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**The Impact (or Lack Thereof)  
of Ending Unemployment Insurance  
on Restaurant Workers' Willingness  
to Work for Subminimum Wages**

**JULY 2021**

**One Fair Wage  
UC Berkeley Food Labor Research Center**

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## OVERVIEW

Prior to the pandemic, the U.S. restaurant industry was one of the largest and fastest growing sectors in the nation's economy, employing over 13 million workers.<sup>1</sup> The workers in this large and growing industry were and still are some of the lowest paid workers in the country.<sup>2</sup> Much of the industry's low wages can be attributed to the subminimum wage for tipped workers, a direct legacy of slavery that has been a source of economic instability, sexual harassment, and racial inequity for millions of workers, in large majority women, prior to COVID-19's devastation of the sector.<sup>3</sup>



With the pandemic, restaurant workers, particularly tipped workers earning a subminimum wage, struggled with reduced tips and increased health risks, customer hostility, and life-threatening sexual harassment; in addition, nearly 60% reported difficulty accessing unemployment insurance due to their low wages.<sup>4,5</sup> As a result, by May 2021, 53% of remaining restaurant workers surveyed reported that they are considering leaving the industry, 76% of whom said they were leaving due to low wages and tips, and 78% of whom reported that they would only stay if their job provided a full, stable, livable wage with tips on top.<sup>6</sup>

The restaurant industry is in a moment of crisis. Many employers are facing greater difficulty in filling open positions and others have employees not showing up for shifts. In response, half of states in the U.S. have cut or will soon end federally-funded unemployment insurance benefits prematurely to force workers to return to low wage jobs.<sup>7</sup> However, as our survey shows, these policies are proving ineffective; many workers in the states that have cut benefits are refusing to return to an industry that does not provide a livable wage and offer better working conditions.

## KEY FINDINGS

This brief summarizes findings from a new survey of 287 current and former service workers in five states (Arizona, New Hampshire, West Virginia, Florida, Texas) that have prematurely ended federally-funded unemployment benefits. We emailed surveys to applicants of the One Fair Wage COVID-19 Emergency Fund and used Facebook ads to target former and current service industry workers in these five states from June 28 to July 12, 2021. Key findings below with regard to unemployment insurance were drawn from workers who responded to the survey that they had received unemployment insurance at some point.



We also include results in Table 2 from our national worker retention survey of over 2,000 employed restaurant workers representing 38 states. Of the 38 states surveyed, 18 states have cut unemployment insurance prematurely and represent 54% of the total responses, and 20 states have not cut benefits, providing a means to compare workers' responses. National survey responses were collected from April 23, 2021 to July 11, 2021.

**Key findings from the workers' responses are described below.**

- A | With or without unemployment insurance, workers are leaving the restaurant industry and indicate that they would only return for a full, stable, livable wage.** Among unemployed individuals who previously received unemployment benefits that were subsequently cut, nearly 60% (57%) are not considering returning to the service industry. The most common factor that would make them consider returning to the industry was a full, stable, livable wage (69%), followed by paid sick leave (63%), health benefits (63%), and less hostility and harassment in the workplace (56%).
- B | Cutting unemployment insurance benefits does not result in most workers returning to work in restaurants for the same wages they received prior to the pandemic.** Over half (51%) of workers who previously received unemployment benefits that were subsequently cut reported that even with their benefits taken away, they would only return to work in restaurants for a job with a livable wage. Only 16% of workers stated that they would return to work for any low-wage job once their benefits were cut. Over half (54%) of surveyed workers who received unemployment insurance and then lost it stated that the experience of receiving benefits increased their desire for a livable wage at their next job.
- C | In comparing the responses of workers in the states that cut unemployment benefits to those of workers nationwide, workers from the states that cut benefits were actually slightly more likely than their counterparts in states where benefits were not cut to indicate that they were considering leaving the industry due to low wages and tips, and that the primary factor that would make them return would be a livable wage with tips on top.** Regardless of whether workers had access to unemployment benefits or not, nearly 60% of all workers reported that they are considering leaving restaurants. Nearly 8 in 10 workers (79%) of workers in the states that cut workers' benefits said they are leaving due to low wages and tips, compared to 77% in other states. And 80% of workers in the states that cut benefits said that the primary factor that would make them return to work in restaurants would be a full, stable livable wage, compared to 78% of workers in other states. Clearly, cutting unemployment insurance has not changed workers' desire to leave the industry unless wages go up.
- D | Of those who provide more context about the how access to unemployment insurance benefits affected them, many expressed that receiving benefits made them rethink returning to a subminimum wage job:**

*“Unemployment has been my life raft of safety. Without it I would have no idea what to do. It has kept me safe from exposure from COVID, allowed me to work on my education and health and opened up time and space to think about what I truly want out of life.”*

*“It has made me realize that I deserve better than a job that I make just enough to live day by day. That’s the thing: I wasn’t living paycheck to paycheck; I was living day to day. Sometimes I wouldn’t make enough to even get a roof for the night and would sleep in my car outside of my job...My decisions when it comes to being unemployed has nothing to do with getting ‘free money’ — it has to do with me saying, ‘I’d rather love myself and live without money and in a shelter instead of hate myself, my life, and have \$100 in my pocket that won’t get me through one night.’”*

**TABLE 1**

**Summary of  
Unemployment  
Benefits Impact  
Survey**

Source: One Fair Wage  
Worker Retention and  
Unemployment Insurance  
Benefits Use Survey, Data  
collected from 6/21-7/21

**IMPACT OF ACCESS TO UNEMPLOYMENT INSURANCE**

	UI RECIPIENTS IN THE 5 STATES
Increased desire for a livable wage at next job	54%
Increased desire for better job quality at next job	51%
Increased desire for health benefits at next job	38%
Increased desire to leave the industry altogether	35%
No influence on decisions about next job	24%

**HOW WOULD CUTS TO UNEMPLOYMENT BENEFITS  
IMPACT YOUR DECISIONS ABOUT YOUR NEXT JOB?**

	UI RECIPIENTS IN THE 5 STATES
I would only return to work for a job that pays a livable wage	51%
I would only return to work for a job that provides health care benefits or paid sick leave	22%
I would only return to a job that can accommodate child care needs	14%
It would have no impact on my decision about my next job	23%
I would not be able to return due to concerns about COVID safety	19%
I would be more likely to accept any low wage job	16%

**DESIRE TO RETURN TO WORK IN THE SERVICE INDUSTRY**

	UI RECIPIENTS IN THE 5 STATES
Report they are not considering returning to the service industry	57%



**TABLE 1**

**Summary of  
Unemployment  
Benefits Impact  
Survey**

## WHAT WOULD MAKE THEM RETURN TO THE SERVICE INDUSTRY?

	UI RECIPIENTS IN THE 5 STATES
A full, stable, livable wage	69%
Increased hours	25%
Paid sick leave	63%
Better COVID-19 safety protocols and enforcement	44%
Health benefits or insurance	63%
An improved working environment with less hostility from customers, coworkers, and/or management	56%
Access to child care services	25%

**TABLE 2**

**Summary of  
Restaurant Worker  
Retention Survey**

Source: One Fair Wage Worker  
Retention Survey, Data  
collected from 4/21-7/21

## DESIRE TO LEAVE CURRENT JOB

	NATIONAL	STATES CUTTING UI	STATES NOT CUTTING UI
Report they are considering leaving their job since COVID-19 outbreak	59%	57%	59%

## WHY WORKERS ARE LEAVING THEIR JOBS

	NATIONAL	STATES CUTTING UI	STATES NOT CUTTING UI
Due to low wages and tips	77%	79%	76%
Due to concerns about COVID-19 safety	54%	54%	53%
Due to concerns of hostility and harassment from coworkers and/or management	46%	44%	48%
Moving to a different city, state, or country	5%	5%	5%
Transitioning to a different industry	30%	25%	36%
Moving into a new position within the restaurant industry	4%	4%	5%

## WHAT WOULD MAKE WORKERS STAY AT THEIR JOB

	NATIONAL	STATES CUTTING UI	STATES NOT CUTTING UI
A full, stable, livable wage	78%	80%	76%
Increased hours	35%	33%	38%
Paid sick leave	49%	48%	49%
Better COVID-19 safety protocols and enforcement	39%	38%	39%
Health benefits or insurance	45%	45%	47%
Less hostility from customers, coworkers, and/or management	45%	46%	45%

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## CONCLUSION

Regardless of their access to unemployment insurance, workers are consistently reporting that they are leaving the restaurant industry because they can no longer afford to live on the industry's subminimum, poverty wages. In response, independent restaurants across the country have been transitioning to new wage structures that provide workers with a full, stable wage with tips on top.

Many of these employers have now joined with workers to call on policymakers to raise the federal minimum wage and end the subminimum wage for tipped workers — both to level the playing field for all businesses and to send a signal — using their platform in a way that small independent businesses cannot — to millions of workers that wages are increasing permanently and it is worth returning to work in restaurants. Without this permanent wage change, workers will not return, and the restaurant industry will never fully reopen and recover.



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*“Work is valuable and the work we do in dealing with customers is skilled, and it’s not easy. We’re providing nourishment, we’re essential workers. I think people realize how valuable what we do is in the last year, including the workers themselves. They’re demanding they get compensated for that skill, and I agree.”*

**—Pete Turner, *Illegal Pete’s, Colorado and Arizona***

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*“We want and deserve a liveable wage across the board, waitstaff included. We should not have to have a bunch of roommates to be able to afford a 1 bedroom apartment because alone, none of us can afford the \$1000+ rent and all the other bills. That’s not making a livable wage. It’s a disgrace.”*

**—Desiree Harper, *Former Restaurant Worker, Texas***

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*“I’ve been in the industry for over 20 years. People are horrible and tip you like crap and you’re supposed to put on a smile and be a punching bag for the next table. After not having to deal with that crap and the beyond terrible management who would want to go back to that kind of environment and stress. They kept saying to servers ‘if you don’t like it you can always find another job’ and that’s exactly what I did.”*

**—Heather, *Former Restaurant Worker, Florida***

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## ENDNOTES

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- 5 One Fair Wage. (2020). Locked Out By Low Wages: Service Workers’ Challenges With Accessing Unemployment Insurance During COVID-19. [https://onefairwage.site/wp-content/uploads/2020/11/OFW.LockedOut\\_UI.COVID-19.-FINALUPDATE.pdf](https://onefairwage.site/wp-content/uploads/2020/11/OFW.LockedOut_UI.COVID-19.-FINALUPDATE.pdf).
- 6 One Fair Wage. (2020). It’s A Wage Shortage, Not A Worker Shortage: Why Restaurant Workers, Particularly Mothers, Are Leaving the Industry, and What Would Make Them Stay. [https://onefairwage.site/wp-content/uploads/2021/05/OFW.WageShortage\\_F.pdf](https://onefairwage.site/wp-content/uploads/2021/05/OFW.WageShortage_F.pdf).
- 7 Spiggle, T. (2021). What Does A Worker Want? What The Labor Shortage Really Tells Us. Forbes. <https://www.forbes.com/sites/tomspiggle/2021/07/08/what-does-a-worker-want-what-the-labor-shortage-really-tells-us/?sh=1512ae01539d>.



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