



TESTIMONY OF SCOTT DOLCH  
EXECUTIVE DIRECTOR, CONNECTICUT RESTAURANT ASSOCIATION  
BEFORE THE LABOR AND PUBLIC EMPLOYEES COMMITTEE

March 7, 2019

**SB 2: An Act Increasing the Minimum Fair Wage**  
**HB 5004: An Act Increasing the Minimum Fair Wage**  
**HB 7191: An Act Increasing the Minimum Wage**

Good afternoon Senator Kushner, Representative Porter, Senator Miner, Representative Polletta and members of the Labor & Public Employees Committee. My name is Scott Dolch and I am the Executive Director of the Connecticut Restaurant Association. The Connecticut Restaurant Association is a statewide trade association representing restaurants and affiliated businesses across our state. There are over 8,000 eating and drinking establishments in Connecticut. Our members range from quick-service to casual to fine-dining establishments. The Connecticut hospitality industry employs an estimated 155,000 people, making up 10% of our states' workforce. Restaurants are a driving force in the state's economy and generate tremendous tax revenue.

I am here today to address the three minimum wage increase bills and how these proposals impact the restaurant industry. We recognize there is a desire to increase the current minimum wage; however, the CRA opposes the current proposals as written. We believe the increases being proposed will lead to higher labor costs, in addition to increases in the cost of commodities, which will undoubtedly damage the hospitality industry for both employers and employees.

Over the last 20 years the average annual increase in Connecticut's minimum wage has been \$0.22 and the largest was \$0.50 in 2017. The current bills mandate wage increases of 48% over a three and/or four-year time period, which includes annual increases as high as \$1.90 per year. If the Labor Committee and the Connecticut General Assembly are going to consider increases to the minimum wage, we ask that the implementation be extended, allowing business owners to absorb the cost over a longer period of time. Annual increases, this high, this fast will have a devastating effect, Connecticut restaurants may be forced to eliminating jobs, cutting hours and potentially even closing their doors.

Not only are the wage increases a major concern, but the current tipped wages for servers and bartenders will significantly increase as well. Connecticut allows employers to pay employees who earn gratuities a lesser wage than minimum wage, as long as that wage plus the gratuities received equals or exceeds the minimum wage. This is commonly referred to as the tip credit. Connecticut's current tip credit for servers is 34.6% of the minimum wage and 15.6% of the minimum wage for bartenders. This equates to a \$6.38 per hour for servers and a \$8.23 per hour for bartenders.

Connecticut's current \$6.38 server wage is already one of the highest in the country and it is the highest in New England. Also, a recent report from the National Restaurant Association cites the median hourly earnings of an entry-level server at \$19.00 and more experienced servers in a range of \$25-38. These proposals would increase the server and bartender wages along with the minimum wage, mandating a wage increase for the highest earners in a restaurant, in addition to the current \$19-\$38 per hour current earnings. We ask the Committee to consider either an increase to the tip credit percentage or the freezing of these wages all together to allow restaurant operators the flexibility to provide wage increases to those in the industry that need it the most.



Attached is a wage map of the United States which provides both the minimum and tipped wages for each state as of January 1, 2019. Note Connecticut's minimum and tipped wage compared to most other states.

We consider ourselves the "Industry of Opportunity," as 1 in 3 Americans have had a job in the restaurant industry, and 8 out of 10 restaurant owners began their career in an entry-level position. Restaurants provide unique employment opportunities and allow for flexibility not offered in many other industries. Wage mandates are an ineffective way to reduce poverty and will cause restaurant operators to make very difficult decisions. These decisions end up hurting the very employees that wage increases are meant to help. The current proposals will have a negative effect on small and large businesses and employees in Connecticut.