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Don’t get stuck with minimum wage mandates

Take action to keep your restaurant thriving in 2019

BIRMINGHAM, ALABAMA, US, November 5, 2018 /EINPresswire.com/ -- It costs a lot of money to hire quality employees. It costs even more to keep them.

Beginning next year in many states, the price for filling out an employee roster becomes as costly as ever with mandatory minimum wage hikes that will see the lowest earners in some locations making as much as $15 an hour. That puts a considerable number of restaurant owners and managers in a financial pinch, trying to figure out how they will recoup what they lose in salary increases. It’s a difficult position to be in that will force many to make tough decisions.

Some restaurants will raise menu prices. Some will cut staff hours. Worst of all, some will lay off workers.   Rising wages, though, are only part of a larger compliance problem for many restaurant owners that can end up costing them much more in fines, penalties and lawsuits. Just ask Leyla Colon, who routinely sees operations rife with issues. “They’re so focused on running their restaurants that they don’t pay enough attention to the business side,” said Colon, district manager for payroll and human resources solutions company ADP Small Business Services.

The biggest pitfalls:

- Many owners don’t realize that employees working for tips still must earn the federal or local hourly minimum wage. When those tips plus their hourly rate (typically far less than the standard rate) fall short of the mandated rate, owners must pay the difference to those workers. “Believe it or not, a lot of them are not aware that they have to pay a little more,” Colon said. In recent investigations of more than 9,000 restaurants, the U.S. Department of Labor (DOL) found that 84 percent of investigated restaurants were in violation of wage and hour laws, including nearly 1,200 violations of the requirement to bring tipped workers’ wages up to the minimum wage. Among the restaurants investigated, tipped workers collectively lost nearly $5.5 million.

- Scores of smaller restaurants still rely on workers to jot down their hours manually, either on paper timesheets or by keying them into a computer system. To keep things simple, employees tend to round their time to the nearest half hour. For instance, if they’re in the restaurant till 5:17 p.m., the tendency is to mark a departure of 5:30 p.m.

Those 13 minutes might seem a small difference. But when multiple workers do such rounding multiple days a week – albeit with good intentions – those extra minutes can result in thousands of dollars in extra pay a year. Several states and municipalities across the country have passed legislation that will force owners and operators to hike hourly wages from the nationally required $7.25 so that those positions keep pace with the cost of living and become more fiscally viable as career options.

New York, for instance, has incrementally boosted pay, going to $15 an hour in 2019. Washington, D.C., and California will reach that mark in 2020 and 2023, respectively.

A report from the National Employment Law Project, a worker-advocacy organization, estimates that nearly 17 million Americans have gotten raises under the various minimum-wage increases over the last few years. Collectively, those workers have seen their annual pay rise by close to $60 billion. While the increases impact all restaurants, it’s smaller, independent operators that struggle most to comply. So what’s the solution for staving off higher labor costs? Juke holds the key.

Over the next two parts of this series designed to help restaurants survive – and thrive – in the face of an increasingly difficult marketplace, we’ll further detail the ever-changing landscape and offer solutions that enable operators to realize their vision and, most importantly, produce positive results. Stay tuned. Help is on the way.

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