

# WORKING IN THE SHADOW OF PROSPERITY: AN ECONOMIC PORTRAIT OF HOTEL & RESTAURANT WORKERS IN THE LOS ANGELES COUNTY TOURISM INDUSTRY

## Introduction

This report provides a brief portrait of the Los Angeles County hospitality and restaurant industry, and describes how workers' incomes in selected low-wage occupations compare to the basic amount needed to provide for a family. We examine three occupational categories: dishwashers, food preparation workers and maids/housekeepers. Our analysis reveals that although workers in these categories are the backbone of a prosperous Los Angeles industry sector, they often receive wages which are simply too low to pay for basic family needs.

To determine the income required to meet the basic cost of living in Los Angeles County, this analysis uses the Self-Sufficiency Standard as a measure of economic well-being. Although the Federal Poverty Line is used to describe poverty, it is not an

**Table 1. Wage Required for Self-Sufficiency**

Household Type	Hourly Income Range* Required for Self-Sufficiency	Annual Income Range* Required for Self-Sufficiency
Single Adult	\$9.83	\$20,751
Single Adult, 1 Child	\$12.57-\$17.03	\$26,557-\$35,977
Single Adult, 2 Children	\$12.90-\$22.29	\$27,239-\$47,083
Single Adult, 3 Children	\$17.21-\$32.36	\$36,344-\$68,351
Two Adults	\$6.73 per adult	\$28,409
Two Adults, 1 Child	\$7.89-\$10.09 per adult	\$33,312-\$42,641
Two Adults, 2 Children	\$8.14-\$12.59 per adult	\$34,385-\$53,161
Two Adults, 3 Children	\$9.79-\$17.11 per adult	\$41,333-\$72,266

Source: *The Self-Sufficiency Standard for California 2003* by Dr. Diana Pearce, University of Washington, Wider Opportunities for Women and the National Economic Development and Law Center, [www.nedlc.org](http://www.nedlc.org).

\* Because the income required to be self-sufficient depends in part on the age of the child/children, an income range is given.

accurate measure of working families' real-life needs. The Self-Sufficiency Standard is a more precise measure because it takes into account costs for differing family sizes, as well as local variances in the cost of housing, transportation, childcare, food, health care and taxes. The Self-Sufficiency Standard, in other words, measures the actual cost of living for various family types in a given location. Measures such as the Federal Poverty Line, however, generalize costs across the nation and do not take into account differences according to region, detailed family size or composition.

Table 1 is an excerpt from the Los Angeles Self-Sufficiency Standard. This table details eight family types and gives the income required to be self-sufficient in Los Angeles. Household costs rise with larger families, primarily due to the increased costs of housing, childcare and food. A one adult household in L.A. County requires an annual income of \$20,751 to be self-sufficient. However, a household made up of a one adult and one preschooler requires an income of \$35,977 annually. A household with two adults, one infant and one preschooler requires a total income of \$52,756 annually to meet its basic costs.

## KEY FINDINGS:

**In the next four years, the Los Angeles hospitality industry is projected to exceed the growth expectations of Los Angeles County as a whole.**

- The hospitality industry is the **fourth largest employer** in Los Angeles County, with more than 295,000 workers.
- The hospitality industry's growth rate regularly exceeds that of Los Angeles County as a whole. This pattern is expected to continue for the foreseeable future.

**Despite working for a growing industry, many dishwashers, food preparation workers, maids and housekeepers earn poverty-level wages.**

- **More than 70%** of dishwashers, food preparation workers and maids/housekeepers do not earn enough to adequately provide for their families.
- **More than 30%** of households with at least one member working as a dishwasher, food preparation worker or maid/housekeeper earn incomes that are **less than half of what they generally need to provide for their families.**
- In all three occupations, **even full-time work** garners take-home wages too low to pay for the basic cost of living in Los Angeles County.



## Why Focus on the Hospitality Industry

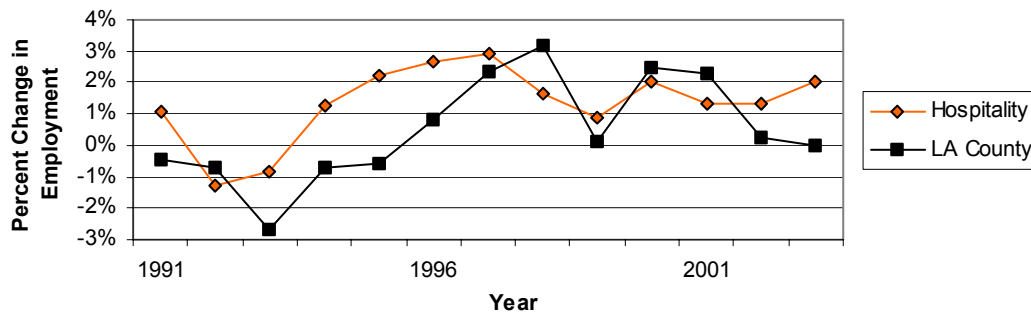
The Los Angeles hospitality industry is made up of two major business groups: accommodations (hotels, motels and campgrounds); and food services (restaurants, cafeterias, snack booths, caterers and bars). Of the two categories, restaurants in Los Angeles County cumulatively employ more people, but the largest individual employers in the industry are hotels.

- Overall, only 15 of the industry's 16,360 businesses employ more than 500 people. Ten of the 15 are hotels, one of which employs more than 1,000 people.
- Food Services represents more than 86% of the industry's employment, and more than 92% of its businesses. Restaurants alone make up nearly 80% of all food service proprietors.

In terms of employment, hospitality is L.A. County's fourth largest industry, preceded only by state and local government (543,700 employees), retail trade (399,500 employees) and healthcare (363,900 employees). The hospitality industry in L.A. County accounts for over 6% of the overall civilian labor force.

- In 2003, the hospitality industry in L.A. County employed more than 295,000 people.
- The hospitality industry's employment has grown faster than that of L.A. County in nine of the thirteen years since 1990, including 2002 and 2003 (see Figure 1).
- Projections suggest employment in hospitality will continue to grow faster than the county's total employment:
  - Hospitality industry employment in L.A. County is projected to grow by 32,200 jobs or 11.2% between 2001 and 2008.
  - By contrast, California's Employment Development Department expects L.A. County's total employment to grow by only 9.3%.
  - The industry earned more than \$11 billion countywide in 1997. Today, its annual revenue exceeds \$12 billion and may be as high as \$14.5 billion.

**Figure 1. Annual Employment Growth in the Hospitality Industry and Los Angeles County, 1991-2003**



Source: California Employment Development Department, 2003

## A Closer Look

Maids and housekeepers, food preparation workers and dishwashers are three critical occupations in the hospitality industry. An examination of the more than 24,000 workers in the selected occupations reveals that a significant number are living well below Los Angeles County's self-sufficiency level. Table 2 below details both households and workers who are below the Self-Sufficiency Standard.

**Table 2. Percentage of Workers and Households With Incomes Below Self-Sufficiency**

	Income is less than 25% of Self-Sufficiency Standard (less than \$10,660/year)*	Income is 25-50% of Self-Sufficiency Standard (\$10,660-\$21,321/year)*	Income is 50-75% of Self-Sufficiency Standard (\$21,321-\$31,981/year)*	Income is 75-99% of Self-Sufficiency Standard (\$31,981-\$42,215/year)*	Total Percentage with Incomes Below Self-Sufficiency
<b>Percent of Workers</b>	11.3%	21.5%	20.3%	17.8%	<b>70.9%</b>
<b>Percent of Households</b>	11.4%	21.2%	20.0%	16.9%	<b>69.5%</b>

\* The income range given assumes a family of two adults and one pre-schooler, a common family type in the hospitality industry.

The first column reveals that 11.3% of workers in all three of the selected occupations have incomes that only meet 25% of the Self-Sufficiency Standard.

Based upon these figures, we found that:

- **Nearly 70% of households** with at least one member working within one of the three occupational groups selected lives below economic self-sufficiency.
- Even more striking, **more than 30% of households** with at least one member working within one of the three occupations selected earn incomes less than half of the Self-Sufficiency Standard.



Despite their functional importance, however, the median wages of these workers are simply not enough to meet their families' basic needs, even for full-time work. Table 3 details the median wages for full- and part-time dishwashers, maids/housekeepers and food preparation workers in Los Angeles County,

**Table 3. Median Annual Wages for Full- and Part-Time Work in L.A. County Compared to Self-Sufficiency (2003)**

Occupation	Median Wage for Full-Time Work	Percentage of Self-Sufficiency	Median Wage for Part-Time Work	Percentage of Self-Sufficiency
Dishwasher	\$15,844	44.0%	\$10,457	29.0%
Maid/Housekeeper	\$18,610	51.7%	\$12,283	34.1%
Food Preparation Worker	\$18,821	52.3%	\$12,422	34.5%

Source: California Employment Development Department

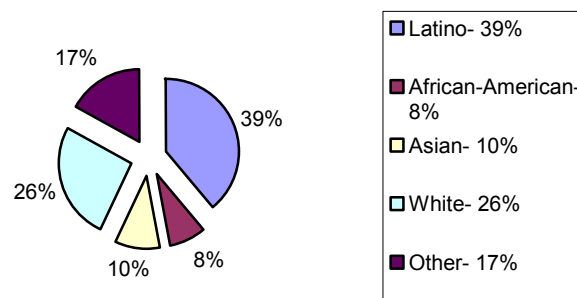
According to the Standard, a single adult with no children in Los Angeles requires an annual income of **\$20,751** to pay for food, housing, transportation, health care and taxes (See Table 1). As Table 3 demonstrates, **full-time wages in any of these three occupations are not adequate to meet this basic standard of living.**

Table 3 above also shows how the wages in each occupational group measure up to the Self-Sufficiency Standard. The most striking inadequacies of income occur for dishwashers. **The median wage of a full-time dishwasher in L.A. County is less than half (44%) of what is required to meet self-sufficiency** for a household made up of one adult and one preschooler. For part-time dishwashers, the median wage is just 29% of self-sufficiency.

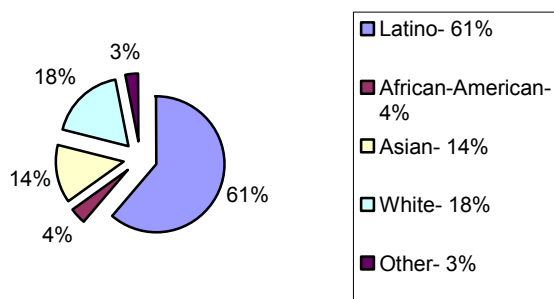
#### Demographics of Industry and Selected Occupations

The Los Angeles hospitality industry as a whole is made up of 61% Latinos, 14% Asians, 18% whites and only 4% African Americans. (See Figure 3) Men have a slightly higher employment rate within the industry than women. While women make up nearly 44% of the total industry, men account for just above 55%. A close look at the three occupational groups reveals that female workers are primarily segregated into housekeeping occupations while male workers work primarily as dishwashers.

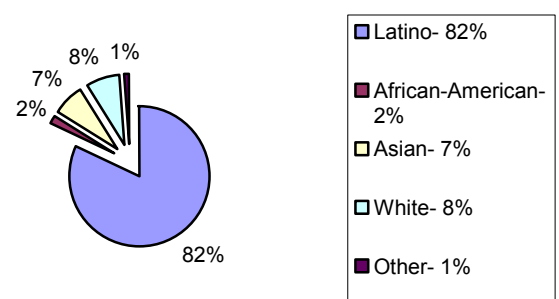
**Figure 2. Racial Make-up of Los Angeles County**



**Figure 3. Racial Make-up of Industry Households**



**Figure 4. Racial Make-up of Three Selected Occupations**



Source: U.S. Census Bureau



## **Conclusion**

Many Los Angeles hotel and restaurant employees receive incomes insufficient to provide a barebones existence, despite the fact that the hospitality industry is fundamental to the area economy, and that their work brings profit to the industry. Wages for over two-thirds of maids/housekeepers, food preparation workers and dishwashers in Los Angeles simply do not provide enough income for these households to make ends meet. In all three occupations, full-time wages are inadequate to meet the basic cost of living in Los Angeles County.

As a result, parents in these low-paid jobs often must make difficult choices, perhaps between rent and health care, or between safe transportation and safe child-care. They may go on public assistance, pile up debt, avoid visiting a doctor, or double/triple up in housing to get by. Additionally, they may have to work multiple jobs to pay the bills, leaving minimal time to spend with their children. Our analysis also revealed differences in gender and racial/ethnic dispersion across occupations, including a high representation of Latinos in the industry, as well as gender segregation between housekeeping occupations (primarily female) and dishwashers (primarily male).

Although much progress has been made to raise the standard of living for low-wage workers in Los Angeles, there is more to be done. For example, further investment in intra-industry career ladders, adequate training and education to provide more opportunity for workers to move up, better wages and benefits, collaborative sector initiatives that bring together employers and job training agencies, access to unionization, and child care assistance are just a few ways to address the issues outlined in this paper.

**PRINCIPAL AUTHORS: TARECQ AMER & MERYL HAYDOCK**  
**EDITED BY TSE MING TAM, SUSIE SUAFAI & AIMEE DURFEE**  
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### **NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER**

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The points of view in this report are solely those of the National Economic Development & Law Center, which also accepts full responsibility for any errors contained herein.

