

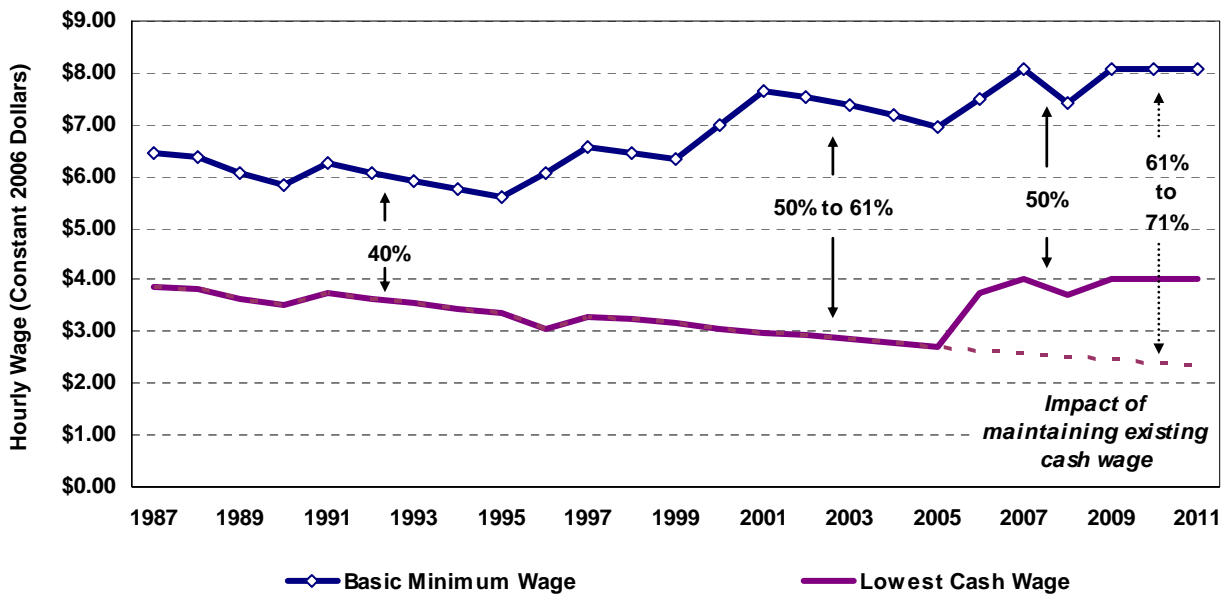


The Massachusetts Minimum Wage and “Tipped Employees”

- Under current law, the minimum wage in Massachusetts is \$6.75 per hour. However, employers are allowed to pay “tipped employees” – for instance, waiters and waitresses – a lower “cash wage”, if the combination of the tips those employees earn and that cash wage is sufficient to equal the standard minimum wage.
- The minimum cash wage for tipped employees is now \$2.63 an hour. **After adjusting for inflation, today’s minimum cash wage for tipped employees is worth 30 percent less than the minimum cash wage in 1991.**
- Until 1996, the minimum cash wage for tipped employees was set in law at 60 percent of the standard minimum wage. In 1996, the minimum cash wage was reduced to 50 percent of the standard minimum wage. Since 1999, the minimum cash wage has been a fixed dollar amount – \$2.63 per hour. As a result, **the minimum cash wage for tipped employees is now worth only 39 percent of the standard minimum wage of \$6.75 per hour.**

Gap between Standard Minimum Wage and Cash Wage for Tipped Employees

Figure reflects actual values for 1987-2005; projected values under H. 3782 for 2006-2011



- Both the original version of legislation to increase the standard minimum wage (House 3782) and the redrafted version of that legislation approved by the Committee on Labor and Workforce Development in March 2006 (House 4781) seek to address this problem by reinstating the policy of setting the minimum cash wage at 50 percent of the standard minimum wage.
- Under the original version of the legislation, the standard minimum wage would be \$8.25 per hour in 2007 and the minimum cash wage would be \$4.13. Under the version approved by the Committee on Labor and Workforce Development, the standard minimum wage would be \$7.75 per hour in 2008 and the minimum cash wage would be \$3.88; thus, while the Committee’s version would produce a meaningful increase in the minimum cash wage, it would still leave the minimum cash wage below its 1991 level, after adjusting for inflation.