



ALL TIPPED WORKERS EARN MORE WITH **ONE FAIR WAGE!**

At every income level, tipped workers in fair wage California, which requires workers be paid a full minimum wage with tips on top, earn more in wages and tips than tipped workers in subminimum wage Massachusetts.

Subminimum Wage Massachusetts vs Fair Wage California Tipped Worker Income

	HIGHEST INCOME IN QUINTILE		AVERAGE INCOME WITHIN QUINTILE	
	Massachusetts	California	Massachusetts	California
20th Percentile	\$5,000.00	\$8,183.00	\$2,423.65	\$3,920.79
40th Percentile	\$12,860.00	\$16,834.00	\$8,687.44	\$12,437.39
60th Percentile	\$23,381.00	\$26,304.00	\$18,318.69	\$21,228.28
80th Percentile	\$37,832.00	\$40,917.00	\$30,301.89	\$33,038.79
100th Percentile	\$764,713.00	\$1,094,251.00	\$66,655.75	\$1,094,251.00

Source: OFW analysis of American Community Survey data, 2018– 2022 5-Year Sample.¹

+ Research has consistently debunked the myth that raising worker pay leads to lower incomes for tipped workers.

Researchers at Tufts University examined reports looking at increasing tipped worker base pay and found that “nearly all” found it resulted in increased earnings: “As the tipped wage is phased out, income among tipped workers is likely to rise slightly. The impact is not life-changing, in most cases, but nearly all studies find durably higher earnings.”²

U.S. Department Of Labor analysis in 2021 found tipped earnings did not decrease with higher hourly pay. In fact, when looking at tipped earnings between subminimum states paying under \$7.25



and states paying above that, they found workers “earned more in tips per hour in states that do not allow a tip credit.” When the U.S. DOL looked at potential regional differences, it found no statistically significant difference in tipped workers’ hourly tipped earnings, “the Department does not believe that workers’ earnings would decrease if employers choose not to take a tip credit.”³



Researchers at Cornell University looked at wage increases over a 20 year period and found “the results of this study confirm previous findings, namely, that the relatively modest mandated increases in employees’ regular and tipped minimum wages in the past twenty years have not had large or reliable effects on the number of restaurant establishments or restaurant industry employment levels, although those increases have raised restaurant industry wages overall.”⁴



Researchers at the Economic Policy Institute found tipped workers wages are more likely to pay enough to keep workers at poverty than states with subminimum wages: “poverty rates are significantly lower for tipped workers in states where they receive the full regular minimum wage.”⁵

One Fair Wage found not only do workers in food services and drinking places in fair wage states make more per year, but that gap is widening. One Fair Wage examined food services and drinking places data from the U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, and found that restaurant workers in fair wage states in 2021 made on average \$2,419 more than workers in subminimum wage states. This difference increased over \$766 by 2023 to an annual wage gap of \$3,184.92 with the average annual income of a restaurant worker in a subminimum wage state being \$25,113.23 while in fair wage states the average annual income was \$28,298.14.⁶



¹ OFW analysis of American Community Survey data, 2018– 2022 5–Year Sample. Steven Ruggles, Sarah Flood, Ronald Goeken, Megan Schouweiler and Matthew Sobek. IPUMS USA: Version 12.0 [dataset]. Minneapolis, MN: IPUMS, 2022. <https://doi.org/10.18128/D010.V12.0>

² Evan Horowitz. (2024, September). Question 5: The Minimum Wage For Tipped Workers. Tufts University, The Center For State Policy Analysis. https://cspa.tufts.edu/sites/g/files/lrezom361/files/2024-09/cSPA_2024_Q5_tipped_minimum_wage.pdf

³ Federal Register. Tip Regulations Under the Fair Labor Standards Act (FLSA); Partial Withdrawal. Department of Labor Office of the Secretary Wage and Hour Division <https://www.federalregister.gov/d/2021-23446/p-318>

⁴ Lynn, Michael. (December 2015) Have Minimum Wage Increases Hurt the Restaurant Industry? Te Evidence Says No! Cornell University School of Hotel Administration <https://www.scribd.com/doc/295240814/Have-Minimum-Wage-Increases-Hurt-the-Restaurant-Industry-The-Evidence-Says-No>

⁵ 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/>.

⁶ U.S. Bureau of Labor Statistics. (Sept, 2024). Quarterly Census of Employment and Wages. Private, NAICS 722 Food services and drinking places, All States and U.S. 2021– 2023 Annual Averages, All establishment sizes. <https://data.bls.gov/PDQWeb/ew>.