



Testimony of Maureen Metz, Owner & VP of Marketing and Cheryl McCann, VP of Human Resources

Metz Culinary Management

Increasing the Minimum Wage – Senate Labor and Industry Committee

May 5, 2015

Chairwoman Baker, Chairwoman Tartaglione and members of the Senate Labor and Industry Committee, thank you for allowing us to testify today regarding Increasing the Minimum Wage, and its' impact on our business and industry. My name is Maureen Metz and I am an owner and Vice President of Marketing of our family owned company, Metz Culinary Management located in Dallas, Pennsylvania. Cheryl McCann, our Vice President of Human Resources has also joined me today.

Metz Culinary Management is a family owned and operated company which provides dining management solutions for corporate, healthcare and educational accounts as well as environmental services to well over 100 clients across the Commonwealth. Additionally, we are a proud franchisee of TGI Friday's, Krispy Kreme, Ruth's Chris Steak House and Wolfgang Puck Express as well as our own brands, Lucky's Sporthouse and Elixir Bistro Bar. Our company employs 2,794 total employees across the state of Pennsylvania and 828 directly in our restaurant businesses. Our company was started in 1967 by my father, John C. Metz starting as a small regional provider that grew into our size today. In the early 1990s, we expanded our interests to franchise operations and in 1994 launched Metz Culinary Management. Metz Culinary Management was recently named a top 5 company to watch by Food Management magazine and #16 on their top 50 food service management companies.

We are in this industry because it's an industry of opportunity. My father started with nothing and accomplished many of his personal and professional dreams by treating people well and creating value and opportunity as the company grew. Today, more than 80% of our managers and senior leadership team come from within the hourly ranks of the company, including myself, Cheryl and my brothers Jeff and John Metz Jr. All of us started at the hourly level by washing dishes, preparing food and serving our customers and we understood the value of hard work and creating our next opportunity by taking great care of our fellow team members, guests and clients.

We are not opposed to a minimum wage increase, the fact is that less than 2% of our 2,794 employees in Pennsylvania earn minimum wage and of those, half are under the age of 20. Virtually all of our employees are hired above the current minimum wage and through our annual performance appraisal process, quickly earn significantly more than that. What we worry about more than anything is the impact that an increase in the tipped minimum wage will have on our business. Our tipped employees earn on average, above \$15 an hour and many proponents of a tipped minimum wage increase do not understand that while the PA tipped minimum wage is \$2.83 per hour, that employers 'bring to minimum' in the rare occurrence someone does not actually earn minimum wage. A tipped minimum wage increase would have a devastating impact on the restaurant industry and ultimately harm employees – forcing restaurants to reduce employee hours, postpone plans for new hiring and expansion, and reduce the number of employees in restaurants. In fact, this has already started happening in our businesses over the past twelve months as larger server station sizes and tablet technology has been tested in anticipation that wage and other cost increases would continue. Of the 808 restaurant employees we have in the state of Pennsylvania, 402 are tipped employees and a tipped minimum wage increase to \$5.05 or \$7.07 would simply force many out of business across the state. Food and labor costs are the two most significant line items in our businesses with very thin margins averaging pre-tax of roughly four to six percent. Again, only a small minority of restaurants will be able to handle a significant minimum wage increase without taking actions that will harm employees and business growth across the Commonwealth and even more would be impacted by an increase to the tipped wage, which would only hurt the employees proponents claim they are trying to help.

Thank you for allowing us to testify today and we'd be happy to answer any questions.