

# Report shows more than half of US fast food workers receive government aid

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More than half of fast food workers in the United States, whose average wage is less than \$9 per hour, receive government anti-poverty benefits, according to a report published October 15 by researchers at the University of California at Berkeley.

The report, entitled “Fast-food, Poverty Wages: The Public Cost of Low-Wage Jobs in the Fast-Food Industry,” found that families of non-managerial fast food workers receive government aid totaling \$7 billion per year, including \$3.9 billion for health care aid, \$1.04 billion for food stamps, and \$1.91 billion from tax credits.

“The taxpayer costs we discovered were staggering,” said Ken Jacobs, one of the report’s co-authors. “People who work in fast-food jobs are paid so little that having to rely on public assistance is the rule, rather than the exception, even for those working 40 hours or more a week.” Fifty-two percent of fast food workers rely on government assistance programs, compared to 25 percent of the workforce as a whole.

Many fast food workers are deliberately prevented from working full-time by management, but the report shows that more than half of those who secure 40 hours per week remain dependent on government assistance to survive. A total of 87 percent of fast food workers receive no health benefits through their employer.

In a commentary carried by the *McClatchy-Tribune News Service*, the lead authors of the study, Sylvia Allegretto and Marc Doussard, wrote, “It might come as a surprise that most Americans on public assistance programs work. In the fast food industry, workers rely on public assistance programs in particularly large numbers because those jobs just don’t pay them enough.”

While paying their workers poverty wages, the fast food companies continue to rake in enormous profits.

The 10 largest US fast food corporations collectively account for \$3.8 billion of the \$7 billion in government aid. These 10 fast food providers reaped profits of \$7.4 billion in 2012. Since 2009, fast food companies have seen their profit margins double. Fast-food executives continue to receive multimillion-dollar compensation packages. David Novak, CEO of Yum! Brands received \$29.4 million in compensation in 2012, or more than \$14,000 per hour.

On average, fast food workers are paid \$8.69 per hour, with many receiving wages as low as \$7.25 per hour. One out of five families in which one worker is employed in the fast food sector is below the federal poverty line, and 43 percent are below 200 percent of the poverty line. Nearly 70 percent of fast food workers are the main breadwinner for their family.

Almost 60 percent of new jobs created since the beginning of the economic crisis have been low-paying service sector jobs, according to the statistics published by NELP. Along the same lines, the Economic Policy Institute determined that, based on the current trajectory, at least 30 percent of American workers will be employed in such jobs by the year 2020.

A report published by the *Associated Press* in July, based on research conducted by Mark Rank of Washington University, concluded that four out of five Americans are “economically insecure,” that is, they received an income equivalent to less than 150 percent of the federal poverty line, were unemployed, or received state assistance for a year or more.

Even as the number of people in poverty continues to grow, government anti-poverty programs are being slashed. The Emergency Unemployment Compensation (EUC) program, which provides assistance to jobless workers who have exhausted state-run unemployment benefits, is set to cease payments at the end of

December. According to the Center on Budget and Policy Priorities (CBPP), 4 of 10 unemployed US workers have been unsuccessfully seeking new jobs for more than 27 weeks.

Reductions in Supplemental Nutrition Assistance Program (SNAP) payments will go into effect on November 1 as a temporary increase in funding to the food assistance program is allowed to expire. Further cuts to SNAP are being prepared, and the House of Representatives approved a bill in mid-September that would cut \$39 billion from SNAP over 10 years. The Democratic budget for 2013, passed earlier in the year, has already cut \$4 billion in funding for food assistance.

The sudden withdrawal of both of these forms of aid will have a disastrous impact on millions of working class families across America. At least 73 percent of enrollees in public benefits programs come from families with at least one working member, who still cannot make ends meet. The number of Americans who depend on government funds to purchase food, meanwhile, jumped from 9 percent in 2008 to 15 percent in 2012.



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