

Low-wage fast-food jobs leave hefty tax bill, report says

October 16 2013, by Kathleen Maclay



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The fast-food industry costs American taxpayers nearly \$7 billion annually because its jobs pay so little that 52 percent of fast-food workers are forced to enroll their families in public assistance programs, according to a report released today (Tuesday, Oct. 15) by researchers at the University of California at Berkeley.

"The taxpayer costs we discovered were staggering," said Ken Jacobs, chair of UC Berkeley's Center for Labor Research and Education and coauthor of the [report](#). "People who work in [fast-food](#) jobs are paid so

little that having to rely on public assistance is the rule, rather than the exception, even for those working 40 hours or more a week."

Fast food is a \$200 billion-a-year industry. The median wage for core front-line [workers](#) at fast-food restaurants nationally is \$8.69 an hour. Only 13 percent of the jobs provide health benefits.

The researchers found that the fast-food industry's low wages and meager benefits, often accompanied by part-time hours, combine to create substantial public-assistance needs, including:

- Medicaid and the Children's Health Insurance Program, \$3.9 billion per year
- Earned Income Tax Credit payments, \$1.95 billion per year
- The Supplemental Nutrition Assistance Program, or food stamps, \$1.04 billion per year
- Temporary Assistance for Needy Families, \$82 million per year

The states where the fast-food industry's low wages cost U.S. taxpayers the most include California at \$717 million, New York at \$708 million, Texas at \$556 million, Illinois at \$368 million and Florida at \$348 million. A breakdown of other states for which data are available is in the report, "[Fast Food, Poverty Wages: The Public Cost of Low-Wage Jobs in the Fast-Food Industry.](#)"

"This is the public cost of low-wage jobs in America," said UC Berkeley economist Sylvia Allegretto, co-chair of the Center for Wage and Employment Dynamics. "The cost is public because taxpayers bear it. Yet it remains hidden in national policy debates about poverty, employment and public spending."

The researchers said families of front-line fast-food workers are enrolled in public programs at more than twice the rate of the overall workforce.

The report was funded by Fast Food Forward, a coalition of workers and labor, religious and community groups campaigning for higher wages and rights on the job for New York City fast-food workers.

Earlier this year, fast-food workers in 60 cities went on strike calling for higher pay so they could survive without having to rely on public assistance. They plan other actions this week.

The report also indicates that just 28 percent of core front-line fast-food workers regularly work 40 or more hours per week, compared to 75 percent of the country's workforce as a whole.

Researchers based their findings on an examination of only those federal programs that function as income supplements and of fast-food industry workers not in management positions who put in at least 10 hours a week for at least 27 weeks a year between 2007 and 2011.

Marc Doussard, one of the report's coauthors and an assistant professor of urban and regional planning at the University of Illinois at Urbana-Champaign, said the report also helps dispel the myth of fast-food workers as largely untrained teenagers.

"More than two-thirds of core frontline fast-food workers across the country are over the age of 20, and 68 percent are the main wage earners in their families," Doussard said. "And more than a quarter of Americans working in fast-food restaurants are parents, raising at least one child."

Provided by University of California - Berkeley

Citation: Low-wage fast-food jobs leave hefty tax bill, report says (2013, October 16) retrieved 27 April 2024 from <https://phys.org/news/2013-10-low-wage-fast-food-jobs-hefty-tax.html>

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