



# 86\*

*the tipped wage*



Maine Women's Lobby  
Education Fund  
[mainewomen.org](http://mainewomen.org)

\* In a restaurant, to "86" something means to no longer make or serve it.

# \$6.80/hour plus tips

It seems like a good deal at first. A local, mid-level restaurant hires you for \$6.80/hour and you keep the tips you make.

One night, a table of 12 takes over your whole section for several hours. **You hope they tip you 20% - the rent is due and you just don't have it yet.** If they tip you more than 20% you can set some aside to buy your kid boots before the snow starts.

But **maybe they didn't tip you 20%** because they weren't paying much attention when they signed the credit card slips.

Maybe they **didn't think you worked hard enough.**

Maybe they **flirted with you and you didn't flirt back.**

Maybe they got a little aggressive and it scared you.

Maybe **you're Black and** as much as they might not admit it, **some of them just didn't like you.**

Maybe it's a slow night and that table didn't exist. Maybe **there is a global pandemic and the restaurant closes for good.** Maybe **the restaurant manages to stay open, but you're still not making as much as before.** Maybe the restaurant closes a lot because of outbreaks or lack of staff or issues in the supply chain.

**Your know your job is potentially exposing you to COVID,** but when the money is good, it's mostly okay. **You're doing what you can to survive.**

**But when it's bad, it's really bad. You are never able to save much.** After you pay rent and utilities, buy gas to get to work, childcare, cover the phone bill, buy your kids clothes, and buy food to feed your family, there is never enough left. **You've faced hard times before because of your job, but now it's even worse.** What can you do?



**Tipped workers depend on tips - often in the face of significant economic insecurity, racism, sexism, and unsafe work conditions.**

# TIPPED WORKERS: *by the numbers*

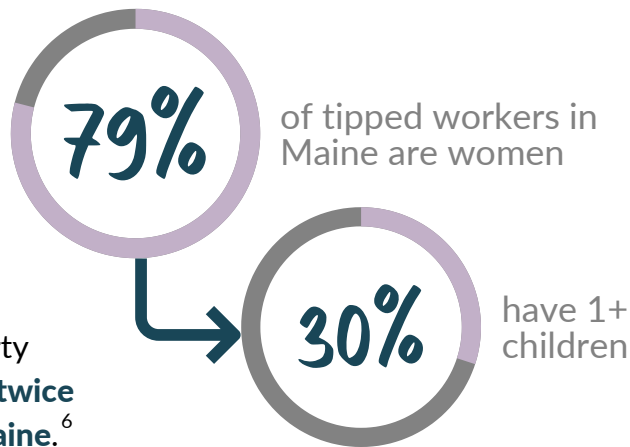
The food service sector is one of the largest employers in Maine. It also provides some of the lowest wages in the state.<sup>1</sup>

**Most Maine tipped workers make only \$6.80/hour, which is known as the sub-minimum wage.<sup>2</sup> To afford rent for a median 2-bedroom apartment in Maine,<sup>3</sup> they need to make at least 3.5 times that amount per hour - just for rent and utilities.**

In addition to economic insecurity, tipped workers are **more likely to experience harassment and job insecurity**, both of which lead to significantly higher rates of poor health outcomes.<sup>4</sup>

The sub-minimum wage for tipped workers **disproportionately impacts women (79%) and workers of color (5%)** in Maine.<sup>5</sup>

Tipped workers often live in poverty and **rely on food stamps at about twice the rate of all other workers in Maine.**<sup>6</sup>

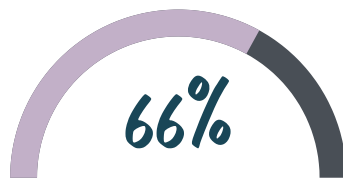


**78%** of tipped workers in Maine support a \$15 minimum wage for tipped workers.<sup>7</sup>

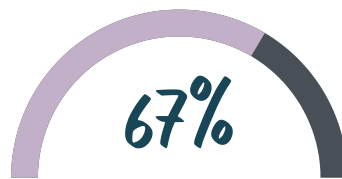
## COVID IMPACTS<sup>8</sup>



workers with a decline in tips



workers whose tips declined 50% or more



workers with lower tips because they enforced COVID safety measures

## FOOD STAMP RECIPIENTS IN MAINE<sup>9</sup>

8%

of all workers

10%

of women who are tipped workers

18%

of all workers who are women of color

30%

of all tipped workers who are women of color

*Did you know...?*  
**The tipped wage is a legacy of slavery.**

Following the Civil War, many formerly enslaved people found work in the food service industry. Restaurant owners didn't want to pay Black workers. Instead, they relied on tips from customers to pay Black workers' wages.<sup>10</sup>

# POLICY RECOMMENDATIONS

The sub-minimum wage leads to hunger, poverty, and racial and gender economic and social inequity. Restaurants themselves, though comfortable with the familiar system, suffer with the impact of the subminimum wage – high rates of sexual harassment, weak commitment to mission, and turnover.

Michael Landgarten  
Owner of Lil's Cafe  
Kittery, ME

Raising the wage to \$15 an hour by 2025 and phasing out the subminimum wage for tipped workers by 2026 would reduce Maine's poverty rate by more than half and lift thousands of workers and their families out of poverty.<sup>11</sup> It would also help restaurant owners retain quality staff and create economic security for both owners and workers.

The situation for tipped workers in Maine can feel dire - but it doesn't have to be that way. There is momentum in the right direction - on January 1, 2021, the minimum wage for tipped workers slightly increased.<sup>12</sup>

In Maine, tipped workers may be paid half the minimum wage as long as they receive enough tips to make up the difference. If they do not, their employer must "top off" their paycheck to at least the full minimum wage. **A recently passed law<sup>13</sup> updated the definition of a tipped worker in Maine, which closed a loophole** many restaurant owners relied on to keep workers' wages down. However, we know that wage theft still happens. It is difficult to enforce this law and burdens employees with reporting their employer - if they know this is their right as a worker in Maine.

I grew up in my grandmother's kitchen in Venezuela and for the past twenty years I have worked in award-winning kitchens around the world. While I am now a restaurant owner, I still bake every day. That keeps me grounded and reminds me that valued, happy employees are the key ingredients to a successful restaurant. Our success depends on valuing everyone from the dishwasher to the sous chef to the servers and bartenders, and we need a wage structure that reflects that.

Ilma Lopez  
Co-owner, Chaval  
Portland, ME

# POLICY RECOMMENDATIONS

One way to support tipped workers is to **support the Raise the Wage Act**, which is moving through Congress now. This bill would raise the minimum wage for all workers in the United States to \$15 an hour and phase out the subminimum wage for tipped workers. If this becomes law, in Maine alone:<sup>14</sup>

**192,030**

workers get a wage increase which is

**32%**

of all Maine workers

**77,626**

workers lifted out of poverty meaning a

**53%**

reduction in Maine's poverty level

**And even if the Raise the Wage Act isn't signed into federal law - it is possible in Maine.** Many small business owners across the state treat their workers the way they should be treated - and their businesses are thriving.

**Many Maine employers already support phasing out the sub-minimum wage for tipped workers.** These employers know the sub-minimum wage places workers in terrible situations: higher rates of sexual harassment, poverty, and reliance on food stamps.

Maine business owners know that paying workers a livable wage is **essential for restaurant recovery post-COVID - and restaurants in states that have eliminated the tipped wage are actually growing.**<sup>15</sup>

# POLICY RECOMMENDATIONS

In addition to addressing the sub-minimum wage, we can support restaurant workers through policy solutions such as:

## **COVID-19 Safety**

Restaurant workers work in close quarters. COVID-19 protocols can keep them safer, such as mask mandates, priority access to testing, or state- or municipally-supported hazard pay.

## **Worker Equity and Safety**

Women and restaurant workers experience high rates of wage theft. Wage equity between the front and back of the house, wage theft enforcement, sexual harassment and discrimination enforcement, and other worker supports particularly help restaurant workers.

## **Tip Pooling**

Tip pooling is when a portion (or all) of the tip money from a shift is collected and redistributed. Tip pooling helps ensure that staff members are fairly compensated for their work. In some states like California where tip pooling is allowable, tip pooling is not allowed among managers who have the authority to hire or fire employees, unless those managers do the same work as the employees in the tip pool.

## **Safety Net**

Restaurant workers - like all workers - need to have access to paid family and medical leave, paid sick days, and access to affordable housing, health care, and child care.



## REDUCE POVERTY & INEQUALITY

The sub-minimum wage disproportionately impacts women and people of color. Ending the sub-minimum wage would lift these workers out of poverty.

Supporting fair wages and tipped workers' rights are critical to achieving gender and racial equity in Maine and across the United States.

# ENDNOTES

- 1 U.S. Bureau of Labor Statistics. (May 2019). *Occupational Employment Statistics - Maine. All Occupations and hourly median wage*. [https://www.bls.gov/oes/current/oes\\_me.htm#otherlinks](https://www.bls.gov/oes/current/oes_me.htm#otherlinks)
- 2 Maine Department of Labor. (n.d.) *New minimum wage increases*. Retrieved on 10/6/21 from: [maine.gov/labor/labor\\_laws/minimum\\_wage\\_faq.html](http://maine.gov/labor/labor_laws/minimum_wage_faq.html).
- 3 Rent for a median two-bedroom apartment (which is an average price of an average market rate apartment in Maine) is \$1,062 a month for rent and utilities. For the rent/utilities to meet the definition of "affordable" to a household, the cost must be 30% or less the household's income. For someone to afford a \$1,062/month apartment, they would need to make \$20.43 an hour. Data from: MaineHousing. (2021). 2020 rental housing facts and affordability index for Maine. Retrieved from: [mainehousing.org/policy-research/housing-data/affordability-indexes](http://mainehousing.org/policy-research/housing-data/affordability-indexes)
- 4 Burgard, et al. (2009). Perceived job insecurity and worker health in the United States. *Social Science & Medicine*, 69(5), pages 777-785. <https://doi.org/10.1016/j.socscimed.2009.06.029>.  
  
Krieger, et al. (2008). The inverse hazard law: Blood pressure, sexual harassment, racial discrimination, workplace abuse and occupational exposures in US low-income black, white and Latino workers. *Social Science & Medicine*, 67(12), pages 1970-1981. <https://doi.org/10.1016/j.socscimed.2008.09.039>
- 5 Calculation of population reporting race and ethnicity. Subpopulation of those currently employed. Retrieved from IPUMS USA: Version 10.0 [dataset]. Minneapolis, MN: IPUMS, 2020. [usa.abacus.ipums.org/sessionsession=1~191089%2C191109~2710~191127%211165088~1148678~t~weighted-count](http://usa.abacus.ipums.org/sessionsession=1~191089%2C191109~2710~191127%211165088~1148678~t~weighted-count).
- 6 Calculation of population reporting food stamp reciprocity. Subpopulation of those currently employed. Retrieved from IPUMS USA: Version 10.0 [dataset]. Minneapolis, MN: IPUMS, 2020. <https://doi.org/10.18128/D010.V10.0>.
- 7 Lake, C., Mermin, D., and Garner, E. (April 2021). *Recent research on restaurant workers in Delaware, Maine, and New Hampshire*. Lake Research Partners. [onefairwage.site/wp-content/uploads/2021/04/Memo.OFW\\_f.2021.04.12.pdf](http://onefairwage.site/wp-content/uploads/2021/04/Memo.OFW_f.2021.04.12.pdf).
- 8 One Fair Wage. (December 2020). *Take off your mask so I know how much to tip you: Service Workers' Experience of Health & Harassment During COVID-19*. [https://onefairwage.site/wp-content/uploads/2020/12/OFW\\_COVID\\_WorkerExp-1.pdf](https://onefairwage.site/wp-content/uploads/2020/12/OFW_COVID_WorkerExp-1.pdf).
- 9 See note 6.
- 10 Jayaraman, S. (2019). *Forked: A new standard for American dining*. Oxford University Press. New York, New York.
- 11 One Fair Wage. (2021.) Building back better: How the Raise the Wage Act will decrease worker poverty and increase small business success in the Maine restaurant industry. Retrieved from: [onefairwage.site/wp-content/uploads/2021/02/OFW\\_BuildBackBetter\\_MA\\_3.pdf](http://onefairwage.site/wp-content/uploads/2021/02/OFW_BuildBackBetter_MA_3.pdf)
- 12 See note 2.
- 13 An Act To Update the Classification of Service Employees, LD 1489, 130th Maine Legislature First Special Session. (2021). [www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP1103&item=1&num=130](http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP1103&item=1&num=130)
- 14 The 2019 federal poverty line is \$12,490 for a household of 1 and increases by \$4,420 for each additional household member. For a conservative estimate, we calculated the number of currently employed workers in households of 1 who earned less than \$10,000 and the number of currently employed workers in households of 2 or more who earned less than \$15,000 to produce the total number of currently employed workers who earn less than the federal poverty line. A \$15 wage would bring all of these workers above the federal poverty line for all households of 1 and 2 or more.  
  
U.S. Bureau of Labor Statistics. (May 2019). *Occupational employment statistics - Maine. All occupations and hourly median wage*. [https://www.bls.gov/oes/current/oes\\_me.htm](https://www.bls.gov/oes/current/oes_me.htm).
- 15 Restaurant Opportunities Centers United. (2018). *Better wages, better tips: Restaurants flourish with one fair wage*.