

Matt Schmidt (Schmidt's Restaurant and Sausage Haus) in Columbus Testimony in Support of Senate Bill 256

Thank you for allowing me the opportunity to speak on behalf of my family's 5th generation business and our valued team members in support of Senate Bill 256, especially this bill's preservation of the tipped wage.

My name is Matt Schmidt, and I am a 5th generation leader for Schmidt's Restaurant and Sausage Haus.

Our family and team members have invested 136 years into growing Schmidt's into the iconic brand it is today, 57 of them as a local restaurant. Throughout our journey we have employed countless team members and contributed significantly to our community.

Should Ohio's tipped wage be eliminated, the negative impact on our business, our team and the community will be significant. Some of these negative impacts include:

- **The loss of valued team members**

- Our servers will experience a substantial reduction in income compared to what they currently average. This potential decrease could be as much as 57 %, equivalent to losing potential earnings of \$20.16 an hour - as our Schmidt's servers currently average \$35.91 an hour in tips.
- Not only will we at Schmidt's, but the entire industry will see an exodus of serving staff, much like we saw during COVID.
- Employment in our industry will dip significantly.
- Those jobs will not come back.

- **Guest impact**

- Quality of service and guest experience will be negatively impacted (as seen in municipalities that have recently eliminated the tipped wage). This will undoubtedly affect the numbers of guests coming to our restaurant and all of Ohio's restaurants.
- If guests are no longer (or less frequently) patronizing our restaurants, our economy and our communities will suffer.
 - Over 60% of Schmidt's guests travel from more than 30 miles away to dine in our restaurant. These guests are very likely patronizing neighboring businesses or stopping in before a sporting event, concert, or after a conference or trade show.
 - Travelers and businesses may very well choose a neighboring state that maintains the tipped wage.

- **Revenue/profits/losses**

- Many restaurants are already operating on thin margins. The tripling of labor costs will force many to exit the industry. Schmidt's will see a 96% increase in labor

dollars for tipped associates, which represents a quarter million dollars in increased costs.

- Staff cuts - we may be forced to reduce positions in the restaurant to curb costs.
- Increased minimum hourly wages for servers will impact our ability to increase wages for non-tipped team members, negatively impacting our entire team.
- We will be forced to increase menu pricing, negatively impacting our guests.

- **Our peers**

- Those in smaller communities will suffer at an even greater rate than those of us here in Columbus.
- The downtown “Renaissance” that many communities such as Bellefontaine, Sidney, and Mt. Vernon are experiencing will die off - to the detriment of those communities.

Eliminating the tipped wage would be a death knell to many restaurants, which are the heart of our communities. Restaurants provide first jobs to many and meaningful careers to those with the gift of hospitality. Ohio’s restaurants provide a valued experience for our guests, contribute mightily to the economy, and bring vitality to their communities, to our communities in every corner of Ohio.

I implore you, don’t let this happen in our great State!