Testimony before the Labor and Public Employees Committee

March 8, 2018

HB 5388 AAC A Fair Minimum Wage

Good afternoon to the members of this committee and thank you for the opportunity to testify today. My name is Keith Beaulieu. I own The Main Pub Restaurant in Manchester. The Main Pub employs a staff of 32 full and part time employees of all ages and backgrounds.

I am here today on behalf of small businesses as well as young and inexperienced people seeking job opportunities. In that spirit, I ask of you today to consider not increasing the minimum wage.

The restaurant industry is dominated by small businesses with more than 7 in 10 eating and drinking establishments being single-unit operations, like myself. The restaurant industry has also been an engine of growth for the nation’s employment recovery the last several years according to figures from the Bureau of Labor Statics (BLS), restaurants being the third largest private-sector job creator since the recovery began in March 2010.

Our industry provides millions of Americans with their first job and the critical skills needed for a successful and rewarding career. In fact, ONE out of THREE adults got their first job experience in a restaurant. It is not only a gateway for young people to enter the workforce; it also provides access for advancement, regardless of background. Restaurants employ more minority managers than any other industry and 50% of restaurant owners are women.

2018 will mark the 38th year The Main Pub Restaurant has been in business. In our 38 years the amount of people who have come through our doors looking for an entry level job, then with hard work and dedication, turned that opportunity into a full career, is substantial. This is because the restaurant industry is unique in its ability to provide opportunities for people with little to no experience or training. As The Main Pub Restaurant grew so did the advancement opportunities for deserving employees.

Wages in the restaurant industry also grow at rates above those of the overall economy according to BLS. While many of my employees may start working here at a young age or as adults with no or little prior experience, if they display solid work ethic and a willingness to learn they can quickly move up the
ladder of success and advance their careers. This process provides workers with purpose and incentive to grow. *Incentive* being the key word, people work hard to achieve their goals when they know they are not going to get anything just handed to them.

I have a manager who started as a doorman, I currently have several full-time cooks who started as dishwashers and I even had one become my executive chef. I have had bus boys turn into full-time bartenders. Bartenders so good, that it became their career, careers so solid that houses are bought and families are raised on these incomes.

Chairwoman of The Federal Reserve, Janet Yellen once stated “It is crucial for younger workers to establish a solid connection to employment early in their work lives.” Restaurants and retail work are historically where many young workers make this early connection, but thanks to the push for artificially high minimum wage, fewer workers will have the opportunity to make that connection.

We pride ourselves in offering opportunity to unskilled employees of all ages and backgrounds looking to get their foot in the door, but restaurants simply cannot afford to keep providing that opportunity at $15 an hour. Not when we already operate on 4 to 6 percent profit margins. Labor costs are one of the most significant line item cost for restaurants. Then there is the issue of the employees who have been working with me for years to achieve a pay of $15 an hour. The reality of new people coming to work with them, starting out at pay, that took them hard work and time to achieve will be horrible for morale. Those people will be looking for pay increase and rightfully so. 6 percent margin does not cover this $150,000.00 increase to my bottom line. Less hiring, reduced shifts, price raising and automation will be my only recourse.

I ask of you today to not make it harder for smaller employers like myself to hire more deserving people. Instead we should work together on policies that encourage more people, not fewer to enter the workforce. Restaurants like mine look to work with this committee and your colleague’s to improve the wellbeing of our employees without sacrificing their jobs in the process. Let’s not remove the first rung of the ladder.

Thank you for this opportunity today to speak with you on the added burden increasing the min wage would have on my business, the restaurant industry and most importantly the many people that choose restaurants, the industry of opportunity, as their first step to personal and financial success.