

MINIMUM WAGE

Stop Shortchanging Tipped Workers: 12 Reasons Eliminating the Tipped Minimum Wage Is a Women's Issue

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Today's reality:

1. The minimum cash wage for tipped workers is just \$2.13 per hour, unchanged in nearly 25 years.
2. Women represent two-thirds of tipped workers.
3. The share of tipped workers who report receiving hourly wages below the full minimum wage (with their tips included) is more than 2.5 times higher than workers overall, indicating they may be victims of wage theft.
4. Tipped workers are twice as likely to live in poverty as other workers.
5. 25 percent of tipped workers are women of color (compared to 16 percent of workers overall).
6. Nearly one-third of female tipped workers are mothers—and nearly half of those mothers are single parents.

If the Raise the Wage Act were implemented:

7. Tipped workers would be entitled to the regular minimum wage before tips in every state, not just in the eight "equal treatment" states that require employers to pay their tipped workers the regular minimum wage today.
8. Tipped workers would have a more adequate base income to cover rent, groceries, and other regular expenses for their families when fluctuating tips can't meet basic needs.
9. Tipped workers would be more likely to escape poverty. In equal treatment states, the average poverty rate for female tipped workers is 33 percent lower than in states that allow employers to pay \$2.13 per hour before tips.
10. The wage gap could shrink. On average, women working full time, year round in states with a \$2.13 tipped minimum cash wage are paid 77 cents for every dollar paid to their male counterparts, leaving a wage gap of 23 cents—but the average wage gap is 14 percent smaller (20 cents) in equal treatment states.
11. Tipped workers would have more money to purchase goods and services in their communities, boosting local businesses—including the restaurants, bars, salons, and other establishments likely to employ tipped workers.
12. Having one fair minimum wage for tipped and non-tipped workers alike would simplify the law, level the playing field for employers, and ensure that tipped workers are not left behind—again—as the minimum wage rises.

The Raise the Wage Act would raise the federal minimum wage to \$12.00 per hour by 2020, index it to the median wage beginning in 2021, and phase out the tipped minimum cash wage by gradually increasing it until it is equal to the regular minimum wage.

For more information, visit www.nwlc.org/minimumwage.

1 Sylvia A. Allegretto & David Cooper, Econ. Policy Inst. & Ctr. on Wage & Employment Dynamics, Univ. of Ca., Berkeley, Twenty-Three Years and Still Waiting for Change, at 2 (July 2014), available at <http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf>.

2 *Id.*

3 The White House, The Impact of Raising the Minimum Wage on Women, at 6 (Mar. 2014), available at <http://www.whitehouse.gov/sites/default/files/docs/20140325minimumwageandwomenreportfinal.pdf>. Note that the White House defines “tipped workers” somewhat differently than Allegretto & Cooper, *supra* note 1.

4 Allegretto & Cooper, *supra* note 1, at 3.

5 NWLC calculations based on U.S. Census Bureau, CPS, 2014 ASEC, using IPUMS-CPS, University of Minnesota.

6 Allegretto & Cooper, *supra* note 1, at 10.

7 See Katherine Gallagher Robbins, Julie Vogtman & Joan Entmacher, NWLC, States with Equal Minimum Wages for Tipped Workers Have Smaller Wage Gaps for Women Overall and Lower Poverty Rates for Tipped Workers (May 2015), available at http://www.nwlc.org/sites/default/files/pdfs/tipped_minimum_wage_worker_wage_gap_may_2015.pdf. The eight “equal treatment” states are Alaska, California, Hawaii, Minnesota, Montana, Nevada, Oregon, and Washington.

8 See Allegretto & Cooper, *supra* note 1, at 19-20.

9 Robbins et al., *supra* note 7.

10 *Id.*

11 See generally T. William Lester et al., Ctr. for Amer. Progress, Raising the Minimum Wage Would Help, Not Hurt, Our Economy (Dec. 2013), available at <https://www.americanprogressaction.org/issues/labor/news/2013/12/03/80222/raising-the-minimum-wage-would-help-not-hurt-our-economy/>, and Allegretto & Cooper, *supra* note 1, at 18 (observing that employment in the leisure and hospitality sectors has grown faster since 1995 in equal treatment states than in states where tipped workers are paid a lower minimum cash wage).

12 See generally Allegretto & Cooper, *supra* note 1.