

J. Timothy's Taverne

Testimony before the Labor Committee- Senate Bill 32

February 18, 2014

Good afternoon, my name is Tim Adams; I am a board member of the Connecticut Restaurant Association, and a past chairman. My partner and I are the owners of J. Timothy's Taverne in Plainville and have operated there for thirty four years.

Last year when I sat before you to testify about the impact of minimum wage I noted several changes that had already taken place and others that were then just beginning. All of which have only served to maintain Connecticut as having one of the most negative business climates in the country. Since then:

- Unemployment continues at all time highs with many more fleeing to government assistance as a way of life.
- Mandatory paid time off is in full swing. Last year this added over thirty thousand dollars to my payroll.
- The unemployment compensation fund is even further in debt and rates have increased. Paying an increased federal and state unemployment tax and the corresponding special assessments from both have increased my unemployment expense by over twenty thousand dollars in the last two years.
- As expected commodity prices have continued to climb again this year and are directly reflected in increased cost of goods and pricing to consumers
- Workmen's comp costs have seen no relief.
- State income tax rates and sales tax rates have increased, taking millions from the pockets of consumers, leaving less to pay their bills, not to mention the impact on disposable income. Coincidentally, we have failed to address long term issues and at the same time it appears we will return a meaningless amount to taxpayers instead of using the aggregate amount of excess to reduce our debt.

- Retailers and restaurants have been forced to raise prices to stay afloat, while even with this their margins decrease. Thanks to the hard work of my staff and managers we have experienced an increase in sales, only to show a decline in our margins. We will have no choice but to increase our menu prices, something we have struggled to avoid. Price increases in an economy such as ours lead only to decreased customer counts, and ultimately less revenue for the state.
- Our work force continues to flee the state. Most recently I believe we have been identified as having among the highest rates of desertion in the country.

So, it appears that things have continued to change, but not for the better.

Increasing minimum wage has never been the answer to increasing individual or community prosperity. Minimum wage is a place to start. It is not and never was meant to be a wage that supports a family. It is for teenagers and those who are entering the workforce with a limited skill set. In the constantly maligned "service industry", movement from minimum wage is rapid and significant for those employees who; show up, show up on time, and do their job. It can be a quick path to building a resume from which to grow. Currently, I have no minimum wage employees at my restaurant. As the mandated rate increases I will have no choice but to bring people in at that level and it will be longer before I am able to reward good work with an increase in pay.

If there is a need for higher wages than our industry can provide, a staffer will have the ability to move on with a resume that shows they are a capable worker and ready to improve their life in another field. They are then a strong potential job candidate and ready move forward economically.

Minimum wage is a place to start! It is the beginning of a hand up. Constant increases in the minimum wage, expanding taxes, and regulatory constraints on small business only serve to destroy the businesses that provide the opportunities for workers to prosper.

An unintended side effect of minimum wage is that while it sometimes increases wages for already highly paid servers; it decreases the available pool of money for the back of the house

staff. Low skill entry level staff is paid an inflated wage making it more difficult to reward those who have worked hard and attained the skills necessary to do more complex jobs. A competent server at the Taverne earns between twenty and twenty-five dollars an hour. There is no need to further increase the current tip credit wage for servers. Connecticut's tipped wage is already light years ahead of all the other New England states.

Our state economy and the small businesses in it are still trying to adjust to last year's increases and trying to figure out how to handle those slated for next year. At the very least, let us get through this round of increased costs before you add more!

Repeated government intervention into the operation of the free market continues Connecticut's long standing practice of vilifying its small business community. Our industry is where America learns to work. We are not part of the problem. If you will permit us, we are part of the solution.

Thank you for your time and considering our industries point of view.