San Francisco Restaurant Employee Compensation Survey 2003

Report Prepared for
Golden Gate Restaurant Association

By

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Table of Contents

Index of Text Tables

Golden Gate Restaurant Association (*GGRA*) has conducted major studies of the economics of the San Francisco restaurant industry in recent years to better understand how current economic conditions and public policy are affecting restaurants and their employees, and to inform elected officials and the public of these effects. The present study is an extension of that work and is focused specifically on restaurant employee compensation.

The present study was initiated in response to a San Francisco ballot initiative to establish an **$8.50** per hour, city-wide minimum wage that does not recognize the key role tips play in the compensation of many hospitality industry employees. This initiative is a stark reminder of how important it is for elected officials and the public to have a better understanding of the industry that is the foundation of the City’s economy.

As part of the present study, GGRA conducted the survey described in *Chapter 3* of this report. The survey was based on a **20%** sample of San Francisco restaurants and bars, and drew an impressive **10.9%** response rate by the survey response deadline. Analyses of the results of the survey are presented in *Chapter 2*, and a full tabulation of survey results is presented in the *Appendix* with a copy of the survey questionnaire. The major findings of this study include:

- The average effective wage (wages plus tips) of directly tipped San Francisco restaurant employees is **$27.94** per hour composed of a **$7.36** hourly wage and **$20.58** per hour in tips.

- The average effective wage of indirectly tipped restaurant employees (those who share in a tip pool) is **$27.04** per hour composed of an **$8.04** hourly wage and **$19.00** per hour in tips.

- The median effective hourly wage for direct and indirectly tipped employees is about **60%** of the average.

- **51%** of San Francisco restaurants offer health benefits to their employees, with **30** hours work per week eligibility.

- **54%** of San Francisco restaurants offer paid days off, with **30** hours work per week eligibility. Average and median number of days off for service is **7** days for **1** to **5** years service and **10** days for more than **5** years service.

- In response to adoption of the **$8.50** per hour minimum wage currently proposed by initiative:[1]

- **90%** of respondents would reduce employment – **39%** by laying off employees, and **51%** by reducing paid hours of work.

- **67%** would attempt to raise prices.

- **27%** would move or close their business.

- **18%** would replace tips with a service charge they would use to cover the proposed **26%** increase in the minimum wage.

- A small percentage (**2%** to **3%**) would reduce or eliminate employer health benefit contributions to keep their businesses alive.

- A similarly small percent, most of which are neighborhood restaurants, say they would be forced to "sell out to a chain" that could handle the increasing cost of City mandates, including the proposed city-wide minimum wage.

Note: Most data from the survey conducted for this report are presented as averages or medians of data provided by individual respondents to particular items in the survey. Mathematical calculations (such as adding data from different columns in a table to get the items in a total column, or adding data from different tables) cannot be performed. Different items may have a different number of respondents, or a different set of respondents. The average and median "totals" presented in the report were calculated by computing the totals for each respondent separately, then taking the averages and medians of those totals.

[1] Many respondents indicated they would pursue more than one of the strategies in the prepared list offered by the survey questionnaire, and some wrote in additional strategies.

2.1 INTRODUCTION

Golden Gate Restaurant Association (*GGRA*) has conducted major studies of the economics of the San Francisco restaurant industry in recent years to better understand how current economic conditions and public policy are affecting restaurants and their employees, and to inform elected officials and the public of these effects. The present study is an extension of that work and is focused specifically on restaurant employee compensation.

The present study was initiated in response to a San Francisco ballot initiative to establish an **$8.50** per hour, city-wide minimum wage that does not recognize the key role tips play in the compensation of many hospitality industry employees. This initiative is a stark reminder of how important it is for elected officials and the public to have a better understanding of the industry that is the foundation of the City's economy. If passed in its present form, the current minimum wage initiative would give raises to employees earning more than **$20** per hour, reduce employment in the City's restaurant industry, eliminate health benefits for many low income workers, force some independent restaurants to sell out to deep-pocket chain operators, and force others to close altogether. All of this in the midst of the worst economic times the hospitality industry has seen in a generation.

Most people understand that tips are income, and that both State and federal law require the person receiving a tip to declare it as income. Less widely understood is that the federal government regards tips as part of an employee's wages on which ***both*** the restaurant and the employee owe *Social Security Taxes*. From the government's point of view, it's immaterial whether the restaurant receives the tip from the customer and pays it to the employee (as is the case with charge card transactions), or the employee receives the tip directly from the customer as cash. A tip still is seen as part of the employee's wages on which *Social Security Tax* is owed.

It is to the government's credit that it extends this logic to administration of the federal *Fair Labor Standards Act* (FLSA). The current federal minimum wage is **$5.15** per hour. The federal government requires restaurants to pay their employees a minimum cash wage of **$2.13** per hour and currently allows a "*tip credit*" of **$3.02** per hour toward meeting the federal minimum wage. **Forty-three** states follow the federal minimum wage practice or allow a tip credit against their own state minimum wage. California is the only large state that turns a blind eye to the economics of the hospitality industry.

Restaurants and their employees refer to the combination of wages and tips reported to the federal government as "reported wages". In any discussion of the minimum wage, what restaurants are seeking is credit for the "reported wages" on which they and their employees must pay federal taxes for satisfying minimum wage requirements. The issue of whether employees report and pay taxes on all of their tips often is raised in tax discussions. That is not an issue with the minimum wage because all that restaurants are seeking is credit for the tips that already are included in taxable “reported wages”.

2.2 SURVEY

The *California Employment Development Department* (*EDD*) conducts annual surveys of wages in various *metropolitan statistical areas* (*MSA*)[2]. *EDD* data for restaurant industry occupations in the *San Francisco MSA* are presented in *Table 2-5* of this report. Unfortunately, *EDD* data do not capture tips. To bridge this gap in the data, *GGRA* conducted the survey described in *Chapter 3* of this report. The survey was based on a **20%** sample of San Francisco restaurants and bars, and drew an impressive **10.9%** response rate by the survey response deadline.

2.2.1 Number of Tipped & Non-Tipped Employees

The *average* and *median* number of employees, tipped and non-tipped, working at various types and sizes of restaurants and bars are summarized in *Tables 2-1, 2-2* and *2-3*. *Table 2-1* presents the *average* and *median* number of employees at all wage levels, *Table 2-2* presents similar data for employees paid **more than $8.50** per hour, and *Table 2-3* presents these data for employees paid **$8.50 or less** per hour.[3]

Table 2-1
Number of Employees per Establishment
All Wage Levels

	Average	Median
All Restaurants & Bars		
Tipped Employees	23.0	14.0
Non-Tipped Employees	17.1	10.0
Small Table Service Restaurants (H-24, H-25)		
Tipped Employees	15.3	10.0
Non-Tipped Employees	11.3	5.5
Large Table Service Restaurants (H-26)		
Tipped Employees	31.5	24.0
Non-Tipped Employees	23.5	15.5
Bars, Take Out & Fast Food (H-27, H-28, H-29)		
Tipped Employees	11.3	10.0
Non-Tipped Employees	10.9	8.0

***Table 2-1* shows that the number of tipped employees is substantially larger than non-tipped employees for all classes of table service restaurants. However, the number of tipped and non-tipped employees are roughly the same for the category that includes take-out and fast-food restaurants (bottom of the table). Tips**

[2] The San Francisco MSA includes San Francisco, San Mateo and Marin Counties.

[3] Some respondents provided data for their employees by wage level and others provided data only for employees at all wage levels as a group. Therefore, one cannot add data within or among *Tables 1-2, 2-2* and *2-3* . Averages with different numbers of respondents, and no median may be added to one another.

ordinarily are not given at these limited service restaurants, and the tipped employees in this category are primarily bar employees.

Table 2-2 shows there are roughly twice as many higher paid (more than **$8.50** per hour) non-tipped employees than tipped employees. This is a reflection of the fact that tipped employees receive the largest share of their compensation in the form of tips and restaurants must pay their non-tipped employees more than tipped employees to provide a competitive wage.

Table 2-2
Number of Employees per Establishment
Paid more than $8.50 per Hour

	Average	Median
All Restaurants & Bars		
Tipped Employees	7.1	4.0
Non-Tipped Employees	13.0	8.0
Small Table Service Restaurants (H-24, H-25)		
Tipped Employees	6.3	3.0
Non-Tipped Employees	7.0	5.0
Large Table Service Restaurants (H-26)		
Tipped Employees	8.0	5.0
Non-Tipped Employees	18.1	12.0
Bars, Take Out & Fast Food (H-27, H-28, H-29)		
Tipped Employees	3.0	3.0
Non-Tipped Employees	7.6	5.0

Table 2-3 presents the average and median number of tipped and non-tipped employees paid **$8.50 or less** per hour. Data in this table are the flip side of data in *Table 2-2*. In all categories of establishments there generally are **two** to **four** times more tipped than non-tipped employees paid less than **$8.50** per hour because tipped employees typically receive the majority of their compensation in the form of tips rather than wages.

Table 2-3
Number of Employees per Establishment
Paid $8.50 or less per Hour

	Average	Median
All Restaurants & Bars		
Tipped Employees	18.6	12.0
Non-Tipped Employees	6.4	3.0
Small Table Service Restaurants (H-24, H-25)		
Tipped Employees	11.5	9.5
Non-Tipped Employees	6.0	3.5
Large Table Service Restaurants (H-26)		
Tipped Employees	25.9	20.0
Non-Tipped Employees	7.1	4.5
Bars, Take Out & Fast Food (H-27, H-28, H-29)		
Tipped Employees	10.4	10.0
Non-Tipped Employees	5.1	1.0

2.2.2 Effective Hourly Wages

GGRA's compensation survey collected data on the wages, tips and effective wages including tips. These data are summarized in *Table 2-4.* Directly tipped employees are those who receive tips directly from customers. Indirectly tipped employees share in a pool of tips received directly by other employees or the restaurant itself from charge card transactions. As *Table 2-4* demonstrates, tipped employees typically earn **two** to **three** times the **$8.50** an hour minimum wage being proposed by initiative in San Francisco, yet under the proposed initiative, all would get a raise.

Table 2-4
Hourly Compensation of Directly & Indirectly Tipped Employees

	Average	Median
Hourly Wage (without tips)		
Directly Tipped Employees	$7.36	$6.93
Indirectly Tipped Employees	$8.04	$8.00
Hourly Tips		
Directly Tipped Employees	$20.58	$9.55
Indirectly Tipped Employees	$19.00	$8.50
Effective Hourly Wages (including tips)		
Directly Tipped Employees	$27.94	$16.48
Indirectly Tipped Employees	$27.04	$16.50

Hospitality businesses generally are structured around the "effective hourly wage" model reflected in *Table 2-4*, and for this reason, these businesses tend to have large numbers of employees paid at or near the minimum wage. As a result, changes in the minimum wage that do not recognize the way compensation is structured in the hospitality industry can do major damage to industry participants and their employees. The difficulties such action can create are illustrated in *Table 2-5* where the only force driving a major increase in restaurant wages in the depths of the recession was the recent **17%** increase in the California minimum wage (from $5.75 to $6.75 in two annual steps).

2.2.3 Recent Increase In California Minimum Wage

California increased its minimum wage **$1.00** to **$6.75** per hour in **$0.50** steps on January 1, 2001 and January 1, 2002. These increases directly affected entry level wages for only three occupations (*waiters* and *waitresses*, *dining room attendants* and *bar helpers*, and *fast food cooks*), but the increase in the State's minimum wage put upward pressure on the entire wage structure, and lifted the average compensation for *all food preparation and serving jobs* **12%** to **16%.** *Table 2-5* presents the wages for six occupational titles plus the average for all *food preparation and serving* jobs in 2000 and 2002, and the percentage change between these two years. The major across-the-board jump in wages (**12%** to **16%**) for all occupations from the last full year of the *boom* to the last full year of the *bust* primarily reflects the **$1.00** an hour increase in California's minimum wage. This substantial increase in labor costs in the depths of the recession helped prevent the reduction in operating costs needed to deal with falling sales and carried the drop in sales to the bottom line. This is a major reason income at San Francisco table service restaurants plunged **50%** during the last two years and the City lost more than **5%** of its table service restaurants.

Table 2-5
Growth in Wages for Food Preparation & Serving Jobs
San Francisco MSA (Marin, San Francisco & San Mateo Counties)
2000 to 2002

	Entry Level Hourly Wage	Average Hourly Wage	Average Annual Wage
2000			
All Food Preparation & Serving Jobs	**6.02**	**8.89**	**18,496**
Restaurant Cooks	7.14	10.49	21,832
Fast Food Cooks	5.95	7.01	14,566
Counter Attendants	6.33	8.68	18,057
Waiters & Waitresses	6.00	7.47	15,551
Bartenders	7.51	9.65	20,077
Dishwashers	5.97	7.95	16,530
2002			
All Food Preparation & Serving Jobs	**6.97**	**9.94**	**20,691**
Restaurant Cooks	8.09	13.10	27,241
Fast Food Cooks	6.75	8.38	17,433
Counter Attendants	7.56	9.21	19,157
Waiters & Waitresses	6.75	8.72	18,131
Bartenders	7.53	11.24	23,392
Dishwashers	7.02	8.59	17,868
% Change 2000 to 2002			
All Food Preparation & Serving Jobs	**15.8%**	**11.8%**	**11.9%**
Restaurant Cooks	13.3%	24.9%	24.8%
Fast Food Cooks	13.4%	19.5%	19.7%
Counter Attendants	19.4%	6.1%	6.1%
Waiters & Waitresses	12.5%	16.7%	16.6%
Bartenders	0.3%	16.5%	16.5%
Dishwashers	17.6%	8.1%	8.1%

Source: California Employment Development Department

2.2.4 Employee Benefits

GGRA's compensation survey also collected data on selected employee benefits offered by San Francisco restaurants and bars. More than half (**51%**) of survey respondents offer health benefits to their employees for **30** hours of work per week. Some **54%** of respondents offer paid days off, again for about **30** hours of work per week for eligibility.

Average and *median* time off is about **7** days for **1** to **5** years of service, and **10** days for more than **5** years service.

2.2.5 Response to Proposed 26% Minimum Wage Increase

The survey asked respondents their most likely response to adoption of a city-wide **$8.50** per hour minimum wage. Their responses are summarized in Table 2-6. A little over **two-thirds** (**67%**) said they would try to raise prices, although many commented on how difficult this would be in the present economic climate. **Ninety percent** would reduce employment opportunities, **39%** by laying off employees, and **51%** by reducing employees' hours of work. Some **27%** would cease doing business in San Francisco by either moving their businesses out of the City (**14%)** or closing their businesses (**13%**).

Table 2-6
Industry Response to an $8.50 per Hour Minimum Wage[4]

	Percent of Respondents
Take no action	8 %
Raise food & drink prices	67 %
Replace tips with a service charge	18 %
Lay off employees	39 %
Reduce employee hours of work	51 %
Move my business out of San Francisco	14 %
Close my business	13 %
Other action	5 %
Reduce or eliminate health benefits	2 %
Sell business to a chain	3 %

Nearly one-fifth (**18%**) said they would cope by replacing tips with a service charge. This would enable them to capture the current tip stream of revenue to cover the proposed **26%** increase in the minimum wage. The employer then would decide how much of the remaining pot to share with employees, which employees would receive a share, and how much each employee would receive. The result likely would be higher wages, but lower "effective wages" for most currently tipped employees.

Finally, a small number of respondents (**2%)** said they would cover the minimum wage hike by reducing or eliminating their contribution to their employee's health insurance. Another small group (**3%**) of mostly neighborhood restaurants said they would be forced to close their business and believed their only option would be to sell to a chain with deep enough pockets to pay for the growing list of City mandates, including the proposed **26%** increase in the minimum wage.

[4] Many respondents indicated they would pursue more than one of the strategies in the prepared list offered by the survey questionnaire, and some wrote in additional strategies.

3.1 GENERAL DESCRIPTION

In the second week of July 2003 *Golden Gate Restaurant Association* (*GGRA*) conducted an employee compensation survey among its San Francisco members and a random sample of other San Francisco restaurants and bars. This survey used the same random sample of San Francisco restaurants developed in March 2003 for a *GGRA* survey conducted to document the effects of the continuing recession in Northern California. This random sample was drawn from the *Tax Collector's* database of food and beverage service licensees using Microsoft's random number generator. The survey panel, including San Francisco establishments that are members of *GGRA*, represents a little over **20%** of **4,453** restaurants and bars that held a San Francisco restaurant or bar license on March 7, 2003. The San Francisco survey panel is detailed in *Table 3-1*.

Survey questionnaires were mailed to prospective participants on July 9, 2003. A covering letter requested the completed forms be returned directly to *GGRA*'s research associate by July 15, 2003 either by faxing the completed, one-page form, or mailing the form in the stamped, addressed envelope provided. The survey was "blind" and confidential. The identity of individual participants is not known, and data submitted by individual participants cannot be identified in tables published in the present report.

Table 3-1
Survey Panel & All San Francisco Restaurants
Distribution by Type of License
March 2003

SF License	Description	GGRA SF Members	Random Sample	SF Panel	All SF Licenses
H-24	Less than 1,000 sq ft	39	162	201	1,252
H-25	1,000 to 2,000 sq ft	67	148	215	1,192
H-26	More than 2,000 sq ft	147	150	297	1,011
	Table Service Restaurants	**253**	**460**	**713**	**3,455**
H-28	Take-Out	4	109	113	567
H-29	Fast Food	0	11	11	44
	Limited Service Restaurants	**4**	**120**	**124**	**611**
H-27	Bars, Taverns & Lounges	19	58	77	387
	All Restaurants & Bars	**276**	**638**	**914**	**4,453**

Source: *San Francisco Tax Collector* & *GGRA* Membership Department

The principal focus of the survey is *full service restaurants*, also referred to as *table service restaurants* in this report. These are establishments where seated customers order prepared food and beverages from wait staff who serve the meal and typically collect payment after the meal is consumed. Most *full service restaurants* sell some type of alcoholic beverage as well as food. However, if an establishment's alcohol sales exceed its food sales, the establishment is classified as a *bar*. *Full service restaurants* were **78%**

of the San Francisco survey panel and approximately **78%** of all San Francisco restaurants and bars at the time of the survey as shown in *Table 3-2*.

Limited service restaurants, which include "take-out" and all "fast food" concepts, are establishments where customers order and pay for their food and beverages before picking up their orders at a counter or drive-thru window for consumption either on or off the premises. *Limited service restaurants* were **14%** of the San Francisco survey panel and approximately **14%** of all San Francisco restaurants and bars at the time of the survey.

Table 3-2
Survey Panel & All San Francisco Restaurants
Percent Distribution by Type of License
March 2003

SF License	Description	GGRA SF Members	Random Sample	SF Panel	All SF Licenses
H-24	Less than 1,000 sq ft	14%	25%	22%	28%
H-25	1,000 to 2,000 sq ft	24%	23%	24%	27%
H-26	More than 2,000 sq ft	53%	24%	32%	23%
	Table Service Restaurants	**92%**	**72%**	**78%**	**78%**
H-28	Take-Out	1%	17%	12%	13%
H-29	Fast Food	0.0%	1.7%	1.2%	1.0%
	Limited Service Restaurants	**1%**	**19%**	**14%**	**14%**
H-27	Bars, Taverns & Lounges	6.9%	9.1%	8.4%	8.7%
	All Restaurants & Bars	**100%**	**100%**	**100%**	**100%**

Source: *Table 3-1*

***Bars, taverns* and *lounges* are establishments where sales of alcoholic beverages are more than** 50% **of *total sales*. Many of these businesses also sell some type of food, and some offer full meal service. *Bars* are included in *GGRA*'s membership and the present study because they share many characteristics with restaurants, indeed, some establishments are close enough to the** 50% **margin that on any give day they might be classified as either a bar or a restaurant. *Bars, taverns* and *lounges* were** 8.4% **of the San Francisco survey panel and approximately** 8.7% **of all San Francisco restaurants and bars at the time of the survey.**

3.2 Classification of Survey Respondents

Survey forms contained a pre-printed license type drawn from the *Tax Collector's* database along with the address of the business, and respondents to the Survey were classified by the type license held. This survey did not request enough information to verify that respondents' operations match their type of license, but in the previous survey using this sample, there appeared to be a mismatch between operation and license type for only two respondents. The distribution of respondents by type of tax license is summarized in Table 3-3.

Table 3-3
Distribution of Respondents by License

License	Description	Number
H-24	**Less than 1,000 sq ft**	**18**
H-25	**1,000 to 2,000 sq ft**	**21**
H-26	**More than 2000 sq ft**	**45**
	Table Service Restaurants	84
H-27	**Bar**	**7**
H-28	**Take-Out Restaurant**	**7**
H-29	**Fast Food Restaurant**	**2**
	All Restaurants & Bars	100

3.3 Geographic Distribution

This survey did not request any identification of the respondents' geographic location. However, **30%** of respondents volunteered enough information to establish their zip code. Respondents are spread across 16 San Francisco zip codes, with the only significant concentrations being in 94111 (Financial District/Central Waterfront) and 94133 (Northbeach/Fisherman's Wharf). These concentrations of respondents reflect geographic concentrations of restaurant licenses in San Francisco. The 16 zip codes identified by respondents are presented in *Table 3-4***.**

Table 3-4
Zip Codes Identified for Respondents

94102	94109	94115	94123
94103	94110	94117	94131
94107	94111	94118	94132
94108	94114	94121	94133

3.4 Number of Respondents

One hundred restaurants and bars responded to the present survey by the July 15, 2003 response deadline. (One extra day was allotted for local mail delivery.) These **100**, from a survey panel of **914**, represent an impressive **10.9%** response rate. Of those responding, **84** were table service restaurants, **7** were take-out restaurants, **2** were fast food restaurants, and **7** were bars.[5]

The response rate in the present survey was a little over **50%** higher than the response rate using the same survey panel last March. The positive difference is attributed to restaurants' growing familiarity with the survey process and the depth of their concern about the proposed **26%** increase in San Francisco's minimum wage.

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[5] Another 13 survey forms were receive after July 16, 2003, the day the data for this report were processed, bringing the response rate to **12.4%**. Data from these forms subsequently were entered in the database for this project, but they are not reflected in the tables and analyses presented in this report.

3.5 Survey Instruments & Results

The appendix of this report contains copies of the survey form, its covering letter, and a detailed tabulation of the results of the survey.

3.6 Relation to Previous Surveys

Although the present survey used the same random sample drawn for GGRA's 2003 study of the economics of the restaurant industry, that is the only connection between the two surveys. It is not known which, if any restaurants were respondents in both surveys, and the analyses of responses to each of the surveys are entirely independent of one another.

GOLDEN GATE
RESTAURANT
ASSOCIATION

JULY 9, 2003 – ACTION ALERT

An $8.50 City-Wide Minimum Wage is headed for the November Ballot

If you think you are having trouble coping with the recession now, what would it be like to face a 26% increase in the Minimum Wage? You will have the chance to find out, if San Francisco voters approve an $8.50/hour City-wide minimum wage initiative headed for the November, 2003 ballot. This **<u>initiative does not count tips</u>** that the employees declare and you pay taxes on.

Golden Gate Restaurant Association is preparing strategy to deal with this ill conceived, poorly timed proposal. **Your help is vital** because we urgently need current data on restaurant employee compensation to inform San Francisco elected officials and voters how much restaurant employees really earn.

Please take a few minutes to complete the enclosed questionnaire and return it to our Research Associate, Kent Sims, in the enclosed envelope – or fax your response to Kent at (415) 383-6293. Because this matter is urgent, we need your response by July 15, 2003. <u>Individual responses will be seen only by our Research Associate who will hold them in strictest confidence.</u> Only the median and average of responses from all respondents will be released.

Thank you for recognizing the urgency and importance of this matter, and for taking the time to **complete and return the enclosed questionnaire now**.

Mariann Costello
President

Patricia Breslin
Executive Director

enclosures

MINIMUM WAGE SURVEY QUESTIONNAIRE

Please Respond by July 15, 2003

WAGE & HOUR INFORMATION

1. NON-TIPPED EMPLOYEES (Indicate the number of non-tipped employees in each wage & hour category)

Number of Non-tipped Employees:	Total # of Employees	Number of Hours Worked (If Known) > 35 hrs/wk	20 – 35 hrs/wk	< 20 hrs/wk
Paid $6.75 per hr	_______	_______	_______	_______
Paid $6.76 - $8.50 per hr	_______	_______	_______	_______
Paid more than $8.50 per hr	_______	_______	_______	_______
Total NON-TIPPED EMPLOYEES	_______	_______	_______	_______

2. TIPPED EMPLOYEES (Indicate the number of tipped employees in each wage & hour category)

Number of Tipped Employees:	Total # of Employees	Number of Hours Worked (If Known) > 35 hrs/wk	20 – 35 hrs/wk	< 20 hrs/wk
Paid $6.75 per hr	_______	_______	_______	_______
Paid $6.76 - $8.50 per hr	_______	_______	_______	_______
Paid more than $8.50 per hr	_______	_______	_______	_______
Total TIPPED EMPLOYEES	_______	_______	_______	_______

3. AVERAGE HOURLY WAGE WITHOUT TIPS (from your Payroll Records)

$ __________ **Directly Tipped Employees** (receive tips directly from customers)

$ __________ **Indirectly Tipped Employees** (share tips received by others)

4. AVERAGE HOURLY TIPS (from Reported Tips or best estimate)

$ __________ **Directly Tipped Employees** (receive tips directly from customers)

$ __________ **Indirectly Tipped Employees** (share tips received by others)

BENEFITS INFORMATION

5. DO YOU OFFER HEALTH BENEFITS? ○ Yes ○ No

If yes, how many hours work per week do you require for eligibility? _______

6. DO YOU OFFER PAID DAYS OFF? ○ Yes ○ No

If yes, how many hours work per week do you require for eligibility? _______

How many paid days off do you give for length of service?

______ Less than 1 year of service
______ 1 – 5 years of service
______ More than 5 years of service
! Not tied to length of service

RESPONSE TO $8.50 MINIMUM WAGE

7. WHAT WOULD YOUR MOST LIKELY RESPONSE BE, IF THE CITY IMPOSED AN $8.50 PER HOUR MINIMUM WAGE ?

○ Raise food & drink prices
○ Move my business out of San Francisco

○ Lay off employees	○ Close my business
○ Reduce employee hours of work	○ Take no action
○ Replace tips with a service charge	○ Other action (specify on back of page)

Mail to: GGRA Research Associate 635 Summit Avenue Mill Valley, CA 94941	**Fax to:** GGRA Research Associate (415) 383-6293

Tabulation of Survey Questionnaire

NOTE: Most data in this tabulation are averages or medians, and not all items have the same number of respondents. Mathematical calculations, such as adding data from different columns to get a "Total", cannot be performed with these data.

1. Non-Tipped Employees – Number

AVERAGE Values	All Non-Tipped	$6.75/hr	$6.76-8.50/hr	More Than $8.50/hr
Full Time >35 hrs/wk	15.2	4.6	5.5	12.6
Part Time 20-35 hrs/wk	7.6	4.3	5.8	5.1
Part Part Time <20 hrs/wk	6.0	5.2	4.6	5.3
All Non-Tipped	**17.1**	**6.4**	**7.1**	**13.0**

MEDIAN Values	All Non-Tipped	$6.75/hr	$6.76-8.50/hr	More Than $8.50/hr
Full Time >35 hrs/wk	8.0	3.0	3.0	8.0
Part Time 20-35 hrs/wk	4.0	2.0	2.0	4.0
Part Part Time <20 hrs/wk	3.0	4.0	2.0	2.0
All Non-Tipped	**10.0**	**4.0**	**4.0**	**8.0**

2. Tipped Employees – Number

AVERAGE Values	All Tipped	$6.75/hr	$6.76-8.50/hr	More Than $8.50/hr
Full Time >35 hrs/wk	12.0	7.9	6.0	8.3
Part Time 20-35 hrs/wk	14.6	12.8	7.3	4.0
Part Part Time <20 hrs/wk	7.2	5.7	3.8	4.3
All Tipped	**23.0**	**17.1**	**8.6**	**7.1**

MEDIAN Values	All Tipped	$6.75/hr	$6.76-8.50/hr	More Than $8.50/hr
Full Time >35 hrs/wk	6.0	6.0	4.0	4.0
Part Time 20-35 hrs/wk	9.0	7.5	5.0	3.0
Part Part Time <20 hrs/wk	5.0	3.0	2.5	3.5
All Tipped	**14.0**	**12.0**	**5.0**	**4.0**

3. Hourly Wage (without tips)

	Average	Median
Directly Tipped Employees	$7.36	$6.93
Indirectly Tipped Employees	$8.04	$8.00

4. Hourly Tips

	Average	Median

Directly Tipped Employees	$20.58	$9.55
Indirectly Tipped Employees	$19.00	$8.50

EFFECTIVE HOURLY WAGE (INCLUDING TIPS)

	Average	Median
Directly Tipped Employees	$27.94	$16.48
Indirectly Tipped Employees	$27.04	$16.50

5. HEALTH BENEFITS

Respondents who offer their employee Health Benefits: **51 %**

Hours of work per week for eligibility: **Average: 30 hours, Median: 30 hours**

6. PAID DAYS OFF

Respondents who offer their employees paid days off: **54 %**

Weekly hours of work for eligibility: **Average: 29.7 hours, Median: 30 hours**

Number of days off for length of service:

	Average	Median
Less than 1 year	0.7	0.0
1 – 5 years	7.7	7.0
More than 5 years	10.7	10.0

Respondents who do **not** tie paid days off to length of service: **6 %**

7. MOST LIKELY RESPONSE(S) TO ADOPTION OF AN $8.50/HR MINIMUM WAGE. *

	Percent of Respondents
Take no action	8 %
Raise food & drink prices	67 %
Replace tips with a service charge	18 %
Lay off employees	39 %
Reduce employee hours of work	51 %
Move my business out of San Francisco	14 %
Close my business	13 %
Other action	5 %
Reduce or eliminate health benefits	2 %
Sell business to a chain	3 %

* Many Respondents checked more than one response in this list. Indented items under "Other action" are write-in comments made by more than one respondent.

ABOUT THE AUTHOR

Many people are familiar with Kent Sims' analyses and commentary on the local economy from his speeches and publications. He approaches his subject with rigor and presents the results with candor that has attracted both admirers and critics.

Kent began his professional career in 1966 as Program Economist for the US Department of State Mission to Pakistan in the heady years of the green revolution. He returned to the United States in 1969 to begin a 16-year career with the Federal Reserve Bank of San Francisco that included successive assignments as Director of Economic Research; Chief of Banking Supervision, Regulation and Credit; and Executive Vice President and Chief Financial Officer. While at the Fed, he pioneered use of policy audits as the principal basis for bank examinations, methods now used by all three federal bank regulatory agencies; published the first written rules for use of the Discount Window in the Federal Reserve System; and managed design and construction of the Fed's headquarters buildings in San Francisco and Los Angeles.

In 1985 Kent left the Fed to enter private practice as a financial consultant and asset manager, and three years later was recruited as founding president of the San Francisco Economic Development Corporation. Often described as a "boutique think tank", Kent's work at the EDC was reflected in numerous publications: *Competition in a Changing World* identified the City's roles in the metropolitan economy, its comparative advantages, and strategy for leveraging these advantages to build prosperity; the massive two-volume *Bay Area Household Survey* analyzed the changing relationship between San Francisco and its metropolitan consumers and labor force, and offered strategies for reversing the decline in metropolitan patronage of San Francisco business, cultural and entertainment venues; *Smartland Heartland*, a regional image piece, documented major components of the Bay Area's knowledge-based economy and was among the first to promote the Bay Area as "the nation's laboratory for new ideas" – themes now common in analyses of San Francisco and the region.

Recruited in 1992 to be Director of Economic Planning and Development for the City and County of San Francisco, Kent created economic development plans based on his research at the EDC. His major projects included expediting EIR certification for the $4 billion expansion of San Francisco Airport, retention of the Giants baseball franchise, site selection for UCSF's second campus development, lab developments at San Francisco General Hospital, recruitment for the digital media industry, and Federated Department Stores retail developments at Union Square (Macy's expansion) and at the former Emporium Department Store (Bloomingdales). He subsequently was projects manager for the City Manager of Oakland, before returning to private practice as an economic development consultant.

Kent holds a Ph.D. in economics with undergraduate work in architecture, engineering and fine arts. He may be contacted at kentsims@pacbell.net.