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October 21, 2022

TO: Study Committee on Increasing Offender Employment Opportunities  
Senator Mary Felzkowski, Chair  
Representative Michael Schraa, Vice Chair

FR: Kristine Hillmer, President and CEO

RE: Restaurant Industry Employment and HOPES

Thank you Chair Felzkowski and members of the committee for hearing our story this morning. We appreciate your time today. I am Kristine Hillmer, President and CEO of the Wisconsin Restaurant Association and the Wisconsin Restaurant Association Education Foundation. I also have the distinct privilege of serving on the National Restaurant Association Educational Foundation Board of Trustees, which provides training programs and workforce solutions to the restaurant industry.

The Wisconsin Restaurant Association (WRA) represents over 7,000 restaurant locations statewide. Our organization represents all segments of the restaurant and hospitality industry; our membership includes food establishments of all types and sizes, such as seasonal drive-ins, supper clubs, diners, bars, locally owned franchisees, fine-dining, and hotels/resorts.

Over 75 percent of our membership are independent restaurants. Regardless of ownership type, all restaurants are the cornerstones of their neighborhoods and communities. Restaurants not only provide great food, drink, and hospitality, they support schools, teams, charities and churches with fundraising and donations. They provide meeting places to celebrate, mourn and organize, or just provide a safe, tasty meal for a busy family.

Over the past two years, committees in the Capitol have heard us explain the economic toll the pandemic has taken on restaurants and the entire tourism industry. I will not dive into those statistics at this time but have attached our most recent survey information for you to this testimony. We are currently in a stage of recovery where we have restaurants who are either winners or losers in the pandemic recovery landscape. We predict we will lose 10 percent more of the restaurants that were open pre-pandemic. This is because they are not able to sustain the cash flow needed to pay increased labor, food, energy, or lease costs along with the payments on the 2020/2021 loans, such as EIDL, that are now coming due. The main reason for this lack of cash flow is not only the increased costs, but the lack of employees available to run their restaurants at full capacity.

Our most recent survey data indicates that 73% of restaurants don't have enough employees, 87% currently have difficult-to-fill job openings, and 90% are likely to hire additional employees in the next 6 months – if they can find them. And lack of employees is a key reason why many restaurants are not open every day, have not returned to their pre-pandemic hours of operations, or have not fully opened for all the meal services they had before the pandemic. They simply do not have the staff to fully open as they were before the pandemic and the economic devastation hit.

That leads me to discuss why I am here today - to talk about helping justice-involved individuals get a second chance and find satisfying, lifelong careers. I will first address some of the challenges we hear our members face when employing individuals with prior convictions and then will close with information on a great program we would like to bring to Wisconsin but need your help in doing so.

We are an industry of second chances and upward mobility. The sky is the limit for those who enjoy hospitality, working with others and being in a fast-paced environment. Restaurants are a refuge for many employees. In fact, one-third of all workers in the United States had their first job in a restaurant. We hear many stories from people in that one-third, who state how the restaurant owner was like their second parent who provided great insight on how to work with others. In many cases restaurant staffs form a strong, supportive family atmosphere that helps people forge a career path for themselves both inside and outside of the restaurant industry. This same atmosphere is also a place that helps people who need a second chance thrive and find success.

However, employing individuals with prior convictions can be a challenge. Here are a couple examples we hear often.

- “I employ teenagers, especially during the summer. When I hired someone who had a prior conviction for drug possession, the parents of my teen workers went nuts and threatened to force their kids to quit. I really want to help folks out, but I can’t afford to lose my summer workers.”
- “We needed to hire front of the house staff desperately. I really liked an individual who wanted to be a server. They had a prior conviction for embezzlement. My servers must handle cash and customer credit cards. How do I know I can trust this applicant?”

Obviously, some of these problems should be solvable with education of the parents/public and with help from agencies and community-based groups to ensure restaurant operators they can work with folks with past histories that cause unfair concern. We know that we have work to do to help educate restaurant operators how to overcome these barriers.

We also know there are many restaurants and members of our supplier community who are very willing to help justice-involved individuals to start a new career. They run into other challenges.

- Often the jobs our industry has to offer are not where the formerly incarcerated live when leaving confinement. Relying on public transportation is usually not doable. Many of our employees work from mid-afternoon to later in the evening. Most busses and other public transportation end much earlier than what they need to get back home. Using cabs and ride share apps are not financially sound for the employee to afford on a daily basis
- Added to the transportation barrier is restrictions put on the justice-involved individual relating to their reporting times to corrections personnel or restrictions put on the dayparts they can work
- We have worked with different training programs the Department of Corrections has within its system. They use our programs such as ServSafe to help individuals earn valuable industry credentials that increase their earning potential. There are also programs teaching basic culinary and work skills that help individuals enter a restaurant ready to work. They all do a good job, but

do not reach a huge part of the incarcerated population. Unfortunately, many of those who are able receive this training are steered to other careers when they leave incarceration. We have been told over and over that counselors tell those who have been trained that they want to work in manufacturing or other careers and to stay away from restaurants. Obviously, we are disappointed with that narrow view of the opportunities available in our industry and the dollars that were wasted by those who provided good quality training

- We know there are some community-based organizations who would like to offer culinary training to justice involved individuals following release. Unfortunately, the grants they receive from the state or other sources do not allow them to provide the proper training facilities, equipment, or training materials to properly educate their constituents

We do have one solution that we believe would be a great fit for Wisconsin, but we need cooperation and financial help to implement it here.

### **HOPES - Hospitality Opportunities for People (Re)Entering Society**

Developed by the National Restaurant Association Educational Foundation, with a grant from the US Department of Labor, the HOPES program revolves around starting justice-involved individuals on a path to employment and independence. It is currently being implemented in seven states and involves partnerships between the state department of corrections (DOC), community-based organizations (CBOs) and the state restaurant association (SRA) (Wisconsin Restaurant Association (WRA)). You have a handout giving the overview of the program attached to this testimony.

The HOPES program goals are:

- To increase justice involved young adults in industry developed pre-release career and technical education (CTE) and training
- To increase the connection between Community-Based Organizations and program participants, post-release
- To have at least 60 percent of participants earn at least one industry credential and recorded competency (credentials include ServSafe, Restaurant Ready, Certified Restaurant Professional)
- To achieve 85 percent job retention for participants

Here is how it works:

- **The Department of Corrections identifies candidates.**  
The state DOC identifies eligible candidates for the HOPES program and provides training and program engagement for candidates during incarceration. DOCs will also document certification completion and provide proof of certification
- **Community Based Organizations determine suitability and initiates enrollment.**  
Once the DOC identifies the eligible candidates, the CBO connects with the candidates and if suitable, conduct formal enrollment during correction-based training. DOCs provide CBOs with information and background knowledge needed for case file management. Once the

participants are released, CBOs provide additional trainings and wraparound services necessary for success. The CBOs also educate WRA on the justice-involved community and create strategies for employers to engage with the justice-involved population

- **The Wisconsin Restaurant Association make the connections to employers.** Once the CBOs' participants are trained, the WRA connects participants with employment opportunities through their employer partners in the industry and identify employers for recruitment. The WRA educates the industry on how to employ the justice-involved population and answer any questions they may have
- **Employers will provide confirmation of employment and follow up.** Employers provide jobs to justice-involved young adults and support opportunities for their career growth. The CBOs will work with the employers to remove barriers when working with the justice-involved population. The WRA and state department of workforce development will support employers associated with the program to implement national registered hospitality apprenticeship programs. Employers can also work with CBOs on additional support and wraparound services as needed to support employees

We would like to bring HOPES to Wisconsin, but it requires both money and support from the state that is in, along with willing community-based organizations. We know there are community-based organizations who we would like to engage, but need the funding we mentioned before for trainers, equipment, facilities, and curriculum. As a state restaurant association, we do not have the resources to fund a program of this type, unless we can secure state grants to implement the framework necessary. Unfortunately, I do not have a dollar figure on what this would mean, but are working with the National Restaurant Association Education Foundation and other states to assess what it took to implement the program in the other states that were part of the pilot program.

We would also need cooperation from state agencies, such as the Department of Workforce Development to adopt our nationally accredited hospitality apprenticeship programs to help serve as a base for training. And, as mentioned, we would need to work closely with the Department of Corrections on this initiative, as well.

We hope that our testimony today would help open doors to bring HOPES to Wisconsin. We feel it is a great opportunity to connect justice involved individuals to great employment opportunities, while improving the communities we all serve.

I would be happy to entertain questions from the committee on the challenges we outlined earlier or on the HOPES program.





WISCONSIN  
RESTAURANT  
ASSOCIATION

# RESTAURANT BUSINESS CONDITIONS SURVEY

AUGUST 2022

Source: National Restaurant Association, national survey of 4,200 restaurant operators conducted July 14-Aug. 5, 2022

WI business conditions are weakening.

**ECONOMIC  
PESSIMISM  
IS GROWING...**



**36%** of operators say **business conditions are worse now** than 3 months ago

**27%** think it will be **1+ year before business conditions return to normal**

**75%** of restaurants are **less profitable now** than in 2019

Wisconsin restaurants are **UNDERSTAFFED & ACTIVELY SEEKING TO HIRE**



**73%** don't have enough employees to support existing demand

**87%** currently have **difficult-to-fill job openings**

**90%** are **likely to hire** additional employees **in the next 6 months**

**SOARING COSTS ARE CHALLENGING** local operations



**88%** have higher food & beverage costs

**68%** have higher occupancy costs

**73%** have higher utility costs

**93%** have higher operating costs (supplies, G&A, etc.)

How WI restaurants are **MANAGING THOSE COSTS**

**94%** increased menu prices

**73%** changed menu

**59%** reduced hours

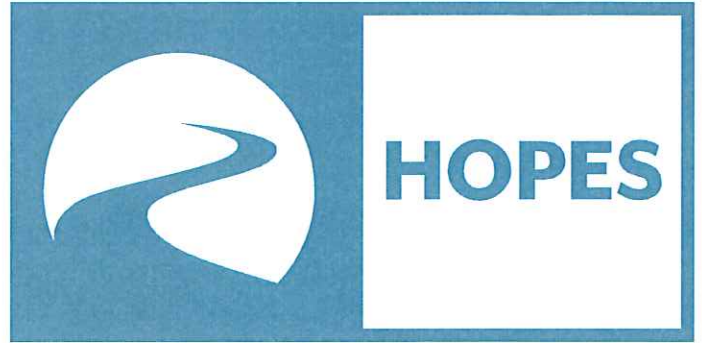
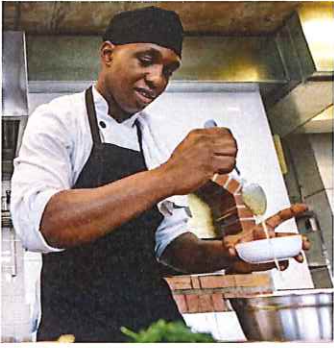
**42%** closed days normally open

**39%** postponed expansion plans

**11%** cut back 3rd-party delivery

For more information and resources, visit [wirestaurant.org](http://wirestaurant.org)





# Engaging and Advancing Justice-Involved Young Adults through Training, Employment, and Apprenticeship

Hospitality Opportunities for People (Re)Entering Society (HOPES) helps justice-involved young adults gain industry-specific skills, facilitates career exploration, and addresses barriers to sustained employment, with the ultimate goal of increasing employment opportunities and reducing recidivism for young adults.

The NRAEF will enroll over 500 justice-involved young adults (ages 18-24 years) in the [HOPES](#) program. Each HOPES participant works with a case manager to develop an individualized plan, listing their career goals and identifying work-readiness and industry-specific training leading to employment. HOPES participants will complete training, achieve at least one industry credential and receive job placement to successfully graduate from HOPES.

HOPES is part of the NRAEF's [Restaurant Ready](#) initiative, a national program dedicated to helping individuals acquire the basic job and life skills necessary to pursue jobs in the restaurant industry and jumpstart a pathway to independence.

The HOPES project is currently in the communities of Boston, Massachusetts; Chicago, Illinois; and Richmond and Farmville, Virginia.

## WHY RESTAURANTS CAN HELP:

- Restaurant careers are accessible, diverse, and opportunity-rich. Restaurant and foodservice operations careers do not require a high school diploma, GED, licensure or certification. Restaurants employ more minority managers than any other industry and 90% of all restaurant managers started in entry-level positions.
- Restaurants need a well-trained workforce. Employers are looking for qualified staff familiar with new health and hygiene guidelines, HOPES participants receive ServSafe training which is widely recognized and fulfills many local requirements.

\*Prior to COVID 19. National rate: 27% vs. 4% in a 2018 study.

Made possible, in part, through a grant awarded by the U.S. Department of Labor's Employment and Training Administration.

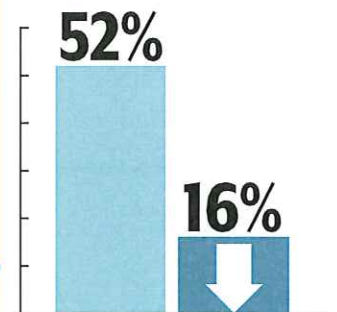
## KEY STATS

# 152,000+

Individuals between the ages of 18 and 24 years old under the jurisdiction of state or federal correctional authorities in 2017.



The unemployment rate of formerly incarcerated individuals is more than 6 times the national rate, and 60% to 75% remain unemployed one year after release.\*



Formerly incarcerated individuals who maintained employment for one year post-release had a 16% recidivism rate over three years compared to a 52% recidivism rate for those who did not maintain employment.

## Get Involved!

To learn more about how you can support HOPES, visit [ChooseRestaurants.org/HOPES](https://ChooseRestaurants.org/HOPES) or Email [HOPES@nraef.org](mailto:HOPES@nraef.org).

**National Restaurant Association Educational Foundation**

**ATTRACT EMPOWER ADVANCE**