

# Tips for Good Living

Ronald and his wife Tina are co-owners of the Good Food Café in their hometown. He is the chef and she manages the restaurant. They've operated the business for 10 years and have become part of a dedicated and close-knit community of local restaurateurs. The restaurant has a lot of regular customers for breakfast and lunch and is a beloved spot for special occasion dinners, like birthdays, wedding anniversaries, and prom nights.

The servers, busboys, and dishwashers are all paid using a system which has a baseline of hourly pay combined with income from tips. Ronald and Tina already pay their staff a baseline of \$8/hour, which is significantly more than the federally required minimum of \$2.13/hour for restaurant workers. Most of their staff have been with the restaurant for a long time. They all work hard to keep a respectful and safe working environment for everyone, and Ronald and Tina manage a local mutual-aid fund to help support workers in the restaurant industry when they face emergencies or hardships.

Recently, local activists sparked a debate in the Chamber of Commerce about whether there should be a campaign for local restaurants to all switch from the tipping model to a "living wage" model, where workers are not permitted to accept tips but are guaranteed to be paid at least \$17 an hour. The activists argue that tipping models allow for discrimination and create systemic poverty for workers in the restaurant industry.<sup>1</sup> Their campaign calls for local restaurants to abandon the tipping model and asks local restaurant owners to sign-on to a petition calling for a state law to require living wage guarantees for all restaurants in the state.

The anti-tip campaign explains that servers interacting with customers are relying on those customers to provide the majority of their earnings, which creates a serious power imbalance that is often abused. Studies show that tipping disproportionately rewards white men over women and people of color. Workers in the restaurant industry report sexual harassment at rates 5 times higher than any other industry.<sup>2</sup>

But switching to a living wage model worries Ronald and Tina. They would have to significantly raise prices in order to accommodate living wage legislation. Most weeks of the year, their workers typically take home pay above the current living wage guidelines. However, there are typically some slow periods during the year, and Ronald and Tina worry that they wouldn't be able to bring in enough business to maintain that level of pay when business slows down. They worry that they would have to close the restaurant for part of the year, and that they wouldn't be able to guarantee consistent employment for their workers.<sup>3</sup> Their servers are also worried that the living wage plans would actually result in a pay cut for them, because they often earn well above the living wage threshold, even after they have done a generous tip payout to workers in the kitchen.<sup>4</sup>

## DISCUSSION QUESTIONS

1. What are the most important moral factors for restaurants to consider in deciding whether to adopt a living-wage or a tipping model?
2. Does tipping affect the customer-server relationship in a problematic way? Or is it a morally neutral practice?
3. How should restaurant workers' interests be weighed against the interests of restaurant owners in the decision to retain a tipping system?
4. Should governments regulate tipping for the restaurant industry, or should individual restaurants be allowed to decide for themselves which model to follow?

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<sup>1</sup> [https://www.huffpost.com/entry/abolish-tipping\\_n\\_5991796](https://www.huffpost.com/entry/abolish-tipping_n_5991796)

<sup>2</sup> <https://www.washingtonpost.com/news/work/wp/2016/02/18/i-dare-you-to-read-this-and-still-feel-ok-about-tipping-in-the-united-states/>

<sup>3</sup> <https://www.nytimes.com/2021/02/26/opinion/minimum-wage-2021-georgia.html>

<sup>4</sup> <https://www.eater.com/2015/3/13/8187659/restaurant-server-explains-why-we-should-not-abolish-tipping>

