

Written Testimony of Dani Ritchie

Before the United States Senate Committee on Banking, Housing, and Urban Affairs

Coronavirus Restrictions and Responses: Negatively Affecting the Restaurant Industry and Small Businesses

Feb 25, 2021

Chairman Brown, Ranking Member Toomey, and members of the committee, thank you for the invitation to testify today and allowing me to share my story.

My name is Dani Ritchie. I am a hair salon owner and part-time service worker from New Castle, Pennsylvania. My hair salon is located in Harmony, Pennsylvania. I opened the door to my business in 2016, only a year after graduating cosmetology school.

Harmony, is a quaint, little historic town in Butler County, with a declining population of 2,500.

In addition to working as a hairstylist in my salon, I work part-time as a server and bartender. Working in the restaurant industry while attending college, I could pick up extra shifts when I was low on cash, and my flexible schedule allowed me to go to school while still making an income. I've worked in the restaurant industry for 18 years now, 10 of them at North Country Brew Pub, in Slippery Rock, Pennsylvania, where I am still currently employed part-time.

Being a server and bartender at the brewery is what allowed me to pursue my passion of becoming a cosmetologist and open my very own salon. The flexible hours allowed me to attend school, and the generous tips are what helped me to save and open my salon without having to get a loan.

When Pennsylvania first imposed business shutdown orders in March of 2020, I had to close the doors to my salon for over three months, while still having to pay rent and utilities for an unoccupied building. I was also unable to work at the brewery at that time because it was temporarily shut down. Luckily, when the brewery was finally permitted to open back up on a limited basis to provide take-out and delivery orders, I was able to pick up work there.

The owners of North Country Brewing Company, Bob and Jodi McCafferty, are incredible people who have worked so hard to provide not only one, but three unique, sustainable businesses in Slippery Rock and Harmony. All three locations have provided secure employment for 206 people, that is until the government put in place coronavirus restrictions for restaurants.

During the first round of shutdowns, they could only keep 23 active employees on payroll (which means 183 were laid off). And during the second round of shutdowns, there were only 39 active employees on payroll (leaving 106 laid off). It's heartbreaking to see the astronomical number of restaurants and other small businesses that have suffered financially and, in some cases, had to close permanently because of the economic hardship caused by government shutdowns and restrictions.

Given these challenging circumstances, I am deeply concerned by the proposal to raise the national minimum wage to \$15 an hour and eliminating the tip credit. This proposal would be financially devastating to restaurants and other small businesses and many of their workers.

Servers at the brewery where I work are paid \$3 an hour plus tips. Our tips provide us with an income that surpasses a \$15 an hour minimum wage. Asking Bob and Jodi to increase the majority of their front of house staff to \$15 an hour is asking them to give a 400% raise to most of their employees. That would be a severe increase in expenses, at any time, but will be especially difficult given that COVID shutdowns and restrictions have caused an enormous hit to sales.

Jobs will be lost, and menu prices will sky-rocket to cover the mandated raises, which will undoubtedly deter customers from wanting to go to any restaurant. The restaurants and small businesses that have been lucky to keep their doors open after being ravaged by COVID restrictions are going to have an incredibly hard time surviving if they're forced to pay these wages. That's not to mention the hit to service industry, tip reliant, workers like me. We take jobs at restaurants knowing that we're signing up to make \$3 an hour, and we work hard to provide great service to our customers with the hope that they will compensate us with tips for the "above and beyond" serviced received. We're not asking for a flat rate of \$15 an hour, which will be a major cut in our income.

The restaurant industry has been running on this model for over 80 years now, and it isn't broken. The majority of people fighting for this so-called "one fair wage" have never worked at a restaurant at day in their lives and don't understand that we make a good living with our tips. We aren't asking for their help, and they're actually doing us way more harm than good.

What restaurants, other small businesses, and their workers need is for the economy to fully reopen. Many government-imposed business restrictions, such as the 25-50% capacity, are unnecessarily harmful and need to be lifted as soon as possible. These capacity restrictions do not make sense for many, if any, businesses, including my hair salon. With what we know, and are continuing to find out about the virus, I believe we can safely accommodate 100% capacity with modifications that allow for proper social distancing and mask wearing. Businesses should be given the flexibility to accommodate customer attendance and safety, and it should be up to the individual to decide if they want to go to an establishment or stay home. Afterall, we are supposed to have freedom of choice here, in America.

Thank you for your time and for listening to my story as a small business owner of 5 years and a tipped service worker for 18 years. Please hear my words as someone who has been blessed to earn a more than fair income in the restaurant industry with the wage model set in place, as-is. And, also as a small business owner, negatively affected by government restrictions imposed as a response to this pandemic. Piling on more requirements for businesses will only hurt business owners and employees who have already been through enough. We need to move forward from this before it completely crashes our economy and crumbles small, locally owned businesses.