

Jungle Theater – LynLake/Uptown/Whittier Businesses

March 15, 2017

General comments:

- Was wage compression addressed in the study?
- We moved to \$15/hr for non-tipped employees and increased across the board. Actual sales went down, and we had to take out a loan to cover the increases. Really important to consider tipped income as part of the model.
- This will have an inflationary effect – costs are going to get pushed up all around – if you increase wages then will the cost of living go up? Can't we just let the free market move forward?
- Cost would be about \$24,000 to implement a minimum wage increase to \$15.00. There is disdain for "big corps" who can handle an increase like this, but small businesses can't absorb.
- We should leave wages to the free market – let people handle as they wish. This would be a 52% increase in my payroll and would be like the song "Killing Me Softly". We are not Russia yet. We are not a communist country. We are a capitalist country, and I want to be able to pay good people more. If I have to pay even my worst employee \$15/hr, what can I pay my best employee? I won't ever think about opening another business in Minneapolis until we see how this works out. If you want to kill our business, at least do it for the whole state – not only in Minneapolis. I will exit this market if Minneapolis does this alone.
- If people were making more in wages, you'd have a whole group of people spending more in Minneapolis. Anyone making \$9.50 now isn't going out much. \$15.00 allows them to be better consumers – it creates more demand for food, clothing and other basic services.
- In a two-tier system, how would we enforce the "Missing" wages? And, would the tipped minimum rise along with the non-tipped minimum?
- Enforcement of a tip credit. Aloha POS can fix this with a software fix. I own a little sandwich shop. This would add 100% or 200% to the cost of me making a sandwich, resulting in a 30-40% price increase in my menu. Let's be clear that an additional

\$5.00 in wages yields only \$0.75 to the worker with the balance going to federal taxes and state taxes.

- Many of the people we are talking about – who would benefit from this – aren't necessarily living in the City. So, the additional spending they may do won't necessarily be in the city. Having Minneapolis do this alone seems like a pretty big risk of lost income to the City. Are there are other elements the City could address – in addition to a wage increase – affordable housing costs? Job training? Transportation?
- If the minimum wage was raised and no tipping involved, my income would be cut in half. I'd barely be able to get by. If the minimum wage was raised to \$15/hr in Minneapolis, with no tipping, I'd go work in Saint Paul. Agree that we should let the free market work as it's intended to. As a front-of-house server, you really have the opportunity to earn more if you hustle.
- I've been in business for 50 years, with some employees with my company as long as 30 years. We are contributing to our communities in lots of ways – including supporting our employees. The last two raises to the minimum wage (which didn't exempt tipped employees) directly affected the higher-paid employees (because other folks were already at minimum wage). So, it had a slightly perverse effect from what was intended. If this moves forward, table service restaurants will then need to require pooled tips and/or getting rid of tipping in favor of higher prices.
- Every benefit that is available to the management family is available to all other employees.
- I perceive this as negligent – what we pay our tipped employees is available on our tax returns. It's been kind of heart-breaking to be part of this discussion.
- We're missing personal responsibility in this conversation. If not a minimum wage, could we coach/support people to advance in their careers? What about helping people paying off student loans? Additional disposable income is important, but it won't necessarily help people move to higher-paying positions.
- Tip pooling seems like the just thing to do. People in front aren't working any harder than the back. Tips made my day-to-day income possible/valuable. If wages are raised, tips shouldn't go away, but they should be pooled.
- Lake Street Council: Summary of what we heard – consistent from our business members, we heard –
 - At \$15/hr, the increase to costs would exceed the typical annual profit margin, thus needing to cut staff.

- Business owners are doing their best to support their people
 - Include tips in calculation – it is real income.
 - Non-tipped environments – worry about ability to make this happen
 - Timing sucks – immigration policy is a worry for immigrant owners. This adds to the stress.
 - Competition with neighboring cities and online retailers is real and would be the serious implication of businesses leaving.
 - Fixed income – regulated environments (child care, etc.)
 - Businesses said they could handle \$12/hr, not \$15/hr.
 - If job loss, won't that hit the people most in need of work and experience?
- We acknowledge that everyone *wants* people to make \$15/hr. The \$9.50 we've talked about for servers doesn't exist. Front-of-house staff average \$29/hr. And, everyone in my restaurant earns much more than \$9.50/hr.
 - Have to work toward a tip credit that guarantees \$15/hr for everyone, including tips. Arguing against the tip credit will slam the employer and endanger other jobs.