



The Great Black Restaurant Worker Exodus

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The restaurant industry has been in chaos since the onset of the pandemic. Numerous studies have documented how chronic low wages, sexual harassment,¹ and forcing tipped workers to enforce COVID policies on the same customers from whom they have to earn tips in order to earn at least the minimum wage² has resulted in workers fleeing the industry en masse. This report adds to this growing body of evidence demonstrating how the subminimum wage for tipped workers, a vestige of slavery,³ and the racial bias it creates, has led to an even greater exodus of Black tipped workers than other workers from the restaurant industry.

At Emancipation, Black workers were locked into no-wage and low-wage work.⁴ Employers in the hospitality sector hired newly freed slaves for no wage, with the expectation that their income would come from tips received from white patrons. In 1938, when the first federal minimum wage was enacted, the law still allowed employers to pay tipped workers as little as \$0 an hour, arguing that minimum wages could be obtained via tips.⁵ In 1966, worker advocates secured a guaranteed base wage for tipped workers, but they were only allowed to receive 50 percent of the overall minimum wage.⁶ In the 1990s, the National Restaurant Association lobbied and convinced politicians to freeze the subminimum wage for tipped workers.⁷ As a result, the subminimum wage for tipped workers has been capped at \$2.13 an hour for the last 30 years since 1991 — an increase of only \$2 over 150 years since Emancipation.

New analysis of government data particularly during the pandemic demonstrates that the continuation of these antiquated policies has created increasing racial and gender pay inequities. As a result, Black workers are leaving tipped restaurant work at a rate almost three times higher than their white peers — even further worsening racial segregation and pay inequities in the restaurant industry.

1 | KEY FINDINGS

The subminimum wage for tipped workers has always disproportionately affected Black workers, and these effects were heightened during the pandemic. Black workers have been historically overrepresented in the restaurant industry but have long been segregated into lower-income positions within the industry.⁸ They also suffered more during the pandemic, and are thus leaving the industry at higher rates than other workers.

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◆ **The race and gender wage gap between Black women tipped workers and white men tipped workers increased by more than a third (36 percent) over the last four years, from \$4.19 an hour in 2017 to \$5.68 per hour in 2021 (in 2020 dollars).**⁹ Black women tipped workers always earned less than their white male counterparts due to both customer bias in tipping and their segregation into more lower-tipping positions and more casual restaurants, where tips are less than in fine dining establishments.¹⁰ This gap has worsened as the subminimum wage for tipped workers has stagnated at \$2.13 an hour at the federal level — subjecting all workers to greater dependence on these racial inequities of tipping.



◆ **During the pandemic, Black tipped workers reported higher levels of hardship than their white counterparts, particularly a higher level of decline in their tips and greater retaliation from customers for attempting to enforce COVID protocols than their white counterparts.** According to a survey of restaurant workers conducted by One Fair Wage in 2021, 88 percent of Black workers reported that their tips have decreased since the start of the pandemic, compared to 78 percent of white workers, and 73 percent said they received fewer tips when attempting to enforce COVID protocols, compared to 62 percent of white workers. Black restaurant workers also reported higher levels of exposure to COVID and greater challenges in accessing unemployment insurance than their white counterparts.¹¹

◆ **As a result of these longstanding racial inequities that worsened during the pandemic, Black tipped workers have left the industry at nearly 3 times the rate of their white counterparts.** Nearly 18 percent of Black workers in the front of the house — largely tipped service positions such as servers, bussers, and runners — have left the industry since 2019, compared to only 6.8 percent of white front-of-house workers. In addition, Black front-of-house workers are leaving the industry at a rate that is four times higher than the rate of Black back-of-house (kitchen, non-tipped) workers. 4.6 percent of Black back-of-house workers have left the industry since 2019. The exodus of far more Black workers from the front of the house than the back of the house has created even greater racial segregation than previously existed.

2 | THE LONGSTANDING RACIAL AND GENDER WAGE GAP FOR RESTAURANT WORKERS

Because the subminimum wage for tipped workers has forced workers in 43 states to rely on tips to earn the majority of their income, the racial inequities inherent in tipping have created severe race and gender wage gaps for generations. There have been two reasons for this gap. First, there is significant evidence that the implicit biases of customers result in workers of color receiving less in tips than their white male counterparts even when they provide perfect service.¹² Second, workers of color — and women of color in particular — have been segregated into lower-tipping industry segments, casual restaurants rather than fine dining, and into lower-tipping positions within fine dining restaurants (busser rather than server or bartender positions, for example).¹³

The combination of customer bias in tipping and the segregation of women of color into lower-tipping establishments and positions has resulted in a race and gender wage gap that has **increased by more than a third (36 percent)** over the last four years, likely due to the fact that the subminimum wage for tipped workers has stagnated while the cost of living has risen — creating more dependence of all workers on these same racial inequities in tipping. The race and gender wage gap between white men and Black women tipped workers has increased from \$4.19 an hour in 2017 to \$5.68 per hour in 2021 (in 2020 dollars).¹⁴ This 2021 hourly wage gap would equal an annual wage difference of \$11,814.40 for workers working 40 hours a week.

3 | **BLACK WORKERS EXPERIENCED A GREATER DECLINE IN TIPS, HIGHER LEVELS OF CUSTOMER RETALIATION, AND GREATER RISKS DURING THE PANDEMIC**

According to a 2021 survey of restaurant workers conducted by One Fair Wage, 88 percent of Black workers have said their tips have decreased since the start of the pandemic, and 72 percent report their tips declined by 50 percent or more. This is compared with 78 percent of all workers reporting a decline in tips, and 68 percent reporting a decline of 50 percent or more.¹⁵



Black tipped service workers who returned to work in restaurants during the pandemic experienced not only a far greater decline in tips but also faced more punishment for trying to enforce social distancing and mask rules in the form of lesser tips, than other workers. With no safety net, millions of workers felt compelled to return to work but found they were asked to do more work for far less in tips. Since the pandemic, Black tipped workers were far more likely to report their tips had decreased by half or greater compared to workers overall (88 percent v 78 percent)¹⁶ — confirming that the racial bias that existed in tipping prior to the pandemic was exacerbated during the pandemic. Black workers were also far more likely to report their tips had decreased due to enforcing COVID-19 safety measures than workers in general — in other words, Black workers were penalized far more than other workers for trying to enforce social distancing and mask rules (73 percent v 62 percent)¹⁷ — making it more challenging for them to enforce these rules and further exposing themselves and the public to the virus.

Black workers reported a series of other hardships faced during the pandemic at higher levels than their peers, including the following:

- ◆ With the pandemic, Black tipped workers faced higher rates of community exposure to COVID-19 than other workers - making them more vulnerable to exposure at work. Black tipped service workers were more likely to report knowing someone that was infected and died from COVID-19 or COVID-related complications compared to food service workers of all races (66 percent v 59 percent).¹⁸

- ◆ Black tipped workers were less able to access unemployment insurance than workers of all races. In the wake of massive COVID-spurred job losses, two-thirds of all tipped workers surveyed reported facing challenges accessing unemployment insurance. 72 percent of Black workers reported the same.¹⁹
- ◆ At least in part as a result of this relatively greater decline in tips and customer hostility toward Black workers attempting to enforce public health protocols, Black food service workers experienced the greatest decline in wages from prior to the pandemic to the pandemic period of all racial groups, while White workers' wages increased. In particular, while White and Latinx food-service workers' median earnings increased slightly from 2019 to 2020, Black and Asian workers' wages declined, with Black men and women experiencing the greatest decreases in wages of all racial groups since before the pandemic — 3.9 percent and 3.1 percent respectively.²⁰
- ◆ Black workers reported experiencing slightly higher levels of customer hostility for enforcing social distancing and mask rules than the general worker population, though all workers reported a very high level of hostility to enforcing health protocols. Black workers, like other workers, also reported an increase in sexual harassment during the pandemic, especially #Maskual Harassment — 3 the widespread phenomenon of male customers asking women to remove their masks to judge their looks and their tips on that basis. More than 8 in 10 workers (84%) reported experiencing customer hostility to enforcing public health protocols, and slightly more — 86% — of Black workers reported an increase in customer hostility. Over 40% of all workers reported an increase in sexual harassment in restaurants during the pandemic, especially #MaskualHarassment, and several Black workers reported increased racial harassment as well.²¹



4 | THE BLACK TIPPED WORKER EXODUS

Since the end of 2019, almost 1 million workers have left the restaurant industry. In May 2021, 53 percent of all restaurant workers who remain in the industry nationwide reported that they were leaving, and 70% reported that their primary reason for leaving was low wages and tips. Nearly 8 in 10 (78 percent) stated that a “full, stable, livable wage with tips on top” would be the main factor to make them stay in the industry.²²

Not surprisingly, given the increasing level of race and gender inequities and the comparatively higher of tip decline, retaliation, and other hardships faced by Black tipped workers during the pandemic, **Black workers are leaving customer-facing tipped positions at a rate nearly three times higher (18 percent) than their white peers (6.8 percent).**

This rate of exodus among Black front-of-house workers who are almost entirely tipped is also four times higher than the exodus of Black workers in the back of the house (kitchen, non-tipped positions) (4.6 percent). This finding not only points to the increased hardships Black tipped workers are facing in receiving fewer tips and being retaliated against by customers for enforcing COVID protocols but also points to even further racial segregation in the restaurant industry on

the horizon if the situation is not addressed. Since Black workers were already segregated into lower-tipping restaurants and lower-tipping positions (busser v server positions, or back-of-house versus front-of-house positions) the exodus of far more Black 'front-of-house workers' compared to Black back-of-house workers is a troubling development that will further this segregation.

On top of Black workers leaving the front-of-house at much higher rates than white front-of-house workers and Black back-of-house workers, 11.6 percent of white back-of-house workers are leaving. This combination of Black front-of-house worker exodus and more white workers leaving back-of-house positions than their Black peers will lead to an even more segregated workforce.



5 | CONCLUSION

Numerous scholars and studies have concurred that the subminimum wage for tipped workers has exacerbated wage inequality by race and gender, engenders racism and sexism in the industry, and impacts Black workers — Black women most of all. The pandemic has increased all of these inequities, resulting in a mass exodus of all workers from the industry and an even higher increase among Black workers.

In response to this exodus and resulting staffing crisis, in 2020 thousands of independent restaurants began to raise wages to recruit staff and are now paying One Fair Wage — a full minimum wage with tips on top.²³ Over 2000 of these restaurants have joined forces with hundreds of thousands of workers to call for policy at the state and federal level to require One Fair Wage — both to create a level playing field for all restaurants and signal to millions of workers that wage increases will be permanent and make it is worth returning to work in the restaurant industry. One Fair Wage is advancing policy to raise wages and end subminimum wages in 25 states by the United States' 250th Anniversary, 2026.

Raising the minimum wage and ending the subminimum wage would disproportionately positively impact Black workers. Of the estimated 7.8 million Black workers in the US, 5.5 million (31 percent) would benefit if the federal minimum wage were raised to \$15 an hour by 2025.²⁴ That rate is nearly double the proportion of white workers who would benefit from the raise to \$15 an hour (18 percent).²⁵ This is especially true of the restaurant industry, which would see 57 percent of its members get a pay raise if the minimum wage were raised to \$15 an hour.²⁶

If the restaurant industry is to survive, it must close wage inequities and ensure all its workers are paid a living wage.

APPENDIX | METHODOLOGY

To measure employment and wage statistics of workers the restaurant industry across a five-year period (2017 to 2021) One Fair Wage used Current Population Survey data, hosted by IPUMS, and included the following occupation codes:

310 Food Service Managers	4110 Waiters and waitresses
4000 Chefs and head cooks	4120 Food servers, nonrestaurant
4010 First-line supervisors/managers of food preparation and serving workers	4130 Dining room and cafeteria attendants and bartender helpers
4020 Cooks	4140 Dishwashers
4030 Food preparation workers	4150 Hosts and hostesses, restaurant, lounge, and coffee shop
4040 Bartenders	4160 Food preparation and serving related workers, all other
4050 Combined food preparation and serving workers, including fast food	
4060 Counter attendants, cafeteria, food concession, and coffee shop	

The distinction between front of house and back of house workers were delineated as such:

FRONT OF HOUSE	BACK OF HOUSE
310 Food Service Managers	4000 Chefs and head cooks
4010 First-line supervisors/managers of food preparation and serving workers	4020 Cooks
4040 Bartenders	4030 Food preparation workers
4050 Combined food preparation and serving workers, including fast food	4140 Dishwashers
4060 Counter attendants, cafeteria, food concession, and coffee shop	4160 Food preparation and serving related workers, all other
4110 Waiters and waitresses	
4120 Food servers, nonrestaurant	
4130 Dining room and cafeteria attendants and bartender helpers	
4150 Hosts and hostesses, restaurant, lounge, and coffee shop	

To measure employment statistics between 2017 to 2021, One Fair Wage used 1-year Current Population Survey samples, hosted by IPUMS organized by occupation, sex, and a combination of race/ethnicity to accurately measure employment statistics. To estimate the average wages of restaurant workers along demographic lines, One Fair Wage based their analysis on Economic Policy Institute microdata samples of CPS Outgoing Rotation Group data from the same time period. The wage data — adjusted for top-coding and imputations, and trimmed of extreme values, is inclusive of workers' base wages plus any overtime pay, tips and commissions — was then converted from the sample year dollar amount to 2020 dollars in order to make accurate comparisons of wages over time.



ENDNOTES

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- 4** Jayaraman, S. (2021). One fair wage: Ending subminimum pay in America. The New Press.
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- 9** One Fair Wage analysis of the Current Population Survey Outgoing Rotation Group microdata U.S. Census Bureau CPS-ORG), (2017- 2021). Dataset was downloaded from the Economic Policy Institute's Microdata extracts.
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- 14** One Fair Wage analysis of the Current Population Survey Outgoing Rotation Group microdata U.S. Census Bureau CPS-ORG), (2017- 2021). Dataset was downloaded from the Economic Policy Institute's Microdata extracts.
- 15** Statistics provided are based on a non-representative sample from the One Fair Wage COVID-19 Tipped and Service Workers' Emergency Relief Fund applicant pool of tipped service workers in various states, collected from March 2020 until March 2021. This data is not exhaustive. Data is based on responses to surveys that are administered to applicants. However, for ethical reasons completion of these surveys is not required for applicants to apply.
- 16** One Fair Wage. (2021, February). Ending A Legacy of Slavery: How Biden's COVID Relief Plan Cures the Racist Subminimum Wage. https://onefairwage.site/wp-content/uploads/2021/02/OFW_EndingLegacyOfSlavery-2.pdf.
- 17** *Ibid.*
- 18** *Ibid.*
- 19** *Ibid.*
- 20** *Ibid.*
- 21** *Ibid.*
- 22** Statistics provided are based on a non-representative sample from the One Fair Wage COVID-19 Tipped and Service Workers' Emergency Relief Fund applicant pool of tipped service workers in various states, collected from March until March 2021. This data is not exhaustive. Data is based on responses to surveys that are administered to applicants. However, for ethical reasons completion of these surveys is not required for applicants to apply.
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