

Testimony from Joey DeCuffa, owner, DeCuffa's Restaurants Inc

It is well known that hourly tipped employees earn substantially more than minimum wage. It is also well known that tipped staff earn more per hour than the back of the house staff, where cooks, dishwashers and other kitchen staff may make more than minimum wage, but do not receive tips.

If tipped employees were to be paid at minimum wage without consideration for what they actually earn per hour from tips, this change would have a substantial negative impact on not only my own business but for all restaurant and food service businesses that have hourly tipped workers. If the current hourly tipped wage increases to minimum wage, this will create the need to increase menu prices which is no guarantee to increase business, and with the current conditions in CNY restaurants, where my own business is down 10%, this payroll increase will lead to a reduction in staff, their hours, net pay, as well as a reduction in sales tax revenue and payroll taxes.

There will be no winners should the tipped hourly wage increase to minimum wage. The service staff loses, the kitchen staff loses, the restaurant owner loses and even the consumer loses. When menu prices have to increase to meet the minimum wage increase, this will not be a slight increase, so consumers will be needing to make their own cuts as to where they can spend their own money on where to dine, with the likely result to be an overall decline in restaurant sales, which will then add another loss, in payroll and sales tax revenue, so New York State will lose. Another impact of the staff reductions, payroll reductions and layoffs? Higher unemployment and social services costs. Who will be paying for these costs?

The current system for paying hourly tipped staff works, it is not broken, and furthermore, the hourly tipped workers are not calling for this increase. They know that this is going to take more money from their pocket.

We are hard working, tax paying citizens that are not looking for handouts. We earn our living the old fashioned way. This increase does nothing but create more problems and hardships for employee and consumer alike.

As an example of the extremely difficult financial issues faced by all restaurants; my operating costs have seen a 30% increase in property tax, a 5 to 7% increase in labor cost, a 17% increase in utilities, and food & beverage costs up 6 to 10%. My own business is down over 10%, which is probably an average in CNY. We lost many of our customers when Carrier and New Process Gear, along with many other businesses chose to leave New York State for similar increased taxes.

This doesn't mean that we can increase our menu prices proportionately to even come close to offsetting these expenses. Adding a 75% increase in payroll costs for the tipped hourly employees will only put more employees out of work and close down many already struggling restaurants.

My most recent payroll report if adjusted to reflect the increase to minimum wage for hourly wage tipped employees, would show the following:

Total hours for hourly wage tipped employees **2,353 hours for September**, when **multiplied by the \$3.50 per hour increase to minimum wage equals an additional \$8,253 in hourly wages in September alone**. This is for one month, for one year, this would be an increase in payroll of over \$99,000. In order to offset this increased payroll expense my sales would require a significant increase, which currently, as stated above is down over 10%.

And when these sales are not reached? We then need to reduce service and kitchen staff. A healthy food service restaurant is reliant on steady sales volume that with an already razor thin margin attached is going to become a losing proposition. We want to work, we need to work. This change to the hourly wage tipped employee would be a hardship on all, employees, owners, consumers and even New York State.