Waiting for Change: The $2.13 Sub-minimum Wage

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The two tiered system

Federal MW $7.25
Tip credit $5.12
Tipped wage $2.13

Allegretto 2013
Adjusted for price increases

Customer portion of the wage bill is 71%

Employer part of the wage bill is 29%

Allegretto 2013
State tip credit policies
Tip Credit = MW - TW

Federal situation: $5.12
Massachusetts: $5.37
Maryland: $3.62
Connecticut: $2.56
Washington State: $9.19

Tip Credit
Tipped Wage

Allegretto 2013
Employment growth

Source: BLS QCEW data
Gender matters

Source: BLS CPS data

Allegretto 2013
Wages

Source: BLS CPS data

Allegretto 2013
Poverty rates

Source: BLS March CPS data

Allegretto 2013
Workers & food insecurity

- Private Sector: 8.4%
- Restaurant Industry: 15.7%
- Tipped workers: 14.5%

Source: BLS CPS data

Allegretto 2013
Job quality

Health care: 70% (Private sector: 29%)
Retirement: 65% (Private sector: 31%)

Source: BLS NCS data
Allegretto 2013
Growing sector of tipped workers
- low wage, low benefits, high poverty
- women, less educated & disproportionally young
  - but, 45% are at least 30 years old (33% waiters)
- epitome of ‘Just-In-Time’ employment
  - creates instability

Policy areas
- reconnect TW to MW
- strengthen & enforce laws to protect workers
- improve job quality and benefits
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Thank You!

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