

Senator Prague, Representative Ryan and members of the Labor Committee. Good Afternoon. I am Irene Pia, Area Director of Operations for Chili's Grill & Bar. I represent 18 Casual Dining Restaurants in our State. We have done business in CT since 1987 and employ 1,349 residents. I am here today to present my support of SB 00222, An Act Concerning the Tip Credit.

The costs of doing business in our state are among the highest in the nation. We have one of the highest minimum wages and a lower tip credit. We are the ONLY state of all the New England States and NY that pays more than \$5 per hour to our service staff and pays an increased rate to bartenders.

The intent of Committee Bill No. 222 is to freeze the tipped wages at their current rate. To accomplish this, the bill increases the tip credit in 2010 when the minimum wage is set to increase again by 25 cents. For bartenders, the tip credit would increase from the current 11% to 13.75%. For servers we believe there was a drafting error in the tip credit. **The language should increase the tip credit to 33.1 % to keep the tipped wage level.** Otherwise, restaurants will be faced with yet another cost increase in 2010: \$.17 cents per hour for servers and \$.22 cents per hour for bartenders. The examples below illustrate some average expenses incurred without this enactment:

\$158 in additional labor expenses per week [*\$136.0 in service wages + \$22.0 in bartender wages*]
\$8,200 in additional labor expenses annually [*Actual \$8,216*]
\$156,000 annual expense to Chili's for the 19 restaurants in operation by 2010 [*\$156,104*]

These additional expenses to the restaurants are ultimately passed down to our consumers through increased menu prices and decreased service. I'm certain you all have experienced both. They affect our employees through reduced staffing levels and ultimately fewer jobs. There are many restaurants that have already cut back on the number of employees they utilize for every shift.

Just last week, I spoke to a concerned guest regarding the modest price increase we took in January [*to offset the minimum wage increase that began on January 1st*]. He couldn't understand "in this economy" how we could even consider raising our prices. Reflecting on many of the conversations I had with our young employees in early January. All of them the recipients of these wage increases; most of whom were unaware they even got one. As operators, we would prefer to pass some of the savings above along to the people who cook your food; most of whom work two full time jobs just to try and make ends meet.

We are not just about profits; we pride ourselves on being about "people". Since October of 2006 through this April, we will have opened 6 new restaurants in our state. These 6 restaurants alone have added 500 hourly and 24 managerial positions. Given the opportunity, we would put the \$156,000 saved from the example above to work toward building more restaurants, creating more job opportunities and providing the same steady value to our consumers that they enjoy today.

Thank you for your time.

