

Georgia Immigration Reform

Restaurant Impact Study - November, 2011

About the Survey

Created by the Georgia Restaurant Association, the purpose of this survey is to help gauge current and potential labor shortages in various sectors of the restaurant industry. Feedback is critical in establishing the impact of immigration legislation on Georgia's second largest private sector employer.

Participant Demographics

The largest segment represented was Casual Dining (49%), followed by Fast Casual (37%) and Fine Dining (3%). Restaurants with less than 5 units represent 89% of respondents, with 4% counting over 20 units. Four percent employed less than 10, 61% employed more than 10 but less than 100, 31% employed more than 100 but less than 500 and 4% employed more than 500. The metro-Atlanta area is home to 78% of respondents and 10% had additional locations outside the state of Georgia. For system-wide annual sales, the largest segment of respondents were those with sales from \$2-5 million (38%).

Labor & Economic Impact

When asked about current labor availability, 71% are experiencing a labor shortage. In addition, 88% are concerned that they will experience a labor shortage in the future. The vast majority of respondents recruit employees through word of mouth (56%) and online services (36%). Only 2% recruit through the Georgia Department of Labor and none use H2B visas. The positions creating the shortage are Prep & Line cooks (61%) followed by Dishwashers (21%) and Service Staff (4%). Estimates of monthly sales loss due to labor shortage average \$21,000 monthly.

Additional Feedback

Almost a third of respondents opted to provide additional feedback, and 98% of that feedback was in opposition to Georgia's Immigration Reform. These comments reflect frustration and the challenges facing restaurateurs. "At this time, both of our restaurants are staffed, but that could change in an instant with each hate law that is passed or even proposed. We have plans in place to remove tables from our restaurants and to drastically scale back our menu when this occurs. This would cause a huge financial loss for each employee and the company as a whole. Also, we have made the decision not to grow our company at this time due to the labor shortage. Although we are barely hanging on to two fully staffed restaurants, there is no way that we would be able to staff a third with the current conditions." "When the law was signed, we saw instant loss of workers, not only in our department but in the companies that supplied us. Furthermore, because there were no workers to harvest crops, we saw increase of prices to the point that local products were more expensive than California produce. If there is a study on how much Georgia lost in agricultural compared to how much California gained, I'm sure that you will find that the money lost in revenue is significant enough to warrant a change to the law. Certainly, in many aspects it made our operation turn from local products by 25+ percent."

Conclusion

HB87 went into law on July 1st, 2011, an injunction was granted against some provisions and others will be phased in between now and July 1st, 2013. The true labor and economic impact of this legislation on Georgia's restaurants is being felt, as these survey results indicate that there is cause for concern, especially in this weak economy. Businesses should continue to monitor and report the impact of this legislation until a comprehensive national immigration solution is enacted.

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Comments

- "Hard working individuals should always be appreciated."
- "Immigration reform is needed in this state."
- "We believe that, while we are not currently experiencing any labor shortages, the supply of workers that are essential to our operation has been made smaller through the Georgia immigration legislation and will result in escalated wages in all categories. This legislation is inflationary in nature."
- "Because our employees have to go through federal background checks in order to receive airport security clearance, the legislation has not impacted us."
- "The law was a "good theory" but it is devastating to the agricultural, hospitality and construction industries. Please reconsider how we will solve the immigration problem while not cutting our nose off in the process."
- "I've lost two of my best line cooks."
- "It's hard to keep loyal employees when they are scared of losing there jobs at a moments notice."
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- "At this time, both of our restaurants are staffed, but that could change in an instant with each hate law that is passed or even proposed. We have plans in place to remove tables from our restaurants and to drastically scale back our menu when this occurs. The would cause a huge financial loss for each employee and the company as a whole. Also, we have made the decision not to grow our company at this time due to the labor shortage. Although we are barely hanging on to two fully staffed restaurants, there is no way that we would be able to staff a third with the current conditions."
- "Employees that have been with us for over 20 years have left the state due to fears of deportation. They are afraid to go back home due to rising violence. Fathers have been separated from their families leaving the family with no bread-winner. Their families have had to resort to welfare."
- "Many of our employees are requesting to transfer out of state not because they are illegal but because they do not want to be profiled. There is a significant impact to operating costs by hiring people to fill these roles who lack the experience or the work ethic to be a long term line cook."
- "Our workers are scared and leaving the city. Persons applying for the jobs available are just not qualified. As we expand it is becoming a big problem."
- "There is a shortage of workers who want to work in a job as physically demanding as is required in the restaurant business. This business is also emotionally taxing due to customer's constant urgent needs."
- "The employees we have had to hire lately are not punctual and have a difficult time keeping up with the job requirements. We have also noticed the wage expectancy does not coincide with experience."
- "Please consider the costs of a poorly thought out immigrant labor law. We have seen poor policies fail in so many other states. We just need immigrants to register so we can keep track of the liabilities and assets their presence in America creates. Migrant workers are not the problem. How we as a country manage them is. It is how our country was founded!"