

IT'S TIME TO END THE SUBMINIMUM WAGE



UPSTATE NEW YORK BRIEF ON THE TIPPED MINIMUM WAGE AS A GENDER EQUITY ISSUE

The One Fair Wage campaign calls to raise the subminimum wage for tipped workers, currently just \$8.35 an hour in upstate New York, to the full minimum wage.

THIS IS AN EQUALITY ISSUE

There are 350,840 tipped workers in New York State and 91,720 in upstate New York. Nearly two thirds of upstate New York tipped workers are women, 27 percent of whom are mothers.^{1,2} Because tipped restaurant workers are 63% women and non-tipped restaurant workers are 42% women, the subminimum wage for tipped workers amounts to legislated gender pay inequity in the restaurant industry, perpetuating the gender pay gap and leading to higher rates of poverty.

- ▶ **In upstate New York, the average female tipped restaurant worker earns 75 percent of what their male counterpart earns.** The disparity costs women more than \$200,000 over a lifetime.³
- ▶ **Tipped workers are 2.4 times more likely to live in poverty than the overall workforce.** Poverty rates are even more alarming for women; 13 percent of women tipped workers in the restaurant industry live in poverty, compared to 9.7 percent of male tipped restaurant workers and 3.7 percent of male workers overall.⁴

UPSTATE NEW YORK	Women's Median Wage ⁵	Men's Median Wage	Total Count of Workers ⁶
All Tipped Workers	\$6.49	\$6.97	91,720
Tipped Restaurant Workers	\$5.41	\$6.73	77,980
All Restaurant Workers	\$6.39	\$7.21	244,120
Total Upstate NY Workforce	\$18.27	\$25.00	2,695,300
Statewide Workforce	\$16.83	\$23.08	9,522,980

UPSTATE NEW YORK	Women	Men	Women in Poverty	Men in Poverty	Women on Food Stamps	Men on Food Stamps	Women on Medicaid	Men on Medicaid
All Tipped Workers	65.4%	34.6%	11.2%	9.1%	10.4%	7.8%	24.7%	18.8%
Tipped Restaurant Workers	63.4%	36.6%	13%	9.7%	11.4%	7.7%	26.3%	17.2%
Non-Tipped Restaurant Workers	42.1%	57.9%	12.4%	12.4%	16%	15.7%	26%	24.5%
Total Upstate NY Workforce	48.2%	51.8%	5.2%	3.7%	7.3%	5.7%	11%	8.6%
Statewide Workforce	48.5%	51.5%	6.7%	5%	10.5%	8.8%	15.4%	12.6%

UPSTATE NEW YORK	Parents	Mothers	Fathers	Single Mother	% All Women
All Tipped Workers	27.1%	31.8%	18.3%	13.2%	41.4%
Tipped Restaurant Workers	22.8%	27.3%	15.2%	13.4%	49%
Non-Tipped Restaurant Workers	30.5%	37.3%	25.6%	19.4%	51.9%
Total Workforce	43.6%	45.6%	41.8%	14.9%	32.6%



THIS IS AN ECONOMIC JUSTICE ISSUE

Six of New York’s fifteen lowest paying jobs are tipped occupations.⁷ As a result, tipped workers in upstate New York are more than twice as likely to live in poverty and rely on Medicaid as the rest of the workforce. Because tipped workers are predominantly female, this poverty burden falls disproportionately on women.

- ▶ **In the seven states that have raised the tipped minimum wage to the full minimum wage, the poverty rate among tipped restaurant workers is more than a third lower than in New York (10 percent compared to 14 percent).** The reduction in poverty is most significant for women of color — more than 18 percent of women tipped restaurant workers of color in states with a subminimum wage live in poverty, compared to 11 percent in states without a subminimum wage.⁸
- ▶ **Prior to COVID-19, the restaurant industry was one of the largest growing industries in the nation, employing nearly 1 in 10 Americans.⁹ Today it is the second largest employer of minimum wage workers, employing 30 percent of all minimum wage earners, and 62 percent of all workers earning below the minimum wage.¹⁰** In New York, the restaurant industry is the third largest employer and employs up to 80 percent of all subminimum wage workers in the state.¹¹ Putting more money into the pockets of low-income tipped workers has multiplier effects: workers will spend their additional earnings at local businesses, contribute additional dollars to local governments through taxes, and create direct and indirect jobs. Boosting consumer spending drives our nation’s economy.

- States that require employers to pay the full minimum wage to tipped workers have higher restaurant sales.** According to restaurant trade lobby data, average 2018 estimated restaurant sales were higher both per eating and drinking establishment and per employee in One Fair Wage states (\$1.1 million per establishment and \$64,000 per employee), compared to subminimum wage states (\$1.06 million per establishment and \$57,000 per employee).¹²
- States that require employers to pay the full minimum wage to tipped workers have higher average employment growth for tipped workers.** Full-service restaurant employment (FSRE) in One Fair Wage states grew by 14.4 percent between 2012-17, compared to a FSRE increase of only 11.7 percent in subminimum wage states.¹³



THE TWO-TIERED WAGE SYSTEM FACILITATES SEXUAL HARASSMENT AND RACIAL DISCRIMINATION

The restaurant industry is the single largest source of sexual harassment claims in the U.S. Women's dependence on tips for the majority of their income makes them vulnerable to experiencing sexual harassment at work by guests and employers.¹⁴ Tipped restaurant workers' employment experiences, from income level and scheduling, to hiring and firing, are dependent upon their interactions with guests. As a result, women must tolerate inappropriate behavior from customers and managers.

- Prior to the pandemic, workers in states that pay One Fair Wage — a full minimum wage with tips on top — reported one half the rate of sexual harassment as workers in states that pay the federal subminimum wage for tipped workers.**¹⁵ Before the public health crisis, the restaurant industry was the single-largest source of sexual-harassment charges filed by women with the Equal Employment Opportunity Commission (EEOC), at a rate twice that of the general workforce. While 7 percent of working American women are in the restaurant industry, more than 14 percent of all sexual harassment claims to the EEOC come from the restaurant industry.¹⁶ In a 2014 study of restaurant workers nationwide, workers reported that the greater their dependence on tips as a portion of their base wage, the more vulnerable they were to having to tolerate inappropriate customer behavior to earn their income.¹⁷ In the seven states that require One Fair Wage for tipped workers, women restaurant workers are not as dependent on customer tips and thus reported experiencing one half the rate of sexual harassment.¹⁸
- Since the pandemic, 49% of upstate New York workers report a noticeable change in overall levels of unwanted sexualized comments from customers since the pandemic.**¹⁹ Hundreds of women in New York reported that male customers have asked them to take off their masks so they can judge their looks and their tips on that basis, making the sexual harassment already prevalent among tipped workers now life-threatening.²⁰
- The subminimum wage for tipped workers disproportionately impacts women of color.** Today, nearly a third of all upstate New York tipped workers are people of color. Women

are also overrepresented in the tipped worker sector, where over 65% of tipped workers are women and 27% are mothers.²¹ Race and gender inequities are rampant throughout the tipped service sector, particularly in restaurants, which claim the largest share of tipped workers.²²

- Race and gender pay inequities are a direct result of three factors.** The first is that women and 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.²³ 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).²⁴ Research also shows that people of color, specifically Black workers, receive less in tips than their equally qualified white counterparts regardless of position or restaurant.²⁵ The subminimum wage for tipped workers exacerbates gender and racial discrimination in the industry, which results in New York having a wage gap of \$7.74 between Black women tipped workers and their white male counterparts, a race gender wage gap that is nearly 60% higher than the nationwide race gender wage gap and is among the highest race gender wage gaps of any state in the country.²⁶



THE PANDEMIC HAS MADE THE SUBMINIMUM WAGE LIFE-THREATENING FOR WOMEN

Since COVID-19, women tipped workers face the compounding effects of a public health crisis and a subminimum wage system.

- In the wake of the pandemic, women service workers and tipped workers in particular experienced the high rates of economic insecurity and faced a unique challenge in applying for unemployment insurance due to their subminimum wage.** A disproportionate share of tipped workers were unable to access unemployment insurance because their wages were too low to qualify for benefits.²⁷ In upstate New York, over half of applicants to the One Fair Wage Fund reported they were either unsure or did not qualify for unemployment benefits. Over 90% of all workers also reported they were unsure or unable to pay for their rent or mortgage and could only afford groceries for 2 weeks or less. Women applicants were over twice as likely to report this same economic insecurity compared to their male counterparts.²⁸
- Over 90% of workers in upstate New York report their tips have declined since the pandemic, and nearly 60% said they felt reluctant to enforce critical health and safety protocols because they would receive less in tips.** Not only are these workers facing diminishing tips, they are also forced to become de facto public health marshals to a hostile customer base that often responds with economic retaliation. In upstate New York, 80% of workers experienced or witnessed hostile behavior from customers in response to staff enforcing COVID-19 safety protocols and nearly half report this occurring weekly.²⁹

Until One Fair Wage legislation is passed, tipped workers in New York will continue to be burdened by the effects of a subminimum wage system that disincentivizes public health measure enforcement, jeopardizes workers' financial stability, and perpetuates sexual harassment.

IMPACT OF COVID-19 CRISIS ON TIPPED SERVICE WORKERS IN UPSTATE NEW YORK

	Applicants	Women Applicants	Men Applicants
Do not qualify or are unsure if they qualify for unemployment insurance	51%	37%	14%
Unable or are unsure whether they can pay their rent or mortgage	91%	66%	25%
Can only afford groceries for 2 weeks or less	79%	58%	21%

Source: One Fair Wage Tipped Worker Survey Data collected 10/20-1/21

CUSTOMER HARASSMENT AND IMPACT ON TIPPING

	National	Upstate New York
Report that tips have decreased since COVID-19	84%	93%
Report that tips have decreased since COVID-19 by at least 50% or more	67%	72%
Experienced or witnessed hostile behavior from customers in response to staff enforcing COVID-19 safety protocols	79%	80%
Experienced or witnessed hostile behavior on a weekly basis from customers in response to staff enforcing COVID-19 safety protocols	45%	49%
Felt reluctant to enforce COVID-19 safety protocols upon customers out of concern that customer would tip less	57%	58%
Has received a decreased tip from a customer in response to enforcing COVID-19 safety protocols	66%	70%
Has experienced or witnessed a noticeable change in overall levels of unwanted sexualized comments from customers	42%	49%

Source: One Fair Wage Worker Public Health Survey Data collected 10/20-2/21



ONE FAIR WAGE IS GAINING MOMENTUM NATIONWIDE

Tipped workers, high-road employers, women's rights advocates, community leaders and progressive legislators are working to make One Fair Wage a reality at the municipal, state, and federal level. Congress is currently considering the Raise the Wage Act, which would increase the minimum wage to \$15 for all workers in the United States and entirely phase out the subminimum wage for tipped workers.

Enacting One Fair Wage — a full minimum wage with tips on top — now is a COVID emergency, not only for service workers themselves but also for the long-term economic stability of women, their families and the communities that rely on them.

ENDNOTES

- 1 New York State Department of Labor. (May 2019). Occupational Wages. Includes the following regions: Capital Region, Central New York, Finger Lakes, Mohawk Valley, North County, Southern Tier, and Western New York for Upstate New York calculation. <https://labor.ny.gov/stats/lswage2.asp>.
- 2 One Fair Wage analysis of American Community Survey (2015-2019). Retrieved from IPUMS USA: Version 11.0 [dataset]. Minneapolis, MN: IPUMS, 2021. <https://doi.org/10.18128/D010.V11.0>. Limitations: Only 31 of the 62 counties in New York are identified in the U.S. Census data due to confidentiality restrictions. Sample represents population calculations based on estimates from Albany, Chautauqua, Erie, Monroe, Nassau, Niagara, Oswego, Rennselaer, St. Lawrence, Saratoga, Schenectady, Suffolk, and Tompkins counties.
- 3 *Ibid.* Wage gap calculation assumes the same wage gap for a 50-year career based on 40-hour work week, 52 weeks per year.
- 4 One Fair Wage analysis of American Community Survey (2015-2019). Retrieved from IPUMS USA: Version 11.0 [dataset]. Minneapolis, MN: IPUMS, 2021. <https://doi.org/10.18128/D010.V11.0>. Limitations: Only 31 of the 62 counties in New York are identified in the U.S. Census data due to confidentiality restrictions. Sample represents hourly wage calculations based on annual wage estimates from Albany, Chautauqua, Erie, Monroe, Nassau, Niagara, Oswego, Rennselaer, St. Lawrence, Saratoga, Schenectady, Suffolk, and Tompkins counties.
- 5 *Ibid.*
- 6 See note 1.
- 7 U.S. Bureau of Labor Statistics. (May 2019). New York State Occupational Employment and Wage Estimates. Occupational Employment Statistics. https://www.bls.gov/oes/current/oes_ny.htm#00-0000.
- 8 ROC United. (February 2018). Better Wages, Better Tips: Restaurants Flourish with One Fair Wage. New York, NY: ROC United. https://chapters.rocunited.org/wp-content/uploads/2018/02/OneFairWage_W.pdf.
- 9 Dubina, Kevin S. Morisi, Teresa L. Rieley, Michael and Wagoner, Andrea B. (October 2019). Projections overview and highlights, 2018–28. Monthly Labor Review. U.S. Bureau of Labor Statistics. <https://doi.org/10.21916/mlr.2019.21>.
- 10 U.S. Bureau of Labor Statistics. (February 2021). BLS Report 1091: Characteristics of minimum wage workers, 2020. <https://www.bls.gov/opub/reports/minimum-wage/2020/home.htm>.
- 11 U.S. Bureau of Labor Statistics. (May 2019). New York State Occupational Employment and Wage Estimates. Occupational Employment Statistics. https://www.bls.gov/oes/current/oes_ny.htm#00-0000. Customarily tipped restaurant positions include: Bartenders; Waiters and Waitresses; Food Servers, Nonrestaurant; Dining Room and Cafeteria Attendants and Bartender Helpers; Host and Hostesses, Restaurant, Lounge, and Coffee Shop; Shampooers.
- 12 See note 7.
- 13 ROC United analysis of Quarterly Census of Employment and Wages, Bureau of Labor Statistics. 2012-2017 data for 722511 number of full service restaurant employees weighted by 2017 full service restaurant employees.
- 14 ROC United. (October 2014). The Glass Floor: Sexual Harassment in the Restaurant Industry. New York, NY: ROC United. https://chapters.rocunited.org/wp-content/uploads/2014/10/REPORT_The-Glass-Floor-Sexual-Harassment-in-the-Restaurant-Industry2.pdf.
- 15 *Ibid.*
- 16 Frye, J. (November 2017). Not Just the Rich and Famous. Center for American Progress.
- 17 ROC United. (October 2014). The Glass Floor: Sexual Harassment in the Restaurant Industry. New York, NY: ROC United. https://chapters.rocunited.org/wp-content/uploads/2014/10/REPORT_The-Glass-Floor-Sexual-Harassment-in-the-Restaurant-Industry2.pdf.
- 18 *Ibid.*
- 19 Statistics provided are based on a non-representative sample from the One Fair Wage COVID-19 Tipped and Service Workers' Emergency Relief Fund applicant pool of tipped service workers in various states, collected from March 2020 until February 2021. This data is not exhaustive. Data is based on responses to surveys that are administered to applicants. However, for ethical reasons completion of these surveys is not required for applicants to apply.
- 20 Upstate NY statistics have been updated to include response from up until February 2021. Original source: One Fair Wage. (December 2020). Upstate New York Service Workers' Experience of Health & Harassment During COVID-19. https://onefairwage.site/wp-content/uploads/2020/12/OFW_COVID_WorkerExp_UNY.pdf.
- 21 One Fair Wage analysis of American Community Survey (2015-2019). Retrieved from IPUMS USA: Version 11.0 [dataset]. Minneapolis, MN: IPUMS, 2021. <https://doi.org/10.18128/D010.V11.0>. Limitations: Only 31 of the 62 counties in New York are identified in the U.S. Census data due to confidentiality restrictions. Sample represents population calculations based on estimates from Albany, Chautauqua, Erie, Monroe, Nassau, Niagara, Oswego, Rennselaer, St. Lawrence, Saratoga, Schenectady, Suffolk, and Tompkins counties.
- 22 One Fair Wage. (August 2020). A Persistent Legacy of Slavery: Ending the Subminimum Wage for Tipped Workers as a Racial Equity Measure. https://onefairwage.site/wp-content/uploads/2020/11/OFW_LegacyOfSlavery_USA-1.pdf.
- 23 *Ibid.*
- 24 *Ibid.*
- 25 ROC United. (2014). The Great Service Divide: Occupational Segregation & Inequality in the U.S. Restaurant Industry. New York, NY: ROC United.
- 26 See note 19.
- 27 One Fair Wage. (June 2020). Locked Out By Low Wages: New York Service Workers' Challenges With Accessing Unemployment Insurance During COVID-19. https://onefairwage.site/wp-content/uploads/2020/11/OFW_LockedOut_NY_2.pdf.
- 28 Statistics provided are based on a non-representative sample from the One Fair Wage COVID-19 Tipped and Service Workers' Emergency Relief Fund applicant pool of tipped service workers in various states, collected from March until February 2021. This data is not exhaustive. Data is based on responses to surveys that are administered to applicants. However, for ethical reasons completion of these surveys is not required for applicants to apply.
- 29 *Ibid.*

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