



# GROWING THE NEW MEXICO RESTAURANT INDUSTRY AFTER COVID

## A Policy-Focused Approach

### Industry Recovery

The pandemic reshaped our industry, and while we've seen signs of recovery, inflation and policy decisions are slowing the pace.

### Inflation Impact

Rising food and labor costs due to inflation are creating new restaurant hurdles. Inflation has significantly impacted operating costs. Many restaurants are struggling to keep up with rising prices. \*

### Policy Impact: Healthy Workplaces

The Healthy Workplaces Act has increased restaurant operating costs and staffing shortages. While paid sick leave benefits employees, the operational burden on restaurants struggling to recover from the pandemic has been substantial.

### Policy Impact: Paid Family Medical Leave

The proposed Paid Family and Medical Leave policy will have an oversized impact on restaurant budgets and staffing. Paid Family and Medical Leave would further strain our already tight margins, potentially reducing operational hours and hiring.

### Balancing Benefits and Business Viability

Policies need to balance employee rights with the economic realities of the hospitality industry. Supporting our employees is essential, but without a balanced approach, we risk harming the very businesses that provide jobs.

### Advocate for Policy Solutions

We ask that you support restaurant recovery policies, such as tax relief or grants while taking a balanced approach to labor regulations. We must work together to develop solutions that help businesses recover and grow without compromising employee benefits.

### Call to Action

We encourage collaboration between restaurants, the community, and policymakers to find a path that supports business recovery and employee well-being. Let's collaborate on policies that support our workforce while ensuring our local businesses and restaurants can thrive.

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## Bottom Line Impact of Rising Costs - Typical Restaurant with Annual Sales of \$1.5 Million

Restaurant did not increase menu prices

	2019	Change from 2019-2024	2024
<b>INCOME</b>			
Food & Beverage Sales	\$1,500,000		\$1,500,000
<b>EXPENSES</b>			
Food & Beverage Costs	\$495,000	▲ 29%	\$638,550
Labor Costs	\$495,000	▲ 31%	\$648,450
Utility Costs	\$54,000	▲ 16%	\$62,640
Occupancy Costs	\$105,000	▲ 12%	\$117,600
Other Costs (Supplies, G&A, Etc.)	\$276,000	▲ 20%	\$331,200
<b>TOTAL EXPENSES</b>	<b>\$1,425,000</b>	▲ <b>26.2%</b>	<b>\$1,798,440</b>
<b>PRE-TAX INCOME</b>			
	\$75,000	▼ \$373,440	-\$298,440
% of Total Sales	5.0%		-19.9%

Source: National Restaurant Association calculators, based on data from the Bureau of Labor Statistics, the Restaurant Operators Report & national surveys of restaurants