Total Comp Talking Points:

- Without the continuation of total compensation and the elimination of the sunset clause starting January 1, all small businesses in Seattle, from non-profits to day care to restaurants will face an immediate **increase in labor costs of over 20 percent.**
- **Our ask is simple: leave the existing system in place by removing the sunset.**
- Total compensation has been a critical option for small employers from the outset of Seattle's minimum wage ordinance. Small businesses, especially restaurants, operate on razor thin margins and must already compete with supply chain issues, rising costs of goods and inflation. In industries where tips are common, allowing for the continuation gives those businesses the flexibility to reach Seattle's minimum wage.
- Keeping total compensation allows small businesses to maintain the flexibility that they have been operating under for the last 10 years and has helped ensure everyone makes a fair and livable wage in Seattle.
- Local small businesses, particularly restaurants and other hospitality businesses, are fundamental to building a thriving community. Restaurants struggled to survive through the pandemic.
- The average restaurant accumulated **$160,000 in debt** after any government relief programs, which could take four years to retire. Restaurants continue to struggle with supply chain challenges and historic inflation. Many restaurants have altered menus, raised prices, and reduced hours of operation to meet current economic challenges.
- Total compensation can include **medical benefits**. Allowing for the cost of medical benefits to be counted to make up the balance towards the minimum wage not only incentives small businesses to provide health care to their employees it also assists in the overall cost structure.
- Continuing the total compensation through employee tips and/or payments toward an employee's medical benefit plan for small employers makes sense and will not place additional stress on small businesses who otherwise will have to adjust their budgets to account for an almost $3 dollar an hour increase for each employee on top of yearly inflation.

Min Wage Background:

- Total compensation was one of several components of the minimum wage ordinance that recognized and understood the impact that a rise in the minimum wage would have on small employers.
- Part of ensuring that employees would benefit from the minimum wage ordinance's underlying commitment was ensuring that it was also workable for the employers who would be paying it and allowing them to adjust and adapt their business models in a sustainable way.

- That has happened, as anticipated at the time, and is part of the minimum wage ordinance's underlying success: that it works for both employers and employees.
- What was not anticipated at the time was that the sunset of total compensation would arrive on the heels of a global pandemic that was uniquely devastating to the hospitality industry, followed by the sharpest inflation in four decades. The average restaurant took on debt during the pandemic that will take four years to retire, while inflationary increases in costs and labor have squeezed an already narrow margin even tighter.
- Most restaurants are still seeking some fundamental stability after these historic impacts to our industry, and preserving total compensation — which is currently working and workable — will significantly help in that regard. Allowing total compensation to sunset despite these unforeseen circumstances would be an avoidable mistake, and create a fiscal cliff for many small Seattle restaurants that would be nearly impossible to navigate without massive changes to the hospitality experience -- including higher prices and reduced hours of operation, the latter of which would directly and negatively impact employees' paychecks, not enhance them as intended.