

# Reinventing Low Wage Work

## Ideas That Can Work for Employees, Employers and the Economy

### The Restaurant Workforce in the United States

Whether going through a fast food drive-thru, grabbing a drink with friends after work, or sitting down for a meal at a sophisticated restaurant, dining out is a regular activity for many Americans. In 2011, more than 50 percent of Americans reported in 2011 that eating at a restaurant at least once a week, with 20 percent reporting eating out twice or more each week.<sup>1</sup> The restaurant industry is one of the largest and fastest-growing sectors of our economy. According to the National Restaurant Association, consumers today spend 49 percent of their food budget in restaurants, compared with only 25 percent in 1955. The resulting economic impact is tremendous. Sales from restaurants in 2011 were projected to top a record \$600 billion, an average of \$1.7 billion a day.<sup>2</sup> Behind these sales are a substantial number of jobs, with **1 in 12 private-sector workers in the U.S. employed in the restaurant industry.**<sup>3</sup>

When dining out, we see hosts and hostesses, waiters and waitresses, bartenders, bussers, and many more rushing around to ensure drinks and food are delivered to us correctly and quickly. Behind the scenes, often out of our view, dishwashers, cooks, and other kitchen staff prepare and assemble our meals.

The restaurant industry provides millions of job opportunities to immigrants, workers with few formal qualifications, and young people just starting out in the workforce.<sup>4</sup> **Nearly 50 percent of all adults have worked in the restaurant industry at least once during their life, and over 25 percent of adults worked their first job in a restaurant.**<sup>5</sup> This openness to new and younger workers gives many Americans the impression that restaurant jobs are temporary or transitional.

However, for many Americans the restaurant industry constitutes their entire career. Over 58 percent of all workers in the industry are 25 and older, and 12 percent of these are 55 and older.<sup>6</sup> During the current downturn, many older Americans have fallen back on jobs in the restaurant industry, as they seek to transition to a new career or are simply unable to find other work. Given the vast and increasing number of possibly permanent restaurant workers, it is critical to better understand employment in this sector. Who works in restaurants? What wages do they earn? What career and advancement opportunities exist? What future projections are there for the restaurant workforce?

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<sup>1</sup> Rasmussen Reports, *National Survey of 1000 Adults*, July 21-22, 2011.

<sup>2</sup> National Restaurant Association, *Pocket Factbook*, 2011.

<sup>3</sup> Bureau of Labor and Statistics (BLS), *May 2010 National Occupational Employment and Wage Estimates*, 2010.

<sup>4</sup> ROC-United, *Behind the Kitchen Door: A Multi-Site Study of the Nation's Restaurant Industry (BKD)*, 2011.

<sup>5</sup> National Restaurant Association, *Pocket Factbook*, 2011.

<sup>6</sup> Ibid.

### *Workforce Diversity*

Over 9.5 million people worked in restaurants and bars in August of 2011 with 8.6 million working in non-supervisory positions.<sup>7</sup> In 2010, 52 percent of these workers were women, 11 percent were African-American, 6 percent were Asian, and 22 percent were Hispanic or Latino.<sup>8</sup> Restaurant Opportunities Centers United (ROC-United), a nonprofit restaurant worker organization representing thousands of workers, surveyed over 4,000 workers nationwide and found that women and people of color tend to be concentrated in lower-paying jobs in the restaurant industry compared to white workers, and that many workers reported discriminatory hiring, promotion and disciplinary practices. ROC-United also found a \$3.71 wage gap between white workers and workers of color, and that 28 percent of workers reported being passed over for a promotion based on race.<sup>9</sup>

Though the restaurant industry does not typically require formal credentials for entry-level employment, many workers in the industry have higher levels of education. Of workers who were over 25, 20 percent have less than a high school education, 38 percent are high school graduates, 27 percent have some college or an Associate's Degree, and 15 percent have a Bachelor's Degree or higher.<sup>10</sup>

### *Restaurant Sector Wages*

The restaurant industry comprises one of the highest concentrations of workers (39 percent) earning at or below the minimum wage,<sup>11</sup> and wages in the restaurant and food services industry are far below the national average. Workers in food preparation and serving related occupations earned a median of \$9.02 per hour (including tips) in 2010, below the poverty wage for a family of four.<sup>12</sup>

**The federal minimum wage for tipped workers has been frozen at \$2.13 since 1991.** Employers are allowed by law to pay \$2.13 per hour to tipped employees as long as tips make up the difference between \$2.13 and \$7.25.<sup>13</sup> However, survey and interview data gathered by ROC-United indicate that employers frequently ignore this requirement.<sup>14</sup> Consequently, servers experience almost three times the poverty rate of the workforce as a whole,<sup>15</sup> and rely on food stamps at nearly double the rate of the general population.<sup>16</sup>

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<sup>7</sup> ROC-United calculations based on BLS, *Occupational Employment Statistics (OES)*, 2010. Food Prep and Serving (350000) NAICS 722 employees, plus 35-0000 occupations in industries such as amusement parks, spectator sports, and gambling. This method excludes Food Prep and Serving Related Occupations in institutions such as prisons and schools.

<sup>8</sup> BLS, *Employed persons by detailed industry, sex, race, and Hispanic or Latino ethnicity (Table 11)*, 2010.

<sup>9</sup> ROC-United, *BKD*, 2011.

<sup>10</sup> BLS, *Current Population Survey*, 2011.

<sup>11</sup> BLS, *Characteristics of Minimum Wage Workers*, 2010. Table 4, Employed wage and salary workers paid hourly rates with earnings at or below the prevailing Federal minimum wage by major occupation group, 2010 annual averages, Food preparation and serving related occupations.

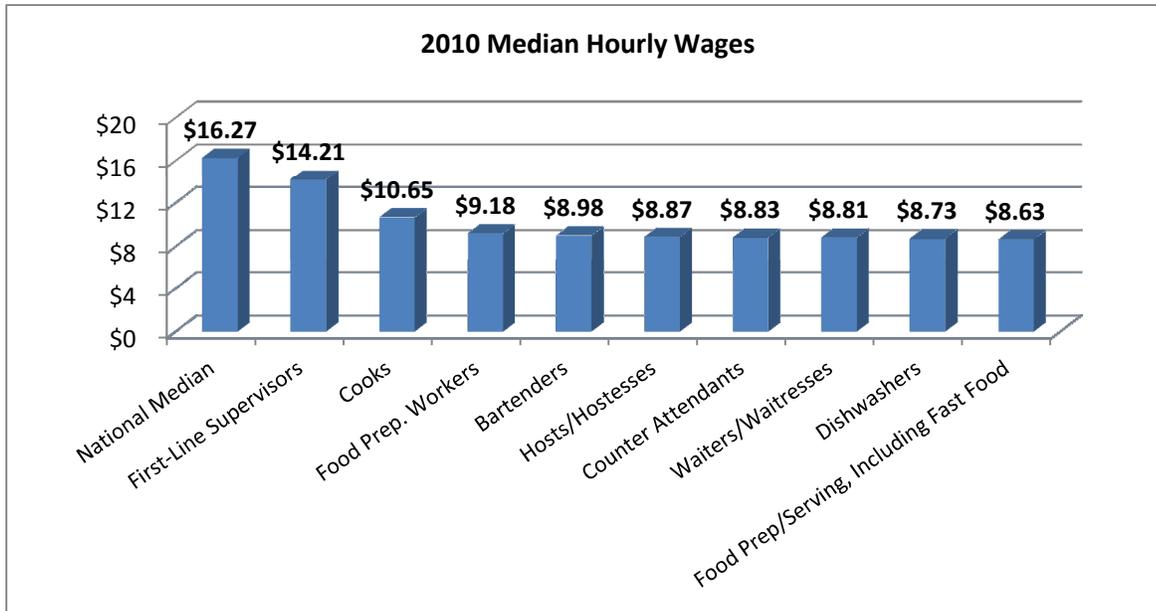
<sup>12</sup> BLS, *Occupational Employment Statistics*, 2010.

<sup>13</sup> ROC-United, et al, *Tipped Over the Edge*, 2012. In states with a higher minimum wage, the higher standard applies.

<sup>14</sup> ROC-United, *BKD*, 2011.

<sup>15</sup> Allegretto, Sylvia, and Kay Filion, *Waiting for Change: The \$2.13 Federal Subminimum Wage*, 2011. Economic Policy Institute & Center on Wage and Employment Dynamics Briefing Paper #297.

<sup>16</sup> ROC-United calculations of Current Population Survey (CPS), 2010. "Food Stamps" refers to Supplemental Nutrition Assistance Program.



Bureau of Labor and Statistics, 2010.

### *Work Is Often Part-Time*

Many restaurant workers are employed part-time. According to the BLS, about 40 percent of employees in restaurants and bars work part time, which is more than twice the proportion for all other industries.<sup>17</sup> Restaurant workers often work a different number of hours from week to week, making income unpredictable. Work schedules may change, creating challenges in scheduling childcare or participation in higher education.

### *Advancement Opportunities Are Often Limited*

Advancement and promotion opportunities within restaurants are often limited as many establishments are relatively small. In larger restaurant chains, some workers may qualify and advance to formal management training. However, post-secondary education is increasingly a requirement for management positions in the restaurant industry. In other instances, entry-level workers who start as dishwashers, cooks, or in food preparation may spend several years working these low-wage jobs and develop additional skills through on the job training.<sup>18</sup>

### *Employment Is Expected to Grow Substantially*

From 2000 to 2010, employment growth in the restaurant industry outpaced that of the economy overall. The industry weathered the economic recession better than other sectors, losing jobs at a substantially slower rate than the overall economy and reaching pre-recession job levels by 2010.<sup>19</sup> In the years to come, occupations in the restaurant industry are expected to grow quickly. Combined food preparation and serving workers including those in fast food and waiters and waitresses are among the fastest growing occupations in the United States,<sup>20</sup> and employment in restaurants and bars is projected to grow by 9 percent from 2010 to 2020.<sup>21</sup>

<sup>17</sup> BLS, *CGI*, 2010.

<sup>18</sup> *Ibid.*

<sup>19</sup> ROC-United, BKD, 2011.

<sup>20</sup> BLS, *The 30 occupations with the largest projected employment growth, 2010-20, 2012.*

<sup>21</sup> BLS, *The 20 industries with the largest projected wage and salary employment growth, 2010-20, 2012.*