

## 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 eight locations were to:

- 1. Level the playing field by providing paid sick days and increasing the tipped minimum wage.** Policymakers should level the playing field by requiring all employers to provide paid sick days to their employees. The lack of paid sick days can result in real public health challenges for the entire region. Policymakers should also raise the minimum wage for tipped workers to be closer to the minimum wage for all other workers.
- 2. Enforce employment laws in the restaurant industry.** Labor, employment and health and safety standards should be strictly enforced. Legislators should consider 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 should be considered to incentivize employers to provide livable wages, basic workplace benefits, and opportunities for advancement to restaurant workers. Such initiatives could include streamlining licensing procedures for employers who implement exceptional workplace practices, thereby enabling them to reduce fixed costs and invest more in workers.
- 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 for their business. However, many did not implement them in practice.
- 6. Protect workers' 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 eight localities and as a national sector truly shines not only as an important contributor to the nation's 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, Chicago, Metro Detroit, Los Angeles, Maine, Miami, New Orleans, and Washington, DC, from 2005 until the present. In each location, these Coalitions consisted 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 eight locations, with summary 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 eight Behind the Kitchen Door reports uses data from more than 500 worker surveys, approximately 30 in-depth interviews with restaurant workers, and 30 in-depth interviews with restaurant employers in each region. Thus, this report includes the findings of more than 4000 surveys, 240 employer interviews, and 240 worker interviews. 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 as well as 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.

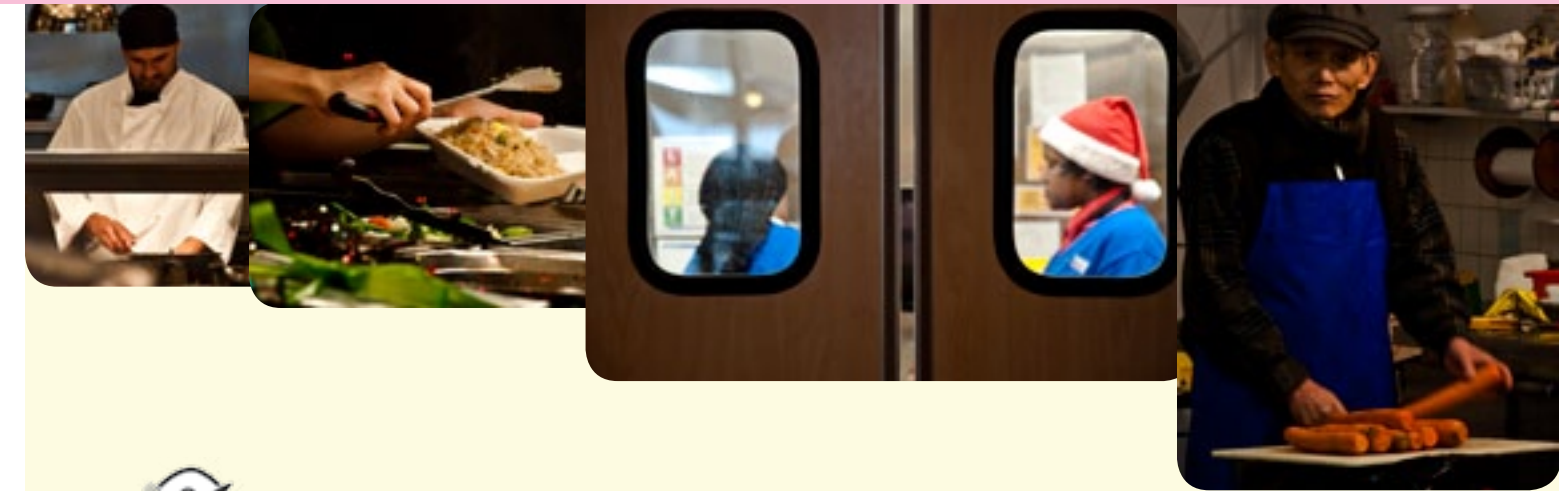
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# NATIONAL EXECUTIVE SUMMARY

## Behind the Kitchen Door: A MULTI-SITE STUDY OF THE RESTAURANT INDUSTRY



By the Restaurant Opportunities Centers United

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## Executive Summary

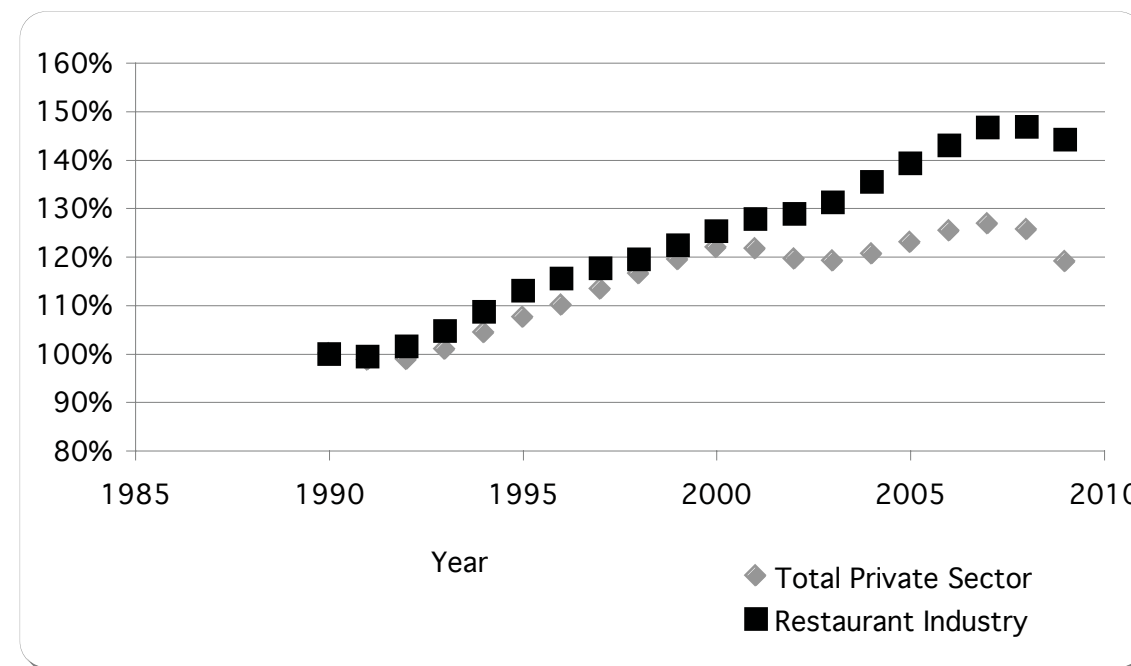
### A Resilient and Growing Industry

Nationwide and in each of the eight regions studied – New York, Chicago, Metro Detroit, Los Angeles, Maine, Miami, New Orleans, and Washington, DC – the restaurant industry is vibrant, resilient, and growing. The industry includes approximately 10.3 million workers and 557,520 food service and drinking places nationwide that make significant contributions to the country's tourism, hospitality and entertainment sectors and to its economy as a whole. In 2007, the restaurant industry garnered over \$515 billion in sales revenue.

Perhaps the industry's most important contribution to the nation's economy is the millions of job opportunities and career options it provides. Nationally, restaurant employment growth outpaced that of the economy overall, particularly in the last decade (see Figure 1). The restaurant industry has proven very robust even during the recent economic recession. Nationally, restaurant employment lost jobs at approximately 40% the rate that the overall economy lost jobs. Moreover, while the job recovery has been slow for the overall economy in 2010, the restaurant industry has recovered at a faster pace. According to the Bureau of Labor Statistics (BLS) Current Employment Statistics, by the end of 2010 the restaurant industry had almost arrived at pre-recession employment numbers.

Since formal credentials are not a requirement for the majority of restaurant jobs, the industry provides employment opportunities for new immigrants, workers who have no formal qualifications, and young people just starting out in the workforce.

FIGURE 1: National Job Growth Relative to 1990 base year



Source: Bureau of Labor Statistics, Current Employment Statistics  
Note: Food Service and Drinking Places 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 2010. Available at <http://www.bea.gov>.

iii. Bureau of Labor Statistics, Current Employment Statistics. Accessed January 20, 2011. Available at: [www.bls.gov/ces](http://www.bls.gov/ces).

iv. Bureau of Labor Statistics, Quarterly Census for Employment and Wages. Accessed January 20, 2011. Available at: [www.bls.gov/cew](http://www.bls.gov/cew).

### Many Bad Jobs, A Few Good Ones

In all eight 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 livable 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. Our research indicates that the majority of restaurant employers in each of the eight regions examined 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. According to the Bureau of Labor Statistics, the national median hourly wage for food preparation and service workers is only \$8.89 including tips, which means that half of all restaurant workers nationwide actually earn less.

In the eight localities, nine out of ten (87.7%) 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 \$15,092 in 2009 compared to \$45,155 for the total private sector, according to the Quarterly Census of Employment and Wages, Bureau of Labor Statistics. Many 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 eight regions studied – New York, Chicago, Metro Detroit, Los Angeles, Maine, Miami, New Orleans, and Washington, DC – 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 in a \$3.71 wage gap between white restaurant workers and workers of color in the eight regions, with the median hourly wage of all white workers surveyed in the eight localities being \$13.25 and that of workers of color being \$9.54.

TABLE 1: Summary of Restaurant Workers' Experiences in New York City, Chicago, Metro Detroit, Los Angeles, Maine, Miami, New Orleans, and Washington, DC

Percentage of workers surveyed in all eight regions who:	
Did not have health insurance provided through their employer	89.7%
Did not have paid vacation days	79.4%
Did not have paid sick days	87.7%
Worked while sick	63.7%
Suffered from overtime violations	46.3%
Of those being passed over for a promotion reported that it was based on race	28.0%
Reported having to do things under time pressure that might have harmed the health and safety of the consumer	34.6%
Reported that they or a family member had to go to the emergency room without being able to pay	22.6%
Wage Differentials by Race	
Median Wage of white workers	\$13.25
Median Wage of workers of color	\$9.54

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 of low-wage jobs and low road workplace practices to consumers and taxpayers. 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 place the health and safety of customers at risk.

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 eight localities, almost a quarter (22.6%) of 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 taxpayer resources available for education and public health. A key finding of our research is that restaurant workers, high road employers, consumers, and society in general are all harmed by low road practices.

### 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 livable wages, providing workplace benefits, ensuring adequate levels of staffing, providing necessary training, and creating career advancement opportunities.

In fact, in each locality between 9% and 22% reported earning a livable wage, with the largest markets (LA, NY, Chicago) all reporting that more than 20% of the jobs were livable wage jobs. These findings demonstrate 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 livable wage, calculated by their locality, were also more likely to have health insurance than workers earning less than the state minimum wage.