

# ONE FAIR WAGE

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



## THE SUBMINIMUM WAGE for tipped workers is still just \$6.38 an hour in the state of Maine.<sup>1</sup>

A direct legacy of slavery, the subminimum wage affects a workforce of over 65,000 tipped workers that is 83 percent women and 6 percent people of color.<sup>2</sup> Ending this low-wage carve out positively impacts a restaurant workforce of over 45,000 Maine workers.<sup>3</sup>

### 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.<sup>4</sup> 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.<sup>5</sup>
- ◆ Today, Maine 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.<sup>6</sup>

### 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 65,000 tipped workers in Maine who are overwhelmingly women working in casual restaurants and bars.<sup>7</sup>
- ◆ 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.<sup>8,9</sup>

### 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.<sup>10</sup>
- ◆ These 7 states have higher restaurant job growth rates, small business growth rates, and tipping averages than Maine; they also have one half the rate of sexual harassment in the restaurant industry and lost fewer restaurants during the pandemic than Maine.<sup>11,12</sup>

### 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.
- ◆ 41 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.<sup>13</sup>
- ◆ Hundreds of thousands of tipped workers went back to work last summer; nearly 44 percent of Maine workers surveyed report their tips have decreased by at least half because sales were down.<sup>14</sup>
- ◆ Meanwhile, 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.<sup>15</sup>

- ◆ 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 Hundreds of Maine Restaurants Are Now Paying One Fair Wage**

- ◆ As a result of this national exodus, we've documented 3,000 restaurants nationally and over 100 in Maine who are paying One Fair Wage to recruit staff.<sup>16</sup>

- ◆ 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.<sup>17</sup>

- ◆ With 53 percent of workers nationwide saying they're leaving, Maine restaurants are not able to fully reopen unless we pass One Fair Wage.<sup>18</sup>



Hundreds of thousands of tipped workers are leaving the restaurant industry and are not willing to return without One Fair Wage, and over a hundred Maine 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.

**1** Minimum Wages For Tipped Employees. (Jan 2022). U.S. Department of Labor. <https://www.dol.gov/agencies/whd/state/minimum-wage/tipped#foot9>.

**2** OFW analysis of IPUMS CPS March 2021 dataset filtering by statefip and occ(4522,4525,4055,4530,4500,4040,4060,4130,4120,4400,4510,4150,3630,4520,9350,4420,4110) / occ(4040,4060,4110,4120,4130,4150,4160,4140,4000,4010,4020,4030). Dataset created by "Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles, J. Robert Warren and Michael Westberry. Integrated Public Use Microdata Series, Current Population Survey: Version 9.0 [dataset]. Minneapolis, MN: IPUMS, 2021. <https://doi.org/10.18128/D030.V9.0>"

**3** *ibid.*

**4** One Fair Wage. (February 2021). Ending a Legacy of Slavery: How Biden's COVID Relief Plan Cures the Racist Subminimum Wage. [https://onefairwage.site/wp-content/uploads/2021/02/OFW\\_EndingLegacyOfSlavery-2.pdf](https://onefairwage.site/wp-content/uploads/2021/02/OFW_EndingLegacyOfSlavery-2.pdf).

**5** Segrave, Kerry. (1998). Tipping: An American Social History of Gratuities. McFarland.

**6** US Department of Labor. (2020). Minimum Wages for Tipped Employees. <https://www.dol.gov/agencies/whd/state/minimum-wage/tipped>.

**7** ROC United. (2015). Ending Jim Crow in America's Restaurants: Racial and Gender Occupational Segregation

in the Restaurant Industry. New York, NY: ROC United. <https://chapters.rocunited.org/publications/ending-jim-crow-in-americasrestaurants/>.

**8** Allegretto, S. et al. (July 2014). Twenty-Three Years and Still Waiting for Change: Why It's Time to Give Tipped Workers the Regular Minimum Wage. Economic Policy Institute. <https://www.epi.org/publication/waiting-for-change-tipped-minimum-wage/>.

**9** One Fair Wage. (March 2021). The Tipping Point: How the Subminimum Wage Keeps Income Low and Harassment High. [https://onefairwage.site/wp-content/uploads/2021/03/OFW\\_TheTippingPoint\\_3-1.pdf](https://onefairwage.site/wp-content/uploads/2021/03/OFW_TheTippingPoint_3-1.pdf).

**10** ROC United, (2018). Better Wages, Better Tips: Restaurants Flourish with One Fair Wage. <https://eofnetwork.org/wp-content/uploads/2019/10/Better-Wages-Better-Tips.pdf>.

**11** *ibid.*

**12** ROC United. (2014). The Great Service Divide: Occupational Segregation & Inequality in the US Restaurant Industry. [https://chapters.rocunited.org/wp-content/uploads/2014/10/REPORT\\_The-Great-Service-Divide2.pdf](https://chapters.rocunited.org/wp-content/uploads/2014/10/REPORT_The-Great-Service-Divide2.pdf).

**13** One Fair Wage (2020). Locked Out By Low Wages: Service Workers' Challenges with Accessing Unemployment Insurance During COVID-19. [https://onefairwage.site/wp-content/uploads/2020/11/OFW\\_LockedOut\\_UI\\_COVID-19\\_-FINALUPDATE.pdf](https://onefairwage.site/wp-content/uploads/2020/11/OFW_LockedOut_UI_COVID-19_-FINALUPDATE.pdf).

[OFW\\_LockedOut\\_UI\\_COVID-19\\_-FINALUPDATE.pdf](https://onefairwage.site/wp-content/uploads/2020/11/OFW_LockedOut_UI_COVID-19_-FINALUPDATE.pdf).

**14** One Fair Wage (2021). One Fair Wage Worker Public Health Survey Data, Collected 10/20-4/21.

**15** One Fair Wage. (2020). The Subminimum Wage for Tipped Workers as a Public Health Crisis. [https://onefairwage.site/wp-content/uploads/2020/11/Subminimum-WageForTippedWorkers\\_US-1.pdf](https://onefairwage.site/wp-content/uploads/2020/11/Subminimum-WageForTippedWorkers_US-1.pdf).

**16** One Fair Wage. (August 2021). One Fair Wage Employer Database. [https://docs.google.com/spreadsheets/d/1-vFr82dPJwvNkEveapdTnwjpnKt84aDzp6MXxi\\_DMyc/edit#gid=144425502](https://docs.google.com/spreadsheets/d/1-vFr82dPJwvNkEveapdTnwjpnKt84aDzp6MXxi_DMyc/edit#gid=144425502).

**17** One Fair Wage. (September 2021). Raising Wages to Reopen: Restaurants Nationwide Raising Wages to Save Their Businesses After COVID-19. [https://onefairwage.site/wp-content/uploads/2021/09/OFW\\_RaisingWagesToReopen\\_3.pdf](https://onefairwage.site/wp-content/uploads/2021/09/OFW_RaisingWagesToReopen_3.pdf).

**18** One Fair Wage. (May 2021). It's a Wage Shortage, Not a Worker Shortage: Why Restaurant Workers, Particularly Mothers, are Leaving the Industry, and What Would Make Them Stay. [https://onefairwage.site/wp-content/uploads/2021/05/OFW\\_WageShortage\\_F.pdf](https://onefairwage.site/wp-content/uploads/2021/05/OFW_WageShortage_F.pdf).