



February 16, 2021

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Republican Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Pelosi and Leaders Schumer, McCarthy, and McConnell:

We write to offer to our strong concerns with including the Raise the Wage Act in the pending stimulus bill. At a time when over 110,000 restaurants have closed and 2.5 million servers and employees have lost their jobs, increasing labor costs will push more employees off payrolls, raise menu prices, and force more restaurants to close. Eliminating the tip credit will hurt millions of servers who rely on the current system where they earn between \$19-\$25 an hour with tips.

The National Restaurant Association has just completed a nationwide survey of our membership – ranging from quick-service restaurants to full-service restaurants, both chains and independents. We asked what impact the initial 2021 increase in the federal minimum wage and tip credit would have on their ability to recover from the coronavirus pandemic. Eighty-two percent of restaurant owners responded it would have a negative impact on their ability to recover this year. Only two percent of operators said the wage hikes would have a positive impact.

We also surveyed on the specific steps restaurants would seek to stay open if the Raise the Wage Act was implemented this year. The response was clear – passage of this bill this year would lead to job losses and higher use of labor-reducing equipment and technology. Nearly all restaurant operators (98%) say they will increase menu prices. But what is clear is that raising prices for consumers will not be enough for restaurants to absorb higher labor costs. Eighty-four percent of owners responded they will likely have no choice but to cut jobs and employee hours from normal levels, while seventy-five percent say they will have no choice but to cut employee benefits from normal levels. Finally, sixty-five percent of operators say they will likely add labor-reducing equipment or technology.

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The survey results make it crystal clear that the restaurant industry and our workforce will suffer from a fast-tracked wage increase and elimination of the tip credit. Restaurant jobs will be critical to every local community recovering from the pandemic, but the Raise the Wage Act will negate the stimulative impact of a worthy plan. We share your view that a national discussion on wage issues for working Americans is needed – but the Raise the Wage Act is the wrong bill at the wrong time for our nation’s restaurants.

We thank you for your continued focus and leadership on strengthening local communities during these uncertain times.

Sincerely,



Sean Kennedy
Executive Vice President, Public Affairs

Enclosure

The Raise the Wage Act of 2021 would **increase the federal minimum wage to \$15 by 2025 and eliminate the tipped wage by 2027. Understand the impact on our industry.**

The Raise the Wage Act will **FORCE CUTS**



The Raise the Wage Act will **force automation and consumer price increases**

Restaurant operators say implementing it would also lead them to:

- ⚠️ **increase menu prices**
- ⚠️ **add equipment or technology that reduces employees**

See below the impact expected:

Restaurant operators who say implementing the Raise the Wage Act will **negatively impact their ability to recover from the pandemic:**

82%
of all restaurants

79%
limited-service restaurants

85%
fullservice restaurants

90%
franchisee restaurants

82%
independent restaurants

84%
will **cut employee hours** from normal levels

84%
will **cut the number of jobs** they offer

75%
will **cut employee benefits**

98%
will **increase menu prices**

65%
will **add equipment or technology that reduces need for employees**

Restaurant operators say implementing the Raise the Wage Act **would push them to cut employee...**

Available Hours ⚠️ 📅

Benefits ⚠️ 💰

Hiring ⚠️ 👤



More information at RestaurantsAct.org

About this data: To assess the impact of a proposed increase in the federal minimum wage, the National Restaurant Association conducted a survey of 2,000 restaurant operators February 2-9, 2021. Respondents were presented with the Raise the Wage Act of 2021, which would increase the federal minimum wage to \$15 by 2025 and eliminate the tipped wage by 2027.