

Minimum Wage Impact Survey February 2021

To assess the potential impact of a proposed increase in the federal minimum wage, the National Restaurant Association conducted a survey of 2,000 restaurant operators February 2-9, 2021. Respondents were presented with the Raise the Wage Act of 2021, which would increase the federal minimum wage to \$15 by 2025 and eliminate the tipped wage by 2027.

The initial 2021 wage increase would negatively impact restaurants' ability to recover from the coronavirus pandemic

- In 2021, the Raise the Wage Act is scheduled to boost the federal minimum wage from \$7.25 to \$9.50 and the federal tipped wage from \$2.13 to \$4.95. Eighty-two percent of operators say these initial wage increases would have a negative impact on their restaurant's ability to recover from the coronavirus pandemic. Only 2% of operators say the wage hikes would have a positive impact on their ability to recover from the pandemic.

Restaurant operators' assessment of how the initial 2021 increases in the federal minimum wage (to \$9.50) and tipped wage (to \$4.95) would impact their restaurant's ability to recover from the coronavirus pandemic

Restaurant segment	Positive impact on ability to recover	Negative impact on ability to recover	No impact on ability to recover
All Restaurants	2%	82%	16%
Fullservice restaurants	2%	85%	13%
Limited-service restaurants	3%	79%	18%
Independent restaurants	2%	82%	16%
Franchisee restaurants	1%	90%	9%

A fully phased-in \$15 federal minimum wage would lead to job losses and labor-reducing equipment/technology

- As the federal minimum wage rises to \$15 and the tipped wage is eliminated, the vast majority of restaurant operators say they will make changes to their business model. Nearly all restaurant operators (98%) say they will increase menu prices as a result of the higher minimum wage levels.
- Eighty-four percent of restaurant operators say they will likely cut jobs and employee hours from normal levels, while 75% say they will cut employee benefits from normal levels.
- Sixty-five percent of operators say they will likely add equipment or technology that reduces the need for employees in their restaurant. Franchisees (77%) were more likely than independents (63%) to say they will add labor-reducing equipment or technology.

Percent of restaurant operators who say they will likely take the following actions during the next few years if the federal minimum wage rises to \$15 per hour and the tipped wage is eliminated

Restaurant segment	Increase menu prices	Cut jobs from normal levels	Cut employee hours from normal levels	Cut employee benefits from normal levels	Add equipment or technology that reduces the need for employees
All Restaurants	98%	84%	84%	75%	65%
Fullservice restaurants	98%	87%	88%	78%	67%
Limited-service restaurants	97%	80%	79%	72%	64%
Independent restaurants	97%	84%	85%	76%	63%
Franchisee restaurants	97%	88%	88%	77%	77%

Source: National Restaurant Association, national survey of 2,000 restaurant operators conducted February 2-9, 2021

Note: Limited-service includes quickservice, fast casual and coffee/snack concepts.