



ONE FAIR WAGE FOR ILLINOIS TIPPED WORKERS A RACIAL & GENDER JUSTICE ISSUE

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FOOD LABOR
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The subminimum wage for tipped workers is still just \$8.40 an hour in the state of Illinois.¹ While Chicago passed legislation to end the subminimum wage, Illinois has yet to end this direct legacy of slavery statewide. The subminimum wage impacts a workforce of nearly 196,000 tipped workers that is 71 percent women and 31 percent people of color, and an overall restaurant industry of 433,000 workers in Illinois.^{2,3} Even with tips, tipped workers in Illinois earn a median wage of just \$14,590 a year and 18 percent of tipped workers receive SNAP benefits.^{4,5}

1 | The subminimum wage for tipped workers is a direct legacy of slavery.

The subminimum wage for tipped workers was created to allow restaurants to hire Black women for free and represents one of the nation's first instances of institutionalized gender pay inequity.



- › After Emancipation, two industries sought the ability to hire newly freed slaves, not pay them, and have them live exclusively on tips, a concept that had just recently arrived in the United States from Europe at the time.⁶ The Pullman Train Company hired mostly Black men as porters, offering them no wages, only tips, and the restaurant industry hired mostly Black women as servers, offering the same.⁷
- › The Brotherhood of Sleeping Car Porters won One Fair Wage – a full minimum wage with tips on top – for Pullman porters who were mostly Black men in 1937.⁸ The National Restaurant Association (NRA) succeeded in institutionalizing the subminimum wage for all other tipped workers, who were mostly Black women, as part of the New Deal in 1938.⁹

- › From 1938 until today, tipped workers remain over two-thirds of women, and disproportionately women of color, in Illinois and across the country.¹⁰

2 | The subminimum wage for tipped workers is an ongoing source of racial and gender inequities.

- › Today, the subminimum wage impacts a workforce of tipped workers that is mostly women and disproportionately people of color. Illinois tipped workers include:

- ◆ 138,000 women, who comprise 71% of all Illinois tipped workers;¹¹
 - ◆ 21,000 Black workers, who comprise 11% of all Illinois tipped workers;¹² and
 - ◆ 42,500 Latinx workers, who comprise 22% of all Illinois tipped workers.¹³
- › Forcing tipped restaurant workers to rely on tips to make up their base wages results in women and especially women of color tipped restaurant workers earning far less than white men tipped restaurant workers, due to customer bias in tipping and occupational segregation that keeps women and especially women of color in more casual, lower-tipping restaurants where tips are less.¹⁴ As a result:
- ◆ Women-tipped restaurant workers earn \$4,179 per year than men-tipped restaurant workers¹⁵
 - ◆ Black women tipped restaurant workers earn \$6,593 less than white men tipped restaurant workers¹⁶
 - ◆ Latinx women tipped restaurant workers earn \$2,638 less than white men tipped restaurant workers.¹⁷
- › Tipped workers face the highest rates of sexual harassment of any industry because they must tolerate inappropriate behavior in order to feed their families in tips.¹⁸ Tipped restaurant workers in the 7 states that require a full minimum wage with tips on top (CA, OR, WA, NV, MN, MT, and AK) report **one-half** the rate of workplace sexual harassment as their counterparts in states that allow a sub-minimum wage, since in those states, workers can rely on a full minimum wage from their employer and thus are not as dependent on tips – and thus have more power to reject harassment from customers.¹⁹

3 | **The pandemic exacerbated racial and gender inequities faced by tipped workers.**

- › Over 220,000 restaurant workers in Illinois lost their jobs at the start of the pandemic. Nearly three-quarters (72 percent) of restaurant workers in the state who lost their job during the pandemic told OFW they were denied unemployment insurance because they were told their subminimum wage was too low to qualify.²⁰ Black and Latinx workers were more likely to report that they faced challenges accessing unemployment insurance than other workers.²¹
- › As a result of not receiving unemployment insurance, tipped workers were forced to return to work in highly unsafe conditions in restaurants. All workers reported, upon returning to work, that their tips decreased and customer harassment

increased, but an even higher percentage of Black workers reported that their tips decreased and that customer harassment increased – particularly when they were forced to enforce COVID protocols on customers.²²

4 | As a result of marketplace upheaval, One Fair Wage passed in Chicago and is advancing nationwide!

› Not surprisingly given decreased tips and increased harassment, over 40,000 IL restaurant workers left the industry in Illinois by 2022, with the majority citing low wages as the primary reason for leaving.²³



› As a result of this exodus, we have documented 6,000 restaurants nationally and over 300 in Illinois who are paying One Fair Wage to recruit staff.²⁴

› Many of these independent restaurants have joined forces with workers to call for a One Fair Wage policy for two reasons:

1. they say they need a level playing field, and
2. they say they need a policy to send a signal to millions of workers that these are permanent wage increases and it's worth coming back to work in restaurants.²⁵

› Given his focus on youth employment, Chicago Mayor Brandon Johnson recognized that the restaurant industry is one of the largest employers of youth ages 16-24 in the City, employing 13 percent of all employed young people, but is also the lowest-paying employer of young people.²⁶ He thus worked with the Chicago City Council to pass legislation to end the subminimum wage for tipped workers, with a vote of 36-10.

› Chicago followed seven states and Washington, DC, that have already ended the subminimum wage for tipped workers. These states have the same or higher restaurant establishment and job growth rates and tipping averages as IL, and one-half the rate of sexual harassment as states that allow a subminimum wage for tipped workers.²⁷

› With the passage of One Fair Wage in Chicago, restaurants in Chicago need a level playing field across the state so that all establishments in the state pay the full minimum wage with tips on top and restaurants outside of Chicago need a full fair wage to compete with Chicago restaurants for staff.

Following the victory in Chicago, One Fair Wage is advancing as legislation in 12 states in 2024, including the neighboring states of Michigan and Ohio, where One Fair Wage is on the ballot in November 2024!

END NOTES

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