



STUDY GUIDE

MINIMUM WAGE COST ME MY JOB

KEY TERMS: Progressive minimum wage tips
profit margin recession consequences

NOTE-TAKING COLUMN: Complete this section <u>during</u> the video. Include definitions and key terms.	CUE COLUMN: Complete this section <u>after</u> the video.
Including tips, how much would Ms. Barron earn per hour on a typical night prior to the wage hike?	How did drastically raising the minimum wage in Seattle change the way restaurants there operated?
By what percentage did the Seattle City Council raise the minimum wage in 2015?	After the minimum wage was raised, how did Ms. Barron's life compare to her life prior to the wage hike?
After the wage hike, how much does Ms. Barron now earn per check?	

DISCUSSION & REVIEW QUESTIONS:

- At the beginning of the video, Ms. Barron contends that: “Like the fair-minded Progressive that I was, I thought a \$15 minimum wage was an absolute good. Then, I had a head-on collision with reality.” Why do you think that Progressives tend to focus on absolute, idealized notions that sound good, but don’t thoroughly think through the consequences to see if an idea would actually do good or not, or if that idea would actually accomplish the goals that they set out to realize without harm? Explain.
- Ms. Barron then shares with us what her life was like prior to the wage hike, pointing out that: “I enjoyed the work. Met wonderful people. And I was making really good money. I wasn’t making much per hour, that’s true, but in my business, the magic is in tips. On a typical night, I would make on average \$25 to \$50 an hour. Believe me, I earned it. I took pride in my work. I wanted every dining experience to be a memorable one for my guests. I also loved my job for THIS reason: I had flexibility. I could plan my work schedule. That was very important to me because I had a growing son. It was a good life. Then, in 2015, the Seattle City Council raised the minimum wage from \$9.47 to \$15 an hour- a 58 percent hike!” Why do you think that the Seattle City Council decided to impose such a drastic change on the businesses in their city? Explain.
- Later in the video, Ms. Barron summarizes her experience with the consequences of the wage hike by stating: “I make a lot less money now than I did before Seattle decided to do what was supposedly in my best interest. I used to be able to pay my bills as they came due. Now it’s a juggling act. I used to have enough money to support my son’s extra-curricular activities. Now I often just say no. Before the minimum wage increase, I had one job and worked four days a week. After the wage hike, I had two jobs and worked six. With my skills and a tipping culture, I used to average 18 to 20 percent or more on any check. Now, instead of tips, I get a flat 14 percent, part of the 20 percent service charge the restaurant owner tacks on the bill. I still pride myself in providing good service, but the incentive to go the extra mile is gone. There is no way to maximize my income. And what’s Seattle’s answer to my problem? To raise the minimum wage again!” Why do you think that Progressives presume to know what’s best for everyone? Explain. Considering that Seattle is possibly going to increase the minimum wage again, how do you think that Progressives define ‘fair?’ Do you think that Progressives are able to clearly and quantifiably define what a ‘fair wage’ is? Why or why not?
- Ms. Barron goes on to explain that: “The progressive idea is that you should be able to make a ‘fair wage.’ But if you have no job or are working more for less, how is that fair? How is it fair to my friend, who worked his way up from busboy to sommelier? ...He lost his job when his restaurant closed due to the minimum wage increase. Or, my former boss, who went from a cook to an owner, and couldn’t survive the double blow of the minimum wage law and the coronavirus? ...In New York City, raising the minimum wage to \$15 an hour pushed the restaurant industry into a recession. To stay afloat, seventy-five percent of owners reduced employee hours, and forty-seven percent eliminated jobs. San Francisco is in the same boat.” How would you answer Ms. Barron’s questions? Considering what a good living Ms. Barron and her colleagues were making prior to the wage hike, why do you think that the Progressives didn’t consider that to be ‘fair?’
- At the end of the video, Ms. Barron concludes that: “Mandating minimum wage laws might be a winner for progressive politicians and ivory tower economists, but it’s a loser for

those of us who have to live with the consequences. Unless fair-minded people speak out, those consequences only figure to get worse as more states, and maybe even the federal government, succumb to the false promise of raising the minimum wage.” In what ways do you think that mandating minimum wage laws is a ‘winner’ for Progressive politicians? Explain. In what ways do you think that mandating minimum wage laws is a ‘loser’ for the people affected by the laws? Explain. In what ways might the consequences for the ‘losers’ get worse? Explain. Do you agree with Ms. Barron’s characterization of raising the minimum wage as a ‘false promise?’ Why or why not?

EXTEND THE LEARNING:

CASE STUDY: Seattle’s Business Environment

INSTRUCTIONS: Read the article “Restaurant owners struggle with Seattle’s ‘tough business environment,’” then answer the questions that follow.

- Who is Paul Osher, and what is his take on the business environment for his industry? Why do Mr. Padilla and the group of restaurant owners think that it has ‘become increasingly difficult to do business in the city of Seattle?’ What did Ms. Cough say about how the increase in the minimum wage will impact her business? Who is Jessyn Farrell, and what is her view? What are triple net leases, and how do they impact businesses? What do the restaurant owners say is the reason for having to consider raising their prices? What conclusion did Ms. Cough come to regarding Shack Coffee House? What does Mr. Osher think is going to happen to restaurants in the future, and why?
- In the article, Ms. Wilson argues that a worker shortage for restaurants in Seattle is a sign that the minimum wage is not an issue- but do you think that Ms. Wilson takes into account that the worker shortage may be directly because of the minimum wage (because so many people do not want to work so few hours or have to work two jobs, like Ms. Barron)? When legislating, do you think that Progressive governments take into account the relationship between the overall economic health of a business and the resulting consequences for businesses’ workers? Why or why not? Do you think that Progressive legislators should take into account high rents, triple net leases, rising costs of construction, and other factors that economically impact businesses before passing legislation that will affect a businesses labor costs? Why or why not? Considering the history of such disastrous consequences as businesses closing and workers earning less overall, do you think that governments run by Progressives should be attempting to legislate their narrow, idealized fantasies into reality? Why or why not?
- What would your suggestions be regarding the creation of a healthy and prosperous environment for businesses and their workers to thrive in? Do you support the notion of a minimum wage? Why or why not?



QUIZ

MINIMUM WAGE COST ME MY JOB

1. When including tips, Ms. Barron would make on average _____ on a typical night prior to the wage hike.
 - a. \$5 to \$10 dollars an hour
 - b. \$15 to \$25 dollars an hour
 - c. \$25 to \$50 dollars an hour
 - d. \$50 to \$75 dollars an hour

2. By what percentage did the Seattle City Council raise the minimum wage in 2015?
 - a. 28%
 - b. 38%
 - c. 48%
 - d. 58%

3. Most restaurants have large profit margins.
 - a. True
 - b. False

4. What did Seattle restaurant owners do in response to the 2015 wage hike?
 - a. raised prices
 - b. re-worked their menus
 - c. created new compensation models
 - d. all of the above

5. Instead of the 18-20% or more Ms. Barron used to earn on any check, she now earns a flat _____ on every check.
 - a. 4%
 - b. 14%
 - c. 24%
 - d. 34%



QUIZ - ANSWER KEY

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<https://www.king5.com/article/news/local/seattle/seattle-restaurant-owners-describe-tough-business-environment/281-90c36dab-7588-4c45-8bdf-38e812288775>

Restaurant owners struggle with Seattle's 'tough business environment'

Restaurant owners say Seattle is serving up so many obstacles, it is becoming difficult to keep their doors open. But others say the industry is still thriving.

Author: Natalie Swaby

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SEATTLE — The way Paul Osher sees it, Seattle's dining scene is a delicate one. At Porkchop & Co. in Ballard, he's always searching for ways to make the numbers add up to deal with rising rents and climbing labor costs.

"Everybody here makes over \$20 an hour regardless," said Osher, the chef and owner of Porkchop & Co.

Osher, who is on the board for Seattle Restaurant Alliance, says that wage is working out at his restaurant, but industry-wide he is taking note of what he sees as a looming issue.

"There are more and more restaurants closing. It is a tough business environment. There is no doubt about it," Osher said. "It sometimes it feels like it is death by a thousand cuts."

Coffee shop owner Angela Cough says she recognizes it too.

"The day after construction started, we went down 50%," Cough said, referring to the road construction that's been happening on SW Avalon Way near her business, Shack Coffee House.

Cough also owns Hot Wire Coffee and Flying Apron in West Seattle.

On a November afternoon, she joined business owners Shawn Padilla of Mission Cantina, Jean-Pierre Vidican of The Westy West Seattle and The Westy Roosevelt, Rita Dixon of The Bridge in West Seattle and The Point in Burien, and Dan Austin of Peel and Press in West Seattle and Flight Path in Burien.

This year, the restaurant owners have noticed long-standing restaurants like Sitka and Spruce announcing that they are calling it quits.

"Sitka and Spruce was fairly shocking," Austin said. "That's a James Beard award-winning restaurant. Palisades, Henry's Tavern, all of those, that scared a lot of us. That's legacy businesses gone like that."

Cough, Padilla, Vidican, Dixon, and Austin all say it has become increasingly difficult to do business in the city of Seattle.

"I think just more and more people are in our pockets, taking more from us," Padilla said.

“You have the sugary beverage tax that added \$75 per box that we front, leases have gone up, property taxes have been a big thing especially with upzoning,” Austin added.

The "language surrounding small businesses has become very negative," Cough said.

Dixson agrees.

“I was a bartender and a server, and it was wonderful. I saved all my money for nine years to make this happen. Then when I start to open my own place, I get hit left and right, like I am the bad guy all of a sudden. It felt really uncomfortable,” Dixson said.

Austin and Dixson have restaurants in Seattle and Burien and notice a difference in dealing with the city governments.

In reference to Burien, Austin said, “when I went for permits, I got 90% of them on the same day. In Seattle, I’ve waited over 90 days for permits.”

Cough said a minimum wage increase that will kick in January will have an impact.

“For me, I am looking at \$150,000 worth of increases in payroll. Where am I going to come up with that? I have to cut people. I have to figure out what I am going to do,” Cough said.

Jessyn Farrell with Seattle-based think tank Civic Ventures says minimum wage really is not the issue here.

“The first thing I would say is that there still are more restaurants opening than closing. Clearly this is still a really desirable market to be in,” Farrell said.

The most recent numbers from the Washington State Department of Revenue show that between 2014 and 2018, 1,149 Seattle restaurants opened and 1,034 closed. The National Restaurant Association says on average 60,000 restaurants open every year, and 50,000 close.

Farrell is a former state legislator who proposed a statewide minimum wage increase in 2014.

“One of the things that we know is that when you put money in people’s pockets, particularly workers, they put that money right back into those small businesses in our community,” Farrell said.

Sage Wilson with Working Washington pointed out that there has been a worker shortage for restaurants in Seattle.

“Overall, I think that the shortage of restaurant workers really undermines the idea that higher pay is hurting – if there's a shortage with the \$15/hour law, that means they need to pay *more*... which means the wage isn't really a factor, right?” Wilson said.

What Farrell does see as an issue in Seattle is buildings being bought up by large-scale corporations who raise rents on small businesses.

Farrell said it “may force small businesses to go into so called triple net leases where they are having to pay for not just rent, but utilities and maintenance and property taxes. Rent is too high in this city, and small business owners are feeling that too. That is something policymakers should certainly think about.”

Seattle should streamline permitting so it is one-stop shop for restaurant owners and provide help when construction impacts businesses, Farrell added.

“The city really should be sitting down with restaurants and solving for those things like transportation projects, like permitting, like affordable spaces,” Farrell said.

Meanwhile, restaurant owners say dealing with the current business environment is the reason why they have had to consider raising prices.

“I have naturally had to raise prices, and it is scary every time,” Vidican said. “You look at the ticket prices. In my case, they are stagnating, because all of a sudden they are not having that second beer or that extra appetizer.”

Cough said she had to take it even further.

“I am closing,” she said.

At Shack Coffee House, she says a six-month city project made it hard for customers to get their coffee. After losing too much money, she came to the conclusion that it was time to close the doors.

“I think the bigger message here is that with everything that’s happened over the last few years plus now physically restricting people from going to my space, that’s kind of the last nail in the coffin,” Cough said.

Back at Porkchop & Co., Osher wants his employees to be able to live in the city where they work, and that’s why a living wage is so important.

“As we make a city that everybody wants to live in, that money has to come from somewhere, and unfortunately, it too often feels like it is coming off of small businesses,” Osher said. “So I think there is a reckoning coming. I think we will find more restaurants closing in the future.”