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Technology

New Perk for Fast-Food Workers: Finish a Shift, Get Cash to Go

By [Leslie Patton](#)

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Workers at Church's Chicken, Pizza Hut and Checkers can now get expedited pay as U.S. restaurants grapple with a labor shortage that's not showing any signs of abating.

Restaurant chains are pulling out all the stops to attract and retain cooks and cashiers amid persistently low unemployment. The latest move: Same-day and next-day paychecks. Starting in June, eight Church's Chicken restaurants will offer employees half of their earned pay the day after their shift. The test will gauge whether the 50% is enough for workers, and the idea is to roll it out more widely going forward. It's not a loan, and there are no fees.

"It will give the employee the chance to get spending money quicker," Church's Chief Executive Officer Joe Christina said in an interview. "Some people just can't wait two weeks to get paid."

With an accelerating economy and the U.S. jobless rate at a 49-year low, restaurants are hurting. The dining industry is growing increasingly desperate to attract and keep quality employees, and simply raising wages isn't always enough. That's why they're getting creative with hiring parties, text-message recruiting and signing bonuses. McDonald's Corp. is even going after senior citizens to flip burgers.

The U.S. jobless rate dipped to a 49-year low in April

Labor is "the number one item" discussed among management, Christina said. "In all my years, it's the toughest labor market that I can remember."

Restaurants are being squeezed as fewer teens enter the workforce and higher minimum wages go into effect in parts of the U.S. Also, higher pay for lower-skilled workers at companies such as Amazon.com, Walmart, and Target are making it more difficult for restaurants to compete for talent.

Atlanta-based Church's reached into the city's northern suburbs to hire another company, Instant Financial, to offer the perk. Church's and sister brand Texas Chicken have more than 1,500 stores worldwide.

'Almost a Requirement'

Venture capital-funded Instant Financial also works with Bloomin' Brands Inc. -- the parent of Outback Steakhouse -- and recently added Checkers & Rally's Restaurants as customers. Instant Financial CEO Steve Barha said that the tight labor market has made instant pay "almost a requirement" over the past year for the dining industry.

"On average, restaurant employees take out \$28 with his company's service after working," Barha said. "Instant Financial doesn't charge any fees to workers but rather makes money by charging the employer for the service."

The majority of working adults are living paycheck to paycheck, according to a recent survey from the non-partisan research organization NORC at the University of Chicago. The study found that 51% of Americans wouldn't be able to cover necessities without dipping into savings if they missed more than one paycheck.

That's why Pizza Hut franchisee Erik Bittner is considering whether to mention the perk in the ads he uses to attract delivery drivers as he competes for their services with Uber Technologies Inc. and Lyft Inc. He added the benefit in March through the Branch Messenger Inc. mobile app.

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"The expectation in the future from employees is going to be they want their pay now," said Bittner, a partner at Bittner Restaurant Group, the owner of 12 Pizza Huts in Pennsylvania. "Why do I have to wait two weeks?"

Branch, which also provides its service to Taco Bell franchisees, charges a flat fee of \$3.99 for workers to get up to half of their wages the same day they worked, and offers three-day transfers for free. The Minneapolis-based startup has seen 150% growth among restaurant employees since introducing the early-wage part of the app in September.

Most Branch early-pay users are spending the fast cash on transportation, groceries and unexpected bills, Branch CEO Atif Siddiqi said. Expedited pay can "help keep employees happy."

— With assistance by Lisa Wolfson

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