



A Survey of Tipped Restaurant Employees in Connecticut

THE IMPACT OF ELIMINATING THE TIP CREDIT ON INCOME AND JOB SECURITY

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PREPARED BY CORCOM INC.

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February 2024

Executive Summary

This year, Connecticut lawmakers are proposing a bill that would eliminate the state tip credit. Eliminating the tip credit means employers would be responsible for paying tipped employees at least the full minimum wage (currently \$15.69 per hour) as a base wage, instead of using the current tip credit, which allows tipped employees to be paid a base wage of at least \$6.38 per hour plus tips for servers and \$8.23 per hour plus tips for bartenders.

Proponents of tip credit elimination have been critical of the tipping system and prefer a compensation arrangement where the hourly rate is higher, but tips may be smaller. Opponents of tip credit elimination point out that tipped employees already earn more than the minimum wage when tips are included—and that changing the system could mean lower overall earnings.

After Washington, D.C. began phasing out its tip credit, hundreds of restaurant owners were forced to impose a mandatory service charge on customer checks to account for rising costs. Under federal law, mandatory service charges are part of the restaurant's sales and are not the same as tips.

To better understand the potential impact of eliminating the tip credit for Connecticut's full-service restaurants' tipped employees, a survey of 446 servers, bartenders and other tipped staff was conducted in February 2024.

Key Findings

- A strong majority of tipped employees (93%) agree that Connecticut's current tipping system works well for them and does not need to be changed (somewhat agree, 10%; strongly agree, 83%).
- Many agree that employees can maximize tips through excellent customer service (87%), earn more than minimum wage (75%), make more money than a job in other sectors (70%) and have schedule flexibility (61%).

- Nearly all (91%) tipped employees say they are earning \$20.00 or more per hour. In fact, 60% of tipped employees say they are earning \$30.00 or more per hour.
- If tipped wages are eliminated in Connecticut, most believe that tipped employees will earn less (95%). Fewer say they will earn the same (3%) or earn more (2%).
- A majority believe that customers are unlikely (83%) to continue tipping on top of any mandatory service charge (somewhat unlikely, 14%; very unlikely, 69%).
- A majority (96%) say they prefer the current system with a lower base wage and tips that provide the ability to earn more than the minimum wage, while four percent prefer a different system with a higher base wage, but a less certain outcome on tipped income for the server.

A Survey of Connecticut Tipped Employees

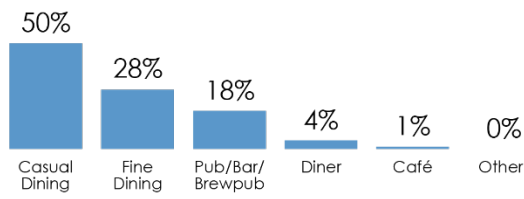
An online survey of 446 tipped employees currently working at full-service restaurants in Connecticut was conducted by CorCom, Inc. in February 2024.¹

Participating restaurants, who are members of the restaurant trade group coalition, distributed the survey to their tipped employees. This survey has a margin of error of five percent.

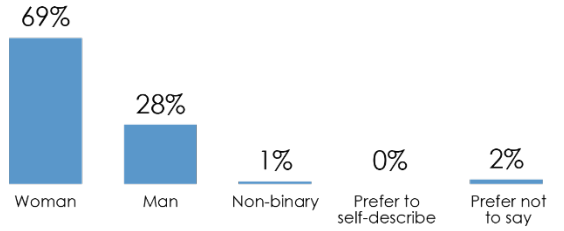
Table 1 provides a summary of the participants. Respondents have been employed for a variety of years, with 55 percent being employed 10 years or more. Others have been employed 3-5 years (20%), 6-9 years (17%) or two years or less (8%). Half (50%) are employed in a casual dining restaurant and are servers (67%). More are women (69%) than men (28%). Many (41%) are 18-29 years old or 30-44 years old (41%). A majority are white (77%). Respondents work in various counties, with 38 percent working in Hartford County. Others work in New Haven County (19%) or Fairfield County (16%).

¹ Nicole Bruno, Hannah McCollum and Sabrina Amann-Ross of CorCom Inc conducted this study. CorCom is a research and consulting firm headquartered in Pittsburgh, PA. It was founded by Dr. Lloyd Corder, who holds faculty appointments at Carnegie Mellon University and the University of Pittsburgh. This survey was prepared with research support from the Connecticut Restaurant Association. The authors maintained sole control of the conclusions, and the Association had no control of the survey responses.

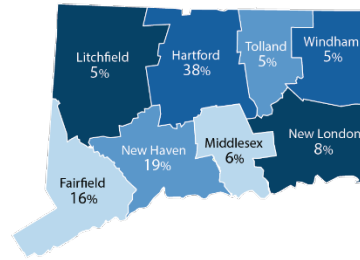
Table 1
Employee Profile



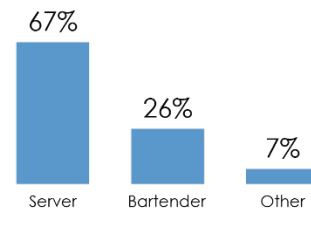
In what type of dining establishment are you employed?



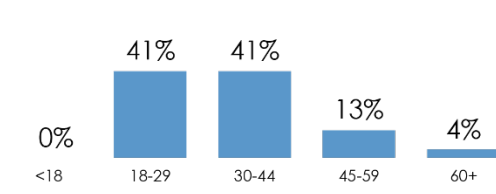
What is your gender?



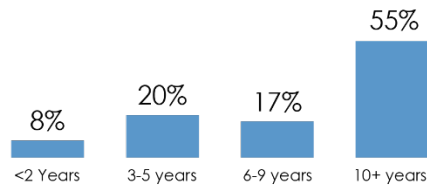
Where is your restaurant located?



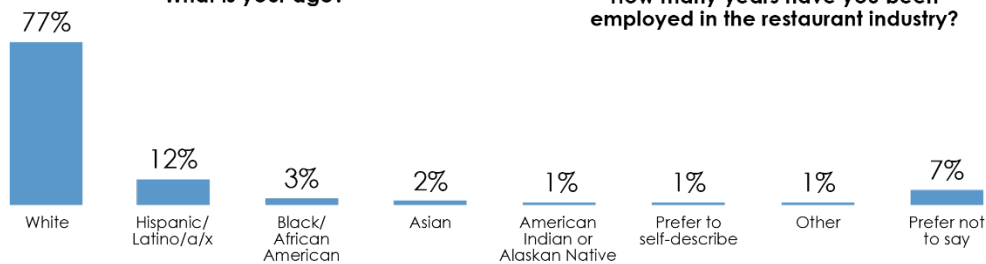
What current job do you work within your restaurant?



What is your age?



How many years have you been employed in the restaurant industry?



What is your ethnicity?

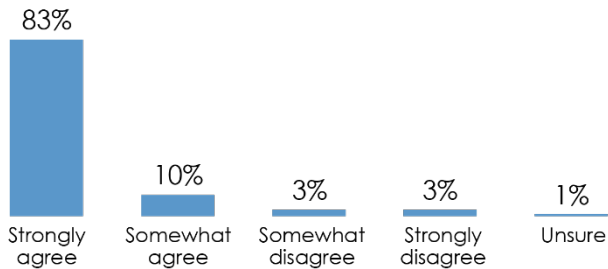
Support for Connecticut’s Current Tipping System

A strong majority of tipped employees (93%) agree that Connecticut’s current tipping system works well for them and does not need to be changed (somewhat agree, 10%; strongly agree, 83%) (Table 2). Fewer disagree (6%), with three percent “somewhat” disagreeing and three percent “strongly” disagreeing.

Table 2

Support for Connecticut's Current Tipping System

How much do you agree with this statement, "Connecticut's current tipping system works well for me and doesn't need to be changed."



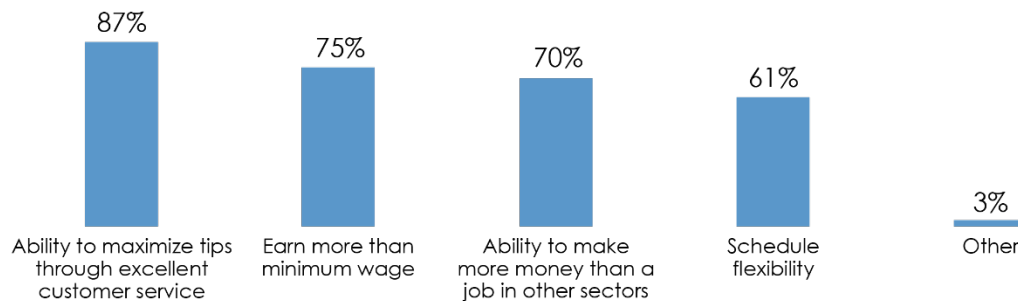
Benefits of the Current Tipping System in Connecticut

Tipped employees describe several benefits of the current tipping system in Connecticut (Table 3). Many agree that they can maximize tips through excellent customer service (87%), earn more than minimum wage (75%), make more money than a job in other sectors (70%) and have schedule flexibility (61%).

Table 3

Benefits of the Current Tipping System in Connecticut

What are the benefits of the current restaurant tipping system in Connecticut? Select all that apply.

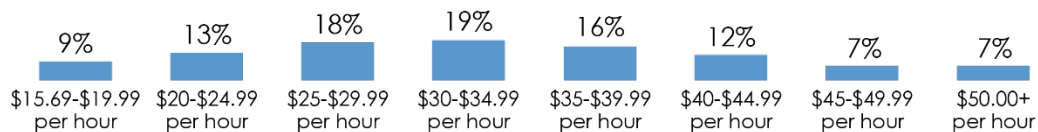


Current Hourly Tipped Income

Table 4 shows the percentage of tipped employees' combined average hourly wage with tips and base wage. Nearly all (91%) tipped employees say they are earning \$20.00 or more per hour with employees earning \$20.00-\$24.99 per hour (13%), \$25.00-\$29.99 (18%), \$30.00-\$34.99 per hour (19%), \$35.00-\$39.99 (16%), \$40.00-\$44.99 per hour (12%), \$45.00-\$49.99 per hour (7%) or \$50.00 per hour or more (7%).

Table 4
Current Hourly Tipped Income

With tips and your base wage combined, what is your average hourly wage?



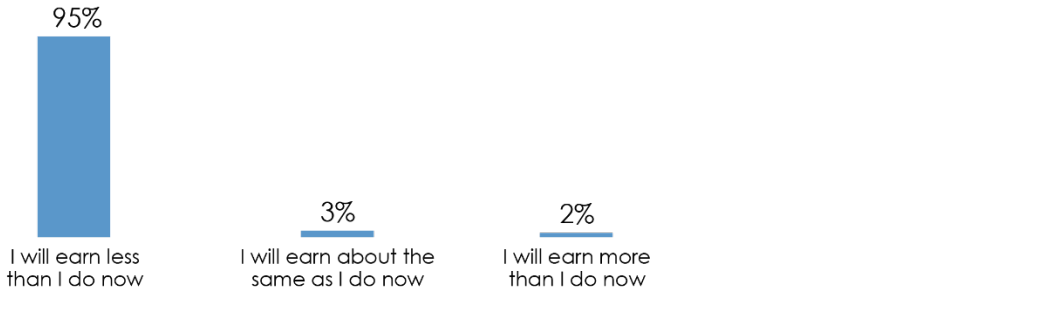
Tip Credit Elimination Impact

Tipped employees see several negative impacts from eliminating tipped income (Table 5). Topping the list, most believe that tipped employees will earn less (95%). Fewer say they will earn the same (3%) or earn more (2%).

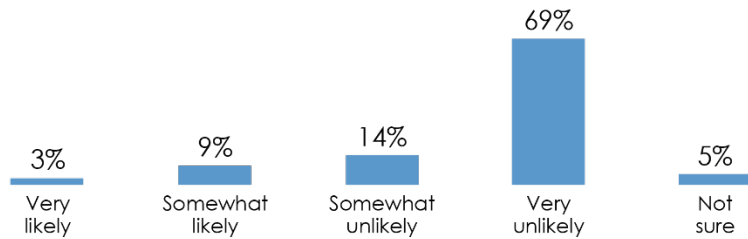
A majority believe that customers are unlikely (83%) to continue tipping on top of any mandatory service charge (somewhat unlikely, 14%; very unlikely, 69%).

Table 5 Tip Credit Elimination Impact

If the tip credit were eliminated in Connecticut, which of the following do you believe to be true?



If the tip credit were eliminated in Connecticut, how likely do you think customers are to continue tipping on top of any mandatory service charge?



Compensation Preference

Table 6 provides the results of a question that asked tipped employees which compensation system they prefer. A majority (96%) say they prefer the current system with a lower base wage and tips that provide the ability to earn more than the minimum wage, while four percent prefer a different system with a higher base wage, but a less certain outcome on tipped income for the server.

Table 6 Compensation Preference

Which compensation system would you prefer?

