

Wonkblog • Analysis

# Maine tried to raise its minimum wage. Restaurant workers didn't want it.

By **Caitlin Dewey** June 27, 2017

As the Maine House [voted on a bill](#) to reduce the minimum wage for tipped restaurant workers, Jason Buckwalter and a dozen fellow servers huddled in a back room listening to the vote call at the Bangor steakhouse where they work.

They all hoped to hear one thing: that state legislators had voted to lower their wages. Some cried with relief, Buckwalter said, when the final vote ended at 110 to 37 — overwhelmingly in their favor.

The vote, which took place on June 13, marked the conclusion of a months-long political saga that has upended conventional wisdom about the minimum wage. Workers have traditionally supported such increases, which advocates say are critical to lifting millions out of poverty.

But in Maine, servers actively campaigned to overturn the results of a November referendum raising servers' hourly wages from \$3.75 in 2016 to \$12 by 2024, saying it would cause customers to tip less and actually reduce their take-home income.

The bill was signed into law on June 22 by Republican Gov. Paul LePage, a strident critic of raising the tipped minimum wage.

The servers' campaign against increasing the minimum wage was a blow to labor activists, who believed the Maine referendum could kick off similar votes in New York, Massachusetts and D.C.

Instead, some servers in those places are already mobilizing against a higher wage.

“The next fight is on the national level,” said Buckwalter, who organized other servers to lobby Maine politicians and is now working with waitstaff in Minneapolis and Seattle. “I had lost my faith in government. This restored it, a little.”

As Buckwalter and other servers explain it, the labor model in restaurants is unlike that in other industries. Federal labor law allows restaurants to pay their tipped workers less than the local minimum wage, provided that their total earnings, with tips, meet or exceed that minimum. If servers' earnings fall short of that, employers must pay the difference.

In reality, it's not clear how often restaurants do that. Furthermore, activists say, workers who make the bulk of their income in tips depend on getting good shifts to make ends meet. That means they avoid any actions that could upset management, including asking for owed money or complaining about customers who harass or bother them.

As a result, said Sylvia Allegretto, a labor economist at the University of California, Berkeley, who has studied minimum wage issues, tipped workers tend to have a poverty rate almost twice that of non-tipped workers, and they are more likely to rely on public assistance.

"Not everyone is making a lot of money in tips," Allegretto said, "especially in an industry where you can't complain about it."

At first, that argument seemed to be persuasive in Maine, where more than 80,000 people work in food service, according to the state department of labor. The average annual wage is slightly over \$17,000 a year for restaurant workers, but that includes both tipped servers at full-service restaurants and people who do not make tips, such as back-of-house staff and fast-food workers.

A November referendum to raise both the regular and tipped minimum wages — \$7.50 and \$3.75, respectively — won with 55 percent of the vote. (It required a simple majority.) But almost immediately after the vote was tallied, tipped servers began to complain that the result would hurt their livelihoods.

Their fears were twofold, said Sue Vallenza, a 55-year-old bartender at the Pilot House in Kennebunk, Maine, who immediately began lobbying state legislators to overrule the referendum. Many servers feared the higher costs to owners would lead them to raise prices or cut shifts. And at a packed, 10-hour April meeting of the Maine Legislature's Labor, Commerce, Research and Economic Development Committee, dozens of servers also said some confused customers were already tipping less.

Vallenza said she saw her hourly tips drop by more than \$2 per hour, from the \$20 to \$30 per hour she made before.

"I don't need to be 'saved,' and I'll be damned if small groups of uninformed people are voting on my livelihood," Vallenza said. "You can't cut someone off at the knees like that."

Whether a higher minimum wage would have reduced Vallenza's income is less than clear. The problem is that very little good data exists on how much money servers make in tips — meaning that any research about their incomes is doomed to a certain amount of imprecision.

A number of peer-reviewed studies have found that an increase to the tipped minimum wage does [increase server earnings](#), but only slightly. Researchers don't agree as to whether those gains [come at the cost](#) of lower employment, or whether the employment effects might differ at various wage levels.

There's also little consensus as to whether an increase in the minimum wage causes customers to tip less. In [a 2016 working paper](#), currently pending journal publication, Census Bureau economist Maggie Jones concluded that servers tend to receive less tips as their minimum wage increases, resulting in no change to net income. That could be due to factors such as tip-pooling or floor coverage, however, and not to customer behavior.

Moreover, all these studies focus on “averages” — and tipped work is anything but. A waitress at a rural diner may make only a few dollars in tips over the course of her shift, while a bartender at a high-end, high-traffic spot could make hundreds.

Activists maintain that the public never heard from the rural diner types, because those workers — the ones most in need of a higher minimum wage — are generally not in a position to complain about their earnings or to take time off work.

“We do not believe what we see in Maine is representative of the majority of workers,” said Dave Palmer, the managing director of Restaurant Opportunities Centers United, a national group of low-wage restaurant workers that fought for Maine’s referendum. “We have enough of a sense from our members around the country that this is important to them.”

In Maine, however, that has not appeared to be the case. In addition to the packed April committee meeting, where opponents of the higher wage greatly outnumbered supporters, more than 5,000 people joined a Facebook group, Restaurant Workers of Maine, dedicated to overturning the referendum by mobilizing servers against it.

James Dill, a college professor and the Democratic state senator from Maine's 5th District, received hundreds of emails and phone calls from unhappy servers, he said. He initially voted for the ballot referendum because he supports a higher minimum wage. After the outcry, he signed onto a Republican measure to lower the tipped wage down again.

That measure passed the Senate by a vote of 23 to 12 on June 7, and the House on June 13. Governor LePage signed the bill into law last week, a spokesman for his office said, though the signing was not publicly announced for several days. It's expected to go into effect in January 2018.

“I realize not everyone is in the same boat,” said Dill. “But the ones who called me were saying, ‘I make \$20 to \$25 per hour, I’ve bought a house with that income, I support my kids — it’s really important that you don’t mess with my tips.’”

“I believe in a higher minimum wage,” he added. “But the people who this was impacting didn’t want it.”

Palmer, of Restaurant Opportunities Centers United, said his organization has not been deterred by the loss in Maine -- though it did learn “organizing lessons” for upcoming battles in other states. For starters, ROC and other progressive activists will need to mobilize more low-income workers who support a higher tipped income. They will also need to do more to push back against what Palmer describes as industry-sponsored “fear and misinformation.”

Already, tipped minimum wage debates are looming in Minnesota, Massachusetts, New York and Washington, D.C. In April, nearly half of Senate Democrats [signed onto a bill](#) to gradually raise the minimum wage to \$15, for both tipped and non-tipped workers. In Minneapolis, a substantial raise to the city’s minimum wage has been held up on the question of whether or not tipped workers will be included.

There, as in Maine, large numbers of servers have begun to organize against any changes to their pay.

“There’s no other industry that gets away with not paying their workers because customers can,” Palmer said. “This is bigger than any one state.”

**Read more:**

[A 'very credible' new study on Seattle's \\$15 minimum wage has bad news for liberals](#)

[Where the minimum wage might fall for some Americans](#)

[Minimum-wage hikes do close restaurants. Just not the ones you care about.](#)

Caitlin Dewey is The Washington Post's food policy writer for Wonkblog. She previously covered digital culture and technology for The Post. [🐦 Follow @caitlindewey](#)