A fair minimum wage ensures that working people can support themselves and their families, no matter who they are or what job they hold. But today, the federal minimum wage is just $7.25 per hour—and for tipped workers, the federal minimum cash wage has been frozen at $2.13 per hour for three decades. Women, who represent over two-thirds of tipped workers nationally, are hit especially hard by this poverty-level wage, which leaves them vulnerable to both economic insecurity and sexual harassment. Even before the COVID-19 pandemic and its impacts on the leisure and hospitality industry—including job loss, reduced hours, and lower tips—the poverty rate for women tipped workers was nearly 2.5 times the rate for workers overall. And women's concentration in tipped occupations and other low-paid jobs is an important factor contributing to the persistent gender wage gap: women working full-time, year-round are typically paid just 82 cents for every dollar men are paid. This wage gap varies by race and is even wider for Black women, Latinas, Native American women, and many subgroups of Asian American and Pacific Islander women compared to their white, non-Hispanic male counterparts.

### One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers

A fair minimum wage ensures that working people can support themselves and their families, no matter who they are or what job they hold. But today, the federal minimum wage is just $7.25 per hour—and for tipped workers, the federal minimum cash wage has been frozen at $2.13 per hour for three decades. Women, who represent over two-thirds of tipped workers nationally, are hit especially hard by this poverty-level wage, which leaves them vulnerable to both economic insecurity and sexual harassment. Even before the COVID-19 pandemic and its impacts on the leisure and hospitality industry—including job loss, reduced hours, and lower tips—the poverty rate for women tipped workers was nearly 2.5 times the rate for workers overall. And women's concentration in tipped occupations and other low-paid jobs is an important factor contributing to the persistent gender wage gap: women working full-time, year-round are typically paid just 82 cents for every dollar men are paid. This wage gap varies by race and is even wider for Black women, Latinas, Native American women, and many subgroups of Asian American and Pacific Islander women compared to their white, non-Hispanic male counterparts.
Today, as a result of the pandemic, many women who struggled to get by as restaurant servers, bartenders, salon workers, and in other tipped occupations have lost their jobs—and those who received just $2.13 an hour from their employers have been especially likely to find that their low and sporadic earnings qualify them for minimal, or no, unemployment benefits. Those who are still working are now facing far greater risk—given that workplaces such as restaurants where tipped workers tend to be concentrated appear to be a significant driver of COVID-19 outbreaks—in exchange for far fewer tips, as social distancing requirements limit restaurant capacity and customers stay away out of health concerns. Restaurant servers and other tipped workers also face the challenge of enforcing compliance with mask requirements and other public health measures from the same customers on whom they rely for tips, and often feel compelled to ignore violations to avoid jeopardizing their income. Recent surveys indicate that Black tipped workers are particularly likely to face reduced tips and customer hostility for attempting to enforce public health protocols.

A number of states have set minimum cash wages for tipped workers above the federal level, and seven states require employers to pay tipped employees the regular minimum wage regardless of tips. Compared with states that have a $2.13 hourly tipped minimum cash wage, women in these “One Fair Wage” states—where tipped workers must be paid the regular minimum wage before tips—face a smaller gender wage gap and a lower poverty rate. Prior to the pandemic, women in tipped occupations in One Fair Wage states experienced poverty at a rate nearly one-third lower than their counterparts in states that follow the federal standard. (We do not yet have data from the pandemic period.)

Raising wages for all working people—tipped and non-tipped alike—has outsized benefits for women and their families, reducing poverty and helping to close the gender wage gap. Ensuring that tipped workers can count on receiving the full minimum wage, before tips, is a crucial step toward equality, dignity, and safety for women at work.

The wage gap for women working full time, year round in One Fair Wage states is smaller than in states with a tipped minimum cash wage of $2.13 per hour.

- As of 2018—the most recent year for which the data necessary for this analysis is available—18 states followed the federal standard and required employers to pay their tipped workers a minimum cash wage of only $2.13 per hour. Overall, women working full time, year round are typically paid 78 cents for every dollar paid to their male counterparts in these states—a wage gap of 22 cents.

- One Fair Wage states require employers to pay their tipped workers at least the regular minimum wage, regardless of how much the workers receive in tips. Overall, women working full-time, year-round are typically paid 85 cents for every dollar paid to their male counterparts in these states—a wage gap of 15 cents, which is 33 percent smaller than the 22-cent gap in states that follow the federal standard.
Women working in tipped jobs—especially Black women tipped workers—are less likely to experience poverty in One Fair Wage states than in states with a tipped minimum cash wage of $2.13 per hour, and poverty rates for working women overall are lower as well.

• Not surprisingly, a higher minimum wage helps lift women out of poverty. Based on the most recent available data, which reflect conditions prior to the COVID-19 pandemic, the poverty rate for women tipped workers in One Fair Wage states was 30 percent lower than in states with a $2.13 tipped minimum cash wage. See Figure 2.

• Black women working in tipped jobs face a particularly high risk of economic insecurity, and that risk is highest in states with a $2.13 tipped minimum cash wage; in those states, more than one in four Black women tipped workers lived in poverty prior to the pandemic. In One Fair Wage states, the poverty rate for Black women tipped workers was 34 percent lower than the rate for their counterparts in $2.13 states.

• For Latinas working in tipped jobs in One Fair Wage states, the pre-pandemic poverty rate was 31 percent lower than their counterparts in $2.13 states.

• Among white women working in tipped jobs, the poverty rate before the pandemic was 29 percent lower in One Fair Wage states than in $2.13 states.

• Overall, prior to the pandemic, the poverty rate for women working in One Fair Wage states (7.3 percent) was 15 percent lower than in states with a $2.13 tipped minimum cash wage (8.5 percent), and the poverty rate among women of color working in One Fair Wage states was 25 percent lower.21

![Figure 2. Poverty Rates for Women Tipped Workers by Race/Ethnicity](image-url)
Women, and especially women of color, make up a disproportionate share of workers who have to depend on tips to get by—leaving them and their families at risk of living in poverty and perpetuating racial and gender pay disparities. These disparities have likely only worsened in the wake of the COVID-19 pandemic and ensuing recession. As we look to rebuild an economy that works for all of us, not just the wealthy few, we must ensure that tipped workers are not left behind again. Raising the minimum wage to at least $15 per hour nationwide—and ensuring that tipped workers receive the full minimum wage before tips—can advance equal pay for women and economic security for their families.

1 Sylvia A. Allegretto & David Cooper, Econ. Policy Inst. (EPI) & Ctr. on Wage & Employment Dynamics, Univ. of Ca., Berkeley, Twenty-Three Years and Still Waiting for Change, at 3 (July 2014), http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf. Under federal law, employers may pay tipped workers a cash wage of just $2.13 per hour (the “tipped minimum cash wage” or “tipped minimum wage”) and take credit for the tips that customers give the worker toward fulfilling the minimum wage requirement (the “tip credit” for employers).

2 Women are 69.1% of the tipped workforce. NWLC calculations based on 2014-2018 American Community Survey (ACS) five-year average using IPUMS. Figures include employed workers only and define tipped workers as all workers in a set of predominantly tipped occupations identified by the Economic Policy Institute (EPI). See Dave Cooper, Zane Mokhiber & Ben Zipperer, EPI, Minimum Wage Simulation Model Technical Methodology (Feb. 2019), https://www.epi.org/publication/minimum-wage-simulation-model-technical-methodology/.

3 See supra, note 4.

4 Id.

5 See, e.g., Fins, supra note 4.

6 Id.

7 Id.

8 See, e.g., Fins, supra note 4.

9 See, e.g., Centers for Disease Control and Prevention (CDC), Community and Close Contact Exposures Associated with COVID-19 Among Symptomatic Adults ages 18 Years in 17 Outpatient Health Care Facilities — United States, July 2020 (Sept. 2020), https://www.cdc.gov/mmwr/volumes/69/wr/mm6939a2.htm. This CDC study shows that adults with positive COVID-19 test results were approximately twice as likely to have reported dining at a restaurant than were those with negative COVID-19 test results.


11 Id.

12 Id.

13 See, e.g., Sylvia Allegretto & David Cooper, Econ. Policy Inst. (EPI) & Ctr. on Wage & Employment Dynamics, Univ. of Ca., Berkeley, Twenty-Three Years and Still Waiting for Change, at 3 (July 2014), http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf. Under federal law, employers may pay tipped workers a cash wage of just $2.13 per hour (the “tipped minimum cash wage” or “tipped minimum wage”) and take credit for the tips that customers give the worker toward fulfilling the minimum wage requirement (the “tip credit” for employers).

14 Id.

15 Id.

16 Id.


19 NWLC calculations based on 2014-2018 ACS five-year average using IPUMS. Approximately 6.6 percent of workers overall and 16.4 percent of women tipped workers live in poverty.


21 Id.

22 Id.

23 See, e.g., Fins, supra note 4.