

Mark Frier Testimony – Tipped Minimum Wage

Owner:

The Reservoir – Waterbury – Opened in 2009

The Bench – Stowe – Opened in 2014

Tres Amigos/Rusty Nail – Stowe – Opened in 2017

Select board member – Waterbury

Board Positions: Stowe Area Association, Waterbury Area Development Committee

Total Employees: Approx. 150

Goal: Raise minimum wage to a livable wage, de-couple tipped wage, increase compliance requirements and enforcement

Why: Mainly in order to protect server/bartender wages. Many employees are earning livable wages well in excess of the current goal of \$15/hour. Many are parents, home owners and female.

Who is asking to eliminate tipping: Servers and restaurant owners of Vermont? Business owners would most likely make more money, that's why many are quiet.

Why de-couple: By coupling tipped wage, all servers, no matter what their final take home gross wage is receives an increase every year to their non-tipped wage base wage. The law currently states that anyone making less than full minimum wage after tips is required to be compensated by the employer to at least match current non-tipped wage. Why are you make a law that gives an automatic raise to employees in the \$20+ range who are not asking for it, is it working as a real minimum wage law or something completely different. By coupling you are inflating an entire industry which is creating an additional financial burden that is unnecessary. Most likely this was not on many employer's radar when it was lower in hourly cost.

Example: Tipped Wage for Restaurant #1

18000 hours of tipped labor in 2018

Every \$1 increase is an increase cost of \$18000

\$5 (2016 tipped minimum wage) to \$15 (current goal) would be an increase of \$180000 in additional labor costs wiping out current profits. This does not include the increase to labor in the back of the house or cost of goods.

Work to increase minimum wage, this will increase back of house wages. Hopefully closing the gap between the two areas of the restaurant. Minimum wage increases cause cost of goods to also increase. Restaurants will most likely raise prices and tipped employees should expect increases in gross pay because tips are a percentage of price.

Poverty: Is this true in Vermont? If the state focused on compliance and raising non tipped minimum wage to a livable wage, why mess with wages well above current short-term goals.

Difficulty with compliance: Is this a problem in Vermont? Why? Could we require employers to state real hourly wage on paystubs, clearly showing final take home wage. Include current minimum wage minimums and the phone number to complain to the state discretely. Rooms and meals taxes are supplying millions of dollars in revenue to the state, put some of it into the labor required to police policy.

Lawsuits: How many in Vermont? I've never heard of one, personally as an employer not concerned. A couple bad apples uprooting an industry that has created thousands of livable jobs in a state struggling to create jobs and attract younger employees

80/20: Again, is this a problem in Vermont to the point that we need major changes to the model? Compliance checks could address these possible issues.

Tip pooling: We don't do it, there are clear rules that need to be followed. More audits and compliance checks.

Sexual Harassment: How many Vermont complaints? Why do so many females choose this work? Incomes at my restaurants are significantly higher for females, \$27.66-31.67 as an average. Highest earner hit a \$46.28/hr average! At the Three Restaurants female employees' total compensation is 18-28% higher than males in 2018.

Why keep tipping: Keeps menu prices down, allows higher wages and creates livable wages even if the business isn't strong.

Why does a customer have to pay wages: It's no different than wage being built into the price of goods and services in other industries? This could be done, but it would very likely be a decrease in final take home pay for employees.

Industry Growth: Expect restaurants to grow as a younger generation looks for experiences over things.

Vermont has a strong history of hospitality strength and tourism.

Focus on Vermont, we are a micro economy that in my opinion can not be compared to areas like San Francisco and New York.

What would it look like if we don't decouple minimum wage or end to one wage for all?

I would probably make more money. Is that the goal? It's shouldn't be.

Service charges remove tipping completely – this a potential direction employers would take:

20 service charge, gives the implication of tipping, puts the money in the hands of the employer not the employees. Basically, a less controlled version of tip pooling.

Increased prices in a model that keeps tipping:

Restaurant sales will be higher when prices have to increase to account for these increased costs, this would look like growth in states that made these changes, but it doesn't mean real growth. This would make Vermont menu prices look expensive and less competitive to states like New Hampshire and Maine.

Look at Maine as an example. They went to a single wage and the servers/bartenders had to fight to reverse the change. Comparable to Vermont in many ways. They saw a drop in tips and take home wages. Don't need to be "saved."

Please talk to as many servers/bartenders/owners. Get the feedback. Understand the numbers, I don't think you have been presented with the real wages of these employees. Please work with me to protect their wages and not disrupt an industry that is one of the strongest job creators in the state.

Thank you. [Mark Frier, Waterbury Vermont, mark.w.frier@gmail.com, 802-595-2869]