

Briefing Document on Employment and Wages in New York's Hospitality Industry

Prepared for the Minimum Wage Board

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Prepared by
Division of Research and Statistics
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Introduction

This briefing document is divided into four sections:

Section I includes data for New York State and regional data on trends in the number of establishments and on employment levels in New York's hospitality industry over the 2010-2013 period. All data presented in this section come from the Quarterly Census of Employment and Wages (QCEW), which are collected from reports filed by employers with New York's Unemployment Insurance program.

Section II reports estimated figures of 2014 statewide occupational employment and wages for selected food service and related occupations in New York's hospitality industry. All statistics presented here come from New York's Occupational Employment Statistics survey, which collects information from approximately 52,000 businesses across all industrial sectors.

Section III presents statewide data on a variety of demographic characteristics (including education, age, gender, race and ethnicity) of workers in food service and related occupations in New York's hospitality industry. In turn, the characteristics of these particular workers are then compared with those of workers in all occupations in all industries. All data comes from the 2013 American Community Survey.

Section IV presents information on the current New York State, Federal, and other states' cash wage rates for tipped workers.

I. Statewide and Regional Establishment and Employment Trends In New York's Hospitality Industry

Introduction

This section presents data on changes in the number of establishments and in employment levels in New York's hospitality industry between 2010 and 2013. Data presented in this section come from the Quarterly Census of Employment and Wages (QCEW), which are collected by New York State's Unemployment Insurance program.

The information here is presented both on a statewide and regional basis. The regions mentioned here refer to Labor Market Regions, which correspond to 10 geographic areas of the state as defined by the New York State Department of Labor. (See Appendix I for a list of counties comprising each region.)

Here, we use the term *hospitality industry* to refer to two of the industry groups in the North American Industry Classification System (NAICS). NAICS is the structure for classifying business activity in North America. We have totaled data for *traveler accommodation*, which is part of NAICS Industry 721, with *food services and drinking places* sector or NAICS Industry 722. (See Appendix II for a detailed list of the industries comprising each NAICS sector.)

Hospitality Industry Analysis

Establishment trends since 2010 (see Table 1): Statewide, the number of establishments in the hospitality industry increased from an average of 43,260 in 2010 to 46,901 in 2013, a gain of 3,641, or 8.4 percent. Between 2010 and 2013, the number of establishments in the hospitality industry increased in all 10 labor market regions. The largest numeric increase was in New York City (+2,193). The largest percentage increase was registered in New York City as well, up 12.1 percent, followed by Long Island (+7.7 percent) and the Finger Lakes Region (+6.4 percent).

Employment trends since 2010 (see Table 1): Hospitality industry employment increased by 88,024, or 14.9 percent, from 589,514 in 2010 to 677,538 in 2013. All 10 regions gained jobs. Employment advanced most in the regions with the largest population: New York City (+52,980 jobs), Long Island (+13,060), the Hudson Valley (+7,462) and Western NY (+4,456). On a percentage basis, New York City (+21.1 percent) grew the most, followed by Long Island (+16.6 percent) and the Hudson Valley (+13.2 percent). Over 40% of the state's jobs in this industry are in New York City.

Seasonal employment trends (see Chart 1): Employment in the hospitality generally builds from a low in the first quarter of the calendar year (January – March) to a peak in summer (third quarter).

**Table 1. Number of Establishments and Employment in the Hospitality Industry*
for New York State and Regions, 2010 and 2013 Annual Averages**

Region	Number of Establishments				Employment Summary**			
	2010	2013	Change	% Change	2010	2013	Change	% Change
Capital District	2,825	2,891	66	2.3%	35,742	39,052	3,310	9.3%
Central NY	1,729	1,814	85	4.9%	26,831	28,686	1,855	6.9%
Finger Lakes	2,313	2,460	147	6.4%	37,723	40,493	2,770	7.3%
Hudson Valley	5,058	5,355	296	5.9%	56,538	64,000	7,462	13.2%
Long Island	6,136	6,609	473	7.7%	78,669	91,729	13,060	16.6%
Mohawk Valley	1,127	1,153	27	2.4%	13,418	14,077	659	4.9%
New York City	18,187	20,380	2,193	12.1%	250,745	303,725	52,980	21.1%
North Country	1,089	1,110	21	1.9%	12,906	14,065	1,159	9.0%
Southern Tier	1,450	1,476	26	1.8%	19,343	20,293	950	4.9%
Western NY	3,107	3,277	170	5.5%	52,769	57,225	4,456	8.4%
Region not Designated***	239	378	139	58.1%	4,830	4,193	-637	-13.2%
NYS TOTAL	43,260	46,901	3,641	8.4%	589,514	677,538	88,024	14.9%

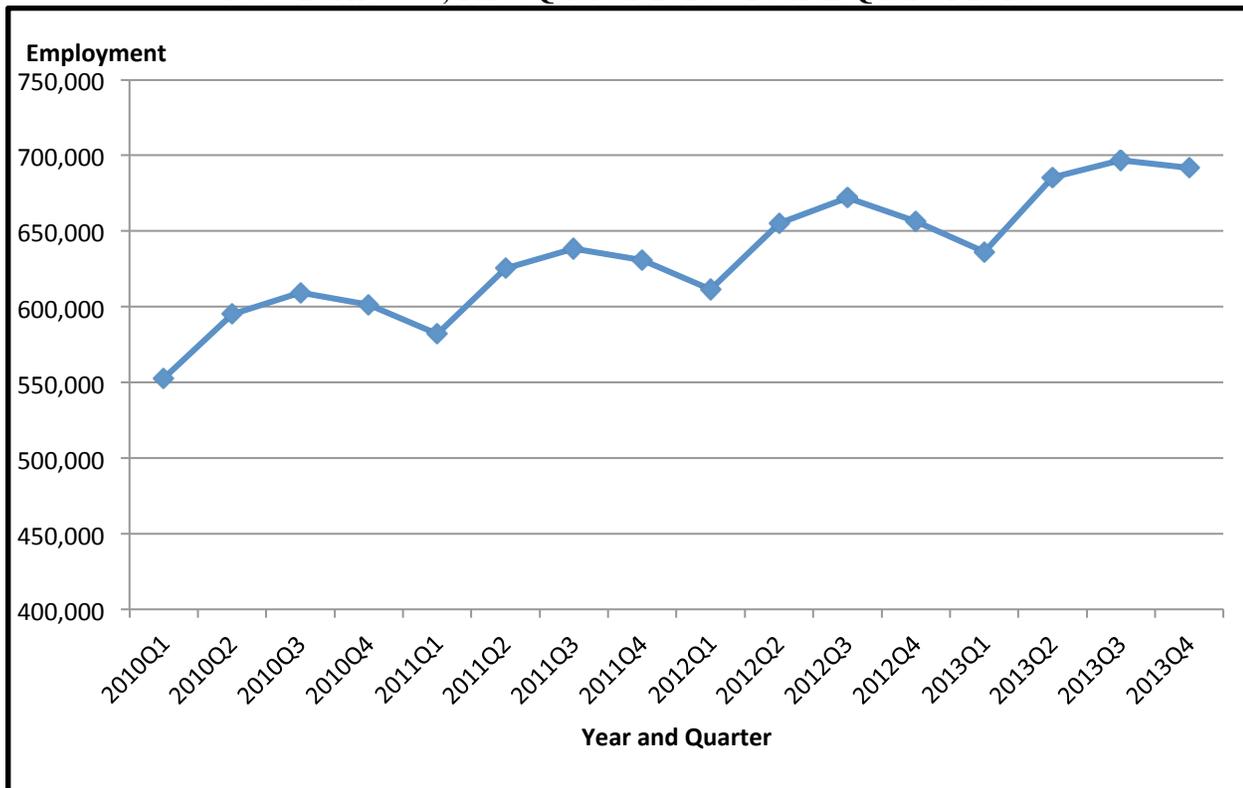
* Definitions of these regions, industry classifications and exclusions from this analysis are provided in Appendix I and II.

** Employment calculated as the average employment level over the 12 months of a calendar year.

***NYS total includes establishments and employment not assigned to a specific region in the state.

Source: Quarterly Census of Employment and Wages (QCEW)

**Chart 1. Quarterly Trends in Employment in the Hospitality Industry
New York State, First Quarter 2010 – Fourth Quarter 2013**



Source: Quarterly Census of Employment and Wages (QCEW)

II. Occupational Employment and Wages

Hospitality Industry Analysis

Table 2 shows the employment levels and annual wages for the 17 largest food-related occupations in the hospitality industry. Combined food prep and serving workers and waiters and waitresses are, by far, the occupational groups with the most employment, but have lower median wages compared to most other occupations in this industry. The highest paid food-related occupations are chefs and head cooks (\$51,820) followed by non-restaurant food servers (\$37,582) and first-line supervisors of food prep and serving workers (\$31,657).

**Table 2. Employment and Wages in Food Service and Related Occupations
In the Hospitality Industry in New York State
2014**

OCCUPATIONAL TITLE	EMPLOYMENT	MEDIAN WAGE
Combined Food Preparation and Serving Workers, Including Fast Food	135,950	\$18,108
Waiters and Waitresses	133,550	\$19,103
Cooks, Restaurant	58,330	\$24,814
First-Line Supervisors of Food Preparation and Serving Workers	34,330	\$31,657
Bartenders	32,350	\$19,168
Dining Room and Cafeteria Attendants and Bartender Helpers	28,630	\$18,436
Dishwashers	28,400	\$18,402
Food Preparation Workers	27,130	\$20,518
Cooks, Fast Food	16,800	\$19,333
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	16,150	\$19,200
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	15,240	\$19,930
Cooks, Short Order	7,410	\$21,652
Chefs and Head Cooks	7,110	\$51,820
Food Servers, Non-restaurant	4,670	\$37,582
Cooks, Institution and Cafeteria	4,180	\$30,535
Food Preparation and Serving Related Workers, All Other	330	\$26,097
Cooks, All Other	270	\$26,300

Source: Occupational Employment Statistics survey

III. Characteristics of Food Service and Related Workers

Table 3 shows workers in food service and related occupations in the hospitality industry. These workers are less likely to work full-time, tend to be younger, and less educated compared to workers in all industries.

Table 3. Demographic Characteristics of Food Service and Related Occupations In the Hospitality Industry Compared to All Workers in New York State, 2012

	All Occupations and Industries in New York State			Food Service & Related Occupations in the Hospitality Industry		
	Workers	% Workers	% Full-time ¹	Workers	% Workers	% Full-time ¹
Total	9,127,641	100.0%		401,232	100.0%	
Educational Attainment						
Less than High School	906,813	9.9%		109,485	27.3%	
High School Diploma or GED	2,090,929	22.9%		122,592	30.6%	
Associate's Degree/Some College	2,614,747	28.7%		118,251	29.5%	
Bachelor's Degree or Higher	3,515,152	38.5%		50,904	12.7%	
Age Group						
16 to 24	1,049,092	11.5%	45.7%	139,312	34.7%	32.7%
25 to 34	2,034,068	22.3%	83.7%	112,342	28.0%	65.4%
35 to 44	1,972,993	21.6%	86.0%	70,806	17.7%	75.6%
45 to 54	2,134,043	23.4%	85.4%	45,163	11.3%	77.3%
55 to 64	1,496,266	16.4%	81.5%	28,023	7.0%	56.1%
65 and over	441,179	4.8%	58.1%	5,586	1.4%	47.8%
Gender						
Male	4,679,090	51.3%		238,380	59.4%	
Female	4,448,551	48.7%		162,852	40.6%	
Race						
White alone	6,218,891	68.1%		241,496	60.2%	
Black or African American alone	1,259,839	13.8%		31,222	7.8%	
Asian alone	717,798	7.9%		47,390	11.8%	
All other	931,113	10.2%		81,124	20.2%	
Ethnicity						
Not Hispanic or Latino	7,605,104	83.3%		270,125	67.3%	
Hispanic or Latino	1,522,537	16.7%		131,107	32.7%	

Source: 2012 American Community Survey 1-Year Estimates, Public Use Microdata Sample (PUMS) Files.

Note: This table includes data on individuals working in the Hospitality Industry in the occupations listed in Table 2.

¹ Full-time employment is 35 or more hours per week.

IV. Federal and States' Cash Wage Rates for Tipped Employees

Federal and State data in this section was extracted from the US Department of Labor Wage and Hour website (<http://www.dol.gov/whd/state/tipped.htm>). The information is current through September 1, 2014.

The 1996 amendments to the federal Fair Labor Standards Act (FLSA) revised the tip credit provisions to allow employers to pay qualifying tipped employees no less than \$2.13 per hour if they received the remainder of the statutory minimum wage in tips. Other additional deductions are permitted, such as those for meals and lodging. Under the FLSA, a tipped employee is defined by minimum tips received equal to \$30 monthly. The maximum tip credit against minimum wage is \$5.12 per hour, equaling a basic combined cash and tip federal wage rate of \$7.25.

New York State and Surrounding States

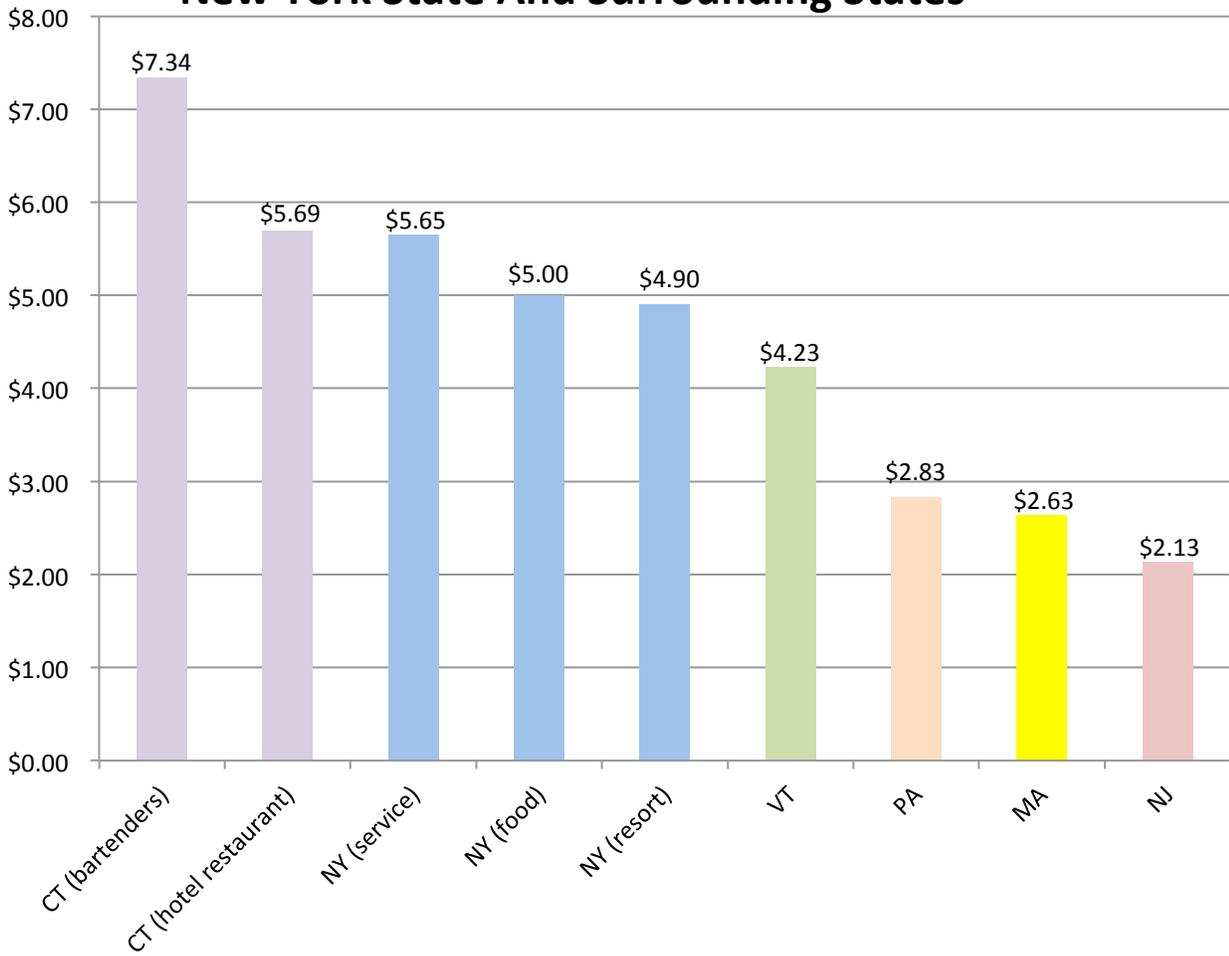
In New York State, the tipped employee rates are higher than the federal minimum of \$2.13 per hour: \$5.00 (food service workers), \$5.65 (service employees), and \$4.90 (service employees in resort hotels, if tips average at least \$4.50 per hour). Compared to surrounding states, Connecticut has higher tipped cash rates, but their tipped employee wage categories differ from those for New York State tipped employees, as shown in Chart 2.

Note: According to NYS Labor Law, a *service employee* is an employee, other than a food service worker, who customarily receives tips at \$1.75 on and after December 31, 2013; \$1.90 on and after December 31, 2014; and \$1.95 on and after December 31, 2015, or more per hour.

A *food service worker* is any employee who is primarily engaged in the serving of food or beverages to guests, patrons or customers in the hospitality industry, including, but not limited to, wait staff, bartenders, captains and bussing personnel; and who regularly receives tips from such guests, patrons or customers. The term "food service worker" shall not include delivery workers.

A *resort hotel* is one which offers lodging accommodations of a vacational nature to the public or to members or guests of members, and which: (i) operates for not more than seven months in any calendar year; or (ii) being located in a rural community or in a city or village of less than 15,000 population, increased its number of employee workdays during any consecutive four-week period by at least 100 percent over the number of employee workdays in any other consecutive four-week period within the preceding calendar year; or (iii) being located in a rural community or in a city or village of less than 15,000 population, increased its number of guest days during any consecutive four-week period by at least 100 percent over the number of guest days in any other consecutive four-week period within the preceding calendar year.

**Chart 2. Current Hourly Tipped Employee Cash Wage
New York State And Surrounding States**



All Other States

The 35 states and District of Columbia listed in Table 4 allow tip credits with lower cash wage rates than New York State.

**Table 4. States That Allow Tip Credits
With Lower Cash Wage Rates Than New York State
September 2014**

Jurisdiction	Total	Tip	Cash
Alabama*	\$ 7.25	\$ 5.12	\$ 2.13
Arkansas	\$ 7.25	\$ 4.62	\$ 2.63
Arkansas (Small)**	\$ 6.25	\$ 3.62	\$ 2.63
Delaware	\$ 7.75	\$ 5.52	\$ 2.23
District of Columbia	\$ 9.50	\$ 6.73	\$ 2.77
Georgia	\$ 7.25	\$ 5.12	\$ 2.13
Idaho	\$ 7.25	\$ 3.90	\$ 3.35
Indiana	\$ 7.25	\$ 5.12	\$ 2.13
Iowa	\$ 7.25	\$ 2.90	\$ 4.35
Kansas	\$ 7.25	\$ 5.12	\$ 2.13
Kentucky	\$ 7.25	\$ 5.12	\$ 2.13
Louisiana*	\$ 7.25	\$ 5.12	\$ 2.13
Maine	\$ 7.50	\$ 3.75	\$ 3.75
Maryland	\$ 7.25	\$ 3.62	\$ 3.63
Massachusetts	\$ 8.00	\$ 5.37	\$ 2.63
Michigan	\$ 8.15	\$ 5.05	\$ 3.10
Mississippi*	\$ 7.25	\$ 5.12	\$ 2.13
Missouri	\$ 7.50	\$ 3.75	\$ 3.75
Nebraska	\$ 7.25	\$ 5.12	\$ 2.13
New Hampshire	\$ 7.25	\$ 3.99	\$ 3.26
New Jersey	\$ 8.25	\$ 6.12	\$ 2.13
New Mexico	\$ 7.50	\$ 5.37	\$ 2.13
North Carolina	\$ 7.25	\$ 5.12	\$ 2.13
North Dakota	\$ 7.25	\$ 2.39	\$ 4.86
Ohio	\$ 7.95	\$ 3.97	\$ 3.98
Ohio (Small)**	\$ 7.25	\$ 3.27	\$ 3.98
Oklahoma	\$ 7.25	\$ 5.12	\$ 2.13
Pennsylvania	\$ 7.25	\$ 4.42	\$ 2.83
Rhode Island	\$ 8.00	\$ 5.11	\$ 2.89
South Carolina*	\$ 7.25	\$ 5.12	\$ 2.13
South Dakota	\$ 7.25	\$ 5.12	\$ 2.13
Tennessee*	\$ 7.25	\$ 5.12	\$ 2.13
Texas	\$ 7.25	\$ 5.12	\$ 2.13
Utah	\$ 7.25	\$ 5.12	\$ 2.13
Vermont	\$ 8.73	\$ 4.50	\$ 4.23
Virginia	\$ 7.25	\$ 5.12	\$ 2.13
Wisconsin	\$ 7.25	\$ 4.92	\$ 2.33
Wyoming	\$ 5.15	\$ 3.02	\$ 2.13

*These states do not have State minimum wage laws: Alabama, Louisiana, Mississippi, South Carolina, and Tennessee. Georgia exempts tipped employees under the law.

**In Arkansas, a small employer is defined as having less than \$500,000 in annual receipts. In Ohio, small employers are those with gross annual receipts totaling less than \$292,000.

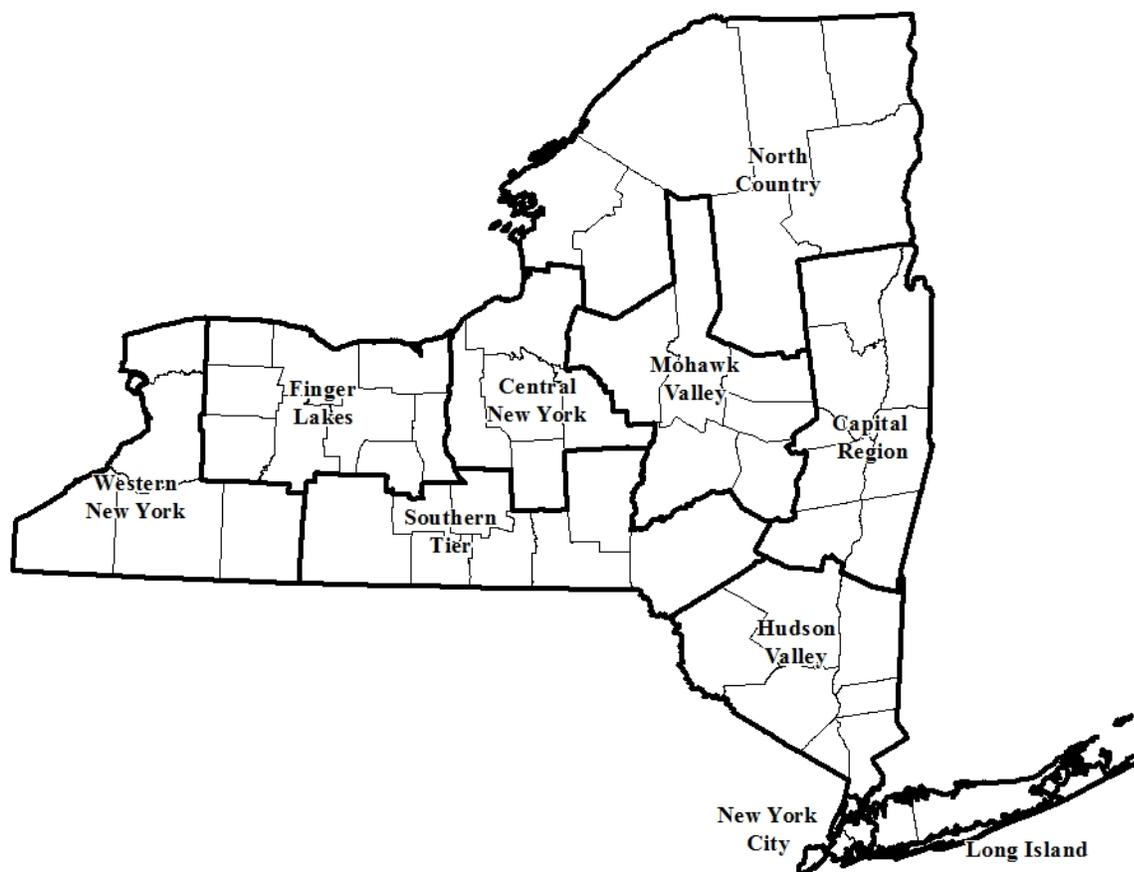
**Table 5. States That Allow Tip Credits With Cash Wage
Rates Equal to or Greater than New York*
September 2014**

Jurisdiction	Total	Tip	Cash
Arizona	\$ 7.90	\$ 3.00	\$ 4.90
Colorado	\$ 8.00	\$ 3.02	\$ 4.98
Connecticut (Bartenders)	\$ 8.70	\$ 1.36	\$ 7.34
Connecticut (Hospitality)	\$ 8.70	\$ 3.01	\$ 5.69
Florida	\$ 7.93	\$ 3.02	\$ 4.91
Hawaii	\$ 7.25	\$ 0.25	\$ 7.00
Illinois	\$ 8.25	\$ 3.30	\$ 4.95
West Virginia	\$ 7.25	\$ 1.45	\$ 5.80

*In New York State, the tipped employee cash rates per hour are \$5.00 (food service workers), \$5.65 (service employees), and \$4.90 (service employees in resort hotels).

The following 7 states do not allow tip credits: Alaska, California, Minnesota, Montana, Nevada, Oregon and Washington.

Appendix I: Labor Market Regions in New York State



Labor Market Regions

- **Capital Region:** Albany, Columbia, Greene, Rensselaer, Saratoga, Schenectady, Warren and Washington counties.
- **Central New York:** Cayuga, Cortland, Madison, Onondaga and Oswego counties.
- **Finger Lakes:** Genesee, Livingston, Monroe, Ontario, Orleans, Seneca, Wayne, Wyoming and Yates counties.
- **Hudson Valley:** Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster and Westchester counties.
- **Long Island:** Nassau and Suffolk counties.
- **Mohawk Valley:** Fulton, Herkimer, Montgomery, Oneida, Otsego and Schoharie counties.
- **New York City:** Bronx, Kings, New York, Queens and Richmond counties.
- **North Country:** Clinton, Essex, Franklin, Hamilton, Jefferson, Lewis and St. Lawrence counties.
- **Southern Tier:** Broome, Chemung, Chenango, Delaware, Schuyler, Steuben, Tioga and Tompkins counties.
- **Western New York:** Allegany, Cattaraugus, Chautauqua, Erie and Niagara counties.

Appendix II: NAICS Industry Definitions

NAICS Industry 721: Accommodation

Industries in the Accommodation subsector provide lodging or short-term accommodations for travelers, vacationers and others. There is a wide range of establishments in these industries. Some provide lodging only while others provide meals, laundry services, and recreational facilities as well as lodging. Lodging establishments are classified in this subsector even if the provision of complementary services generates more revenue. The types of complementary services provided vary by establishment.

The subsector is organized into three industry groups: (1) 7211 Traveler Accommodation, (2) 7212 Recreational Accommodation, and (3) 7213 Rooming and Boarding Houses. For the purposes of this analysis, the focus has been restricted to 7211 Traveler Accommodation and the recreational accommodation and rooming and boarding houses industry groups have been excluded. The Traveler Accommodation industry group includes establishments that primarily provide traditional types of lodging services. This group includes hotels, motels, and bed and breakfast inns. In addition to lodging, these establishments may provide a range of other services to their guests. Establishments that manage short-stay accommodation establishments (e.g., hotels and motels) on a contractual basis are classified in this subsector if they both manage the operation and provide the operating staff. Such establishments are classified based on the type of facility managed and operated.

NAICS Industry 722: Food Services and Drinking Places

Industries in the Food Services and Drinking Places subsector prepare meals, snacks, and beverages to customer order for immediate on-premises and off-premises consumption. There is a wide range of establishments in these industries. Some provide food and drink only while others provide various combinations of seating space, waiter/waitress services and incidental amenities, such as limited entertainment. The industries in the subsector are grouped based on the type and level of services provided. The industry groups are full-service restaurants; limited-service eating places; special food services, such as food service contractors, caterers, and mobile food services; and drinking places.

Food services and drink activities at hotels and motels, amusement parks, theaters, casinos, country clubs and similar recreational facilities and civic and social organizations are included in this subsector only if these services are provided by a separate establishment primarily engaged in providing food and beverage services. Excluded from this subsector are establishments operating dinner cruises. These establishments are classified in Subsector 487, Scenic and Sightseeing Transportation because those establishments utilize transportation equipment to provide scenic recreational entertainment.