



Testimony Before the Labor and Public Employees Committee

March 7th, 2019

SB 2, HB 5004 and HB7191 An Act Increasing The Min Fair Wage

Good Afternoon Committee Members

My name is Keith Beaulieu and I own and operate The Main Pub Restaurant in Manchester, CT. My family started the business back in 1980 and I have continued the operation into our 39th year.

I am here today to fully oppose SB 2, HB 5004 and HB 7191 - An Act Increasing the Minimum Wage. The speed and intensity of the rate of increase of these proposals will cause serious detriment to the restaurant industry as a whole. While I understand the thought behind trying to help people become more self-reliant, I sometimes feel many proposed bills which impact businesses such as my own are being written with the Big Box industry in mind. The concept is lost that most businesses in this state are small. You look at a large corporation and think it will not be a huge issue for them to implement a pay increase as proposed. I can assure that is not the same case for a small singular operator such as me. Decisions like the one before you can and have had dramatic impacts on the lives of entrepreneurs and our employees.

As it stands today if a \$15 hour wage was in place this past year my slim 3% profit margin in 2018 would have been wiped out as I would be looking at a \$70,000.00 increase to my bottom line. This number does not take into consideration the increase that would be involved with having to pay bartenders and servers a higher wage due to the increase in the tipped wages. That number jumps to a \$151,585.00 yearly increase to my payroll, leaving my business with a negative \$80,000.00 profit. These numbers don't even include the increase in workers comp and payroll taxes. My operation would come to screeching halt.

By increasing the minimum wage too quickly, above the appropriate metrics, it will do more harm to the people that need it most, by the way of fewer opportunities as businesses may close up shop, hold off on more hiring, cut hours of current employees and no longer hire entry level workforce. In our industry, the use of automation is already becoming every day, as you can see at some of your local fast food chains and grocery stores. This just so happens to be the same sector of the industry whose employees started the "Fight for \$15" campaign a few years back.



THE MAIN PUB

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The restaurant industry prides itself like no other to being an industry of opportunity. Restaurants provide the chance to go from entry level pay to manager's salaries with hard work. We pay over min wage to keep top talent. I take issue with the manner that these bills want to dictate that assent.

The state of CT has proven themselves incapable in running a business, but yet they are making it more difficult for those of us that do. Small business doesn't have the ability to tax our customers every time we come up with a shortfall. If you haven't noticed employers are leaving the state. You cannot make that up on the backs of small business that cannot just get up and leave.

While I staunchly oppose this legislation and the many other anti-business policies that are being proposed this year, I am a realist and understand that for the most part my testimony will fall on deaf ears, as many minds in this building are already made up on these issues. With that being the case I ask the following be considered if you want to continue to push the narrative that CT is open for business.

- Will this committee consider a longer plan for implementation of this legislation? Having only three years to implement the largest singular year by year increase will prevent employers such as me with a means and ways to figure out how we are going to pay for it all. In the last 20 years in CT the annual average increase in the min wage was \$.22 per year. If this bill were to pass as is, we are looking at a \$1.90 jump in 2019 and a \$1.50 jump each of the next two following years.
- Please do not tie future increases to the consumer price indexing. This all but assures an annual wage increase. Not to mention it would only give employers a few months to prepare for the higher wages due to the timing of when the CPI report is released.
- I would also ask for more attention in this legislation in regards to the "tip credit" as it is tied to the minimum wage. This proposed legislation you would be mandating a pay increase to bartenders/servers making well above the \$15 proposed wage. While the existing tip credit system guarantees that tipped employees make at least the relevant minimum wage, most earn between \$19 and \$25 per hour. The push for this pay increase on wait staff will make it even more difficult to financially provide for those non tipped employees.

I thank you for your time today and would be glad to take any questions.