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Increasing the Minimum Wage for Tipped Workers

The tipped minimum wage hasn't gone up in 23 years.
- Federal tipped minimum wage has been $2.13 an hour since 1991.
- From 1966 to 1996 tipped minimum wage was at least 50% of the federal minimum wage but now it is only 30%.

Tipped workers are more than twice as likely to fall under the poverty line and waiters are almost three times more likely.
- In states like Kentucky where minimum wage for tipped workers is $2.13, poverty rate is 6.7% for all workers but 16.1% for tipped workers and 19.4% for waiters.
- Tipped workers are much less likely to have workplace benefits. 71% of private sector workers have access to some type of healthcare benefits compared to just 37% of workers in food services. Retirement benefits are provided for 65% of private sector workers but just 32% of workers in food services.

Increases in the tipped minimum wage are effective at reducing poverty rates and do not increase unemployment.
- Tipped workers in states with a tipped minimum of $2.13 earn less than those without a lower minimum wage for tipped workers: $9.31 vs. $10.80 at the median.
- States with a tipped minimum wage equal to the regular minimum wage have the same percentage of the workforce made up of tipped workers--around 2.5%--as states where the tipped minimum is just $2.13.

Increases in the tipped minimum wage particularly benefit women in jobs that are a growing part of our economy.
- 72.9% of tipped workers are women.
- Since 2000, the number of tipped workers has increased 15.5% and the number of waiters increased 7.5%, far exceeding the 1.8% growth in the overall workforce.

Kentucky is in a minority of states that still set the minimum wage for tipped workers at $2.13.
- In 2011 only 30.8% of the workforce was in a state with a $2.13 minimum for tipped workers.
- Only 13 states set the tipped minimum at $2.13; 24 states have a tipped minimum higher than $2.13 including West Virginia ($5.80), Ohio ($3.98) and Missouri ($3.75); in 7 states the tipped minimum wage is the same as the non-tipped minimum wage, and the remaining states don’t have a state minimum wage.

The Kentucky Center for Economic Policy is a non-partisan initiative that conducts research, analysis and education on important policy issues facing the Commonwealth. Launched in 2011, the Center is a project of the Mountain Association for Community Economic Development (MACED) and is a member of the Working Poor Families Project, a national initiative funded by the Annie E. Casey, Ford, Joyce and Kresge foundations that advances state policies in the areas of education and skills training for adults; economic development; and income and work supports. For more information, please visit KCEP’s website at www.kypolicy.org.