

Minimum wage hike ill-timed for some

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Restaurant owners say the 10 cent hourly increase in the minimum wage has come at the worst possible time — amid a recession and state tax increases and after more dramatic hikes in the state's minimum wage.

Restaurants are more affected than most businesses by minimum wage increases because they tend to have more lower-paid workers.

On Friday the federal minimum wage rose to \$7.25, 10 cents above the New Jersey minimum, so the higher federal minimum now prevails. Friday's hike followed federal increases to \$6.55 in 2008 and to \$5.85 in 2007. New Jersey last raised its minimum wage in 2006, from \$6.15 to \$7.15.

"We will have to raise menu prices," said Paris Petritsis, co-owner of the Paris Inn Restaurant and catering hall in Wayne with his son, Antonio. However, Paris said he's afraid raising prices will discourage customers.

They may have to lay off one employee as a result of the 10-cent hourly increase, he said, as they did with the last wage increase.

The business, which has been around for more than 35 years, pays minimum wage to about two-thirds of its 35 employees, said Antonio: to busboys, waiters, kitchen staff and the cleaning crew.

Antonio said the pay hike comes while they are trying to absorb the state's 25 percent tax increase on hard liquor, one of several tax hikes recently approved in the \$29 billion budget.

"With all these taxes, it's becoming unaffordable" to run a small business, said Antonio. His father said the restaurant survives because of the banquet hall.

Teddy Perides, owner of Biagio's Ristorante and Banquets in Paramus, is also undecided on how to deal with the wage increase. He said they've been affected by the down economy but are "doing a little more than OK."

"If we have to cut hours, we're going to have to cut hours," he said. Of their 30 full- and part-time staff, seven employees — dishwashers and cleaners — receive minimum wage, said Perides.

New Jersey's restaurant industry generates \$12 billion in annual sales, includes 23,000 eating and drinking establishments, employs 311,000 people and is the Garden State's

largest private sector employer, according to the New Jersey Restaurant Association, in Trenton.

Although a dime per hour increase may not seem that significant, there are several facts that can adversely affect restaurateurs, said NJNRA President Deborah Dowdell.

For one, she said, the state minimum has risen by \$2 since 2005.

"We're very labor-intensive, food costs are enormous, so the small increases do add up against our bottom line," said Dowdell.

There's also a "ripple effect" — employees and owners feel that when minimum wage goes up, all salaries should also go up, said Dowdell.

Economists and small businesses on both sides of the issue report rising labor costs hurt small businesses but also say higher salaries spark increased spending that benefits the overall economy.

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