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## GREATER WESTFIELD CHAMBER OF COMMERCE: STATEMENT ON QUESTION 5

10/23/2024 -- The Greater Westfield Chamber of Commerce opposes Massachusetts Ballot Question 5, which goes before voters in the Commonwealth in the November 5 election.

Ballot Question 5, if passed, will increase the minimum hourly wage an employer must pay a tipped worker to the full state minimum wage implemented over five years. It will also implement a mandatory tip pool for the sharing of tips among all employees, including non-tipped workers.

We join our members in the restaurant service industry in opposing the measure for the following reasons:

- Currently, tipped workers are paid an hourly rate of \$6.75, plus whatever tips they collect from patrons during their shift. If a worker's hourly wage and tips do not add up to \$15 per hour, the employer makes up the difference. All tipped workers thus are already making minimum wage or better.
- Under Question 5, employers expect their labor costs to increase by a huge margin (35% or up to \$30,000 per month, in some instances).
- Patrons will feel this impact in several ways:
  - First, their favorite servers may leave the industry to find better pay in other fields, due to fewer shifts being available and lower wages in the restaurant industry.
  - Second, increased labor costs among the service staff means reduced pay for back of the house, causing cooks and support staff to leave for better pay elsewhere. Fewer cooks will mean longer wait times for meals.
  - Third, higher costs to the restaurant will mean higher menu pricing for the consumer. Many establishments will not survive this change, resulting in business closures and loss of jobs.
- Many restaurants are already struggling. Thin margins will shrink even more, forcing some restaurants to close. According to our members, their service staff do not want this change to the pay structure. "Our servers do much better than

minimum wage by being incentivized by the fact that their tips are based on great service.”

- Results of a survey of tipped employees by Massachusetts Restaurant Association showed that:
  - 86% think the current tipping system works for them.
  - 90% believe that if tipped wages are eliminated, tipped employees will earn less.
  - 88% oppose a mandatory tip pool where tips are shared with the kitchen and other non-service staff.
  - 91% say they prefer the current system, with a lower base wage and tips that provide the ability to earn more than the minimum wage.
  - 56% of respondents report earning more than \$30.00/per hour.