

SB 222, An Act Concerning the Tip Credit

On behalf of P.F. Chang's China Bistro, I write to ask you to fully consider the benefits for employers and businesses that employ tipped workers of passing legislation that would increase Connecticut's tip credit rate.

Given the shaky economy, sky-rocketing food prices, and an uncertain future, rising labor costs have had disastrous effects on the restaurant industry, where we're already operating on razor-thin profit margins. Connecticut already has an unemployment rate higher than the federal and has experienced a 47 percent increase in unemployment since last December.

A bill to increase the tip credit for workers who earn gratuities can help our restaurants retain workers and lower barriers to entry-level employment. Minimum wage increases, and high wage rates for workers who already make well above the minimum wage when tips are included, often take job opportunities away from many employees, as our restaurants are forced to reduce hours or eliminate jobs in order to accommodate for high labor rates. Unfortunately, in today's economy, many restaurants in the state and across the country have been forced to close their doors as a result of increasing labor and food costs. Research demonstrates that it is the least skilled employees who will have the most difficulty keeping and finding employment in this increasing competitive environment.

P.F. Chang's China Bistro takes great pride in the job opportunities we offer and the ability our employees have to grow within our organization. In many cases, employees rapidly increase their skill level, and their wages, tip income, and job responsibilities go up correspondingly. Research from the Miami University of Ohio and Florida University has shown that within the first 12 months of employment, two-thirds of entry-level employees receive a pay raise. Many of our employees have similar experiences and have options to move into management positions.

Thank you for your consideration,

David J. Fletcher

Market Partner, PF Chang's Northeast