

ONE FAIR WAGE

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



THE SUBMINIMUM WAGE for tipped workers is still just \$3.75 an hour in the state of Michigan. A direct legacy of slavery, the subminimum wage raises wages for a workforce of over 163,000 tipped workers that is 74% women and 21% people of color,¹ and positively impacts an overall restaurant workforce of nearly 293,000 workers in Michigan.²

Michigan is a shining example of the persistent popular support for One Fair Wage. In 2018, One Fair Wage was on the ballot. Given the popularity of the issue, the Michigan legislature passed an increase in tipped minimum wage. Unfortunately, in passing the legislation, it removed the measure from the ballot. Further, the legislature then went on to dramatically weaken the legislation and overturn the passage of One Fair Wage. In response we focused on intensive voter turnout activities to demonstrate that people's mandate that the minimum wage measure not be altered. This led to increased turnout in the 2018 election.³

Now the situation has completely changed. Millions of workers have left or are leaving the restaurant industry due to low wages and tips and high levels of health risks, hostility and harassment during the pandemic. Thousands of restaurants nationwide (and hundreds in Michigan) have raised their wages to attract and retain staff, greatly reducing the opposition to One Fair Wage. It is time Michigan passed One Fair Wage.

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, Michigan remains one of 43 states that persists with this legacy of 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 Michigan 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 Michigan; they also have one half the rate of sexual harassment in the restaurant industry and lost fewer restaurants during the pandemic than Michigan.^{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.
- ◆ Nearly 40,000 workers in Michigan who lost their jobs were in the restaurant industry,¹³ but 60% of restaurant workers surveyed reported they were either

unable to obtain or uncertain if they were able to apply for unemployment benefits.¹⁴

- ◆ Hundreds of thousands of tipped workers went back to work last summer; nearly 76% of Michigan workers report their tips have decreased by at least half because sales were down.¹⁵
- ◆ 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.¹⁶
- ◆ 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 over 40,000 workers leaving the industry in Michigan.¹⁷



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

- ◆ In May, 64% of those who remain in the Michigan restaurant industry reported that they are considering leaving; 77% say the only thing that will make them stay or return to working in restaurants is a full livable wage with tips on top.¹⁸

6 Hundreds of Michigan Restaurants Are Now Paying One Fair Wage

- ◆ As a result of this exodus, we've documented 3,000 restaurants nationally and over 150 in Michigan who are paying One Fair Wage to recruit staff.¹⁹
- ◆ 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.²⁰
- ◆ With 64% of workers who remain saying they're leaving, Michigan restaurants are not able to fully reopen unless we pass One Fair Wage.²¹

1 OFW analysis of IPUMS CPS March 2021 dataset filtering by statezip and occ[4622,4525,4055,4530,4500,4040,4060,4130,4120,4400,4510,4150,3630,4520,9350,4420,4110] / 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/DO3Q.V9.0>.

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