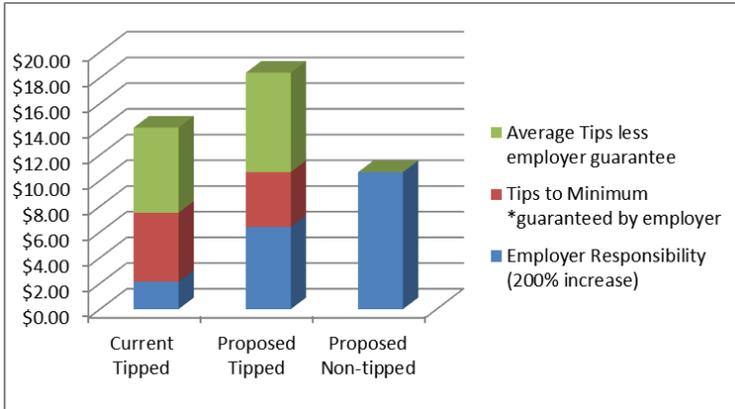


Understanding Tipped Minimum Wage in Santa Fe County



The practice of tipping is clearly under fire in the United States. Extremists believe it is a plot to underpay workers, despite the fact that tipped employees are among the highest paid employees in the restaurant industry.

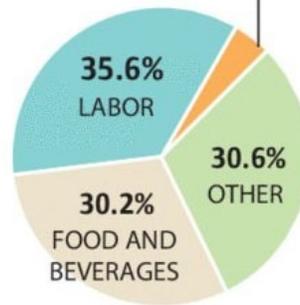
The typical tipped employee makes between \$12 and \$22 per hour. The majority of the wage traditionally comes from customer tips.

In the United States, servers rely on tips for most of their pay; In Europe and other countries, a service charge is added to a check and becomes a part of the business income from which wages are paid. Tipped

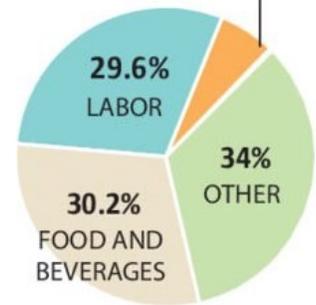
employees get a raise every time menu prices increase since tips are calculated as a percentage of the total check.

The problem facing employers is that an increase in the server wage makes it difficult to increase the pay to back-of-the-house staff (kitchen and dishwashers), who do not get to participate in tipping. With food and labor costs soaring and profit margins getting tighter, restaurant owners have to make difficult decisions. They have to decide whether to eliminate jobs, reduce hours and/or increase menu prices. None of these choices are good for employees or employers.

FULL-SERVICE
Average profit margin*: 4%



QUICK-SERVICE
Average profit margin*: 6.3%



*Before taxes and debt service.

Typical Mid-size SFC Restaurant

Assuming a restaurant generates \$900,000 a year in gross revenue, a 4% profit is \$36,000. A MW increase for servers to \$6.40 in a typical restaurant, with 18 servers, all working around 30 hours per week would be an **increase of \$120,000 per year in the restaurant payroll for tipped employees only.**

Profile of a Minimum Wage Restaurant Worker

- The majority of minimum wage restaurant workers are young. Forty-six percent of federal minimum wage restaurant workers are teenagers, while 70 percent are under the age of 25.
- The vast majority of restaurant workers that earn the federal minimum wage work part-time. Eighty percent of restaurant workers that earn the federal minimum wage work part-time, while only

20 percent work full-time.

- The majority of restaurant workers that earn the federal minimum wage are not the heads of their household. Only twenty-seven percent of minimum wage restaurant workers are heads of their household, while 50 percent are children or grandchildren of the household head.
- The average household income of a restaurant worker that earns the federal minimum wage is \$62,507.

New Mexico Minimum Wage Table				
	Minimum Wage	Tipped Employee Wage	CPI	Date of Enactment
Federal	\$7.25	\$2.13 base up to \$7.25		1/1/2009
State	\$7.50	\$2.13 base up to \$7.50		1/1/2014
Albuquerque	\$8.60	\$5.16 base up to \$8.60	yes	1/1/2014
Bernalillo County	\$8.50	\$2.13 base up to \$8.50	yes	1/1/2014
Santa Fe	\$10.66	\$0 base up to \$10.66	yes	3/1/2014
Santa Fe County	\$10.66	\$6.40 base up to \$10.66	yes	4/25/2014

Source: Bureau of Labor Statistics, Current Population Survey; U.S. Census Bureau.