

HUNGRY COOKS

POVERTY WAGES AND HOMELESSNESS IN THE FAST FOOD INDUSTRY

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POVERTY EMPLOYMENT AND HOMELESSNESS

There is a strong connection between under-employment, unemployment, poverty, and homelessness. Not having enough money to pay rent contributes to homelessness just as much as the lack of affordable housing does. Low earnings make eviction and homelessness a real risk. Good jobs are crucial for preventing homelessness.

10,120 Homeless Fast Food Workers

1 out of 17 homeless individuals in California works in fast food.



This represents **10,120 homeless fast food workers** among all of the homeless people in California.

The fast food industry is a poverty employer, with a larger share of its workers in poverty than any other industry. All low-wage workers face some level of risk that they will become homeless. This risk is compounded in the fast food industry by the combination of low wages, part-time work and employee churn. These interlocking hazards undercut workers' ability to pay their rent.

Fast food workers make up 11 percent of all homeless workers in California, 9 percent in Los Angeles County and 8 percent in the City of Los Angeles.

If the fast food industry provided sustaining pay and stable employment that enabled its workforce to remain housed there would be 10,120 fewer homeless workers in California, 3,595 fewer homeless workers in Los Angeles County and 1,889 fewer homeless workers in the City of Los Angeles.

California's homeless population grew 51 percent from 2014 to 2022. We estimate that homelessness would have grown about one-fifth less in California if the fast food wage floor was adequate to ensure that workers have stable housing. Homelessness would have grown a still disastrous 42 percent, but not 51 percent.

ECONOMIC HOMELESSNESS

People become homeless for different reasons, including unemployment, families breaking up, medical or mental health problems, and substance use disorders. Unemployment is by far the most frequent explanation that homeless individuals provide when asked why they are homeless. Forty-five percent of homeless adults report that unemployment is the reason why they are homeless.

Economic homelessness emerges when workers are destitute and unable to pay rent. Poverty and inability to pay for housing are the primary cause of homelessness. We estimate that 55 percent of homeless individuals were recently in the labor force or are still working. This includes 45 percent who say they are homeless because of unemployment and an additional 10 percent who are homeless but also report that they are currently working.

We estimate that fast food workers make up 5.9 percent of California's total homeless population, 5.2 percent of Los Angeles County's homeless population and 4.5 percent of the City of Los Angeles' homeless population.

Homelessness is primarily a problem of working poverty. The fast food industry is the largest poverty employer in California. Raising the wage floor in this industry is the single most important step for reducing economic homelessness in the state.

Fast Food Workers Get only Part-Time Hours

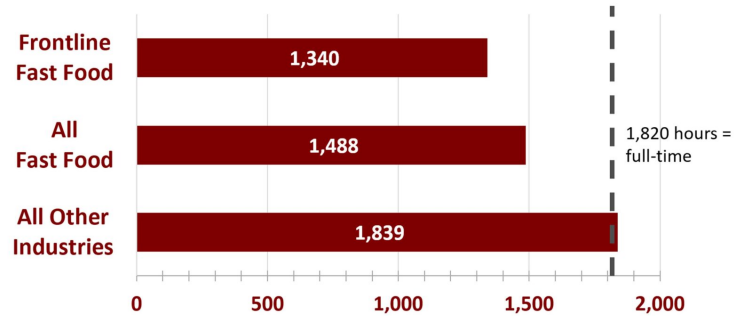
HOURS AND WAGES

California's frontline fast food workforce obtains an average of only 1,340 hours of paid work per year. This is 26 hours a week if they work year-round or more hours per week broken up by spells of unemployment. All of the other workers in California are employed an average of 1,839 hours a year. Full-time jobs are typical in California outside of the fast food industry.

The average fast food workers gets only **part-time** hours.

The average workers in other industries has a **full-time** job.

Average Annual Hours in California



The average annual pay of frontline fast food workers in California was \$16,800 in 2020. Over two-thirds of California's frontline workers are paid less than \$20,000 a year. The poverty rate for the households of frontline workers in California is three times higher than the rate for the rest of the state's workers.

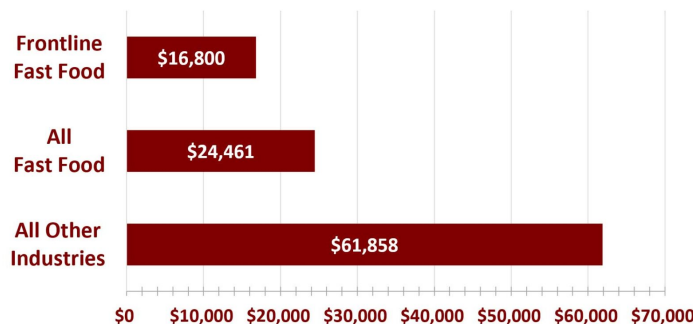
PUBLIC ASSISTANCE

One-third of frontline fast food workers receive taxpayer-funded health care through Medicaid. This is twice as large as the share for all other industries in California. The fast food industry increases corporate profits by transferring the health care

Average Annual Pay for Frontline Fast Food Workers in California is \$16,800

The average annual pay for frontline fast food workers is only **27%** as much as the pay for workers in other industries.

Average Annual Pay in California



needs of its workforce onto the public.

Roughly one-fifth of frontline fast food workers receive food stamps. The share of frontline workers who depend on food stamps to fight hunger is roughly twice as large as in all of the other industries in California.

The limited-service food industry brings a full-service appetite to the public treasury. It sells food to the public and at the same time relies on the public to pay for the food that its workers require.

PRECARIOUS HOUSING

Because of low wages and insufficient incomes to afford adequate homes for their families, 43 percent of frontline fast food workers in Los Angeles live in overcrowded housing. These rates of overcrowding are more than twice the rate for all of the other workers in the labor force.

Overcrowding affects mental health, stress levels, relationships and sleep, and it may increase the risk of infectious disease.

An additional risk is that if one of the wage earners in the household loses their job or moves out, the remaining household members may be unable to pay rent and become homeless.

A quarter of frontline workers in the City of Los Angeles spend over half of their income to remain housed. These workers are choosing between paying for household necessities such as food and clothing, and paying their rent. These fragile solutions collapse if income drops because of unpredictable work schedules, loss of a job or a large, unavoidable expense, such as a car repair to ensure transportation to work or paying for essential prescription medicine.

Housing

43% of frontline fast food workers in Los Angeles live in overcrowded housing.

25% of frontline workers are **severely rent burdened** and pay over half of their income for rent.

Precariously housed workers are vulnerable to homelessness.



Unpaid rent results in eviction, and eviction can result in homelessness.

WORKER TURNOVER

More than four out of five fast food workers were fired or quit their job in each of the last two years. The most frequent reason for quitting is low wages.

Low wages, part-time hours, on-demand scheduling, and unpredictable scheduling create and perpetuate poverty. Workers scramble between jobs to escape poverty while fighting the deprivation and housing instability caused by intermittent unemployment.

Housing becomes more precarious during the unemployed gaps between jobs as workers look for a job with better pay or working conditions. These intervals of unemployment may become windows of deeper poverty ending in homelessness. Workers who were already behind on their rent may lose their housing when they lose their job.

CLOSING THE PIPELINE INTO HOMELESSNESS

Every day, 665,600 fast food workers in California prepare and serve meals that bring in \$59 in revenue for their employers for each hour that they are on the job. The industry can afford to do right by its workers.

Fast Food Companies Have Big Profits

The top five fast food companies:

\$14.5 billion in profits (2021)

\$12 billion in profits (2022)

Companies bring in **\$59** for every hour an employee works



Most frontline fast food workers are precariously housed because of low wages and part-time hours. There is no floor to prevent their fall into homelessness. The 5.9 percent share of California's homeless residents who come from the fast food labor force is a continuous stream, adding to the daily flow of new entrants into homelessness.

Reducing the flow of new entrants into homelessness is by far the most feasible strategy for reducing and ending homelessness. There is far less public cost and human misery in preventing someone from becoming homeless than there is

in intervening after the fact with deeply subsidized housing that is costly to build and lags the level of need by decades.

THE SOLUTION

The fast food industry is thriving and has enough wealth to treat workers fairly. The top five publicly traded fast food corporations operating in California generated \$14.5 billion in profit in 2021 and \$12 billion in 2022.

A majority of fast food brands in California use a franchise structure that channels business risks to local franchisees while claiming a share of revenue that does not guarantee any profit for the operator. This enables the corporations to buffer themselves from responsibility for working conditions and shrinks local resources for improving the lives of workers.

The fast food industry is concentrated in a small number of brands. There are more than 30,000 fast food locations in California and the majority of them are controlled by the top 20 brands, including McDonald's, Carl's Jr., Subway and Jack in the Box. Less than one percent of the fast food locations in California are controlled by brands with fewer than four locations in the state.

Many top brands in California have a number of multi-unit, mega-franchisees that own dozens or even hundreds of locations. This is not an industry that is characterized by small businesses.

Poverty among frontline workers is the result of a system designed to ensure maximum profit for fast food corporations. Structural change is needed to correct structural problems.

Solutions include allowing workers to organize and have a voice in setting industry standards, bringing together corporate executives, workers and government regulators to establish industry-wide standards, and requiring corporate brands to support local franchise operators in providing wages, benefits and scheduling that enable frontline workers to afford housing, food and health care.

Press Coverage

Low wages, short hours drive many fast-food workers into homelessness (<https://www.latimes.com/business/story/2023-05-02/fast-food-workers>)

By Andrea Chang, *Los Angeles Times* (May 2, 2023)

Inequality You Can Taste: Low Wages and Unstable Employment Make Fast Food Workers Susceptible to Homelessness (<https://capitalandmain.com/inequality-you-can-taste-low-wages-and-unstable-employment-make-fast-food-workers-susceptible-to-homelessness>)

By Ethan Ward, *Capital & Main* (May 2, 2023)

An Estimated 3,600 LA County Fast Food Workers Are Unhoused, Report Finds (<https://laist.com/news/housing-homelessness/los-angeles-fast-food-homelessness-unhoused-workers-housing-minimum-wage-burger-king-mcdonalds-economic-roundtable>)

By David Wagner, *LAist* (May 2, 2023)

Fast food industry's low wages help fuel California's homeless issues, says new report (<https://www.sacbee.com/news/equity-lab/article274807766.html#storylink=cpy>)

By Matthew Miranda, *Sacramento Bee* (May 2, 2023)

L.A. fast-food workers sound alarm on facing homelessness (<https://ktla.com/news/local-news/l-a-fast-food-workers-sound-alarm-on-facing-homelessness/>)

By Sara Welch, *KTLA 5 News* (May 2, 2023)

Report: Fast food workers make up nearly 10% of LA's homeless population (<https://www.cbsnews.com/losangeles/news/report-fast-food-workers-make-up-nearly-10-of-las-homeless-population/>)

By KCAL News Staff, *CBS Los Angeles* (May 2, 2023)

LOW WAGES IN THE FAST FOOD INDUSTRY ARE HELPING FUEL HOMELESS ISSUES IN CALIFORNIA, A NEW REPORT SAYS

(<https://delectiousfood.com/low-wages-in-the-fast-food-industry-are-helping-fuel-homeless-issues-in-california-a-new-report-says/>)

Delicious Food (May 2, 2022)

Eleven-Percent Of California's Homeless Work In Fast Food (<https://www.ksro.com/2023/05/02/eleven-percent-of-californias-homeless-work-in-fast-food/>)

KSRO Sonoma County (May 2, 2023)

Flipping burgers — and living on CA streets (<https://calmatters.org/newsletters/whatmatters/2023/05/california-homeless-fast-food/>)

By Jeanne Kuang, *CalMatters* (May 3, 2023)

Más de 10,000 trabajadores de la comida rápida en California han estado sin hogar: "hemos vivido en nuestros carros"

By Dulce Castellanos, *Univision* (May 2, 2023)

More than 10,000 fast-food workers are homeless in California, report says (<https://www.restaurantbusinessonline.com/workforce/more-10000-fast-food-workers-are-homeless-california-report-says>)

By Lisa Jennings, *Restaurant Business Online* (May 2, 2023)

3,600 LA County fast food workers are homeless, report shows (<https://www.foxla.com/news/thousands-los-angeles-county-fast-food-workers-homeless-report>)

By Alexa Mae Asperin, *Fox 11 LA* (May 2, 2023)

Poverty Employer (https://messaging-custom-newsletters.nytimes.com/template/oakv2?campaign_id=49&emc=edit_ca_20230503&instance_id=91662&nl=california-today&productCode=CA®i_id=121316628&segment_id=131990&te=1&uri=nyt%3A%2F%2Fnewsletter%2F54674928-c7e7-5861-9a6d-6ba81bf54593&user_id=990266b8b298baf0cbec893a20409099)

By Soumya Karlamangla, *New York Times* (May 3, 2023)

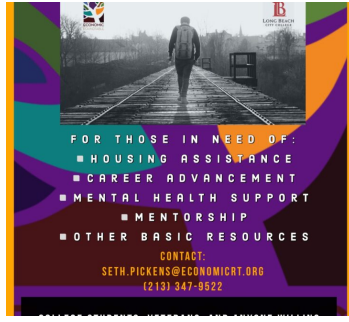
By Soumya Karlamangla, *New York Times* (May 3, 2023)

Broadcast Coverage of Hungry Cooks

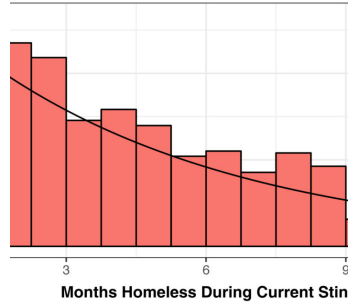
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(<https://economicrt.org/current-projects/grocery-industry-equity-analysis/>)
Grocery Industry Equity



(<https://economicrt.org/current-projects/realization-project/>)
Realization Project

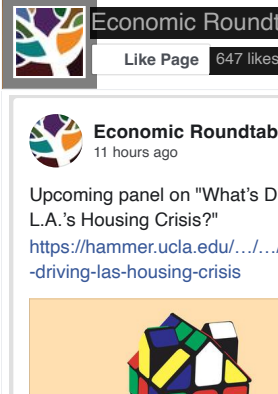


(<https://economicrt.org/current-projects/developing-new-categories-for-homelessness/>)
Updated Homeless Typologies



(<https://economicrt.org/current-projects/data-dive-to-study-homelessness/>)
Data Dive to Study Homelessness

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