.
- 31 Ibid.
- 32 Ibid.
- 33 Illinois Department of Labor Current Employment Statistics. Accessed August 8, 2020.
- 34 Bureau of Labor Statistics' Current Population Survey. Accessed June 9, 2020.
- 35 Ibid.
- 36 Economic Policy Institute. "Black Workers Face Two of the Most Lethal Preexisting Conditions for Coronavirus—Racism and Economic Inequality." Accessed June 10, 2020. <https://www.epi.org/publication/black-workers-covid/>.
- 37 Allegretto, Sylvia, and David Cooper. 2014. *Twenty-Three Years and Still Waiting for Change*. Economic Policy Institute, Briefing Paper #379. <http://www.epi.org/publication/waiting-for-change-tipped-minimum-wage/>.
- 38 See endnote 27.
- 39 Ibid.
- 40 "Economic News Release: Table 2. Unemployment Insurance (UI) Benefit Applicants and Recipients among Unemployed Persons Who Had Worked in the Past 12 Months by Characteristics of Last Job, 2018." U.S. Bureau of Labor Statistics. Accessed April 10, 2020. <https://www.bls.gov/news.release/uisup.t02.htm>.
- 41 See endnotes 9.
- 42 Ibid.
- 43 Ibid.
- 44 Ibid.
- 45 Ibid.
- 46 Ibid.
- 47 Ibid.



# A PERSISTENT LEGACY OF SLAVERY

Ending the Subminimum Wage  
for Tipped Workers in Illinois  
as a Racial Equity Measure



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