

FACT SHEET

RAISING THE SUB-MINIMUM WAGE STRENGTHENS RESTAURANT INDUSTRY



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FACT Seven states have eliminated the tipped minimum wage, and 22 states have increased their tipped minimum wage to above \$2.13 an hour and have thriving restaurant industries and strong employment.

- In 29 states and the District of Columbia, the tipped minimum wage is higher than the federal minimum wage, ranging from \$2.23 in Delaware to \$9.32 in Oregon—but 28 states still allow employers to pay their tipped workers less than \$3.00 an hour. In seven states, the minimum wage is the same for tipped and non-tipped workers.
- Over the next ten years, restaurant employment is projected to grow by 10.6% in the seven states with no difference in the tipped minimum wage, compared to just 9.9% in the rest of the country.

FACT Eliminating the tipped minimum wage does not adversely impact restaurant employment. Coupling the tipped minimum wage to 70% of the regular minimum wage is consistent with actions at the state level.

FACT States with tipped minimums higher than 70% of the minimum wage, including the seven states with 100%, continue to have thriving restaurant industries.

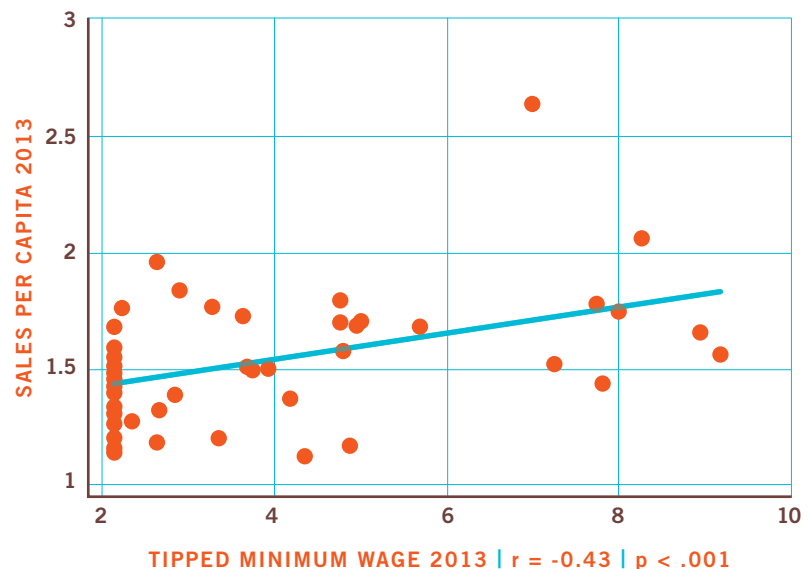
FACT The restaurant industry can afford to raise the tipped minimum wage.

- There are currently seven states that do not allow a subminimum wage, including Alaska, Montana, Nevada, Minnesota, California, Oregon, and Washington. Those states account for over one million tipped workers, and experience above average employment growth.
- Tipped workers in California, with the largest restaurant industry in the country, earn the same \$8 per hour that all other workers receive. Tipped workers in Alaska and Nevada earn \$7.25 and \$8.25, and those states enjoy a projected 14% and 15% industry growth, respectively.
- The restaurant industry projects employment growth over the next decade of 10.5% in the seven states without a tipped subminimum wage, compared to 9.1% in states with a subminimum wage.

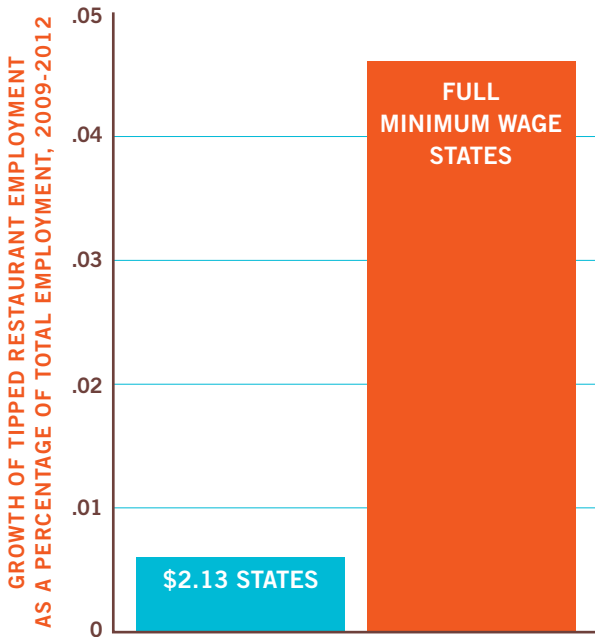
FACT Restaurant sales per capita are higher in states that have a higher tipped minimum wage.

- A close state-by-state examination of actual sales per capita in the restaurant industry over the last three years shows that per capita sales increase as the tipped minimum wage increases, and this effect is statistically significant every year.

Restaurant sales per capita increase
as the tipped minimum wage increases.



Tipped restaurant employment grows in importance as the tipped minimum wage rises.



FACT Since the end of the Great Recession in 2009, employment of tipped restaurant workers has grown faster in states that have a higher tipped minimum wage.

- Across the country, and in a majority of states, both employment of restaurant workers and tipped restaurant workers has grown in absolute terms since 2009. This is true in \$2.13 states, in states where tipped worker wages are higher than \$5.00, and in states with no tipped minimum wage.
- Relative to the total state economy, both restaurant workers as a whole, and tipped restaurant workers in particular have grown as a percentage of the economy.
- Since 2009, tipped restaurant workers have grown in importance as a percentage of total employed workers in \$2.13 states, states where tipped worker wages are higher than \$5.00, and states with no tipped minimum wage. The growth of tipped restaurant workers as a percentage of total employment is highest in states with no tipped minimum wage.
- The percentage of tipped workers as a percentage of total restaurant employment has fallen in \$2.13 states, but grown in states with no tipped minimum wage. Tipped workers as a driver of growth in the restaurant industry have grown in importance in states that have abolished the tipped minimum wage.

Restaurant Sales and Employment Growth Increase as the Tipped Minimum Wage Increases

	2011 Real sales per capita ³⁸	2012 Real sales per capita	2013 Real sales per capita	2009-2012 Restaurant Tipped Worker Job Growth	2009-2012 Restaurant Job Growth as % of Total Employment	2009-2012 Tipped Job Growth as % of Total Restaurant Employment	2009-2012 Tipped Restaurant Job Growth as % of Total Employment
National Average	1.45	1.49	1.53	2%	0.08%	-0.37%	0.01%
\$2.13 States	1.34	1.38	1.42	2%	0.09%	-0.37%	0.01%
Min. Wage > \$5	1.69	1.73	1.78	3%	0.07%	0.11%	0.04%
Full Min. Wage	1.60	1.64	1.68	4%	0.05%	0.49%	0.05%

