

Our Recommendations

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

- 1. Workers should have a grace period to return to their jobs after a mandatory hurricane evacuation.** To increase stability among this low-wage workforce, local legislative bodies should require employers to provide workers with a grace period after a mandatory evacuation before being replaced permanently.
- 2. Labor, employment and health and safety standards should be strictly enforced,** and legislators should consider an employer's compliance with such legal standards in granting government licenses, which by statute are intended to be granted only to responsible employers. 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.
- 3. 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 exceptional workplace practices, and subsidies to employment-based health insurance or support of collective health insurance provisions across the industry.
- 4. Workers should have access to paid sick days and a higher tipped hourly minimum wage than \$2.13.** Policymakers should level the playing field by requiring 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.
- 5. Workers should have equality of opportunity.** Policymakers should explore initiatives that encourage internal promotion and discourage discrimination on the basis of race and immigration status in the restaurant industry.
- 6. 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.
- 7. Workers should have 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.
- 8. 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 Greater New Orleans 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 New Orleans, Restaurant Opportunities Centers United, and the New Orleans Restaurant Industry Coalition

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EXECUTIVE SUMMARY

Behind the Kitchen Door: Inequality, Instability, and Opportunity in the Greater New Orleans Restaurant Industry



By the Restaurant Opportunities Center of New Orleans, Restaurant Opportunities Centers United, and the New Orleans Restaurant Industry Coalition

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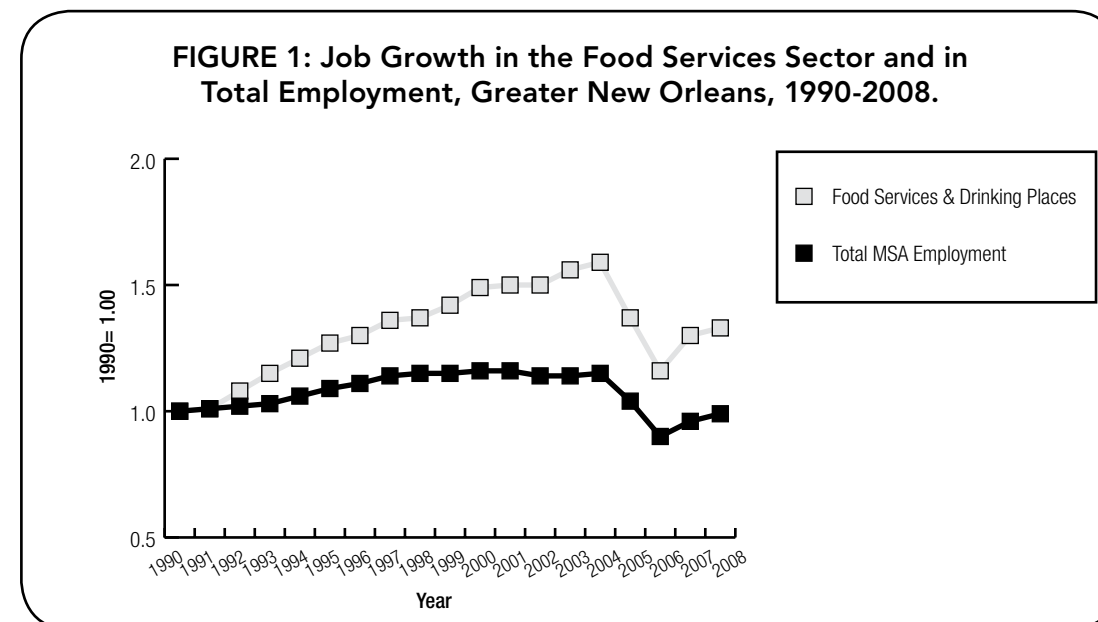
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Executive Summary

A Resilient and Growing Industry

New Orleans is home to a vibrant, resilient, and growing restaurant industry. The industry includes over 2,500 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 2008, the gross domestic product by the New Orleans metropolitan area from the accommodations and food services sector was \$2.6 billion.

Perhaps the industry's most important contribution to the region's economy is the thousands of job opportunities and career options it provides. Since 2001, employment growth in the food services sector has outpaced that of the New Orleans regional economy overall (see Figure 1). New Orleans metropolitan area restaurants employ over 44,000 workers – 8.6% 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

Note: Greater New Orleans refers to the New Orleans metropolitan statistical area (MSA), which includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany parishes.

Many Bad Jobs, A Few Good Ones

There are two roads to profitability in the New Orleans 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 New Orleans metropolitan 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.

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, the median wage for restaurant workers is only \$7.76.

TABLE 1. An Overview of Workplace Conditions Faced by Greater New Orleans Restaurant Workers

Wages Earned by Restaurant Workers	Percent of Workers	Health and Safety Violations Reported by Restaurant Workers	Percent of Workers
Less Than Federal Minimum Wage (< \$6.55)	3%	Unsafely hot in the kitchen	23.8%
Below Poverty Line (\$6.55 - \$8.45)	28.1%	Fire hazards in the restaurant	25.8%
Low Wage (\$8.46 - \$18.30)	55.6%	Missing mats on the floor to prevent slipping	36.8%
Living Wage (\$18.31 and higher)	13.2%	Missing guards on cutting machines	24%
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	84.5%	28.1%	
Do not have any health insurance coverage	53.2%	Workplace Injuries Reported by Restaurant Workers	Percent of Workers
Gone to ER without being able to pay	32.3%	Burned while on the job	43.5%
Do not get paid sick days	88.6%	Cut while on the job	42.4%
Do not get paid vacation days	74.2%	Slipped and injured while on the job	15.4%
Have worked when sick	72.3%	Came into contact with toxic chemicals while on the job	39.9%
Raises and Promotions Reported by Restaurant Workers	Percent of Workers	Have chronic pain caused or worsened by the job	16.4%
Do not receive regular raises	68.8%	Workplace Practices Reported by Restaurant Workers	Percent of Workers
Have never been promoted in current job	73.6%	Worked when the restaurant was understaffed	86.3%
Did not move up in position from last job to the current job	72.9%	Performed several jobs at once	86.1%
Did not receive on-going job training needed to be promoted from employer	53%	Experienced verbal abuse from supervisors	29.4%
Employment Law Violations Reported by Restaurant Workers	Percent of Workers	Performed a job not trained for	41.8%
Experienced overtime wage violations	38.1%	Done something due to time pressure that has put own health and safety at risk	29.3%
Worked off the clock without pay	27.8%	Done something due to time pressure that might have harmed the health and safety of customers	14.4%
Management took share of tips	5.6%		
Experienced minimum wage violations	3%		

Source: Greater New Orleans Restaurant Industry Coalition survey data.

ABOUT THIS STUDY

Behind the Kitchen Door: Inequality, Instability, and Opportunity in the Greater New Orleans Restaurant Industry was conceived of and designed by the New Orleans 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 New Orleans.

The report uses data from 530 worker surveys, interviews and focus groups with 28 restaurant workers, and 29 one-hour interviews with restaurant employers in New Orleans. 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 restaurant industry, which is fundamental to the New Orleans 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.

In our own survey of restaurant workers, the vast majority (84.5%) reported that their employers do not offer health insurance. 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 \$16,870.79 in 2008 compared to \$44,272.49 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 40% of the workers surveyed in our study (38.1%) experienced overtime violations and more than one-quarter (27%) reported working “off the clock” without being paid.

One major finding of this report is that New Orleans restaurant workers suffer from a particular form of instability due to the repeated hurricanes in the region. 56% of all workers surveyed reported having their employment affected by a recent hurricane, and many workers in interviews repeated the common experience of returning from a mandatory evacuation during any of the recent hurricanes – Katrina, Rita, or Gustav – to find that they had been replaced at their restaurant workplace, and had thus lost their jobs. Workers reported that this phenomenon led to instability, including housing instability, and sometimes forced them to leave the region.

It is largely workers of color who are concentrated in the industry's bad jobs, while white workers tend to disproportionately hold the few good jobs. Workers also reported discriminatory hiring, promotion and disciplinary practices, as well as verbal abuse motivated by race, national origin or English language facility. Almost one third (29.4%) of workers that we surveyed reported experiencing verbal abuse, and of these workers, 33.6% said that this abuse was made on the basis of 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 health insurance can lead to escalating uncompensated care costs incurred by public hospitals. For example, 32.3% 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 resulting in an indirect subsidy to employers engaging in low road practices and fewer such public resources available to all those in need. 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, over 12% 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 \$18.31 per hour were also much more likely to have health insurance than workers earning less than the minimum wage of \$6.55 per hour. Workers earning less than \$6.55 were also almost much more likely to experience overtime violations in their current workplace.