Applebee's℠

T.L. CANNON
COMPANIES

November 13, 2014

TL Cannon is a New York based company, started in 1990, that operates 54 Applebee's restaurants in NY, and 6 in CT. We employ over 3,500 associates and managers in Western and Upstate New York. Our community involvement in all our "neighborhoods" as employers has steadily contributed to the financial strength in the areas we operate in.

We have created good jobs that pay well and provide tremendous opportunity for steady employment, and strong history of internal staff career growth. Our team members currently receive wages in well excess of the state minimum wage, and have always been paid well above those rates in the past years. In reality, our tipped team members on average make $16.00 – $17.00, or more, per hour! It is important to understand that there is no such thing as a "subminimum wage" as some like to call the tipped wage. We are required by law to ensure that our tipped employees receive at least the prevailing minimum wage.

Our tipped team member's wages are not "stuck"– in fact, US Census Bureau numbers confirm that tipped employee compensation has nearly doubled over the past 20 years even as overall minimum wages have stayed relatively stable. At TLC, all tipped associate's wages have increased as our menu prices have increased over the years confirming that the existing tipped wage system works for all. In addition to being guaranteed the minimum wage, servers and bartenders – because of their ability to earn tips – actually have the greatest opportunities of anyone in the business to increase their income. There are very few hourly jobs in America where individuals can consistently increase their own pay through hard work and positive performance. Not many hourly positions in this country can offer that kind of direct and instant financial reward for good performance!

If the tipped server wage were to increase - as much as 80% as has been proposed - it would put tremendous pressure on our ability retain the staffing levels we can now afford in order to serve our guests as they are accustomed to. As in past, and current fiscal scenario in NY, operating costs continue to rise, and as a result, some are passed on to our guests, but most have been absorbed by restaurant companies which has been a significant impediment to continued growth, creating more new jobs, increasing tax rolls etc. Lately, we have had to absorb many additional unplanned costs – such as for health care and commodities price increases. As a result, we have stopped our growth, not opening a restaurant in the past 6 years in NY.

The restaurant industry is the first rung on the economic ladder for millions of Americans. It's a fact that millions of entry-level workers have learned critical work and life skills in restaurants: personal responsibility, teamwork, conflict resolution, discipline and accountability. Restaurants provide a pathway to the middle class and beyond for many, particularly women and minorities. We are very proud to be able to provide such a pathway to success for so many associates NY.

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Dramatically increasing wages, and any increase in the tipped employee wage, will make it very difficult to sustain that ability to provide jobs, careers and new businesses.

An increase in the tipped employee wage is truly a solution in search of a problem. An increase in the tipped wage will change the compensation of tipped employees – that already earn two to three times the current minimum wage - and will only raise our costs and imperil our ability to create and sustain good jobs in New York.

Regards,

John A. Perry
President

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