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Pizza Hut to lay off thousands of California workers

BY DANIELLE RADIN

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Pizza Hut is set to lay off more than 1,200 delivery drivers in Los Angeles, Orange and Riverside counties in the coming year, ahead of a new state law that boosts the fast-food minimum wage by \$4 to \$20 per hour.

The law, known as Assembly Bill 1228, was introduced by Assemblyman Chris Holden, D-Pasadena, and signed into law in September by Gov. Gavin Newsom.

Pizza Hut franchises are preparing to pivot toward third-party apps like DoorDash, GrubHub and UberEats for pizza and food deliveries.

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A second Pizza Hut franchise, Southern California Pizza Co., is also planning to lay off 841 drivers. The layoffs will impact drivers in Pizza Hut locations in Sacramento, Palm Springs, Los Angeles, Central California, Southern Oregon, the Reno-Tahoe area, among others.

Yum! Brands, which owns Pizza Hut and other fast food companies such as Taco Bell and KFC, did not immediately respond to a request for comment.

Yum! Brands previously told Business Insider that "its franchisees independently own and operate their restaurants in accordance with local market dynamics and comply with all federal, state, and local regulations while continuing to provide quality service and food to our customers via carry out and delivery."

It was previously reported that other food chains such as Chipotle and McDonald's said they planned to raise menu prices as a way to offset the costs of higher wages in California.

Following the law's passing, Holden in a statement said the pay increase will help workers feed their children, keep gas in their vehicles, and improve the quality of life of many.

In addition to raising the minimum wage for fast food workers to \$20 an hour -- it will also establish a Fast Food Council, representing a path forward to resolve employer community concerns while preserving fast food workers by securing a seat at the table to raise standards, according to Holden's office.

The council will consist of nine voting members, consisting of representatives of the fast food industry, franchisees, employees, advocates, one unaffiliated member of the public and two non-voting members, who will provide direction and coordinate with state powers to ensure the healthy, safety and employment of fast food workers.

Responsibilities of the council will also include development of fast food worker standards, covering wages, working conditions and training.

AB 1228 will impact more than 550,000 fast food workers and about 30,000 restaurants in the state.

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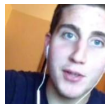
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