



noodles & company



SPUNTINO  
WINE BAR &  
ITALIAN TAPAS

WOW Every Guest Every Time!



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December 9<sup>th</sup>, 2014

Doherty Enterprises is a family owned and operated restaurant company which commenced operations in 1985, and today owns and operates 148 restaurants, cafés and pubs throughout four states;

- New York (60)
- New Jersey (50)
- Florida (35)
- Georgia (3)

The company employs 9,700 people of which approximately 4,000 are employed in New York alone.

Our Vision is to be the Best Foodservice Company in the communities in which we serve and our Mission is WOW-Wow every guest, every time; Wow our people; Wow our Communities; and Wow our Suppliers-if we do, we will build sales, continue to build restaurants, provide more jobs, and create growth and opportunities for our existing Doherty Enterprises employees.

In the past several years, our industry has been faced with growing challenges as a result of increased costs in food, insurance, energy and rent (NY has some of the nation's highest), with added concerns surrounding recent legislation such as minimum wage increases, menu labeling requirements, paid sick leave, Obamacare and now the most concerning, is the potential increase in tipped wage. Some of these costs have been passed on to the consumer but the majority of these costs have been absorbed by Doherty Enterprises. That can no longer continue. It will eventually result in our company laying off employees and/or lead to restaurant closings. Our net profit is pennies on a dollar and continues to shrink.

The most frustrating part of the tipped wage is the lack of understanding on how it actually works:

In New York, restaurant owners currently pay tipped workers a base wage of \$5.00 an hour. The employee's tips are then added to the base wage of \$5.00. In the event the sum of those two numbers does not equal the minimum wage, the LAW mandates that the employer PAY the difference---a fact that many activists fail to mention when speaking out on this topic thereby suggesting that the tipped restaurant workers are earning a "sub minimum wage".

A "sub minimum wage" comment is so far from reality as the average hourly tipped employee in our company earns \$16.00 - \$18.00 or more, per hour, well in excess of minimum wage. And is much, much greater in "high end" restaurants in NY! Because of their ability to earn tips, tipped employees actually have the best opportunity within the restaurant to increase their income. These are not minimum wage jobs but good middle-class income jobs.

Should the employer not be abiding by the law by “paying the difference” as some recent news articles have suggested, then it becomes a lack of enforcement issue and workers should alert state labor officials-it is not a reason to give tipped employees an increase.

All tipped associate’s wages at Doherty Enterprises have increased as our menu prices and sales restaurant volume have increased over the years validating that the existing tipped wage system actually works.

There are very few hourly jobs in America where individuals can consistently increase their own pay through hard work and positive performance. Tipped employees fall in this class.

Supporters of this bill point to low “reported annual earnings” of tipped restaurant workers. Reported earnings paint a depressing picture than actually exists as students, moms and people working a second job are drawn to restaurants because of the flexibility and availability of part-time work. Hence, the reported income from these flexible part-time-jobs appears low partly because it is part-time work.

I sit on the New Jersey Restaurant Association Board of Directors and earlier this year myself and several other NJ restaurateurs testified at the Assembly Labor Committee hearing on the potential increase in the tipped wage. Educating the legislators in both parties on how the tipped wage works and more importantly what impact an increase would have on the restaurant industry in New Jersey resulted in the legislation not moving forward.

An increase in the NY tipped wage will result in:

- Higher prices for the consumer
- Increased employer labor costs (in turn drive other payroll costs such as payroll taxes and worker’s compensation)
- Reduction in hourly employee hours
- Forcing staff layoffs
- Preventing raises for back of the house employees (dishwashers, prep cook or line worker, etc.)
- Service levels being compromised-which compromises our commitment to WOW!
- Accelerating the move toward adopting technology that will enable guests to order and pay for their meals using computer tablets at their tables--Casual dining restaurants have already began implementing this technology.
- Potential store closings
- No new hiring in NY
- No new restaurant development in NY

The restaurant industry is the first step on the economic ladder for millions of Americans. Many college students

have funded their tuition with these jobs and quite often return after graduation and obtain full time management positions. 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. Without a doubt it is a good training base for learning about life!

The facts are clear. Our restaurants are already providing employees with a minimum wage and as previously stated, well in excess, on an hourly basis. The so-called advocacy groups simply have it wrong. Their proposed solution would kill jobs, not save them. That would be unfortunate as restaurant and service industry growth have been the main growth vehicles over the last five years.

A minimum wage is designed to address what the employee takes home, not what the employer pays out. Restaurant and bar workers often take home much more than other types of retail employees, even though their employers pay out less. That's a good deal for everybody!

The current wage rate and tip credit structure for tipped employee compensation does not need to change.

Regards,

A handwritten signature in black ink, appearing to read "Mike Veneziano". The signature is fluid and cursive, with a large initial "M" and "V".

Mike Veneziano

VP Government Affairs