

SUBMINIMUM WAGE FAQs

CURRENT STATS

Federal Subminimum Wage Rate (Unchanged since 1990)	\$2.13/HR
WI Subminimum Wage Rate (Unchanged in 20+ years)	\$2.33/HR

[Economic Policy Institute Report](#)

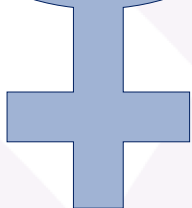
What is Subminimum Wage?

- Subminimum wage is the wage paid to service industry employees (*i.e.*, those who rely on tips, such as waitstaff, bartenders, food delivery workers).
- It is assumed that consumers will cover the difference to put employees at, or over, the normal minimum wage of \$7.25 an hour.
- In other words, service industry employees must rely on the goodwill of customers to provide the majority of their earnings.

BURDEN ON WOMEN

- 2 out of 3 tipped workers are women
- 70% of food servers & bartenders
- Earn approx. \$1/hour less than men

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What is the History of the Subminimum Wage?

- The subminimum wage facilitates widespread inequities throughout the service industry, especially among women and people of color.
- The subminimum wage dates from the post-Civil War era when it became a way to pay service employees, who were primarily people of color, less.

How did the Pandemic Make this Worse?

- Subminimum wages were too low to qualify for unemployment for laid off/furloughed service industry employees.
- The pandemic has reduced tips—more than 2/3 of workers say their tips were cut in half.
- Bad behavior from customers has dramatically increased—
 - 78% of restaurant workers nationwide have experienced or witnessed hostile behavior from customers in response to staff enforcing COVID-19 safety protocols, and
 - 41% of restaurant workers nationwide have experienced or witnessed a noticeable change in overall levels of unwanted sexualized comments from customers.

Why would Eliminating the Subminimum Wage Benefit Businesses?

- Evidence shows that paying employees a full minimum wage does not force employers out of business.
- Eliminating the subminimum wage reduces the taxpayer burden.
- Eliminating the subminimum wage decreases employee turnover and creates a more stable workforce.
- Research shows that consumers would be more than happy to pay more at a restaurant if they knew that the workers were being paid a livable wage.

IMPACT IN WI

As of 2019

284.6k Restaurant & Foodservice jobs

Approx. 9% of State Employment

[National Restaurant Assoc.](#)

Additional Sources:

- [Tipping Is a Legacy of Slavery](#)
- [Washington DC Service Workers' Experience of Health & Harassment During COVID-19](#)
- [Building Back Better: How the Raise the Wage Act Will Decrease Worker Poverty & Increase Small Business Success in the Maine Restaurant Industry](#)
- [Decline in Open Hospitality Businesses Due to COVID-19: A State-By-State Analysis](#)
- [Over 200 Small Business Restaurant Owners and Employers Pen Letter Endorsing Raise the Wage Act](#)
- [Raising the Minimum Wage Would Boost an Economic Recovery—and Reduce Taxpayer Subsidization of Low-Wage Work](#)
- [America's Hidden Common Ground on Economic Opportunity & Inequality](#)
- [Open Letter to Congress in Support of Raising the Federal Minimum Wage](#)