

RAISE *the* WAGE

FACT SHEET

One Fair Wage

Guaranteeing one fair wage for tipped workers, teen workers, and individuals with disabilities

[Tipped Workers](#)

[Youth Workers](#)

[Individuals with Disabilities](#)

The *Raise the Wage Act* phases out the subminimum wage for tipped workers, youth workers, and individuals with disabilities so that all covered workers make at least the full federal minimum wage.

[Tipped Workers](#)

Currently under the Fair Labor Standards Act (FLSA), an employer may pay a tipped employee a subminimum wage of no less than \$2.13 per hour and use the employee's tips to meet the employer's obligation to pay the federal minimum wage of \$7.25 per hour.

The subminimum wage for tipped workers results lower pay, more uncertainty, and higher poverty rates than non-tipped workers. Through error or *outright wage theft*, employers too often fail to ensure their workers are making the full minimum wage. According to a [2014 report](#) by the White House National Economic Council and the Department of Labor (DOL), more than 1 in 10 of surveyed workers in predominantly tipped occupations report they received hourly wages, including tips, *below* the full federal minimum wage.

Tipped workers' earnings are often irregular and unpredictable, making it difficult to budget for even the most basic needs. Tipped workers are generally low-wage workers, earning [about \\$6.50 less an hour](#), and experience poverty at higher rates than non-tipped workers.

In *one fair wage states*, customers continue to tip and tipped workers make higher wages, which reduces rates of poverty among tipped workers. While the federal tipped subminimum wage has not changed since 1991, seven states have already acted to ensure tipped workers earn their states' full minimum wage *plus* tips ("*one fair wage states*").

Tipped workers in *one fair wage* states earn about [15 percent more per hour](#) than workers receiving \$2.13 as a base wage.

Customers in equal treatment states continue to tip. In fact, a [higher percentage of customers tip](#) in Washington State (equal treatment state) than in New York (a state with a tipped subminimum wage), and customers in Alaska (equal treatment state) leave the highest average tips among all 50 states.

Poverty rates for tipped workers in equal treatment states are lower than those for tipped workers in states with a \$2.13 tipped minimum wage.

Restaurants flourish in *one fair wage* states. While opponents of eliminating the tipped minimum wage assert such action would hurt businesses, this claim has not played out in equal treatment states. Full-service restaurants in equal treatment states actually saw [stronger growth](#) in the number of establishments and jobs than in states with a two-tiered wage system.

An overwhelming number of Americans support one fair wage. According to [a 2019 poll](#), 81% of respondents support (48% strongly) making sure “people who get tips, like servers, are paid at least the same minimum wage as other workers.” This includes 92% of Democrats, 79% of Independents, and 70% of Republicans.

[Youth Workers](#)

Currently under the FLSA, an employer may pay a worker under 20 years of age a subminimum wage of \$4.25 an hour for the first 90 calendar days of employment. While the average minimum wage worker impacted by the *Raise the Wage Act* is 35 years old, teen workers who make the minimum wage also deserve a fair wage. Young workers performing the same work should not be paid less simply because of their age.

Phasing out the subminimum wage for teen workers – and raising the minimum wage generally – will help teen workers from low-income families who contribute to their households’ overall income. A higher minimum wage means students from low-income families who work to help support their families are not working excessive hours. This allows them to increase their school attendance and balance work and school better.

A higher minimum wage may especially help [teen workers of color](#), who often have higher barriers to employment, afford the supports and services they need, such as transportation to work.

Phasing out the subminimum wage for teen workers – and raising the minimum wage generally – will help students working to pay for higher education. About [70 percent of 18- and 19-year-olds](#) who are enrolled in two- or four-year colleges work. Nearly half of U.S. students pursuing a two-year degree, and over 40 percent of students pursuing a four-year degree, [work more than 35 hours per week](#).

Opponents of increasing the minimum wage have admitted that they use the threat of teen job losses as a scare tactic to prevent wage increases. Despite what opponents scare tactics, jobs for teens don't go away when we raise the minimum wage. Opponents making this argument purport to want to help young workers, but as [a leaked memo](#) from an anti-minimum wage lobbyist shows, this rhetoric is just about using low wages for youth to push down *all wages*.

Individuals with Disabilities

Section 14(c) of the FLSA allows employers and organizations to apply for special certificates to pay individuals with disabilities at wages less than the minimum wage and less than the prevailing wage. There is no minimum amount that can be paid to an individual with a disability under 14(c) certificates, and the average wage paid is generally unknown, but [estimated](#) to be approximately \$2.50.

All people deserve the right to earn the minimum wage. Individuals with disabilities are paid a subminimum wage that is not based on performance or skill, but rather only based on them having a disability. Every working person should be paid the full federal minimum wage.

Fully integrating workers with disabilities into the general workforce will increase their productivity. Experts in the field of disability employment agree that [individuals with disabilities are more productive and effective](#) when they are integrated into the general workforce and paid a fair wage. When individuals with disabilities transition to competitive employment, they are better able to achieve financial independence and are [more likely to spend time engaging in their community](#).

Fully integrating workers with disabilities into the general workforce supports the core goals of the *Americans with Disabilities Act*. Phasing out the use of 14c certificates will support the core goals of the landmark *Americans with Disabilities Act*: Equal opportunity, full participation, independent living, and economic self-sufficiency.