

Testimony of Simone Barron

House Committee on Education and Labor

“Gradually Raising the Minimum Wage to \$15: Good for Workers, Good for Businesses, and Good for the Economy”

Thursday, February 7th 2019

Good afternoon and thank you Chairman Scott and Ranking Member Foxx for the opportunity to testify today.

My name is Simone Barron. I am a mom of a smarty-pants teen boy, I am a semi-professional actor and I have worked in the full service restaurant industry for nearly 33 years. I have worked in several cities across the country, including Indianapolis and Chicago, but I am coming to you today from Seattle, Washington.

I have been a tipped worker there for the past 17 years. Today, the minimum wage in the city is \$15 an hour, and it’s supposed to be paradise for employees. Instead, I am watching my income drop as the mandated wage rises. As I have learned that Chairman Scott has proposed to raise the federal minimum wage to \$15, I’m here to tell you—and warn you— about my first-hand experience as a full service restaurant worker living in a city with a \$15 minimum wage.

To understand my predicament, you first need to understand my industry. Control over my earnings is one of the biggest perks of working in the restaurant industry. The harder I work to show hospitality to my guests, the better my tip. That’s an average of 20 percent I make on each bill. The standard tipping model has a cost of living increase built into its structure, too — as the cost of goods goes up, so do menu prices and then so do tips.

Contrary to the rhetoric of my industry’s critics, I’m not “forced” to rely on tips — I’ve been able to thrive on tips. Historically, in short four to six hour shifts, I can earn \$25 to \$50 an hour — enough to make a life for myself and my son.

In Seattle, the rapidly rising minimum wage has upset this beneficial arrangement. Without getting into the nitty gritty details, you should know that Seattle is one of a handful of locales in the country that doesn’t count my tips towards my hourly wage. What this means in practice is that the pressure other businesses are feeling from \$15 is magnified for full-service restaurants.

Things have started to change in Seattle in our industry, in ways that have negatively affected workers like myself. At my restaurant, it was the loss of tipping. As \$15 went into effect, some restaurants made the decision to change the tipping model, either in favor of flat stagnant wages or replaced with service charges to substitute for tipping.

The math on that is pretty simple: If you're forced to give a raise to tipped employees who are already making hundreds of dollars a night in tips, where does the money to pay for it come from without a huge jump in prices?

My employer, who is a leader in our restaurant community, took away tip lines and went to a service charge model in order to keep his restaurants sustainable for as long as possible. Service charges are a mandatory charge to a guest that must be filtered through the employer and in which the employee receives a percentage instead of a customer tip. In my case, I receive only 14% of my sales, from a 20% service charge on a bill. From a \$100 sale I receive \$14 on my paycheck as a salary commission—instead of the \$20 in cash tips I would have received before. The other \$6 is retained by the house to be paid out to support other team employment costs and benefits like insurance and vacation.

The few dollars an hour increase in my minimum wage doesn't cover the loss of income because of not receiving tips. Under a service charge model, it's less about how I use my knowledge and skills to maximize my income; I am no longer bothered to give excellent service to receive the tip, but must instead sell you the most expensive item on the menu to make the sale. The minimum wage increase has literally changed the job from the art of service to a routine sales job.

I used to work 4 shifts a week and made enough money to raise a son, pay my rent, go to school and be a part of a vibrant arts community. With the cost of living skyrocketing and the impact of the minimum wage increase on my income, I had to get a second job and work 6 days a week. I couldn't sustain that pace. Now, I worry every month about paying my rent. This is a worry I have never had until the minimum wage increase impacted my job. I have had to give up my passion of acting, I no longer can take trips with my kid in the summers. My smaller income all goes to bills, all my time goes to picking up just one more shift.

I have many friends who have lost jobs because of the rise in the wage. These are not people of privilege, these are working folks. People who have invested in their jobs, moved up ladders through experience and education, worked hard to grow in their jobs only to lose their jobs because of a policy forced onto their employers. My friend JW is one of those. He worked his way up from busser to sommelier over years of experience, but lost his job because the restaurant he worked closed in Seattle because of the

minimum wage increase. My friend Ritu was excited when she opened her pizza place. As an Indian female business owner, she was proud that all of her hard work and experience had led her to a place where she could be an owner. After the increase, she closed because she could not make the numbers work. These are just two of several dozen stories.

I understand the typical arguments for legislating higher wage rates. I especially understand it in Seattle where the cost of living is incredibly high. But there's no free lunch. Under our minimum wage increase, tipped workers are losing our incomes and moving backward to \$15 an hour. I'd happily trade my gig in Seattle for the golden days in Indianapolis, a so-called "low wage" market where I wouldn't be working more for less and watching my financial stability whittle away as the minimum wage rises. Unfortunately, if Chairman Scott's one-size-fits-all bill is passed, I won't even have that option to consider.

Thank you, and I'd be happy to answer any questions.