

ONE FAIR WAGE

THE KEY TO SAVING THE MARYLAND RESTAURANT INDUSTRY POST-COVID 19



The subminimum wage for tipped workers is still just **\$3.63 an hour in the state of Maryland**.¹ A direct legacy of slavery, the subminimum wage affects a workforce of over 105,000 tipped workers that is 65 percent women and 52 percent people of color. Ending this low-wage carve-out positively impacts an overall restaurant industry of over 185,000 in Maryland.^{2,3}

1 The Subminimum Wage Is a Legacy of Slavery

- ◆ After Emancipation, the restaurant industry sought to hire newly freed Black people without paying them, forcing them to live on tips.⁴ This concept was made law, excluding a workforce of mostly Black women from the full minimum wage, even when other workers received the federal minimum wage as part of the New Deal in 1938.⁵
- ◆ Today, Maryland remains one of 43 states that permits this business model built on slavery, and has allowed a workforce that is overwhelmingly women and disproportionately women of color to continue to receive a subminimum wage 150 years since Emancipation.⁶

2 The Subminimum Wage Was Always a Source of Economic, Race and Gender Injustice

- ◆ The subminimum wage for tipped workers was a problem long before the pandemic for a workforce of several hundred thousand tipped workers in Maryland who are overwhelmingly women working in casual restaurants and bars.⁷
- ◆ These workers have struggled with twice the poverty rate of other workers and the highest rates of sexual harassment of any industry because they must tolerate inappropriate customer behavior to feed their families in tips.^{8,9}

3 Seven States are Faring Better with One Fair Wage

- ◆ For decades, 7 states did it differently: CA, OR, WA, NV, MT, AK and MN - all require a full minimum wage with tips on top.¹⁰
- ◆ These 7 states have higher restaurant job growth rates, small business growth rates, and tipping averages than Maryland; they also have one half the rate of sexual harassment in the restaurant industry and lost fewer restaurants during the pandemic than Maryland.^{11,12}

4 The Pandemic Made the Subminimum Wage a Matter of Life and Death

- ◆ With the pandemic, the subminimum wage for tipped workers changed from an economic, race and gender injustice to one of life and death.
- ◆ Over 100,000 restaurant workers in Maryland lost their jobs at the start of the pandemic, but nearly 50 percent of restaurant workers reported they couldn't access unemployment benefits because they were told their subminimum wage was too low to qualify for benefits.^{13,14}
- ◆ Thousands of tipped workers have since gone back to work, yet, customer hostility, health risks and harassment increased, with women tipped workers being asked to remove their masks so men could judge their looks and their tips on that basis.¹⁵
- ◆ Tipped workers were put in the impossible situation of having to enforce COVID protocols on the same restaurants from whom they had to get tips to survive.

5 The Wage Shortage: Workers Are Refusing to Work Without One Fair Wage

- ◆ With the pandemic driving tips down and harassment up, this life threatening situation for service workers resulted in nearly 20,000 workers leaving the industry in Maryland.¹⁶
- ◆ In a recent survey, 53 percent of those who remain in the restaurant industry reported that they are considering leaving; 78 percent say the only thing that will make them stay or return to working in restaurants is a full livable wage with tips on top.¹⁷

6 Hundreds of Maryland Restaurants Are Now Paying One Fair Wage

- ◆ As a result of this exodus, we've documented over 4,000 restaurants nationally and dozens in Maryland who are paying One Fair Wage to recruit staff.¹⁸
- ◆ Many of these independent restaurants have joined forces with workers to call for One Fair Wage policy for two reasons:
 - 1) they say they need a level playing field, and
 - 2) they say they need 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.¹⁹
- ◆ With 53 percent of workers nationwide saying they're leaving, Maryland restaurants are not able to fully re-open unless we pass One Fair Wage.²⁰



Thousands of tipped workers in Maryland have left the restaurant industry and are not willing to return without One Fair Wage, and dozens of Maryland employers are now paying One Fair Wage to recruit staff and seek a level playing field — the time to pass One Fair Wage is now.

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11 *ibid*.

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13 U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis. (May, 2022). All Employees: Leisure and Hospitality: Food Services and Drinking Places in Maryland. <https://fred.stlouisfed.org/series/SMU24000007072200001SA>

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