

 DATA FOR *PROGRESS* THE JUSTICE
COLLABORATIVE
INSTITUTE

VOTERS SUPPORT RAISING THE MINIMUM WAGE FOR ALL WORKERS

Saru Jayaraman *Director of the Food Labor Research Center at the University of California, Berkeley*

Kyle C. Barry *Senior Legal Counsel, The Justice Collaborative Institute*

May 2020

EXECUTIVE SUMMARY

The brutal economic fallout of COVID-19 has not been felt equally. As is always true in times of economic crisis, it is the lowest-paid, least-protected workers who suffer most. As is especially true now, when the economic downturn is the result of orders to stay at home and close certain businesses, it is workers in service industries, many of whom rely on tips for most of their pay, who have borne the greatest impact. While many white collar jobs have shifted from the office to the home, service industry jobs—long plagued by poverty wages and poor working conditions to begin with—have simply disappeared. Unfortunately, initial research is showing that a majority of these workers are not able to access unemployment benefits because they received a subminimum wage plus tips that did not total enough income to qualify for benefits.¹

In new polling, we found overwhelming bipartisan support for policies that will build a more fair economy for all workers, and that will level the playing field between service workers who depend heavily on tips and the wider workforce. These policies have already been gaining popularity at the city, state, and national level. Now, as a still-spreading pandemic puts a spotlight on the vulnerability of low-wage workers, American voters are rejecting a “return to normal,” and instead demand policy change to reimagine a more fair economy that allows everyone to earn a liveable wage.

Our polling shows that:

- ▶ Seventy-eight percent of voters, including 78% of Republicans, support changing federal minimum wage laws to require that the minimum wage be applied to all workers, including tipped workers. Right now, the federal minimum wage for tipped workers is just \$2.13 an hour.
- ▶ Eighty-one percent of voters, including 80% of Republicans, support including tipped workers at the federal minimum wage in any government program to cover lost wages from the coronavirus pandemic—ensuring they have access to unemployment benefits and that benefits are not unfairly reduced by the lower tipped minimum wage.
- ▶ Seventy percent of voters, including 68% of Republicans, support the government paying 100% of lost wages for workers who lost their jobs, or face reduced work hours, due to the coronavirus.
- ▶ Sixty-eight percent of voters, including 59% of Republicans, support raising the minimum wage to \$15 per hour and automatically adjusting the amount each year to account for national cost of living increases.
- ▶ Eighty-one percent of voters, including 82% of Republicans, support changing federal laws so that tipped workers are paid at least the federal minimum wage of \$7.25 per hour when they are on paid sick leave.

1. One Fair Wage: *Locked Out By Low Wages: Service Workers Challenges with Accessing Unemployment Insurance During COVID-19*, April 2020.

- ▶ Seventy-two percent of voters, including 66% of Republican voters, support requiring any company that accepts funding as part of a government bailout to pay workers a living wage of at least \$15 an hour.
- ▶ Fifty-nine percent of voters say that the coronavirus has shown that we take the work of many low income workers for granted, and the goal after the pandemic should be to have a more fair economy for all workers.

INTRODUCTION

Before the pandemic hit, service workers were already among the most vulnerable people in the American economy. The vast majority of service workers who earn tips are not protected by standard minimum wage laws and must rely on the gratuity of customers for most of their income. They rarely have job benefits such as paid sick leave, employer-sponsored health insurance, or retirement plans. And many of them work in industries—gyms, restaurants, hotels—that always absorb the initial shockwaves of economic crises, even when the cause doesn't involve government orders to close down and shelter-in-place.

It was a foregone conclusion that America's service workers, left defenseless against sudden job loss, would be hit hardest by the public health and economic impact of COVID-19. Bartenders and barbers can't work from home. They need customers to show up in person. When the customers stay home, businesses shutdown, and service workers get laid off. After six weeks of stay-at-home orders, the unemployment numbers are staggering. According to the Bureau of Labor Statistics, 60% of restaurant employees lost their jobs before the end of March. A month later, the New York State Restaurant Association now

estimates that at least 527,000 of the 660,000 New York state restaurant employees are out of work, with the National Restaurant Association reporting roughly 81% workforce unemployment. One study predicts that, nationwide, 4 million restaurant workers will lose their jobs—a conservative estimate according to some advocates.

Even in unemployment, tipped workers are disadvantaged. Except in a handful of states, their unemployment benefits are calculated based on a “subminimum wage”—the lower minimum wage reserved for tipped workers—plus what is often a poor estimation of tips. Unemployment insurance is already just a percentage of one's income. For restaurant workers and others who rely on tips, it's a percentage of a percentage of their income, if they are eligible to receive unemployment at all. These restrictions make it impossible for most service workers, already living paycheck-to-paycheck, to cover basic expenses.

Other service workers are essential and continue to work, albeit under dangerous conditions and often with reduced pay. Delivery people and drivers and cabbies risk their own health and the health of their families to keep society running—to deliver groceries and medicine and cleaning supplies, to help doctors and nurses get to work. Should they get sick, few have access to affordable healthcare or paid time off, forcing them to choose between staying home or going to work with a contagious disease to make money.

For these workers, COVID-19 is not the great equalizer. It has exacerbated systemic inequality and exploited their vulnerability. It has shown how we have always treated low-wage service workers unfairly, forcing them to bear the risks of economic volatility while at the same time denying them the basic protections needed to survive it.

The welcome news is that, according to our new polling, the overwhelming majority of American voters recognize the problem and support policy solutions to solve it. Both Democratic and Republican voters support raising the minimum wage to \$15 and they support guaranteeing one fair wage for everyone, including tipped workers. They also reject the false dichotomy between fully re-opening businesses before it is safe to do so and doing nothing for workers; voters support the government covering all lost wages for workers who were laid off or had their hours reduced as a result of the pandemic. Finally, we found that voters support accountability for companies that receive federal relief funding, requiring them to pay workers a livable wage of at least \$15.

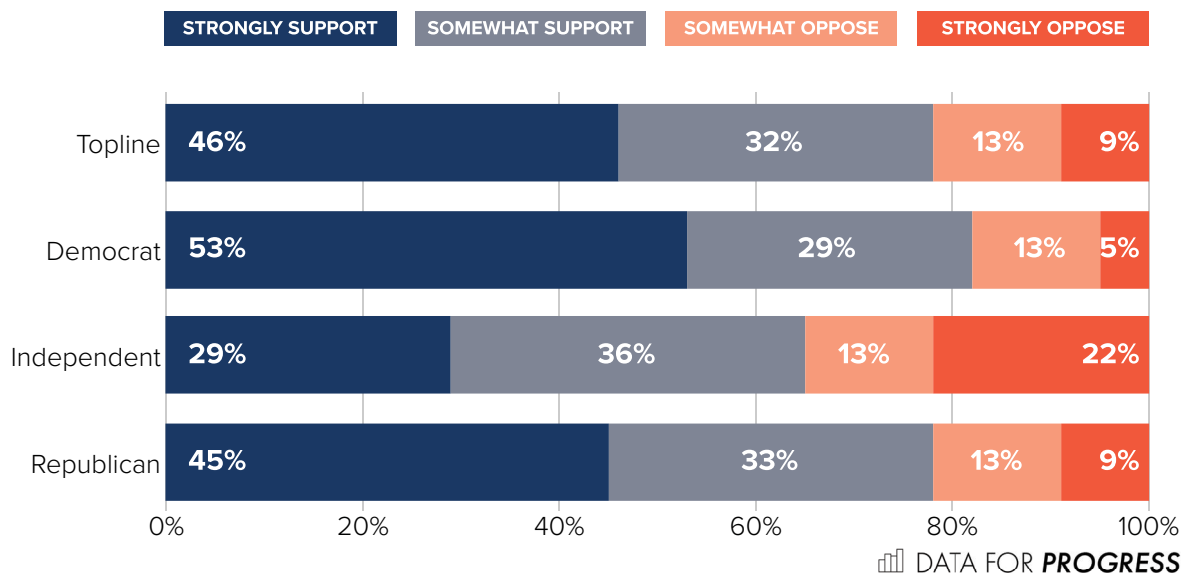
workers. The standard federal minimum wage, for example, is a paltry \$7.25 an hour, hardly sufficient to pay basic life expenses. But the “subminimum wage” for tipped workers is even lower, at just \$2.13. In most states, tipped workers are guaranteed less than \$5 an hour. Only seven states have adopted one fair wage for all workers, mandating that service workers receive the same minimum wage as everyone else on top of whatever tips they receive.

The two-tiered minimum wage system has severe consequences. It leads to higher rates of poverty and sexual harassment, codifies gender pay discrimination, and endangers the health of both workers and the general public. These are all issues that raising the minimum wage and mandating one fair wage for all would address.

POLICIES & POLLING

Forty three states and the federal government have a separate, lower minimum wage for tipped

Do you support or oppose changing federal minimum wage laws to require that the minimum wage be applied to all workers, regardless of whether they are in an industry where tips are customary?



Restaurant servers are nearly three times as likely to live in poverty as the overall workforce. But the poverty rate among tipped workers is significantly lower, especially for workers of color, in the seven states that have eliminated the tipped minimum wage. Overall, the poverty rate for tipped workers drops from 16.5% to 12.3% in the seven states with one fair wage. For workers of color, the poverty rate drops from 18% to 13.4%.

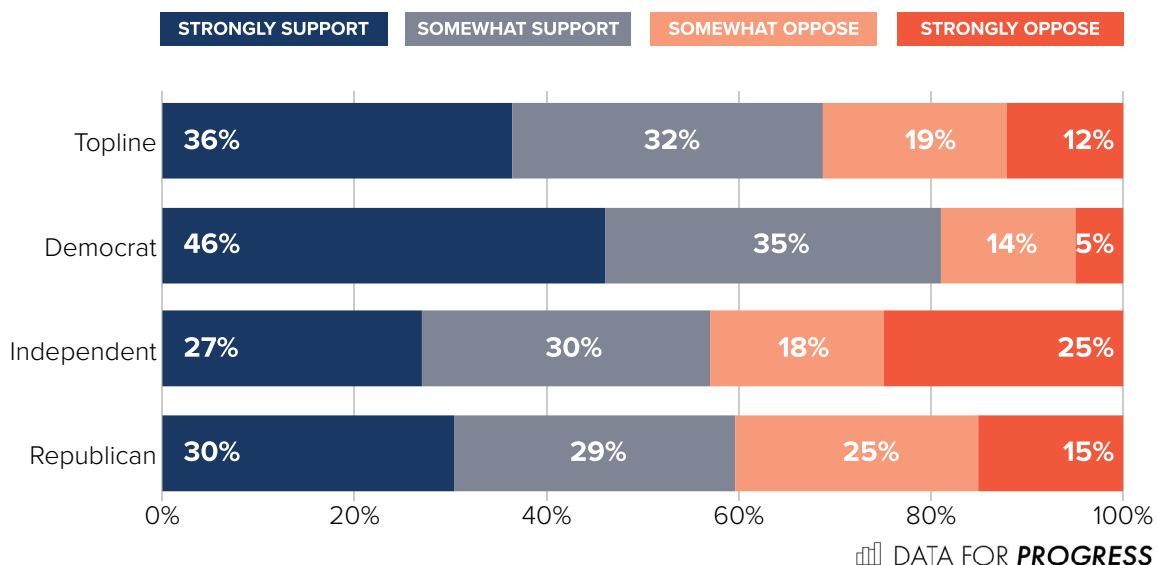
Tipped minimum wage laws also perpetuate gender pay discrimination. For one, they apply to a predominantly female workforce: Nearly two-thirds of the six million tipped workers nationwide are women. For that reason alone, the lack of one fair wage effectively codifies a gender pay gap. But women also earn less compared to male workers in service industries: More than 20% of female servers live in poverty, compared to 14% of male servers, and seven percent of male workers overall.

Tipped workers are also uniquely vulnerable to sexual harassment. Showing up on time and expertly performing their job duties is not enough to assure they get paid. Instead, for most of their income, tipped workers depend on the generosity of customers and the discretion of coworkers and managers who decide how tips are divided at the end of every shift. The system shifts power away from workers and can force them to choose between tolerating harassment or getting paid.

“Customers often have biases against you—often expect you to fulfill some sort of role that is often inappropriate, expect you to tolerate behavior such as lewd comments, inappropriate touching,” Gemma Rossi, a 15-year veteran in the restaurant industry and labor organizer for One Fair Wage told Gothamist. “All of these are things that, when you work for a subminimum wage and your income is essentially solely reliant on tips, you’re forced to put up with unfortunately.”

As a result, the restaurant industry is the leading source of sexual harassment claims in the United States.

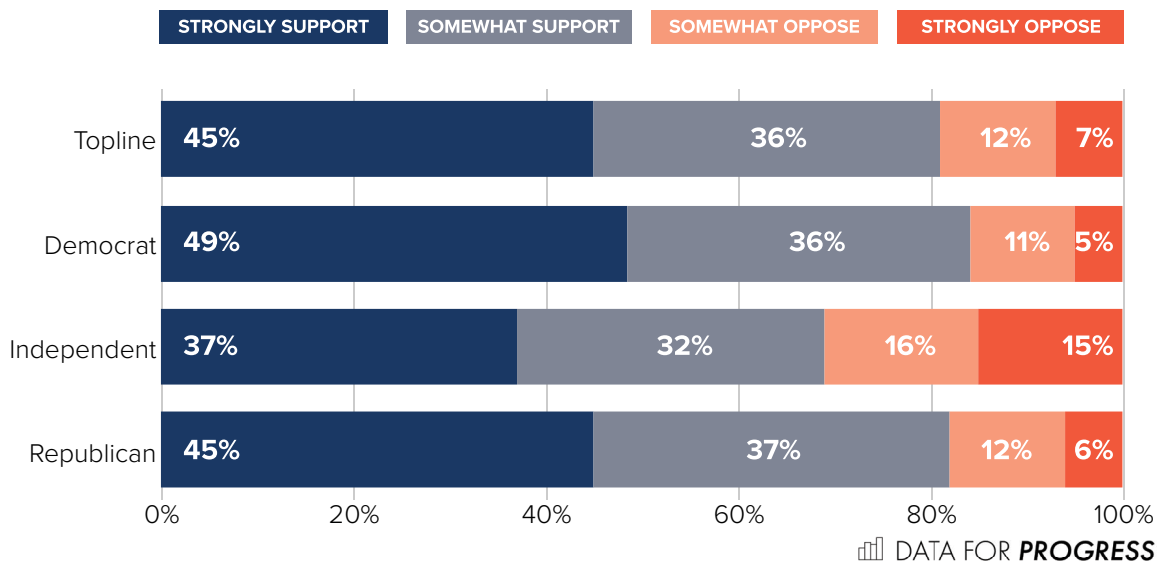
Do you support or oppose raising the minimum wage to \$15 per hour and automatically adjusting the amount each year to account for national cost of living increases?



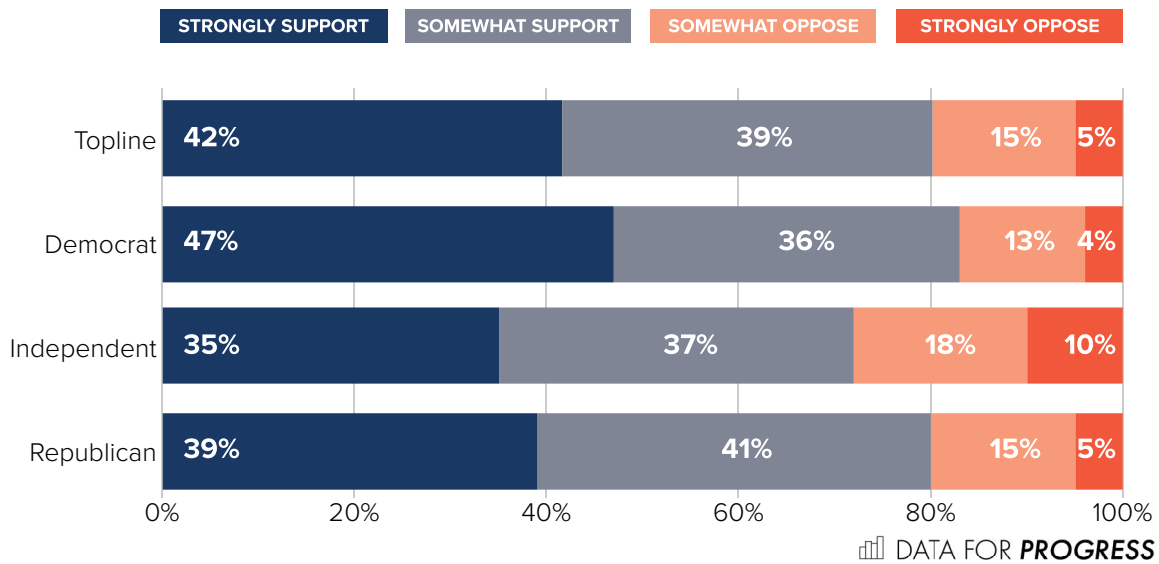
Finally, raising the minimum wage—and applying it to tipped workers—can protect the public health by reducing the risk that workers will go to work sick. At least 75% of food service workers do not have paid sick time, and even those that do only collect tips if they go to work. In states with a tipped minimum wage, even a “paid” sick day will yield only a few dollars an hour. As a result, service workers have every incentive to work sick, putting the public health at risk. In 2014, the CDC reported that 20 percent of food service workers had come to work at least once in the previous year “while sick with vomiting or diarrhea.”

Paid sick leave is a necessary but insufficient part of the solution to this problem. A 2018 study found that requiring sick leave caused substantial decreases in flu rates, while a 2010 study of the 2009 swine flu pandemic found that people who went to work when sick contributed to 7 million infections. But paid leave does little without also mandating a fair wage that makes it affordable to use.

Do you support or oppose changing federal laws so that tipped workers are paid at least the federal minimum wage of \$7.25 per hour when they are on paid sick leave?



Do you support or oppose including tipped workers at the federal minimum wage in any government program to cover lost wages from the coronavirus pandemic?

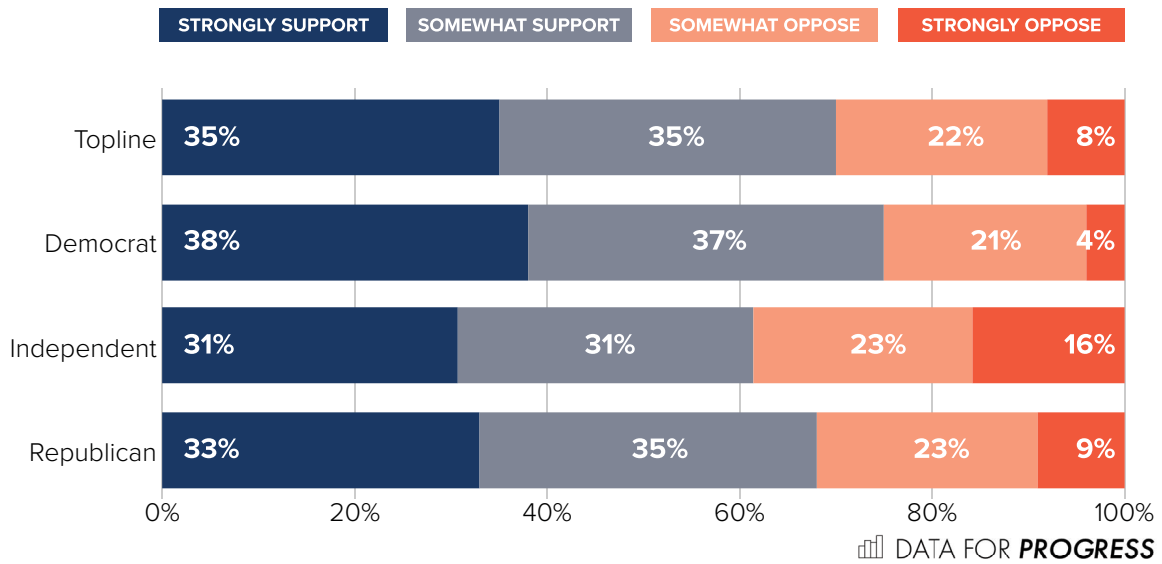


One Fair Wage policies—eliminating subminimum wages for tipped workers—have been gaining momentum. California, Nevada, Washington, Oregon, Montana, Minnesota, and Alaska have all protected tipped workers with one fair wage. Last year, legislators in 16 states introduced One Fair Wage bills and a federal bill passed the U.S. House of Representatives. New York eliminated the subminimum wage for some

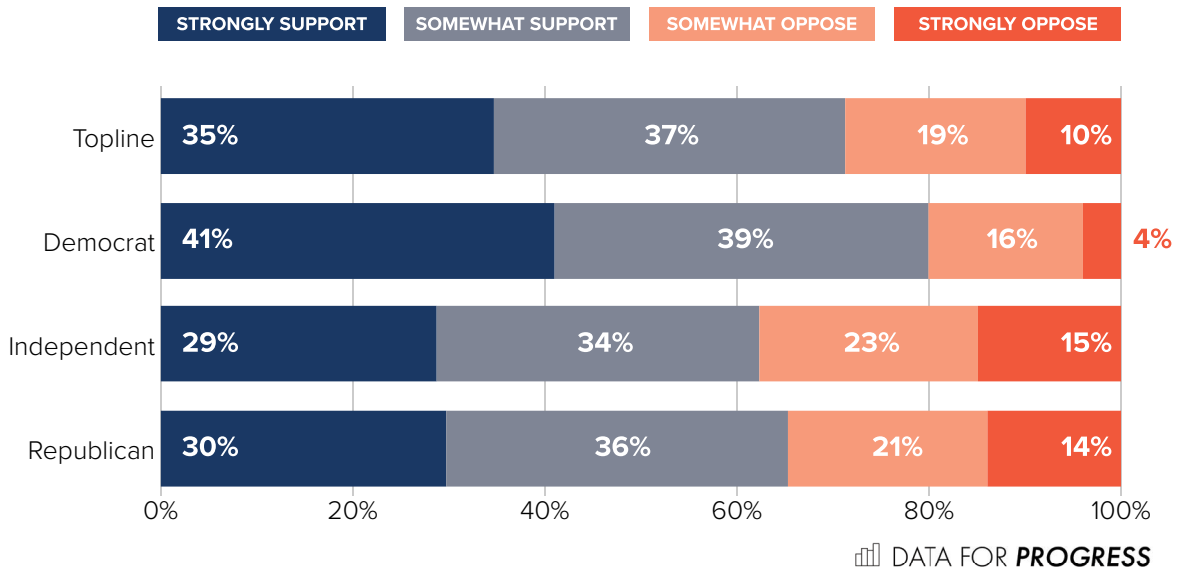
tipped workers last year, but excluded hundreds of thousands of restaurant workers, marking significant progress that leaves much work to be done.

Now our polling shows overwhelming bipartisan support for these policies that will create a more fair economy and protect the public health.

Do you support or oppose the government paying 100% of lost wages for workers who lost their jobs, or face reduced work hours, due to the coronavirus?



Do you support or oppose requiring any company that accepts funding as part of a government bailout to pay workers a living wage of at least \$15 an hour?



METHODOLOGY

On 4/29/2020, Data for Progress conducted a survey of 1151 likely voters nationally using web panel respondents. The sample was weighted to be representative of likely voters by age, gender, education, urbanicity, race, and voting history. The survey was conducted in English. The margin of error is ± 2.8 percent.

COVER PHOTO
Andrea Piacquadio/Unsplash