

Monday, October 20th, 2014

My name is Carlos Nauleau and I am the Director of Human Resources of Epicurean Management.

The \$5 dollar tip credit allows our business to grow not only in opening new restaurants in NYC but also by helping to strengthen the support we can provide to our employees. As a HR director I manage all employee benefits. We were recently able to over healthcare to all of our full time hourly employees. We are able to subsidize a portion of the healthcare cost for our employee because the tip credit allows us to allocate funds where they are needed. This is just one example of the way the tip credit has enabled our company to hire more people with greater longevity. Furthermore the tip credit enables our employees to draw a much higher hourly rate.

If the tip credit was reduced or minimized it would have a direct negative impact on all of the employees in our business, not only the tipped one. In order to cover the increased labor cost we would have make a number of changes to the benefits we provide for our employees. Employees across the board will be affected by cuts we would have to make. It would also limit the number of employees we can sustain. Layoffs would be unavoidable. It is likely that we would also have to increase menu prices to manage the increased wages. In addition to menu changes, we would have to integrate an admin fee or redefine the tip altogether. This means that tipped employees will actually suffer the most financially with the eradication of the tip credit.

In the past 4 years we have been able to open up 3 new operations in NYC, creating over a 100 jobs. The elimination of the tip credit would slow down our ability to grow and perhaps even bring it to a complete halt. We take pride in the fact that we were able to comply with the affordable care act and make health care accessible and affordable to our employees. However the cost of labor with the tip act would threaten this benefit greatly.

Thank you for the opportunity to testify here today.

Signed,

Carlos Nauleau