

Our Recommendations

The Restaurant Industry Coalitions in each location studied developed a series of recommendations to address the workplace problems documented in our study. The common recommendations for all five locations were to:

1. **Level the playing field by increasing the minimum wage for tipped workers and providing paid sick days.** Policymakers should raise the minimum wage for tipped workers to be closer to the minimum wage for all other workers. The stagnancy of the federal tipped minimum wage - currently \$2.13 - over almost twenty years has resulted in the majority of workers in this industry earning low and poverty wages, and not able to sustain themselves or their families. Policymakers should also level the playing field by requiring all employers to provide sick days to their employees. The lack of paid sick days can result in real public health challenges nationwide.
2. **Enforce employment laws in the restaurant industry.** Labor, employment and health and safety standards should be strictly enforced. Legislators should consider an employers' compliance with such legal standards in granting government licenses, which by statute are intended to be granted only to responsible employers. Employers must also be educated about their legal responsibilities towards their employees and provide necessary support to meet 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. **Incentivize high road practices.** Initiatives and incentives should be considered to assist and encourage employers to provide living wages, basic workplace benefits, and opportunities for advancement 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 provision across the industry.
4. **Promote opportunity, penalize discrimination.** Policymakers must explore initiatives that encourage internal promotion and discourage discrimination on the basis of race and immigration status in the restaurant industry.
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 appeared unable to implement them in practice.
6. **Allow workers the right to organize.** Barriers to organizing restaurant workers should be addressed and the public benefits of unionization in this and other industries should be publicized in light of the significant benefits to workers and employers alike which can arise when restaurant workers unionize.
7. **Support further industry research.** Further study and dialogue should be undertaken that includes restaurant workers, employers, and decision-makers in order to 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 restaurant industry in each of the five localities and as a national sector truly shines not only as an important contributor to the nation's job market and economy, but also as a beacon to the well-being of its workers and communities.



The Restaurant Opportunities Centers United

ABOUT THIS STUDY

Behind the Kitchen Door was conceived of and designed by Restaurant Industry Coalitions in New York, Southeast Michigan, Chicago, New Orleans, and Maine, from 2005 until the present. In each location, these Coalitions consist of academics, policy analysts, worker advocates, worker organizers, unions, and others, and included participation from restaurant workers and restaurant industry employers. This document represents a summary of the *Behind the Kitchen Door* report from those five locations, with pooled survey data weighted for position, industry segment, and local workforce size. In each locality, *Behind the Kitchen Door* was one of the most comprehensive research analyses of the restaurant industry conducted in that region's history.

Each of the five *Behind the Kitchen Door* reports uses data from more than 500 worker surveys, approximately 30 one-hour interviews with restaurant workers, and 30 one-hour interviews with restaurant employers in each region. 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 local studies were inspired by the need for examination and analysis of the overall health of the restaurant industry, which is fundamental to the economy of the nation and each of these local regions, and critical to the lives of millions of restaurant workers and employers nationwide. The restaurant industry is an important and growing source of locally based jobs, and provides considerable opportunity for 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.

ROC-United would like to thank the many students, volunteers, restaurant owners, and restaurant workers who devoted countless hours to conducting, inputting, and analyzing surveys and interviews and generally assisting with this project.

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EXECUTIVE SUMMARY

Behind the Kitchen Door:

A SUMMARY OF RESTAURANT INDUSTRY STUDIES IN NEW YORK, CHICAGO, METRO DETROIT, NEW ORLEANS, AND MAINE



By the Restaurant Opportunities Centers United

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Executive Summary

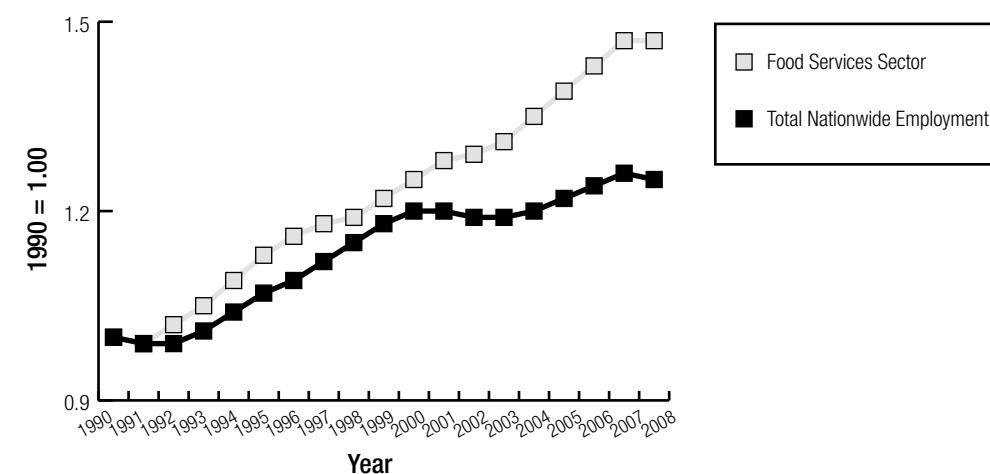
A Resilient and Growing Industry

Nationwide and in each of the five regions studied – New York, Chicago, Metro Detroit, New Orleans, and Maine – the restaurant industry is vibrant, resilient, and growing. The industry includes approximately 13 million workers nationwide working in more than 568,000 food service and drinking places that make significant contributions to the country’s tourism, hospitality and entertainment sectors and to its economy as a whole.ⁱ In 2007, the restaurant industry contributed over \$515 billion in revenue to the nation’s Gross Domestic Product.ⁱⁱ

Perhaps the industry’s most important contribution to the nation’s economy is the thousands of job opportunities and career options it provides. Despite the current economic recession, the restaurant industry continues to grow in each of the five regions and nationwide. In each locality, employment growth in outpaced that of the local region’s economy overall (see Figure 1). Nationally, while the sector is generally perceived to be declining, the restaurant industry lost only one-quarter of the jobs that the rest of the economy lost from January to December 2008, one of the periods of steepest decline during this economic crisis.ⁱⁱⁱ And, while most other sectors continue to decline or lag, the restaurant industry has already begun to post growth as of July 2009.^{iv} Certain segments of the industry, such as fast food and liquor sales, have been growing throughout the crisis.^v

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.

FIGURE 1: Job Growth in the Food Services Sector and in Total Employment, Nationwide, 1990-2008



Source: Bureau of Labor Statistics, Current Employment Statistics
Note: Food Services Sector refers to NAICS 722

i. U.S. Bureau of the Census, County Business Patterns, 2007. Accessed 20 January 2010. Available at <http://censtats.census.gov/cgi-bin/cbpnaic/cbpdetl.pl>.

ii. U.S. Department of Commerce, Bureau of Economic Analysis. *Gross Domestic Product by Industry Accounts*. Accessed 20 January 2011. Available at <http://www.bea.gov>.

iii. U.S. Department of Labor, Bureau of Labor Statistics. *Current Employment Statistics*. Accessed 1 October 2009. Available at <http://www.bls.gov/ces/>.

iv. Annika Stenstrom and Maureen Ryan, “Restaurant Industry Outlook Improved Somewhat in July as Restaurant Performance Index Posted First Gain in Three Months,” 31 August 2009. Accessed 1 September 2009. Available at <http://www.restaurant.org/pressroom/pressrelease.cfm?ID=1838>.

v. U.S. Department of Labor, Bureau of Labor Statistics. *Current Employment Statistics*. Accessed 1 October 2009. Available at <http://www.bls.gov/ces/>.

Many Bad Jobs, A Few Good Ones

In all five locations, we found that there are two roads to profitability in the 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, however, creates low-wage jobs with long hours, few benefits, and exposure to dangerous and often-unlawful workplace conditions. Many restaurant employers in each of the four regions examined appear to be taking the low road, creating a predominantly low-wage industry in every region and around the country 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 Statistics, the national median hourly wage for food preparation and service workers is only \$8.59, including tips, which means that half of all restaurant workers nationwide actually earn less.

In the five localities, more than 90% of restaurant workers surveyed reported that they do not have health insurance through their employers (see Table 1). Earnings in the restaurant industry have also lagged behind that of the entire private sector. In terms of annual earnings, restaurant workers around the country on average made only \$12,868 in 2008 compared to \$45,371 for the total private sector, according to the Quarterly Census of Employment and Wages, Bureau of Labor Statistics. A substantial number of workers in each local 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.

In all five regions studied – New York, New Orleans, Chicago, and Southeast Michigan – we found that 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. These challenges resulted a \$3 differential between white restaurant workers and workers of color in the five regions, with the median hourly wage of all white workers surveyed in the five localities being \$14.70, and that of workers of color being \$11.50.

TABLE 1: Summary of Restaurant Workers’ Experiences in Chicago, Metro Detroit, New Orleans, Maine, and New York City

Percentage of workers surveyed in all five regions who:	
Did not have health insurance provided through their employer	90.1%
Did not have paid vacation days	78%
Did not have paid sick days	89.6%
Worked while sick	66.7%
Suffered from overtime violations	38.3%
Reported that their experience of being passed over for a promotion was based on race	30.9%
Reported having to do things under time pressure that might have harmed the health and safety of the consumer	24.4%
Reported that they or a family member had to go to the emergency room without being able to pay	26.5%
Wage Differentials by Race	
Median Wage of white workers	\$14.70
Median Wage of workers of color	\$11.50

Source: Restaurant Opportunities Centers United & Local Restaurant Industry Coalitions survey data
Note: Data has been weighted by position, industry segment, and size of local workforce



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. In each locality, we found that 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 engage in practices 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. In all five localities, more than one quarter (26.5%) 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 workplace benefits, ensuring adequate levels of staffing, providing necessary training, and creating career advancement opportunities.

In fact, in each locality more than 10% of the workers we surveyed reported earning a living wage (in some locations, more than 20%), 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 higher 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 a living wage, calculated by their locality, were also much more likely to have health insurance than workers earning less than the state minimum wage.