



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

MARCH 2024

The subminimum wage for tipped workers is still just \$6.75 an hour in the Commonwealth of Massachusetts.¹ While seven states including California have had a full minimum wage with tips on top, and voters in the District of Columbia along with lawmakers in Chicago both passed legislation to end the subminimum wage, Massachusetts has yet to end this direct legacy of slavery. The subminimum wage impacts a workforce of nearly 113,000 tipped workers that is 70 percent women and 23 percent people of color, and an overall restaurant industry of nearly 250,000 workers in Massachusetts.² Even with tips, tipped restaurant workers in Massachusetts earn a median wage of just \$13,600 a year – 80 percent of tipped restaurant workers in the Bay State make less than \$30,375 a year – and 14 percent receive SNAP benefits.³

1 | **The subminimum wage for tipped workers is a direct legacy of slavery, created to allow restaurant owners to hire Black women without paying a wage.**

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.⁴ 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.⁵



› 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 1937.⁶ 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 1938.⁷

› From 1938 until today, tipped workers remain over two-thirds of women, and disproportionately women of color, in Massachusetts and across the country.⁸

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. Massachusetts tipped workers include:
 - ◆ 79,000 women, who comprise 70 percent of all Massachusetts tipped workers;⁹
 - ◆ 25,000 workers of color¹⁰
- › 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.¹¹ As a result, in Massachusetts women-tipped restaurant workers earn \$7,000 per year less than their male counterparts.¹²
- › Women in subminimum wage states surveyed by One Fair Wage reported wage theft at higher levels than their male peers (50 percent versus 45 percent). This gap widened when looking at race and gender together. While 24 percent of white men reported that their tips and wages did not bring them up to the full minimum wage, 59 percent of Black women reported tips and wages from their employer did not bring them up to the full minimum wage.¹³
- › 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.¹⁴ 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 subminimum 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.¹⁵

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

- › Over 165,000 restaurant workers in Massachusetts lost their jobs at the start of the pandemic. Of workers surveyed from subminimum wage states such as Massachusetts, nearly half (47 percent) reported that their tips and wages from their employers did not bring them up to the full minimum wage in states that allow a subminimum wage.¹⁶ Black and Latinx workers were more likely to report that they faced challenges accessing unemployment insurance than other workers.¹⁷



Black workers reported that wages and tips did not bring them to at least the full minimum wage 24 percentage points more than their white peers (57 percent vs 33 percent).¹⁸

- › Harassment increased during the pandemic: Women surveyed by One Fair Wage reported higher increases in hostility due to their gender than men. Nearly 1 in 4 women tipped workers (24 percent) of women reported that gender-related harassment had increased since the start of the pandemic – 14 percentage points higher than men.¹⁹
- › As a result of not receiving unemployment insurance, tipped workers were forced to return to work in highly unsafe conditions in restaurants. A majority of 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.²⁰

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

- › Not surprisingly given decreased tips and increased harassment, almost 17,000 Massachusetts restaurant workers left the industry in the Bay State by 2024.²¹
- › As a result of this exodus, we have documented 6,000 restaurants nationally and over 250 in Massachusetts that are paying One Fair Wage to recruit staff.²²
- › 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.²³
- › Chicago and the District of Columbia both passed laws to end the subminimum wage – following the seven states 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 Massachusetts, and one-half the rate of sexual harassment as states that allow a subminimum wage for tipped workers.²⁴

Following victories in the District of Columbia and in Chicago, One Fair Wage is advancing 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

- 1 Minimum Wages For Tipped Employees. (Jan 2024). U.S. Department of Labor. <https://www.dol.gov/agencies/whd/state/minimum-wage/tipped>.
- 2 OFW analysis of American Community Survey data, 2016-2020 5-Year Sample. Steven Ruggles, Sarah Flood, Ronald Goeken, Megan Schouweiler and Matthew Sobek. IPUMS USA: Version 12.0 [dataset]. Minneapolis, MN: IPUMS, 2022. <https://doi.org/10.18128/D010.V12.0>.
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- 5 One Fair Wage. (January, 2023). National Restaurant Association's Donations to Members of the 118th United States Congress. https://static1.squarespace.com/static/6374f6bf33b7675afa750d48/t/648c60f053629d684f028d97/1686921456557/OFW_NRA_Contributions+%282%29.pdf.
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- 8 One Fair Wage. (September 2022). Intentional Inequality How the Subminimum Wage for Tipped Workers, Created to Deny Black Women a Wage, Exacerbates an Ongoing Race-Gender Pay Gap in the Restaurant Industry. <https://www.onefairwage.org/publications/intentional-inequality>.
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- 15 One Fair Wage. (April 2022). Unlivable Increased Sexual Harassment and Wage Theft Continue to Drive Women, Women of Color, and Single Mothers Out of the Service Sector. https://static1.squarespace.com/static/6374f6bf33b7675afa750d48/t/6478be7db18a89504f4bff49/1685634685485/OFW_Unlivable.pdf.
- 16 Statistics provided are based on a non-representative survey by One Fair Wage organizers of workers outside restaurants and email surveys to the COVID-19 Tipped and Service Workers' Emergency Relief Fund applicant pool of tipped service workers in various states, collected from June 2022 until August 2023. This data is not exhaustive. Data is based on responses to surveys that are administered to applicants and self-reported tipped workers outside of work sites.
- 17 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 between March 7, 2022 until March 28. This data is not exhaustive.
- 18 Statistics provided are based on a non-representative survey by One Fair Wage organizers of workers outside restaurants and email surveys to the COVID-19 Tipped and Service Workers' Emergency Relief Fund applicant pool of tipped service workers in various states, collected from June 2022 until August 2023. This data is not exhaustive. Data is based on responses to surveys that are administered to applicants and self-reported tipped workers outside of work sites.
- 19 Statistics provided are based on a non-representative survey by One Fair Wage organizers of workers outside restaurants and email surveys to the COVID-19 Tipped and Service Workers' Emergency Relief Fund applicant pool of tipped service workers in various states, collected from June 2022 until August 2023. This data is not exhaustive. Data is based on responses to surveys that are administered to applicants and self-reported tipped workers outside of work sites.
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