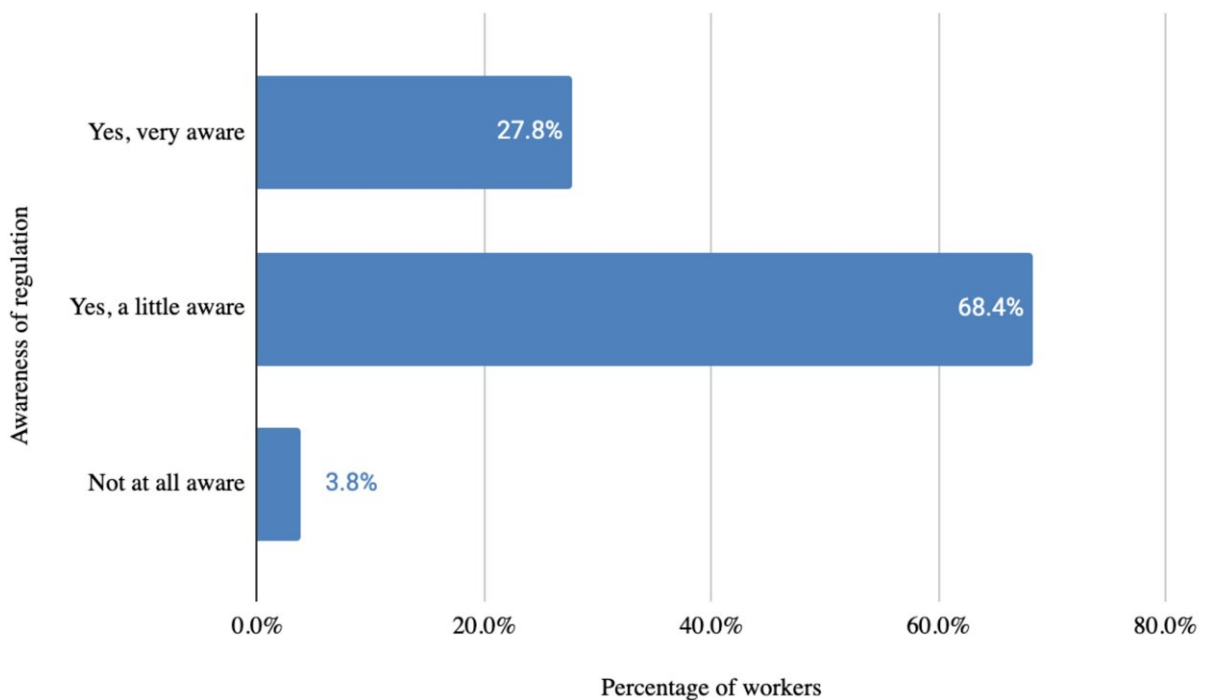


Study: Tipped restaurant workers in Chicago compensated at rates below minimum wage

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Awareness of city of Chicago fair workweek ordinance. Credit: *City of Chicago Tipped Worker Report (2023)*.

A new study co-written by a team of University of Illinois Urbana-Champaign labor researchers assessing the state of food service and bar employment in the city of Chicago found that more than three-quarters of tipped workers surveyed were compensated at an hourly wage rate of

less than the standard Chicago minimum wage but higher than the sub-minimum wage allowed for employees who rely on customer gratuity to supplement their paychecks.

In addition to their subpar [wage](#) compensation, front-of-the-house workers such as servers, bussers, bartenders and hosts also experience wage theft, capricious scheduling, and discrimination and [sexual harassment](#), said Alison Dickson, a senior instructor in the School of Labor and Employment Relations and the paper's lead author.

"For anyone who's worked in a restaurant, bar or cafe, you have a pretty good idea of how the practice of tipping can lead to discriminatory practices—and how it oftentimes has much less to do with your ability to actually do your job well than your ability to withstand certain types of abusive behavior from customers," said Dickson, also an affiliate of the Project for Middle Class Renewal.

The research was co-written by Black Studies scholar Augustus Wood, a professor of labor and employment relations at Illinois who studies African American labor and urban history, political economy and social movements.

"The wage crisis for the working classes is real with disproportionate danger to the survival of Black and Brown working class people. We hope that this study serves as the basis for transforming the wage structure and eliminating the exploitation of all workers in Chicago and beyond," Wood said.

The researchers surveyed more than 1,200 tipped restaurant and bar employees throughout Chicago in July 2022 and analyzed data, numerous areas of economic hardship as well conflicts between workers' employment and their overall well-being.

Additionally, the researchers found several violations of municipal, county, state and federal work-related laws, including wage theft, hours and work schedule violations, discrimination and harassment, and occupational health and safety violations.

Some of the key findings include:

- Roughly 77% of workers reported earning an hourly wage of between \$9.24-\$15.40 per hour before tips, the legally permissible rates for employers in Chicago with 21 or more employees. Fewer than 7% of workers earned more than \$15.40 per hour before tips. Just over 16% of workers earned less than \$9.24 per hour before tips.
- Almost 80% of workers reported that they worked without pay at least once a month, and almost 9% reported that they worked without pay three or more times in a month.
- Close to half of workers reported that they were paid late at least once and almost a third received late pay two or more times.
- Nearly 57% of workers reported that they were required to illegally "tip-out" or share their tips with managers.
- More than half of surveyed women and more than one-third of surveyed men and those identifying by other genders experienced sexual harassment in the past year.
- Over 8 percent of all surveyed workers reported that they were sexually assaulted at work during the time period, including 11% of surveyed men and almost 30% of surveyed workers identifying with other genders or gender non-conforming.

"What I think that a lot of the public perhaps doesn't realize is that tipped workers can legally earn a sub-minimum wage, and obviously this breeds a culture of intimidation, discrimination and sexual harassment," Dickson said. "When you have a legal system that allows customers to pay someone else' wages based on their interactions with them—that's a

recipe for all sorts of bad outcomes."

The widespread perception that tipped workers are younger workers hustling to make a few extra bucks while going to school also isn't borne out by the data, Dickson said.

"Both our study and census figures show that the majority of workers in these occupations are adults 30 and over, and a sizable portion of them have caregiving responsibilities supporting older family members or children," she said. "So these are workers who are supporting families or are taking on second and third jobs because their primary occupation isn't paying the bills. When you're a tipped employee, there are good weeks and there are bad weeks—you'll get good tips and then you'll get nothing. If you combine that with everything else one has to endure on the job, it can be a fairly miserable and precarious employment situation."

The city of Chicago is poised to phase out the sub-[minimum wage](#) for tipped workers by 2028, joining seven other U.S. states plus one territory and Washington, D.C.

"In Chicago, there are laws on the books that address some of the most egregious practices that have to do with unpredictable scheduling, variable work hours, and illegal discrimination on the job," Dickson said. "But our report found that while workers have some baseline knowledge of their rights under the law, there really isn't much uptake of those rights due to fear of retaliation and the vulnerability associated with living paycheck-to-paycheck."

While it's important that a compromise was reached, eliminating the sub-minimum wages is just one piece, Dickson said.

"There also needs to be comprehensive worker education efforts and

adequately funded and staffed enforcement mechanisms for worker protections," she said. "And it's not just food-service workers facing exclusions from basic workplace rights. It's farmworkers, it's domestic workers—workers who are the backbone of our economy. Entire industries and occupations have been historically excluded from coverage under many labor and employment laws due to racism and the enduring legacy of slavery in the U.S."

The research is part of the Project for Middle Class Renewal, a research-based initiative tasked with investigating the labor market institutions and policies in today's economy while elevating public discourse on issues affecting [workers](#).

More information: Paper: [lep.illinois.edu/wp-content/up ...
2023_0928.docx-1.pdf](http://lep.illinois.edu/wp-content/uploads/2023/09/2023_0928.docx-1.pdf)

Provided by University of Illinois at Urbana-Champaign

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