

EXECUTIVE SUMMARY

Behind the Kitchen Door:

PERVASIVE INEQUALITY IN NEW YORK CITY'S
THRIVING RESTAURANT INDUSTRY



By the **Restaurant Opportunities Center of New York (ROC-NY)**
and the **New York City Restaurant Industry Coalition**

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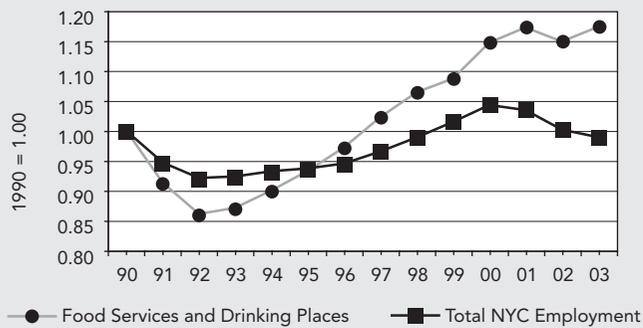
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A Resilient and Growing Industry

“The restaurant and bar industry makes up a critical component of our economy. Not only does it account for a significant part of our employment base, but the huge diversity of the City’s restaurants and bars are a major reason people want to live here and companies want to locate here.”

— Andrew Alper, New York City Economic Development Corporation President, July 23, 2003

FIGURE 1. Job Growth in the Food Services Sector and in Total Employment, New York City, 1990-2003



Source: NYS Department of Labor, Current Employment Statistics.

New York City is home to a vibrant, resilient, and growing restaurant industry. Close to 15,000 food service and drinking places, including some of the nation’s largest and most profitable, make significant contributions to the city’s tourism, hospitality and entertainment sectors and to its economy as a whole. In 2000, the industry accounted for over \$8 billion of the city’s revenue, a figure projected to increase to \$13 billion by 2010. Since 1995, employment growth in the food services sector has outpaced that of New York City overall (see Figure 1). Moreover, despite being hardest hit by job losses in the period immediately following September 11, 2001, the industry had recovered all lost jobs by 2003.

But perhaps the industry’s most important contribution to the city’s economy is the thousands of job opportunities and career options it provides. New York City Restaurants

employ more than 165,000 workers – a number that is projected to increase by 14.6% by 2010. Moreover, formal credentials are not a requirement for the majority of restaurant jobs. The industry therefore provides much needed employment opportunities to new immigrants, whose skills and prior experience outside the United States may not be recognized by other employers, as well as to workers who have no formal qualifications and to young people just starting out in the workforce.

Many Bad Jobs, A Few Good Ones

There are two roads to profitability in New York City’s 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 enable restaurant workers to support themselves and their families, remain healthy, and advance 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, unhealthy and often-unlawful workplace conditions. Many restaurant employers in New York City 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 (see Table 1).

- While there are a few “good” restaurant jobs in the restaurant industry, 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 \$9.11, which means that half of all New York City restaurant workers actually earn less. 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 \$19,632 in 2000 compared to \$46,654 in the private sector – a gap which increased by 17% since 1990.
- The 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.
- It is largely workers of color, and particularly immigrants 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 – 33% of workers that we surveyed reported experiencing verbal abuse on the basis of race, immigration status or language. Similar numbers also reported that they or a co-worker had been passed over for a promotion based on race, immigration status or language.

TABLE 1: An Overview of Workplace Conditions in the New York City Restaurant Industry

	Percent of Workers		Percent of Workers
Wages Earned by Restaurant Workers		Health and Safety Violations Reported by Restaurant Workers	
Less Than Minimum Wage (< \$5.15)	13%	Unsafely hot in the kitchen	45%
Below Poverty Line (\$5.15 - \$8.97)	44%	Fire hazards in the restaurant	36%
Low Wage (\$8.98 - \$13.46)	23%	Missing mats on the floor to prevent slipping	21%
Livable Wage (\$13.47 and higher)	20%	Missing required guards on cutting machines	22%
Overtime Hours Reported by Restaurant Workers		Done something that put own safety at risk	29%
Worked overtime hours (>40 hours/week)	54%	Did not receive instruction or training about workplace safety	52%
Worked more than eight hours a day	48%	Workplaces Injuries Reported by Restaurant Workers	
Worked more than 50 hours per week	19%	Burned while on the job	38%
Worked more than 60 hours per week	12%	Cut while on the job	46%
Job Benefits and Health Reported by Restaurant Workers		Slipped and injured while on the job	19%
Employer does not provide health insurance coverage	90%	Came into contact with toxic chemicals while on the job	23%
Do not have any health insurance coverage	73%	Have chronic pain caused or worsened by the job	16%
Do not get paid sick days	84%	Workplace Practices Reported by Restaurant Workers	
Do not get paid vacation days	70%	Worked when the restaurant was understaffed	69%
Have worked when sick	52%	Performed several jobs at once	66%
Raises and Promotions Reported by Restaurant Workers		Experienced verbal abuse from supervisors	34%
Do not receive regular raises	60%	Performed a job not trained for	33%
Have never been promoted in current job	71%	Done something due to time pressure that has put own health and safety at risk	30%
Did not move up in position from last job to the current job	71%	Done something due to time pressure that might have harmed the health and safety of customers	31%
Did not receive on-going job training needed to be promoted from employer	67%		
Wage and Hour Violations Reported by Restaurant Workers			
Experienced overtime wage violations	59%		
Have worked more than 4 hours straight without a paid break (excluding lunch)	57%		
Experienced minimum wage violations	13%		
Management takes a share of tips	19%		

Source: Restaurant Industry Coalition survey data

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, 30% 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 unemployment insurance and 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 standard workplace benefits, ensuring adequate levels of staffing, providing necessary training, and creating career advancement opportunities.

- In fact, 20% 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 (see Table 1).
- 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 \$13.46 per hour were also much more likely to have health insurance than workers earning less than minimum wage of \$5.15 per hour; they were also almost twice as likely to have received training to be promoted and over four times as likely to have been promoted in their current workplace.

Our Recommendations

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

- Labor, employment and health and safety standards should be strictly enforced. Employers must also be educated about their legal responsibilities towards their employees and provided 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.
- 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.
- Policy makers must explore initiatives that encourage internal promotion and discourage discrimination on the basis of race and immigration status in the restaurant industry.
- 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.
- 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 as a result of the unionization of restaurant workers.
- Further study and dialogue should be undertaken with the full participation of restaurant workers, employers and decision-makers in order to ensure effective and sustainable solutions to the issues identified in our study – especially discrimination based on race and immigration status, and the impacts on health care and public program costs occasioned by industry practices.

The information gleaned from workers, employers, and industry experts and summarized here is critical to ensuring that New York City’s restaurant industry truly shines as not only an important contributor to the city’s job market and economy, but also to the well-being of its workers and communities.



About Our Study

Behind the Kitchen Door: Pervasive Inequality in New York City's Thriving Restaurant Industry was conceived of and designed by the New York Restaurant Industry Coalition - a broad gathering of academics, community economic development organizations, policy analysts and policy makers, immigration advocates, worker organizers, unions, and restaurant industry employers. It represents one of the most comprehensive research analyses of the restaurant industry in New York City, and builds on our July 2003 report *The New York City Restaurant Industry Analysis: Quantitative Report*.

The information summarized in the report is based on the results of 530 worker surveys, 45 one-hour interviews with restaurant workers, and 35 interviews with restaurant employers in New York City. The results of this primary research are supplemented by analysis of secondary industry and government data, 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 an industry so fundamental to New York City's economy and so 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 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.



The Restaurant Opportunities Center of New York (ROC-NY)

New York City Restaurant Industry Coalition partners include:

Andolan Organizing South Asian Workers
The Brennan Center for Justice at New York University
Community Development Project of the Urban Justice Center
Community Service Society
City University of New York (CUNY) Law School Immigrant Rights Clinic
The Fiscal Policy Institute
National Coalition for Asian Pacific American Community Development (CAPACD)
National Employment Law Project (NELP)
Dr. Manny Ness, Brooklyn College
New York Committee for Occupational Safety and Health (NYCOSH)
New York Disaster Interfaith
The New York Immigration Coalition
New York Jobs With Justice
New York University's Medical Center for Immigrant Health
Restaurant Opportunities Center of New York (ROC-NY)
Restaurant Owners
Restaurant Workers
United Food and Commercial Workers (UFCW) Local 1500
UNITE/HERE Local 100
Urban Agenda

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