Seven states have adopted equal treatment for tipped workers ensuring all workers one fair wage, independent of tips. In those seven states:

- **Sexual harassment is lower than in the subminimum wage states that maintain an unequal treatment regime.** Tipped women workers who earn a guaranteed wage report half the rate of sexual harassment as women in states with a $2.13 minimum wage since they do not have to accept inappropriate behavior from customers to guarantee an income (Figure A). Tipped women workers in $2.13 states report that they are three times more likely to be told by management to alter their appearance and to wear ‘sexier,’ more revealing clothing than women in equal treatment states.  

- **Wages including tips are unambiguously higher than in the 43 states that maintain an unequal treatment regime.** The median wage for tipped restaurant workers in one fair wage (OFW) states is $11.44, surpassing the median wage of $9.57 in states with a tipped subminimum wage, both including tips. The $9.57 median wage for restaurant tipped workers in subminimum wage states is even lower than the wage of the lowest 10 percent of earners in OFW states at $9.66 (Figure B). The median wage for bartenders and servers, restaurant tipped workers providing direct service in New York is $10.98 in New York and $9.22 in Michigan, compared to $12.40 in California (Figure C).

- **Restaurant tipping rates remain constant across the country, but servers earn the highest tips in San Francisco, higher than in New York City or Washington, D.C.** Tipping rates vary around the country, ranging from a low of 14.9 percent in Washington, D.C. to a high of 17.1 percent in Alaska, but remain constant by OFW and $2.13 regions at 16 percent. Rates in New York and Michigan are 15.7 percent and 16.6 percent, respectively. Tipping amounts reported by workers do not statistically vary between OFW and subminimum wage regions. However, among higher earners, servers in equal treatment cities report higher wages and higher tips than their counterparts in unequal treatment states (Figure D).

- **Restaurant sales are higher.** Sales were expected to grow by 5.1% in OFW states in 2017, compared to 4.2% in $2.13 states. Restaurant sales in New York were projected to grow by 3.6 percent, a rate lower than the individual rates of six of the seven equal treatment, or OFW states.  

  OFW states also have the highest restaurant sales weighted by population, over double the rate of sales in $2.13 states and 13 percent higher than in New York. OFW states also outperform the rate of sales per full service employee in $2.13 states by eight percent.
**Better Wages, Better Tips: Restaurants Flourish with One Fair Wage**

- **Restaurant employment rates are equal or higher.** From 2011-2016, full service restaurant employment (FSRE), where tipping is concentrated, grew by 20.4 percent in OFW states. States with a $2.13 subminimum wage did not fare as well; FSRE grew by 16.37 percent during the same time period. FSRE grew by 20.13 percent in New York and 13 percent in Michigan.7

- **Restaurant establishment growth is equal or higher.** The number of full service restaurants (FSR) has steadily increased over the last five years. From 2011-2016, FSRs in OFW states grew by 9.44 percent, compared to 8.8 percent in $2.13 states, 4.88% in New York, 8.7 percent in Michigan, and 13 percent in D.C.8

- **Poverty rates, especially for workers of color, are much lower than in subminimum wage states.** In OFW states workers of color experience poverty levels 27 percent lower than in $2.13 states, 17 percent lower than other states with a subminimum wage, and 10 percent lower than New York.10

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**Figure B**

**Tipped Restaurant Worker Wages by Region and Decile**

Tipped restaurant workers in equal treatment (OFW) states earn higher wages at every income decile than workers in unequal treatment (subminimum wage) states.


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**Figure C**

**Median Wage for Direct Service Workers in MI, NY, and CA**

Median hourly wage including tips for bartenders and servers in Michigan, New York, and California.


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**Figure D**

**Median Hourly Wage and Tips for Fine Dining Servers Are Higher in Equal Treatment (OFW) Cities.**

Median hourly wage and tips for fine dining servers are higher in equal treatment (OFW) cities.

Source: PayScale, 2015.

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9 May 2016 State Occupational Employment and Wage Estimates: https://www.bls.gov/oes/current/oes_nat.htm. Customarily tipped occupations: Massage Therapists; Bartenders; Counter Attendants, Cafeteria, Food Concession, and Coffee Shop workers; Waiters and Waitresses; Hosts and Hostesses; Restaurant, Lounge, and Coffee Shop; Food servers; Non-restaurant Dining Room and Cafeteria Attendants and Bartender Helpers; Gaming Services Workers; Barbers; Hairstylists; Hairdressers, Hair Stylists, and Cosmetologists; (Truckers and Pedicurists; Stampsellers; and Skin Care Specialists; Baggage Porters, Bellhops, and Concierges; Toil Drivers and Chauffeurs; and Parking Lot Attendants.


5 Cross-tabulating the projected sales from endnote 4 with the civilian population data from the United States Census Bureau https://www.census.gov to received sales weighted by population, or with the number of full service restaurant workers (sales per FTE), 722511, in 2016 from the Quarterly Census of Employment and Wages; Bureau of Labor Statistics Quarterly Census of Employment and Wages.

6 See endnote 4.


10 See endnote 2.