

Our Recommendations

The Chicagoland Restaurant Industry Coalition recommends the following steps to address the workplace problems documented in our study:

- 1. Level the playing field by providing paid sick days and increasing the tipped minimum wage.** Policymakers should require all employers to provide paid sick days to their employees, and raise the minimum wage for tipped workers to be closer to the minimum wage for all other workers. The lack of paid sick days can result in public health challenges for the entire region.
- 2. Incentivize high road practices.** Initiatives and incentives should be considered to assist and encourage employers to provide living wages, basic health care benefits, and advancement opportunities to restaurant workers. Such initiatives could include rent and property tax incentives for employers who implement stellar workplace practices, and subsidies to employment-based health insurance or support of collective health insurance provisions across the industry.
- 3. Promote opportunity, penalize discrimination.** Policy makers should explore initiatives that encourage internal promotion and discourage discrimination on the basis of race and immigration status in the restaurant industry.
- 4. Labor, employment and health and safety standards should be strictly enforced.** Employers must be educated about their legal responsibilities towards their employees concerning health and safety standards. Agencies should provide employers with the necessary support to observe their obligations to their workers and to the public. It is in the interest of both workers and the public at large that existing standards be observed and enforced.
- 5. Promote model employer practices.** Model employer practices should be publicized to provide much-needed guidance to other employers in the industry. The vast majority of employers we interviewed agreed in theory that high road workplace practices were better. However, many did not appear to implement them in practice.
- 6. Allow workers the right to organize.** Barriers to organizing restaurant workers should be addressed. The public benefits of unionization in this and other industries should be publicized as significant benefits to workers and employers.
- 7. Support further industry research.** Further study and dialogue should be undertaken that includes the perspectives of restaurant workers, employers, and decision-makers. Such dialogue can help ensure effective and sustainable solutions to the issues identified in our study – especially race-based discrimination, and the impacts of the industry's practices on health care and public program costs.

The information collected here from workers, employers, and industry experts is critical to ensuring that the Chicago metropolitan area's restaurant industry truly shines as not only an important contributor to the region's job market and economy, but also to the well-being of its workers and communities.



By the Restaurant Opportunities Center of Chicago, the Restaurant Opportunities Centers United, and the Chicagoland Restaurant Industry Coalition

Chicagoland Restaurant Industry Coalition partners include:

Arise Chicago
Burgess Law Offices
Chicago Workers' Collaborative
UIC-Center for Urban Economic Development (CUED)
Grassroots Collaborative
Diana M. Lin, Northwestern University
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University of Chicago Human Rights Program
Women Employed
Working Hands Legal Clinic

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EXECUTIVE SUMMARY

Behind the Kitchen Door: The Hidden Costs of Taking the Low Road in Chicagoland's Thriving Restaurant Industry



By the Restaurant Opportunities Center of Chicago, the Restaurant Opportunities Centers United, and the Chicagoland Restaurant Industry Coalition

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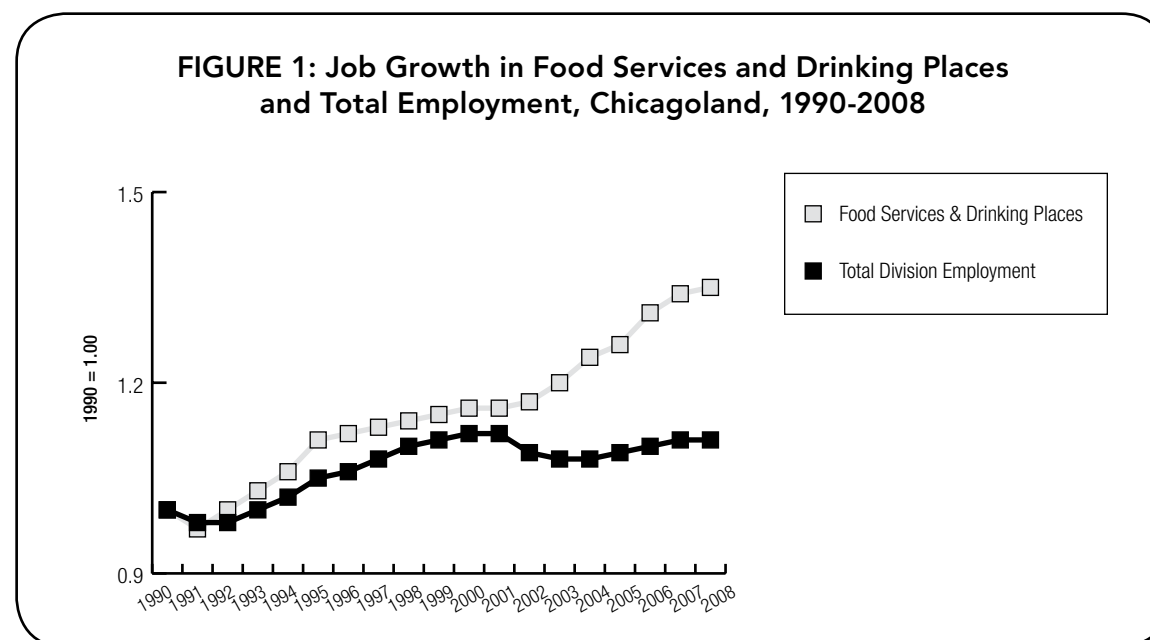


Executive Summary

A Resilient and Growing Industry

Chicago is home to a vibrant, resilient, and growing restaurant industry. The industry includes approximately 9,000 food service and drinking places that make significant contributions to the region's tourism, hospitality and entertainment sectors and to its economy as a whole. In fact, Chicago has the second largest restaurant industry in the nation.

Perhaps the industry's most important contribution to the region's economy is the thousands of job opportunities and career options it provides. In 2008, the gross domestic product by metropolitan area from the accommodations and food services sector was \$12.7 billion. Since 1995, employment growth in the food services sector has outpaced that of the Chicago region overall. Restaurants employ almost 140,000 workers in Cook County alone and almost 250,000 workers in Chicagoland – 6.8% of the region's total employment. Since formal credentials are not a requirement for the majority of restaurant jobs, the industry provides employment opportunities for new immigrants, whose skills and prior experience outside the United States may not be recognized by other employers, workers who have no formal qualifications, and young people just starting out in the workforce.



Source: Bureau of Labor Statistics, Current Employment Statistics, July 2009

Note: Chicagoland refers to the Chicago-Naperville-Joliet, IL Metropolitan Division which includes Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry and Will counties.

Many Bad Jobs, A Few Good Ones

There are two roads to profitability in the Chicago restaurant industry – the “high road” and the “low road.” Restaurant employers who take the high road are the source of the best jobs in the industry – those that provide living wages, access to health benefits, and advancement in the industry. Taking the low road to profitability, on the other hand, creates low-wage jobs with long hours, few benefits and exposure to dangerous and often-unlawful workplace conditions. Many restaurant employers in the Chicago area appear to be taking the low road, creating a predominantly low-wage industry in which violations of employment and health and safety laws are commonplace.

TABLE 1. An Overview of Workplace Conditions Faced by Chicago Restaurant Workers

Wages Earned by Restaurant Workers	Percent of Workers	Health and Safety Violations Reported by Restaurant Workers	Percent of Workers
Less Than Minimum Wage (< \$7.75)	4.6%	Unsafely hot in the kitchen	25.7%
Below Poverty Line (\$7.75 –\$8.45)	15%	Fire hazards in the restaurant	18.1%
Low Wage (\$8.46 - \$16.47)	58.1%	Missing mats on the floor to prevent slipping	19.7%
Living Wage (\$16.48 and higher)	22.3%	Missing guards on cutting machines	26.8%
Job Benefits and Health Reported by Restaurant Workers	Percent of Workers	Did not receive instruction or training about workplace safety	Percent of Workers
Employer does not provide health insurance	90.5%	32.3%	
Do not have any health insurance coverage	53.4%	Workplace Injuries Reported by Restaurant Workers	Percent of Workers
Do not get paid sick days	96.2%	Burned while on the job	47.8%
Do not get paid vacation days	87%	Cut while on the job	53.7%
Have worked when sick	75.9%	Slipped and injured while on the job	13.5%
Raises and Promotions Reported by Restaurant Workers	Percent of Workers	Came into contact with toxic chemicals while on the job	11.3%
Do not receive regular raises	79.5%	Have chronic pain caused or worsened by the job	21.8%
Have never been promoted in current job	74.5%	Workplace Practices Reported by Restaurant Workers	Percent of Workers
Did not move up in position from last job to the current job	71.4%	Worked when the restaurant was understaffed	81.1%
Did not receive on-going job training needed to be promoted from employer	61.8%	Performed several jobs at once	88.0%
Employment Law Violations Reported by Restaurant Workers	Percent of Workers	Experienced verbal abuse from supervisors	30.9%
Experienced overtime wage violations	32.6%	Performed a job not trained for	52.1%
Worked off the clock without pay	28.5%	Done something due to time pressure that has put own health and safety at risk	33.6%
Management took share of tips	14.7%	Done something due to time pressure that might have harmed the health and safety of customers	23.9%
Experienced minimum wage violations	4.6%		

Source: Chicago Restaurant Industry Coalition survey data.

ABOUT THIS STUDY

Behind the Kitchen Door: Pervasive Inequality in Chicagoland's Thriving Restaurant Industry was conceived of and designed by the Chicagoland Restaurant Industry Coalition - a broad gathering of academics, policy analysts, worker advocates, worker organizers, unions, restaurant workers and restaurant industry employers. This report represents one of the most comprehensive research analyses of the restaurant industry in Chicago.

The report uses data from 582 worker surveys, 29 one-hour interviews with restaurant workers, and 31 one-hour interviews with restaurant employers in Chicago. The results of this primary research are supplemented by analysis of industry and government data, such as the Census, as well as a review of existing academic literature.

Our study was inspired by the need for examination and analysis of the overall health of the restaurant industry, which is fundamental to Chicago's economy and critical to the lives of thousands of restaurant workers and employers. The restaurant industry is an important and growing source of locally based jobs, and provides considerable opportunity for the development of successful businesses. It is therefore essential to make information about the industry from the perspectives of both workers and employers available to all stakeholders to ensure the industry's sustainable growth.

While there are a few “good” restaurant jobs in the restaurant industry, and opportunities to earn a living wage, the majority are “bad jobs,” characterized by very low wages, few benefits, and limited opportunities for upward mobility or increased income. According to the U.S. Bureau of Labor Statistics, the median wage for restaurant workers is only \$8.86, compared to a median wage of \$17.28 for all workers in Chicago.

In our own survey of restaurant workers, the vast majority (90.5%) reported that they do not have health insurance through their employers. Earnings in the restaurant industry have also lagged behind that of the entire private sector. In terms of annual earnings, restaurant workers on average made only \$17,844 in 2008 compared to \$55,409 for the total private sector.

A majority of workers in our study reported overtime and minimum wage violations, lack of health and safety training, and failure to implement other health and safety measures in restaurant workplaces. Almost one-third of the workers surveyed in our study (32.6%) experienced overtime violations and 28.5% reported working “off the clock” without being paid.

Workers of color are largely concentrated in the industry's “bad jobs,” while white workers tend to disproportionately hold the few “good jobs.” Workers of color also reported discriminatory hiring, promotion and disciplinary practices: 21.8% of all workers reported being passed over for a promotion, or receiving less pay than another in the same position and 42.8% of those workers felt that the unequal treatment was based on race.

The Social Costs of Low-Wage Jobs

Our research also reveals the “hidden costs” to customers and taxpayers of low-wage jobs and low road workplace practices. Violations of employment and health and safety laws place customers at risk and endanger the public. For example, restaurant employers who violate labor laws are also more likely to violate health and safety standards in the workplace – such as failing to provide health and safety training, or forcing workers to cut corners that harm the health and safety of customers.

The pervasiveness of accidents coupled with the fact that so few restaurant workers have access to benefits such as paid sick days and health insurance have negative impacts on workers as well as consumers and taxpayers. 96.2% of all workers surveyed reported not having access to paid sick days, and 75.9% reported working while sick. In addition, 90.5% reported not having access to employer-provided health insurance, which can lead to escalating uncompensated care costs incurred by public hospitals. For example, 15.8% of surveyed workers reported that they or a family member had visited the emergency room without being able to pay for their treatment.

Finally, low wages and lack of job security among restaurant workers lead to increased reliance on social assistance programs, which results in indirect subsidies to employers who are engaging in low road practices. A key finding of our research is that whenever restaurant workers and high road employers are hurt by low road practices, so is the rest of society.

The High Road Is Possible

It is possible to create good jobs while maintaining a successful business in the restaurant industry. Our interviews with employers revealed that as long as there is an enduring commitment to do so, it is possible to run a successful restaurant business while paying living wages, providing benefits, ensuring adequate levels of staffing, providing necessary training, and creating career advancement opportunities.

In fact, 22.3% of the workers we surveyed reported earning a living wage, and similar numbers reported receiving benefits, thereby demonstrating both the existence of “good jobs” and the potential of the industry to serve as a positive force for job creation. Workers who earn better wages are also more likely to receive benefits, ongoing training and promotion and less likely to be exposed to poor and illegal workplace practices. For example, workers earning \$16.48 per hour were also much more likely to have health insurance than workers earning less than the minimum wage of \$7.75 per hour.