

The Case for Eliminating the Subminimum Tipped Wage in Santa Fe, New Mexico

by Yannet Lathrop

Introduction

Santa Fe Mayor Alan Webber recently announced a proposal to increase the city's wage floor from \$15 to \$17.50 by 2027.¹ Mayor Webber's proposal is welcome news to underpaid workers whose hourly wages are not enough to make ends meet. However, the proposal overlooks the tipped wage, which is effectively the shockingly low state rate of \$3.00 an hour, which lags well behind many other states, including neighboring Arizona's current tipped minimum wage of \$11.70 per hour and neighboring Colorado's current tipped minimum wage of \$11.79 per hour.

We urge Mayor Webber to address this oversight by updating his proposal to also call for a "one fair wage" (the gradual elimination of the subminimum tipped wage), as seven other states and one neighboring locality (Flagstaff, AZ) have done.

The current moment is apt to address the subminimum tipped wage. Recent polling shows that wages and the economy are top of mind for voters throughout New Mexico and the country. A recent Yale Youth Poll of likely voters finds that the price of goods and services is the top issue for voters of all ages (40.3 percent), followed by the need for higher wages (23.3 percent).² A July 2025 poll by Data for Progress finds that over 60 percent of voters live in economic precarity, and 54 percent do not believe that available jobs are "good paying" jobs that meet their household needs.³ A YouGov/CBS News Poll finds that 60 percent of voters earning under \$50,000 per year rate their financial situation as "bad."⁴ A Wall Street Journal/NORC Poll finds that a record 70 percent of voters no longer believe (or never believed) that the American dream (the idea that hard work is rewarded by prosperity) is achievable.⁵

The Typical Santa Fe Tipped Worker Earns a Low Wage

Servers and bartenders comprise the majority (52 percent) of the 4,370 tipped workers in the Santa Fe metropolitan area.⁶ In May 2024, the typical (median) wages for these occupations were \$17.60 and \$18.85, respectively, including tips.⁷ (See Table 1). Compared to the Santa Fe minimum wage (\$14.60 in

2024), the typical server and bartender wage was only a few dollars higher (Table 2). Other tipped occupations also pay low wages, ranging from the minimum wageⁱ to \$17.83, inclusive of tips.

Only a small number of tipped workers earn total hourly wages substantially above ‘the Santa Fe minimum wage or above the living wage as estimated by the MIT Living Wage Calculator. As Table 1 shows, only the top 10 percent (the 90th percentile) of servers, bartenders, hairdressers, massage therapists, and shuttle drivers and chauffeurs in Santa Fe earn total hourly wages above \$26 per hour. Wages for the other tipped occupations, even at the 90th percentile, are far below the living wage of \$24.42 for a single adult without children.⁸

Table 1. Hourly Wages (Cash Wage Plus Tips) for Tipped Occupations in the Santa Fe Metropolitan Area, 2024

Occupation	Employment	Median Wage	90 th Percentile Wage
Waiters and waitresses	1,750	\$17.60	\$30.53
Bartenders	510	\$18.85	\$30.81
Hosts and hostesses, restaurant, lounge and coffee shop	450	\$14.08 *	\$17.41
Dining room and cafeteria attendants and bartender helpers	490	\$15.14	\$17.25
Hairdressers, hairstylists, and cosmetologists	130	\$14.17 *	\$32.19
Massage therapists	70	\$16.17	\$31.16
Baggage porters and bellhops	40	\$15.92	\$17.12
Shuttle drivers and chauffeurs	100	\$17.83	\$26.47
Parking attendants	50	\$15.63	\$18.14
Maids and housekeeping cleaners	780	\$16.01	\$18.86
Total	4,370	---	---

Source: U.S. Bureau of Labor Statistics, May 2024 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates, Santa Fe, NM.

* Note: The Occupational Employment and Wage Statistics (OEWS) program uses a model-based methodology to estimate occupational statistics and supplement missing establishment data, including wage data. When an establishment wage estimate is lower than the state or federal minimum wage, the higher of the state or federal minimum wage is used in the overall occupational wage estimate. (See page 21 of the [OEWS technical notes](#) here). As a result, wage estimates may not match the local minimum wage if the local wage is higher than the state or federal wage floors, as is the case with these two wage estimates. In May 2024, the Santa Fe minimum wage was \$14.60, but the New Mexico minimum wage was \$12.00.

ⁱ Table 1 shows median wages below the Santa Fe minimum wage for two occupations: hosts and hostesses, and hairdressers. As noted in the Table, these wage estimates are the result of the methodology used. Thus, for all intents and purposes, the typical wage for these occupations can be assumed to be the full applicable local minimum wage.

Table 2. Difference Between Median and Minimum Wage for Servers and Bartenders in Santa Fe

Occupation	Santa Fe 2024 Minimum Wage	Median Wage	Difference
Waiters and waitresses	\$14.60	\$17.60	\$3.00
Bartenders	\$14.60	\$18.85	\$4.25

NELP analysis of Santa Fe minimum wage and Bureau of Labor Statistics, May 2024 Occupational Employment and Wage Estimates.

Dozens of Localities Have Minimum Wages of \$17.50 or More and Require the Full Minimum Wage as the Cash Wage

Seven states (Alaska, California, Minnesota, Montana, Nevada, Oregon, and Washington), do not allow employers to use a portion of tips as a credit towards the full minimum wage. These seven “one fair wage states” require employers to pay the full minimum wage as the cash wage with tips on top.

In addition to the seven one fair wage states, the cities of Flagstaff, Arizona, and Chicago, Illinois are currently phasing out their tipped subminimum wages. Flagstaff will have phased out the subminimum wage by January 2026,⁹ and Chicago by July 2028.¹⁰ And other city minimum wages, including Los Angeles, Seattle, and Minneapolis, also require employers to pay the full city minimum wage as the cash wage with tips on top.

Dozens of cities and counties in one fair wage states have raised their minimum wage above the state wage floors. Table 3 lists cities and counties with one fair wage policies in effect in 2025 and those (Flagstaff and Chicago) in the process of phasing out their subminimum tipped wages.

Table 3. Cities and Counties with One Fair Wage Policies

Local Jurisdiction	Current Minimum Wage	Local Jurisdiction	Estimated 2027 Minimum Wage
Flagstaff, AZ (one fair wage by 2026)	\$17.85 (regular) \$16.85 (tipped)	Redwood, CA	\$18.20
Alameda, CA	\$17.46	Richmond, CA	\$17.77
Belmont, CA	\$18.30	San Carlos, CA	\$17.32
Berkeley, CA	\$19.18	San Diego, CA	\$17.25
Burlingame, CA	\$17.43	San Francisco, CA	\$19.18
Cupertino, CA	\$18.20	San Jose, CA	\$17.95
Daly City, CA	\$17.07	San Mateo, CA	\$17.95
East Palo Alto, CA	\$17.45	San Mateo County, CA	\$17.46
El Cerrito, CA	\$18.34	Santa Clara, CA	\$18.20
Emeryville, CA	\$19.90	Santa Monica, CA	\$17.81 to \$21.01 *

Foster City, CA	\$17.39	Santa Rosa, CA	\$17.87
Fremont, CA	\$17.75	Sonoma, CA	\$16.96 to \$18.02 *
Half Moon Bay, CA	\$17.47	South San Francisco, CA	\$17.70
Hayward, CA	\$16.50 to \$17.36 *	Sunnyvale, CA	\$19.00
Los Altos, CA	\$18.20	West Hollywood, CA	\$19.65 to \$20.22 *
Los Angeles, CA	\$17.87 to \$22.50 *	Chicago, IL (one fair wage by 2028)	\$16.20 (regular) \$11.02 (tipped)
Los Angeles County, CA	\$17.81	Minneapolis, MN	\$15.97
Malibu, CA	\$17.27	Saint Paul, MN	\$13.25 to \$15.95 *
Menlo Park, CA	\$17.10	Bellingham, WA	\$18.66
Milpitas, CA	\$18.20	Burien, WA	\$16.66 to \$21.16 *
Mountain View, CA	\$19.20	Everett, WA	\$18.24 to \$20.24 *
Novato, CA	\$16.50 to \$17.27 *	King County, WA	\$17.29 to \$20.29 *
Oakland, CA	\$16.89 to \$24.48 *	Renton, WA	\$16.66 to \$20.90 *
Palo Alto, CA	\$18.20	SeaTac, WA	\$20.17
Pasadena, CA	\$18.04	Seattle, WA	\$20.76
Petaluma, CA	\$17.97	Tukwila, WA	\$16.66 to \$21.10 *

** Minimum wage varies within those ranges, depending on business size (i.e., number of employees) and/or industry.*

Tipped Workers Experience Higher Rates of Poverty than Other Workers

Tipped workers are twice as likely to live in poverty as other workers. According to analysis by the University of California and the Economic Policy Institute, while the poverty rate for non-tipped workers in the U.S. was 6.5 percent during the period analyzed (2010–2012), the poverty rate for tipped workers was 12.8 percent. Restaurant servers and bartenders, who comprise the largest share of all tipped workers, had an even higher poverty rate of 14.9 percent.¹¹

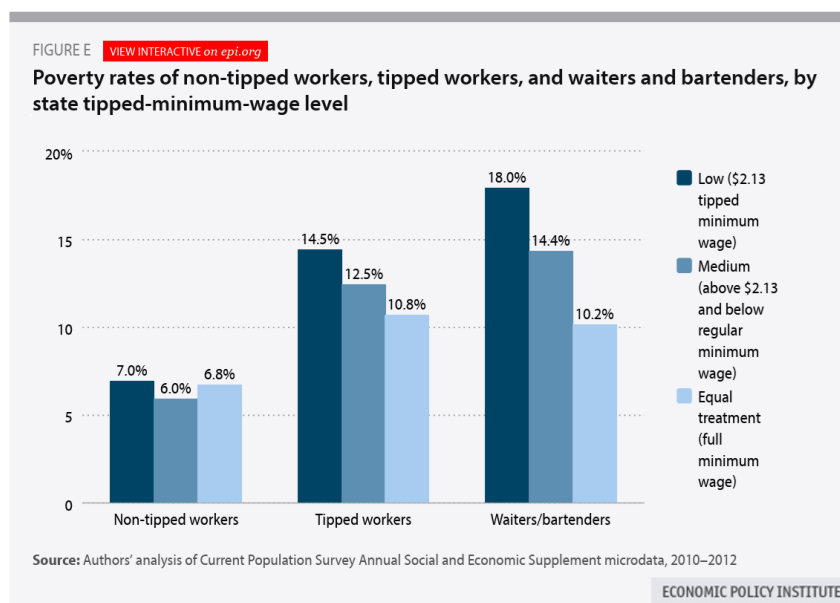
When looking specifically at states with a subminimum tipped wage, the researchers found that poverty among tipped workers was even more prevalent. While the poverty rate for non-tipped workers ranged from 6.0 to 7.0 percent in those states, for tipped workers the poverty rate jumped to more than twice that rate—between 12.5 and 14.5 percent.¹²

Poverty among servers and bartenders in those states was even more alarming: 18.0 percent in states that follow the federal tipped rate of \$2.13, and 14.4 percent in states with tipped subminimum wages between the federal tipped floor and the full minimum wage.¹³

This analysis suggests that in states with subminimum tipped wages, tipped workers are more than twice as likely to live in poverty. In comparison, the gap in the poverty rates for tipped and non-tipped workers in

One Fair Wage states—where the full minimum wage is the cash wage, with tips on top—was significantly narrower (Figure 1).

Figure 1. Tipped Workers are Twice as Likely to Experience Poverty as Non-tipped Workers



Source: Economic Policy Institute, *Twenty-Three Years and Still Waiting for Change*, July 2014.

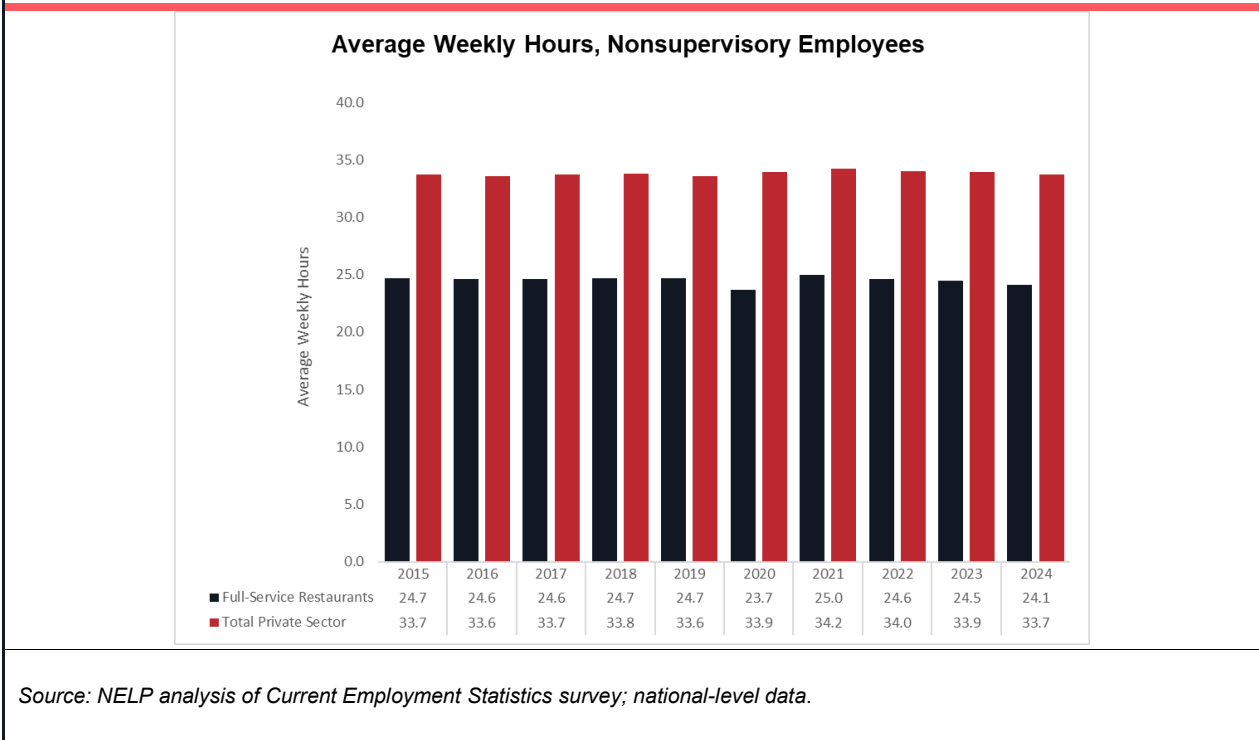
The Tipped Subminimum Wage Contributes to the Precarity of Tipped Work

Tipped workers have unpredictable incomes and schedules. Their take-home pay fluctuates widely depending on the seasons, the shift they are given, and the generosity of customers.

While the average number of hours worked for all employees in the private sector was nearly full-time (33.7 hours per week) in 2024, full-service restaurant workers worked 24.1 hours per week on average,¹⁴ reflecting the precarity of work in the restaurant industry. This disparity has held steady over the past decade (Figure 2).

The subminimum tipped wage adds to the challenges of making ends meet on fewer than average hours, as it requires tipped workers to rely on tips for the bulk of their earnings. Santa Fe's minimum wage law does not set a cash wage for tipped workers,¹⁵ though virtually all affected tipped workers would be covered under the state tipped wage rate. (The Santa Fe County minimum wage ordinance, which has a set base cash wage for tipped workers, does not apply to incorporated cities in the County).¹⁶ Currently, the New Mexico tipped subminimum wage is only \$3.00 per hour,¹⁷ or just 20 percent of the full minimum wage in the city of Santa Fe. This means that tipped workers who are paid the subminimum tipped wage depend on tips for 80 percent of their incomes.

Figure 2. Full-service Restaurant Workers Work Fewer Hours than the Workforce as a Whole



The lack of stable or sufficient incomes for tipped workers makes it difficult to plan a family budget. As discussed above, the living wage for single adults without children in the Santa Fe metropolitan area is estimated to be \$24.42, or more than eight times the current cash wage of \$3.00. Single parents raising one child need to earn at least \$43.67 per hour, or nearly fifteen times the tipped subminimum wage.

Although the full minimum wage of \$15.00 is also not sufficient to cover basic necessities such as rent, groceries and transportation, it is much closer to the living wage. If tipped workers could count on the full minimum wage as their cash wage, with tips on top, the gap between their earnings and the living wage would greatly narrow.

Eliminating the Subminimum Tipped Wage is a Matter of Basic Fairness and Racial and Gender Justice

The tipped subminimum system is a legacy of slavery, and to this day continues to harm workers of color, in particular women of color.¹⁸

In Santa Fe County, workers of color (inclusive of Latinx workers of any race) comprise an overwhelming 75.4 percent of tipped workers. Among servers and bartenders, workers of color make up a smaller share, yet still a majority: 51.6 percent.¹⁹ Women comprise 79.4 percent of all tipped workers, and 56.8 percent of servers and bartenders.²⁰ (Table 4). Given the composition of the County's tipped workforce, tipped wage policy is a matter of racial and gender justice.

Table 4. Racial and Gender Composition of the Tipped Workforce in Santa Fe County, NM

	Tipped (All Occupations)	Servers and Bartenders	Non-Tipped
Gender			
Female	79.4%	56.8%	50.6%
Male	20.6%	43.2%	49.4%
Race and Ethnicity:			
White	24.6%	48.4%	43.4%
Workers of color, not Latinx	1.1%	1.6%	7.9%
Latinx, any race	74.3%	50.0%	48.7%

Source: NELP analysis of American Community Survey 1-Year Estimates Public Use Microdata Sample (2023).

Sexual harassment is rampant in the accommodations and food services industry. Analysis of Equal Employment Opportunity Commission (EEOC) data between 2005 and 2015 shows that over 14 percent of all sexual harassment filings originated in the accommodations and food service industry—the highest among the 20 industries identified in filings.²¹ A 2021 survey of restaurant workers found that 76 percent of tipped workers in the industry experienced and felt compelled to tolerate sexual harassment, while a smaller share (52 percent) of their non-tipped counterparts did.²² Other research shows a connection between the sexualization of women’s bodies and the practice of tipping, with more attractive (and usually white) female servers reporting higher tips, compared to their peers.²³

The Tipped Subminimum Wage is an Unfair and Unnecessary Subsidy for Employers in a Healthy Restaurant Industry

Tips are supposed to reward good service, not serve as a subsidy to employers. Yet, in jurisdictions with a subminimum tipped wage, tips essentially transfer employers’ responsibility for paying wages onto customers. This practice mainly benefits employers in the restaurant industry where the majority of tipped workers are employed. No other industry is subsidized this way.

Employers in the restaurant industry are among the most avid users not only of the tipped subminimum wage, but also of the standard minimum wage, and they are among the least likely to offer workplace benefits such as health insurance, paid sick leave, and paid holidays—making the industry one of the least generous,²⁴ despite healthy indicators. According to the National Restaurant Association, nationwide industry sales were expected to reach \$1.1 trillion in 2024²⁵ and are expected to reach a record \$1.5 trillion this year.²⁶ The industry is expected to employ 15.9 million workers by the end of this year,²⁷ and add 1.2 million jobs over the next seven years, employing 16.9 million workers by 2032.²⁸

The Tipped Subminimum Wage System is Difficult to Enforce, and Contributes to Wage Law Violations

In jurisdictions without a one fair wage, employers are required by law to make up the difference between the cash wage and the full minimum wage if employees' tips do not bring them to at least the minimum wage. However, the complexity of the tipped subminimum wage system makes enforcement difficult. Between 2010 and 2012, the U.S. Department of Labor found an 83.8 percent noncompliance rate among the nearly 9,000 full-service restaurants it investigated. Violations included tip credit infractions and other forms of wage theft, resulting in \$56.8 million in back pay for affected workers, including \$5.5 million related to tip wage violations.²⁹

More recently, 59 percent of tipped workers reported wage theft related to tips.³⁰ And analyses of complaints investigated by the U.S. Labor Department Wage and Hour Division and by state departments of labor and attorneys general, show that wage theft continues to be prevalent in the restaurant industry. A 2018 analysis by Good Jobs First finds that the restaurant and food services sector ranks 8th out of 18 industries with the most wage theft lawsuits.³¹ Among the largest restaurant groups—which own or manage thousands of restaurants from coast to coast—wage and hour violations are the most common workplace infractions.³²

About NELP

Founded in 1969, the National Employment Law Project (NELP) is a nonprofit advocacy organization dedicated to building a just and inclusive economy where all workers have expansive rights and thrive in good jobs. Together with local, state, and national partners, NELP advances its mission through transformative legal and policy solutions, research, capacity-building, and communications. NELP is the leading national nonprofit working at the federal, state, and local levels to create a good-jobs economy. Learn more at www.nelp.org.

Endnotes

¹ Alan Webber, "Update the living wage and keep Santa Feans in Santa Fe," Santa Fe New Mexican, August 23, 2025, https://www.santafenewmexican.com/opinion/my_view/update-the-living-wage-and-keep-santa-feans-in-santa-fe/article_064b7da7-b6a1-4bd1-a22e-410ec8179129.html.

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⁴ Anthony Salvanto, "CBS News Poll Finds Americans Describe 'Uncertain' Economy as its Ratings Tick Slightly Back Down," September 3, 2025, <https://www.cbsnews.com/news/cbs-news-poll-economy-ratings-uncertain-03-09-2025/>.

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- ¹⁸ Rebecca Dixon, “From Excluded to Essential: Tracing the Racist Exclusion of Farmworkers, Domestic Workers, and Tipped Workers from the Fair Labor Standards Act” [testimony], National Employment Law Project, May 3, 2021, <https://www.nelp.org/app/uploads/2021/05/NELP-Testimony-FLSA-May-2021.pdf>.
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³² See for example, Good Jobs First analyses of violation cases brought up against Brinker International, which owns Chili's Grill & Bar restaurants (<https://violationtracker.goodjobsfirst.org/?parent=brinker-international>); Dine Brands Global, which operates franchised and corporate owned restaurants including Applebee's Neighborhood Grill & Bar and International House of Pancakes (<https://violationtracker.goodjobsfirst.org/?parent=dine-brands-global>); Dave and Buster's Entertainment Inc., which owns and operates eponymous restaurants (<https://violationtracker.goodjobsfirst.org/parent/dave-and-busters-entertainment-inc>); Cheesecake Factory, which operates over 300 restaurants (<https://violationtracker.goodjobsfirst.org/parent/cheesecake-factory>); and the largest restaurant group, Darden Restaurants, which operates more than 1,800 restaurants, including Olive Garden, LongHorn Steakhouse, Ruth's Chris Steak House, and The Capital Grille (<https://violationtracker.goodjobsfirst.org/?parent=darden-restaurants>).