

Lower-paying fields reach a milestone: \$15 an hour

Andrew Van Dam; Long, Heather . The Washington Post ; Washington, D.C. [Washington, D.C]. 09 Aug 2021: A.1.

[ProQuest document link](#)

FULL TEXT

As hiring surges, grocery, restaurant workers are quickly reaping gains

The U.S. labor market hit a new milestone recently: For the first time, average pay in restaurants and supermarkets climbed above \$15 an hour. Wages have been rising rapidly as the economy reopens and businesses struggle to hire enough workers. Some of the biggest gains have gone to workers in some of the lowest-paying industries. Overall, nearly 80 percent of U.S. workers now earn at least \$15 an hour, up from 60 percent in 2014. Job sites and recruiting firms say many job seekers won't even consider jobs that pay less than \$15 anymore. For years, low-paid workers fought to make at least that much. Now it has effectively become the new baseline.

As competition for workers heats up, large employers are taking notice and bumping up starting pay. CVS said it will increase starting pay from \$11 to \$15 by next summer, joining other large employers such as Target, Best Buy, Costco and Disney. When major employers raise their wages, it pushes smaller competitors in the area to follow suit, Brandeis and Princeton researchers recently found. The overall effect has been one of the fastest periods of rising wages since the early 1980s for rank-and-file workers and a clear spike from pre-pandemic trends. This higher pay is likely to be permanent as wages rarely fall once they move up.

Economists caution that a higher average wage is not the same as a \$15 minimum wage. Half of workers in these industries are still making below \$15 an hour. Nonetheless, rising pay is still a game-changer for millions of workers.

"It wouldn't be fair to call \$15 an hour the new minimum, but I think it's a guiding star wage. It's a baseline wage that folks compare offers to," said Nick Bunker, the economic research director at Indeed Hiring Lab.

For nearly a decade, the "Fight for \$15" movement has pushed companies and governments to increase pay, and it has cemented the \$15 level in the minds of many workers. Some cities and states have raised their minimum wage, though most are phasing in gradually and no state is above \$15 yet. The federal minimum wage is still \$7.25 an hour.

Restaurants, bars, retailers, cleaners and other services had to lay off millions of workers during the pandemic. As they try to scale up quickly, employers are finding it hard to bring workers back unless they raise pay and offer other new benefits. Many laid-off workers had a "great reassessment" of what they want to do in their careers, and the additional unemployment payments gave them a financial cushion to search for something different.

The average hourly wage for non-managers across all industries is \$25.83, up 7.8 percent since the pandemic began. It's growing faster than normal, but still increasing at less than half the speed of a few lower-paid industries, where compensation has skyrocketed. Average pay for non-managers in the hospitality sector is up 10.5 percent since the pandemic began. Retail is up 9.7 percent.

At Boomers Parks, an amusement park chain with locations in California, Florida and New Jersey, many of the jobs now pay \$15 an hour or close to it. Still, it's been a challenge to fill all of the company's positions this summer. At its water park in New Jersey, only about 75 percent of the rides were open because despite raising pay, they could not find enough life guards.

Last summer, entry-level jobs at the New Jersey location were paying \$10 an hour. This summer they pay \$14 plus an additional retention bonus of \$1 or \$1.50 an hour more if workers stay the entire summer. The retention incentives have helped, said Boomers Parks chief executive Tim Murphy, but the company has been surprised by how many workers simply don't show up.

"In the past, when you paid more, you get better-quality people," said Murphy. "Now you pay more and you don't get that many folks who are physically coming in to work."

Out of 150 applicants at a recent job fair, half didn't bother to finish the application. Another 30 were hired and then didn't show up for their first day, Murphy said. Some of the chain's best success this summer has been hiring workers as young as 15 years old who have been more eager.

Before the pandemic, the average nonmanagerial restaurant worker earned \$13.86 an hour. By June, the most recent month for which Labor Department data is available, that had skyrocketed to \$15.31, a more than 10 percent increase. Supermarket workers just crossed the \$15 threshold in June - their pay is up 7 percent since the pandemic began, to \$15.04 an hour.

Other fresh entrants in the \$15-an-hour club include butchers and seafood markets, office supply stores, liquor stores, parking-lot operators, day-care services, janitorial services, and care for the elderly or disabled. There are only a few industries that still pay less than \$15 an hour, and some of them are seeing blistering wage growth - convenience-store workers got a 16.9 percent raise during the pandemic, to an average of \$13.16, and cafeteria and buffet staffers got a 16.8 percent boost, to \$14.08 an hour.

Workers are noticing. When companies make those announcements, more job seekers look at the jobs ads for those companies.

Food truck veteran and restaurateur Phu Tran says he hasn't had problems hiring or retaining workers. He credits the fact that the majority of his workers earned over \$15 an hour before the pandemic began.

Tran, 34, has spent more than a decade building a smart, hard-working, collaborative team, and a note of exasperation creeps into his voice when he talks about watching labor-starved competitors scramble to catch up to the new \$15 reality now that workers are tougher to find.

"I personally think that you had to have been making an effort to treat your staff correctly in every aspect possible before this [labor shortage] came about, right? You can't start raising your wages and trying to change your business culture when you run out of people to hire and expect good results," Tran said. "It doesn't work that way." President Biden campaigned on raising the minimum wage to \$15 an hour, but the push to hike the federal minimum wage was abandoned by Democrats in February when they were unable to get it into the \$1.9 trillion relief package. Despite more workers earning above that threshold, there is still pushback to mandating that wage nationwide.

Even Tran said there's a big difference between paying workers \$15 because their productivity warranted it and being forced to pay a \$15 minimum wage.

There are some staff - those with less skills or experience - who aren't yet productive enough to earn \$15, he said. If he and his competitors were forced to pay those workers more, menu prices would soar, Tran said. The impact would be even more severe if the new minimum wage were to apply to tipped workers. Tran shares tips with back-of-house staff, and is even exploring a profit-sharing model, he said.

A Papa Murphy's Pizza franchisee in Kansas and Missouri is one of many businesses looking for ways to increase pay for entry-level staff, including part-time employees who work a few hours on evenings and weekends. Those used to be minimum-wage jobs. Now they pay about \$15 an hour.

To make that pay feasible, the company initiated an online tip feature last summer. Customers were quick to add on a few dollars to their orders to show appreciation for the staff. The company now passes that tip money to all workers below the store manager level. It works out to an extra \$3 to \$4 an hour. That brings starting pay of \$10 or \$11 an hour up to near \$15.

"We've kind of gradually been raising pay over the last couple of years just to stay competitive," said Jeremiah Buck, area supervisor for Papa Murphy's pizza in Kansas and Missouri. "One thing that worked well for us last year

is turning on the tip function online . . . we've been able to add \$3 in tips an hour."

Tips help employees earn more, but a \$15 minimum wage would require the base pay to be higher.

Restaurateurs often say the cost of fast-rising pay for cooks and servers will be passed on to diners, in the form of higher menu prices. In June, restaurant prices rose at the fastest rate in 40 years, growing 0.7 percent, although so far this year restaurant prices have trailed overall price growth.

Workers largely have the upper-hand right now as employers have a record number of job openings to fill. But that might change as unemployment benefits are reduced in September, pushing more people to look for jobs. The delta variant of the coronavirus is also making some customers more hesitant to dine out, meaning restaurants may not need as many workers.

Data from OpenTable suggests restaurant traffic in Florida fell in recent weeks as patrons become more cautious. Job postings on Indeed have also slowed down in the Sunshine State, leading to fears that a resurgent virus could slow the resurgent economy.

"If you're looking around and seeing the delta variant making things worse, then if you're a business in the state of Florida you may be thinking your sales won't be what you wanted them to be so you don't need as many people," said Florida State University economist Patrick Mason.

Rising prices also make the recent pay increases seem less generous since money doesn't go as far now to buy gas, groceries and cars. Wage gains have largely been wiped out by inflation, according to an analysis by former White House economist Jason Furman, a senior fellow at the Peterson Institute for International Economics.

Still, wages tend to be "sticky," meaning workers' gains will probably be permanent, even if inflation is transitory.

"The inflation numbers rain a little bit on the parade of these strong nominal wage growth numbers," said Bunker from Indeed Hiring Lab, but he predicted wages will stay high and inflation will likely fade, meaning "people will have higher real earnings than would have otherwise."

andrew.vandam@washpost.com

heather.long@washpost.com

DETAILS

Subject:	Workers; Hiring; Minimum wage; Employment; Pandemics; Prices; Parks & recreation areas; Employers; Restaurants; Wages & salaries
Business indexing term:	Subject: Workers Hiring Minimum wage Employment Employers Restaurants Wages & salaries
Location:	United States--US Kansas New Jersey Missouri Florida
Publication title:	The Washington Post; Washington, D.C.
First page:	A.1
Publication year:	2021
Publication date:	Aug 9, 2021
Section:	A-Section
Publisher:	WP Company LLC d/b/a The Washington Post
Place of publication:	Washington, D.C.

Country of publication:	United States, Washington, D.C.
Publication subject:	General Interest Periodicals--United States
ISSN:	01908286
Source type:	Newspapers
Language of publication:	English
Document type:	News
ProQuest document ID:	2559350613
Document URL:	https://www.proquest.com/newspapers/lower-paying-fields-reach-milestone-15-hour/docview/2559350613/se-2?accountid=44910
Copyright:	Copyright WP Company LLC d/b/a The Washington Post Aug 9, 2021
Last updated:	2021-08-09
Database:	U.S. Major Dailies

Database copyright © 2021 ProQuest LLC. All rights reserved.

[Terms and Conditions](#) [Contact ProQuest](#)