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MICHIGAN RESTAURANT ASSOCIATION'S
OFFICIAL STATEMENT REGARDING "RAISE MICHIGAN" BALLOT PROPOSAL

"We believe this is the wrong plan at the wrong time for Michigan's fragile economy. With participation in the workforce at a 35 year low and Obamacare only adding to that problem, why make it even harder to get a job? Make no mistake, this government mandated wage hike that completely eliminates the tipped minimum wage will not only increase menu prices and cost Michigan jobs – it will put many restaurants out of business." – Michigan Restaurant Association President & CEO Brian DeBano

Consider the facts:

1) **The restaurant industry is proud of its unassailable reputation as an industry of opportunity and upward mobility.**
    - 1 in 3 Americans started their career in the restaurant industry. It is the training ground for millions of entry level workers who have built critical competencies of personal responsibility, teamwork, and accountability. Access to these critical opportunities is at risk with an increase to the minimum wage.
    - An amazing 80 percent of restaurant owners said their first job in the industry was an entry-level position. The restaurant industry is unmatched in its level of upward mobility.

2) **If the proposal is enacted, Michigan would become the ONLY state east of the Mississippi River to eliminate the tipped minimum wage and only the 8th state nationally to do so.**
    - Currently, all tipped employees make at least the full minimum wage, combining the $2.65 employer provided cash wage per hour plus any tips the individual receives. If an employee ever receives less than the full minimum wage including tips, the employer is required by law to provide the difference themselves.
    - Most tipped employees make substantially more than the minimum wage. The median hourly wage of tipped employees is $16 per hour.
    - Restaurants exist on a razor-thin profit margin of five percent before taxes. Eliminating the tipped minimum wage will dramatically increase their overhead and unequivocally cause some restaurants to shutter their doors.

3) **The restaurant industry is committed to be an engine of growth and job creation for America's economy, but mandates like these are hurting "mom and pop" restaurants.**
    - The Congressional Budget Office announced last week that the Affordable Care Act will lead to the equivalent of 2 million fewer full-time workers in the labor force in 2017. Coupling that with a minimum wage will hike will cost more jobs.

- More than 7 out of 10 eating and drinking establishments are single-unit "mom and pop" operations.

4) **It is critical to understand that the minimum wage is a starting wage and rarely received by either full-time employees or those acting as head of the household.**
   - Forty-six percent of federal minimum wage restaurant workers are teenagers, while 70 percent are under the age of 25.
   - The average household income of restaurant workers who earn the federal minimum wage is $62,507.

5) **A wage mandate like that pursued by Raise Michigan would increase menu prices and cost jobs.**
   - After the 2007 federal minimum wage increase, 58 percent of restaurant owners increased menu prices.
   - Forty-one percent reduced total employees' hours to offset the wage increase and 24 percent actually laid-off employees to compensate for the wage increase.

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The Michigan Restaurant Association (MRA) is the recognized leader of Michigan's hospitality industry, providing essential services to the foodservice community. Founded in 1921, the MRA represents nearly 4,500 Michigan foodservice establishments. The industry plays an integral role in Michigan's economy, employing almost 400,000 people and creating more than $13.4 billion in annual sales.