

October 20th, 2014

NYS Wage Board hearing

Ladies and Gentlemen of the board, I want to thank you for the opportunity to appear in front of you.

I want to first remind everyone that I am here to speak about the proposed increase of minimum wage with no tip credit. There are a ton of facts out there around the decrease of restaurant jobs in Oregon and California since the implementation of similar laws. I wanted to take my time to discuss what is going on in NY. I have worked in every position in the industry from a dishwasher, to a server, to a Managing partner, to a multi-unit manager, to overseeing 180 restaurants on the east coast, to my most current job of Joint Venture Partner for the Long Island Outbacks.

In 1996 I was a server at Alforno Restaurant where I easily exceed \$1000 a week in gross. Some might say I was the exception. So let's fast forward to current time, I currently partner with a company that prides itself on 75% internal promotions. This year I have hired well over 10 Managers for my locations and my current trend is 70% external, SO why is that? The Average restaurant Manager starting there career will earn on Avg 50k and work a minimum of 50 hours and in some cases even more than that. So when I offer an Hourly a promotion currently, I am told I earn that same money in 35 hours waiting tables or Bartending why should I Lose quality of life and gain no more money?

The facts are the Avg. server currently working for me will make over \$20 an hour. Also in NY if we have anyone through claiming tips would not hit minimum wage we have make up pay that is an automatic true up. So I currently have a little over 500 tipped hourly employees that work for me on LI. We are currently in week 42 of the year; if you put those two together that's 20,000 weeks of pay. What If I told you I have yet to pay out any make up pay?

Back in January 2014 Bill Gates spoke about this exact issue, I wanted to share a bit of his speech ""So you have to be a bit careful: If you raise the

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minimum wage, you're encouraging labor substitution, and you're going to go buy machines and automate things -- or cause jobs to appear outside of that jurisdiction" (Bill Gates) So what does that mean, if you have visited your local Chili's or Olive Garden as of late you will see they have implemented Table top Media. Every company out there is testing this format as if the tip credit goes away and Labor costs double the statement made by Mr. Gates will become a reality. This would mean a loss of jobs to technology.

Tipped employees at restaurants are among the highest-paid employees in the restaurant, regularly earning between \$16 and \$22 an hour. Nobody is making less than minimum wage. If an employee's tips plus their cash wages don't add up to at least the minimum wage, we are responsible for bringing the employee up to the required minimum wage.

There is significant misinformation about the tipped wage. Increasing the tipped wage would benefit servers and bartenders - already the highest earning employees in a restaurant). In our casual dining brands, all of our tipped employees, including indirectly tipped, average \$16 per hour.

We support maintaining the current cash wage. An increase in the wage will hurt the people it is designed to help - including job creation. As stated earlier we are seeing technology taking hold and changing behavior to address higher labor cost.

The restaurant industry provides real pathways to the middle class and beyond, and dramatic increases in the minimum wage and tipped wage will only hinder our ability to provide stepping stones for those that need it most.

Very few of our employees start at minimum wage and those who do typically receive raises within 6 months. Our average wage for non-tipped employees is in excess of \$16 per hour.

I want to thank the board for their time here today.

Richard Zoob
Joint Venture Partner
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