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OPINION | COMMENTARY

Our Restaurants Can't Reopen Until August

Employees refuse to return to work as long as they're getting an extra \$600 a week.

By Kurt Huffman

April 21, 2020 5:34 pm ET

Portland, Ore.

My company works with local chefs to open and operate their restaurants. We are currently a partner in more than 20 of them. We closed our dining rooms March 15, two days before the governor mandated we do so, and had to lay off some 700 employees. We are doing our best to stay alive by providing takeout and delivery service at about half our restaurants. Our goal is to survive until we are allowed to reopen.

Although our limited operations leave us at only 30% of our usual revenue, takeout and delivery has worked better than expected at most locations. After two weeks of getting the systems in place and understanding the challenges of a different business model, we realized that we needed to hire back some of our staff to help with the demand. That proved harder than we expected.



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We started making the calls last week, just as our furloughed employees began receiving weekly Federal Pandemic Unemployment Compensation checks of \$600 under the Cares Act. When we asked our employees to come back, almost all said, “No thanks.” If they return to work, they’ll have to take a pay cut.

The starting wage for a line cook in one of our restaurants is \$15 an hour. These cooks receive at least \$1 an hour in tips, so at a minimum they make \$16 an hour, or \$640 before taxes for a 40-hour week. The overwhelming majority of our laid-off cooks qualified for Oregon unemployment compensation of 1.25% of their annual gross wages weekly, or \$416 in our example. The extra \$224 a week provides a strong incentive to return to work.



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But as of this week, that same employee receives \$1,016 a week, or \$376 *more* than he made as a full time employee. Why on earth would he want to come back to work?

This has had the perverse effect of making it impossible for us to hire enough people even for our limited takeout and delivery business at a time of rapidly rising unemployment. It will be an even bigger problem once we are allowed to reopen our dining rooms. And it will persist at least until July 31, when the unemployment bonus expires. I'd have to offer my cooks \$25.40 an hour to match what the government is paying them not to work.

The Trump administration is talking about setting a timeline for when the country can "open for business." For my business, Congress has already locked down that date. We plan to open our dining rooms on Aug. 1, once the government stops paying people \$15 an hour, on top of standard unemployment compensation, to stay home.

Mr. Huffman is owner of ChefStable LLC.

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