In Memoriam: Victims of Newsom's Minimum Wage

CALIFORNIA LOSES NEARLY 10,000 FAST-FOOD JOBS AFTER $20 MINIMUM WAGE SIGNED LAST FALL

Last September, Gov. Gavin Newsom signed California Assembly Bill 1228 into law, which includes a $20 per hour minimum wage for fast-food workers and a fast-food regulatory council which has the authority to raise the industry’s minimum wage annually. But between last fall and January, California fast-food restaurants cut about 9,500 jobs, representing a 1.3 percent change from September 2023. (Hoefer Institution, 6/24/24)

Steve Zuehlke, Tucker

RUBIO'S
Orange County Register (6/24/23) - Rubio’s closing 48 locations 12 stores is an easy one…While painful, the store closures are a necessary step in our strategic long-term plan to position Rubio’s for success for years to come,” the spokesperson said.

In April, California Assembly Bill 1228 took effect, boosting the minimum wage for fast-food workers from $16 to $20 an hour. Many restaurants have responded by raising menu prices and, in some cases, laying off workers.

FOSTERS FREEZE
Fox Business (6/24/23) - California minimum wage shocks fast food workers as restaurant closes: "Only the beginning," ex-manager warns.

Another California small business and its workers have seemingly suffered at the hands of the state’s newly enacted $20 minimum wage.

PIZZA HUT
KTTA (6/24/22) - Two large Pizza Hut operators in California are laying off all their delivery drivers ahead of a new state law that raises the minimum wage for fast-food workers to $20 an hour, Business Insider reports.

The layoffs impact hundreds of Pizza Hut locations across the state including Los Angeles, Orange, Riverside, Ventura and San Bernardino counties and Sacramento, and involve more than 1,200 to house delivery drivers.

The job cuts will take place through February, according to federal employment notices obtained by Business Insider.

The new minimum wage law takes effect in April.

EXCALIBUR PIZZA
USA Today (6/24/22) - Fast food workers are losing their jobs in California as more restaurant chains prepare to meet a new $20 minimum wage set to go into effect next week.

Restaurants making cuts are mostly pizzerias, according to a report published by The Wall Street Journal. Multiple businesses have plans to axe hundreds of jobs, as well as cut back hours and freeze hiring, the report shows.

Excalibur Pizza, a franchise of Round Table Pizza, has plans to cut 73 drivers in April, which amounts to 34% of its workforce, the company confirmed with USA TODAY Daily.

BAR MORUNO
SP Gate (6/23/22) - Running a restaurant in California is no small feat, even when times are good. But with rising food and labor costs, a massive entertainment industry strike, and the long tail of the COVID-19 pandemic, many Los Angeles restaurant owners have begun to feel like operating a restaurant in Southern California is becoming next to impossible. Just this year alone, many of the area’s biggest and most heralded restaurants have closed up shop.

The economics of owning a restaurant are completely out of whack right now,” says seasoned chef Chris Feldmeier, who shuttered his Silver Lake Spanish restaurant Bar Moruno in November. “We used to try to keep our labor costs under 30%, but now they’re inching up close to 50%. With cost making 22$ to 25$ an hour, it’s just hard for a small, private restaurant.

MCDONALD'S
New York Post (6/23/23) - A McDonald’s franchisee who owns 18 outlets in California is considering closing store hours, hiking menu prices and delaying renovations to offset the impact of the state’s $20 hourly minimum wage for fast-food workers.

Scott Rodnick said he’s had to re-think his business strategy in the wake of the new law, which went into effect April 1 and has spurred some of his fast-food rivals to raise menu prices.

“There is more than extraordinary labor costs stressing restaurant P&Ls right now,” Rodnick, whose 18 McDonald’s are located in northern California, told Business Insider.

CALIFORNIA ABBREVIATION
CABIA California

EL POLO LOCO
Wall Street Journal (6/23/22) - California-based El Polo Loco told investors this month it was automating some of its radio making as it grapples with anticipated wage inflation of 12% to 14% this year, largely because of the minimum-wage increase.

NEW YORK TIMES
MOISES ENRIQUEZ, WIKIMEDIA
STEVE ZUEHLKE, TUCKER

CINNABON/AUNTIE ANNE’S
Fox Business (6/24/24) - “We have a very finite set of economic conditions that need to be met for us to make money. And certainly, this bill has not done [us] to the extent we can continue in this state,” Alex Johnson, owner of five Cinnabon and five Auntie Anne’s locations in San Francisco, said on “Varney & Co.” Tuesday.

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