

Testimony of Simone Barron before the House Committee on Education and the Workforce Subcommittee on Workforce Protections

“Examining the Biden-Harris Attacks on Tipped Workers”

Wednesday, September 18<sup>th</sup>, 2024

Good Morning, and thank you, Chairman Kiley and Ranking Member Adams, for the opportunity to testify.

My name is Simone Barron. I have been a tipped worker in the full-service restaurant industry for 36 years. I have worked in several cities across the country, including Indianapolis and Chicago, but I am coming to you today from Seattle, Washington, where I have been a tipped worker for the past 24 years.

Washington State eliminated its tip credit in the 1980s, and in 2014, when Seattle passed the \$15now wage law, I was making nearly \$10 an hour plus tips. As of today, the rates are \$19.97 per hour for the largest operators and \$17.25 per hour for the smallest. These rates are set to increase to over \$20 per hour for both large and small operators on January 1, 2025.

I wish I were coming to you today to say that our former Council Member, Kshama Sawant, who championed the \$15Now movement, was correct in her statement that \$15 an hour would lift 100,000 workers out of poverty. I wish I were bringing you better news today to say this has all worked out and that I'm living better than before. I can't. The minimum wage hike in Seattle is devastating my industry, my job, and my income.

While it is true that workers are making a higher wage, the economic reality resides in the details. Workers like myself who work under a tipped compensation model are being pushed further toward the margins due to the impacts of each minimum wage hike.

Seattle is approaching its 11th consecutive wage hike since the wage law went into effect. We didn't even stop raising the wage during the Covid Pandemic.

Since the mandatory wage hike started, hundreds of restaurants have closed or moved out of the area. Those that remain are forced to reinvent the wheel by changing how they do business. As the wage hike without a tip credit has gradually eroded our industry, workers like myself have been subject to surcharges, service charges, non-transparent pay models, elimination of tip lines, elimination of tipping, mandatory tip pooling to pay non-tipped workers, elimination of support staff jobs, elimination of hours and shifts, and in many cases loss of jobs as restaurants close.

The looming hike on Jan 1, 2025, promises to bring more of the same with the expectation of massive layoffs, rising costs and menu prices, and even more closures. What this does to the service industry is bad enough, but what it does to workers like myself is devastating.

Our opportunity to maximize our income under a traditional tipping structure is being stripped away. This pushes tipped workers closer to making minimum wage while raising the cost of living for all of us. Cutting hours forces us to take on two or more jobs just to work enough to earn a paycheck. And the elimination of jobs means more people are vying for fewer and fewer opportunities for work.

The minimum wage hike in Seattle has created instability for workers. It used to be that you could stay at one restaurant for many years if you made your money, were treated well, and enjoyed your team. Now, we have jobs disintegrating into nothing as the money goes away due to a compensation model change or suddenly finding yourself unemployed because the owner just gives up and throws in the towel. I've personally found this as my experience, and it is especially true since the Covid pandemic. With every next wage hike, one more shift gets cut, one less guest comes in, and another job opportunity dries up. Since the pandemic, I have yet to find my footing in the industry I've always found stability in. The industry that helped me go to school, raise a child, and pursue my passions seems to have become unreliable, unsettled, and unbalanced.

These wage hikes are negatively affecting non-tipped workers as well. My friend works for a major produce provider in Seattle. He explained that his company is now pivoting to providing pre-prepped vegetables to restaurants because those restaurants can't afford to employ a prep cook. Another friend, a General Manager from a local chain, told me that they would no longer hire a salaried manager. That any manager hired from here on out will be hourly, with less benefits, so they can lessen their costs in that way.

What's about to happen in Seattle with the next wage hike has been described by our small business owners as a wipeout. When they raise the wage again, the total compensation credit that was built into the wage hike for our smallest businesses is set to expire. That means that the smaller restaurants that were given a small break and allowed to pay two dollars under the regular minimum wage will now be required to pay the same that larger employers pay. Their labor will go from \$17.25 to north of \$20 on January 1.

Last week, our local industry leaders held a town hall to highlight that Seattle, already one of the most expensive dining-out cities in the nation, is getting exponentially more expensive come January 1. They mentioned that because of the impending wage hike, menu prices would need to increase, pay structures would have to change, and

business models would need to adapt. All of this would result in labor costs being passed on to customers, while workers would bear the brunt, facing the potential elimination of tips and a predicted wave of layoffs.

For me, I'm feeling the impact once again. At my previous job with a smaller employer, I was under a tip pool system, and even though I worked nearly 40 hours a week, I couldn't make enough to cover my bills because I had to share all my tips with other employees. I had no choice but to move on to a large chain restaurant, hoping they could withstand the next wage hike for at least another year. But less than eight months into my current job, and with the upcoming wage increase, they've already cut most support staff hours and reduced server shifts to just 1 to 3 days a week. Even with the holidays approaching, my manager says there might not be any additional shifts, as the economy and wage hikes are hurting the business.

So, things are not so great in Seattle. I would dare any economist here to keep an eye on what is happening to my city, my home. Watch the business closures, look at how many jobs we have, measure how the cost of living goes up every time the wage goes up, and tell me how this is helping me, and workers like me make it.