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# The Wages and Self-Sufficiency of Unionized Hotel Workers in San Francisco

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## Introduction

During recent months, a number of major San Francisco hotels have been engaged in contract negotiations with UNITE HERE Local 2, which represents about 8,000 hotel workers in San Francisco. At Local 2's request, the UC Berkeley Center for Labor Research and Education has analyzed the current wages and earnings of union hotel workers and assessed the degree to which they are sufficient to provide for the basic needs of members' families in San Francisco. The Self-Sufficiency Standard, developed by University of Washington Professor Dr. Diana Pearce and now commonly used in public policy analysis, was employed as a measure of the cost of basic family needs in San Francisco. The demographic and wage data contained herein was provided by UNITE HERE Local 2, based on information obtained from the San Francisco Hotels Multi-Employer Group (MEG), the bargaining representative of fourteen Class A hotels.<sup>1</sup>

The backdrop to current labor negotiations in the hotel industry in San Francisco is a substantial reduction in employ-

ment levels during the past five years. According to data from the California Employment Development Department, from 1999 through 2003 the industry shed around 2,200 jobs—or about 9 percent of all workers employed at the start of that period. These job losses occurred in two phases: one in 2000, when annual employment figures showed a 5 percent drop from the previous year; and the second in 2002, when employment dropped another 6 percent over the preceding year.

**Chart 1: Employment Trends in the San Francisco Hotel Industry**



## Who are San Francisco's Hotel Workers?

Roughly 17,400 workers were employed in the San Francisco County hotel industry in 2003, according to the California Employment

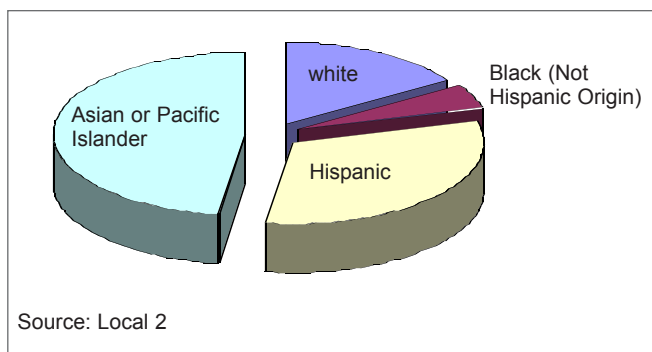
<sup>1</sup>These hotels are the Argent Hotel, the Crowne Plaza Union Square, the Fairmont Hotel, the Four Seasons, the Grand Hyatt, the Hilton Hotel & Towers, the Holiday Inn Civic Center, the Holiday Inn Express, the Holiday Inn on Fisherman's Wharf, the Hyatt Regency, the InterContinental Mark Hopkins, the Omni Hotel, the Sheraton Palace, and the Westin St. Francis.

Development Department.<sup>2</sup> UNITE HERE Local 2 represents approximately 8,000 workers in the San Francisco hotel industry, including about 4,300 employed in the fourteen Multi-Employer Group hotels. Local 2 represents workers in a wide range of job classifications, including room cleaners, kitchen staff, servers, bellpersons, and doorpersons. In most cases, Local 2 does not represent front desk workers, maintenance and repair, or managerial staff.

**Race and Ethnicity**

The workforce represented by Local 2 is very diverse. According to data provided by UNITE HERE Local 2 and the MEG, about 48 percent are Asian/Pacific Islanders, 33 percent are Hispanic, 16 percent are White, and 5 percent are Black (not of Hispanic origin). By comparison, the population of San Francisco County is 31 percent Asian/Pacific Islander, 14 percent Hispanic, 44 percent White, and 8 percent Black, according to the U.S. Census.

**Chart 2: Demographics of Local 2 Workforce**



tion, which makes up nearly one quarter of the workforce represented by Local 2 (or about 1,050 workers). Other large classifications include food servers (about 6 percent of all workers), station cooks (about 5 percent), food preparation and dishwashing (about 5 percent), and housepersons (about 5 percent).

**Table 1: Local 2 Job Classifications**

Classification	Est. Workers in MEG Hotels	% of Total
Room Cleaners	1,053	24%
Food Servers	392	9%
Station cook	222	5%
Kitchen prep & dishwashers	216	5%
Houseperson	203	5%
Bus Persons	176	4%
Banquet houseperson	172	4%
Steady extra	158	4%
PBX	142	3%
Bell Person	139	3%
Head dishwasher	137	3%
Bartenders	123	3%
Utility worker	96	2%
Inspectress	94	2%
Cook	85	2%
Door attendant	76	2%
Cashiers	71	2%
All other classifications	747	17%
<b>Total</b>	<b>4,300</b>	<b>100%</b>

Source: Local 2

**Types of Jobs and Wages**

The hotel workforce is divided into a large number of specialized job classifications. By far the largest of these is the room cleaner classifica-

<sup>2</sup>State of California, Employment Development Department, Labor Market Information Division. "Industry Employment & Labor Force - by Annual Average," 6/24/2004. ("Accommodation," NAICS #70-721000.)

## Are Hotel Workers' Wages Sufficient to Support Hotel Workers' Families in San Francisco?

We used the 2003 Self-Sufficiency Standard for San Francisco County to assess the degree to which Local 2 members' income is sufficient to meet their families' basic needs.<sup>3</sup> The Self-Sufficiency Standard is a calculation that measures the costs of a family's basic needs, comprising rent, food, childcare, healthcare, transportation, and taxes. It takes into consideration the public assistance payments that families are eligible for. To assess the sufficiency of Local 2 members' income, we first compare the incomes of *full-time* hotel workers with the Self-Sufficiency Standard. Since less than one-third of the hotel workers work full-time (equivalent to 173 hours per month), we also compare the actual monthly incomes of all hotel workers (including those who work less than full-time) with the Self-Sufficiency Standard.

The Self-Sufficiency Standard is computed on a county-by-county basis. Unlike the Federal Government's poverty threshold, it takes into account variations in the cost of living in different geographic areas and is therefore a much more detailed and precise measure.<sup>4</sup> For example, it calculates the costs of a family's basic needs based on the age of its children, since childcare costs are greater for families with preschool-aged children than for those whose children are in school. Self-Sufficiency Standards are computed for 70 different family compositions, consisting of either one or two adults, and varying numbers of children at different ages. The

Self-Sufficiency Standard is based on publicly available government, scholarly and other sources.<sup>5</sup>

### **The Self-Sufficiency Standard in San Francisco County**

According to the Self-Sufficiency Standard, a single adult in San Francisco requires an income of \$2,268 per month to meet his or her basic needs with no additional assistance, either public or private. That amount increases with family size, and varies according to family composition. For example, the minimum income required to support a single adult with one preschool-aged child is \$4,187 per month. A family comprised of two adults, one school-aged child, and one teenager would require \$3,862 in monthly income. We use eight categories of family composition to illustrate the Self-Sufficiency Standard (see Table 2, page 4).

To compare hotel workers' incomes to the Self-Sufficiency Standard, we modified the figures in Table 2 to reflect the benefits package negotiated by Local 2 in its previous contract with the MEG hotels. Under this benefits plan, workers obtain individual health benefits that are fully employer-paid, and pay \$10 per month in order to obtain family coverage. We have reduced the health care component of the Self-Sufficiency Wage to \$0 for families with no children, and \$10 for families with children.<sup>6</sup> This

<sup>3</sup>To access the full report, *The Self-Sufficiency Standard for California 2003*, by Diana Pearce, Ph.D. with Jennifer Brooks, December 2003, see <http://www.nedlc.org/cfess/CA%20Final.pdf>.

<sup>4</sup>For example, according to the U.S. Census Bureau, the poverty threshold for a single adult under the age of 65 is \$9,573 per year; for a family of four, with two dependent children, the amount is just \$18,660 per year. While these income thresholds are paltry, they clearly are less adequate in a city such as San Francisco or New York than in rural Mississippi, for example.

<sup>5</sup>Sources include: *Housing*—Department of Housing and Urban Development; Fair Market Rents for the Section 8 Housing Assistance Payments Program - Fiscal Year 2004, (10/01/03); *Taxes*—Income Tax: California Franchise Tax Board, Sales Tax: California State Board of Equalization; *Transportation*—U.S. Census, "Travel to Work Characteristics for the 50 Largest Metropolitan Areas by Population in the US: 1990 Census"; *Food*—USDA Low-Cost Food Plan, June 2002; and *Childcare*—California Department of Education, 2002.

<sup>6</sup>This adjustment likely results in an understatement of hotel workers' actual Self-Sufficiency Wage levels, as it does not include the cost of office visits (\$5), prescription drugs (20 percent), and so forth. However, while this is a conservative estimate, it is a more realistic estimate for this population, since they don't have the same expenses as the non-benefited population estimated in the Self-Sufficiency Standard.

**Table 2: Self-Sufficiency Wage in San Francisco County**

<i>Monthly Costs</i>	<b>One Adult</b>				<b>Two adults</b>			
	Adult	Adult + preschooler	Adult + infant + preschooler	Adult + schoolage + teenager	2 Adults	2 Adults + preschooler	2 Adults + infant + preschooler	2 Adults + schoolage + teenager
Housing	1,405	1,775	1,775	1,775	1,405	1,775	1,775	1,775
Child Care	0	900	1,875	440	0	900	1,875	440
Food	182	276	358	473	358	446	515	625
Transportation	45	45	45	45	90	90	90	90
Health Care	67	194	201	232	212	231	239	269
Miscellaneous	170	319	425	296	207	344	449	320
Taxes	466	812	1,358	594	373	778	1,087	559
Earned Income Tax Credit	0	0	0	0	0	0	0	0
Child Care Tax Credit	0	-50	-100	-50	0	-50	-100	-50
Child Tax Credit	0	-83	-167	-167	0	-83	-167	-167
<b>Monthly Self-Sufficiency Wage</b>	<b>\$2,334</b>	<b>\$4,187</b>	<b>\$5,770</b>	<b>\$3,638</b>	<b>\$2,645</b>	<b>\$4,431</b>	<b>\$5,763</b>	<b>\$3,862</b>

Source: National Economic Development and Law Center, 2003.

**Table 3: Self-Sufficiency Wage in San Francisco County (adjusted for Local 2 benefit plan)**

<i>Monthly Costs</i>	<b>One Adult</b>				<b>Two adults</b>			
	Adult	Adult + preschooler	Adult + infant + preschooler	Adult + schoolage + teenager	2 Adults	2 Adults + preschooler	2 Adults + infant + preschooler	2 Adults + schoolage + teenager
<b>Monthly Self-Sufficiency Wage (adjusted)</b>	<b>\$2,267</b>	<b>\$4,003</b>	<b>\$5,579</b>	<b>\$3,416</b>	<b>\$2,433</b>	<b>\$4,210</b>	<b>\$5,534</b>	<b>\$3,603</b>

Source: Pearce, 2003. <http://www.nedlc.org/cfess/CA%20Final.pdf>

recalculation yields the Self-Sufficiency Wage levels for Local 2 hotel workers illustrated in Table 3 (see above).

### Union Hotel Workers' Monthly Earnings

Workers' monthly earnings depend both on their wage and on the number of hours they work each month. In order to distinguish between the effects of wages and the effects of hours worked on the degree to which hotel workers attain self-sufficiency, we report both the monthly earnings of full-time workers and the actual average monthly earnings of all work-

ers, including those that work less than full-time.<sup>7</sup> Table 4 documents these figures for the four largest non-tipped job classifications, which comprise 39 percent of the workers represented by Local 2 and are broadly representative of this workforce. The monthly full-time wage is calculated for workers working 173 hours per month, the average hours per month for workers working 40 hours per week.

<sup>7</sup>According to data provided by Local 2, "regular" workers —i.e., those who work a minimum of 24 hours (3 full-time shifts) per month —average 140 hours of employment per month.

**Table 4: Hourly and Monthly Wage for the Four Largest Job Classifications**

Job classification	Hourly wage	Monthly wage for full-time workers (173 hours)	Average Monthly Wage for all workers (140 hours)
Room cleaner	\$15.09 per hour	\$2,611	\$2,113
Station cook	\$18.71 per hour	\$3,237	\$2,619
Kitchen prep & dishwashers	\$15.43 per hour	\$2,669	\$2,160
House person	\$15.19 per hour	\$2,628	\$2,127
Average non-tipped wage	\$15.78 per hour	\$2,730	\$2,209

Source: Local 2

### **Self-Sufficiency of Hotel Workers in San Francisco**

This section compares the incomes of hotel workers in San Francisco with the Self-Sufficiency Standard for eight different family types. Since we do not have access to information about the family composition of individual hotel workers, we cannot assess how many workers are in each family category.

Table 5 compares the monthly wage for MEG hotel employees for non-tipped job classifications with the Self-Sufficiency Standard for San Francisco County.

Across these job classifications, Local 2 members' wages, for full time workers, are adequate to meet the Self-Sufficiency Standard only for families with no children. In both one-adult and two-adult families, unionized hotel workers

**Table 5: The Self-Sufficiency Gap for Full-Time Non-Tipped Hotel Workers in the Four Largest Job Classifications**

	Monthly Income (173 hrs)	Single Adult	Adult + preschooler	Adult + infant + preschooler	Adult + schoolage + teenager	2 Adults	2 Adults + preschooler	2 Adults + infant + preschooler	2 Adults + schoolage + teenager
Monthly Self-Sufficiency Wage (adjusted)		\$2,267	\$4,003	\$5,579	\$3,416	\$2,433	\$4,210	\$5,534	\$3,603
Room cleaner	\$2,611	344	-1,392	-2,968	-805	178	-1,599	-2,923	-992
Station cook	3,237	970	-766	-2,342	-179	804	-973	-2,297	-366
Dishwasher	2,669	402	-1,334	-2,910	-747	236	-1,541	-2,865	-934
Houseperson	2,628	361	-1,375	-2,951	-788	195	-1,582	-2,906	-975
<i>Average</i>	2,730	463	-1,273	-2,849	-686	297	-1,480	-2,804	-873

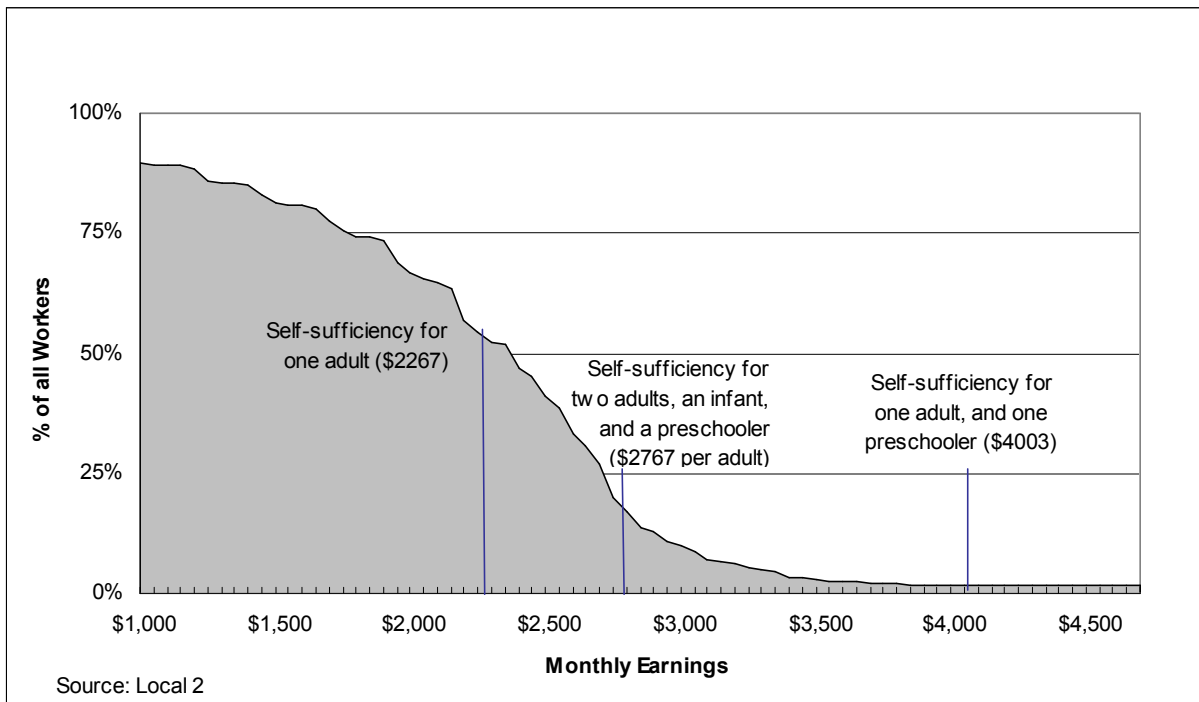
Source: Local 2 and Pearce, 2003. <http://www.nedlc.org/cfess/CA%20Final.pdf>

wages are inadequate to provide for their families if they have children. The highest-paid of these classifications, the station cook, has a monthly deficit of \$179.00 to raise a school-age child and a teenager on one income, but this deficit exceeds \$2,000 per month for a station cook working full-time and supporting an infant and a preschooler. This “self-sufficiency” gap skyrockets even further to almost \$3,000 dollars for a number of other family types in the other job classifications.

Chart 3 illustrates the self-sufficiency gap for unionized hotel workers using their actual monthly earnings, as opposed to their earnings were they to work full-time. It aggregates all job classifications (rather than providing individual

comparisons for the four largest job classifications as in the previous table), showing the cumulative income distribution of MEG hotel workers across all workers in non-tipped job classifications. It documents that only 54 percent of regular workers at the MEG hotels make more than \$2,267 per month, the income needed for a single adult to support him- or herself at the Self-Sufficiency level. Only 20 percent earn at least what is necessary (\$2,767) for two adults to support a family of two children, consisting of one infant and one preschooler (assuming that both adults earn the same monthly income). Only 2 percent earn at least \$4,003 per month, the amount required by a single parent to support a preschooler.

**Chart 3: Percent of Non-Tipped Workers Earning Self-Sufficiency Standard for Various Family Compositions**



## Conclusion

Our examination of San Francisco hotel employment data shows that workers in this industry face two significant challenges in providing adequately for themselves and their families. First, despite what may appear to be relatively high wages earned by non-tipped workers in the unionized hotel industry, these wages often do not provide sufficient income to compensate for the high cost of living in San Francisco, even for those workers who work full-time. Full-time employment in a union hotel notwithstanding, an individual in one of the four job classifications studied for this report, who is the sole support of a family with one or more children, earns on average between 20 and 50 percent less than the Self-Sufficiency Standard.

Second, hotel workers' hours are subject to a high degree of variability due to the fluctuating nature of the industry. As a result, less than one-third of those employed by MEG hotels work full-time. Thus, even workers whose wages at a full-time rate would be adequate to reach economic self-sufficiency are not able to support their families because they cannot obtain a forty-hour work week.

With the cost of living in San Francisco unlikely to decrease, the number of unionized hotel workers achieving the Self-Sufficiency Standard—or falling below it—will depend largely on wage standards and the availability of full-time work.





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