

Joe Fugere, Tutta Bella Neapolitan Pizzeria

before the Committee on Health, Education, Labor, & Pensions

January 22, 2015

Good morning, Chairman Alexander, Ranking Member Murray and fellow Senate Committee members. Thank you for inviting me to share my company's story and my testimony about why I think that it is important not to modify the definition of full-time employee as outlined in the employer shared responsibility requirements in the Patient Protection and Affordable Care Act.

I am the founder and owner of a business in the other Washington...Washington State. Just celebrating 11 years, Tutta Bella Neapolitan Pizzeria is a neighborhood restaurant group comprised of five locations in the greater Seattle area with just over 200 employees.

Let's start with the fact that when it comes to the American people and small business owners in particular, I am an optimist. In my employer peer group in Seattle, I know business leaders who are driven to do the right thing. Not always because they will reap short-term rewards, but because they know that their employees are the foundation of helping them live true to their purpose and values, as well as to make all of their stakeholders successful over time.

I believe that the Affordable Care Act was a step towards giving some support to the uninsured in our country, but also to encourage business owners to do the right thing.

At Tutta Bella our stated purpose is "To nourish lives by sharing traditions, authentic food, and love." We aspire to enrich and invigorate communities by providing memorable experiences. We hope to inspire others by setting the standard for social stewardship and fiscal responsibility. Part of the reason that I agreed to give this testimony is because I think it's important to share our story and some real-world examples of this vision.

We have been offering healthcare (medical, dental, and vision) benefits to salaried managers since 2005, and all hourly employees since 2008, well before the Affordable Care Act's employer shared responsibility requirements. We set the minimum hours threshold for health care qualification at 24 hours per week to maximize our number of enrollees. As a company, if we raised it to 40 hours, almost every current hourly employee would not qualify for enrollment.

I think that it needs to be explicitly stated that this industry has and always will be comprised of part-time workers. It is inherent in the fabric of restaurants to accommodate a work force that often craves a more flexible schedule...students,

caregivers, aspiring visual and performing artists, for example. I understand that the backers of this legislation believe that it would give 2.5 million low-income wage earners a raise. The reality is that few employees in our industry would be scheduled more than 30 hours a week, regardless of the threshold.

Our industry is teeming with employees from the millennial generation. In a recent article on Business Insider ¹, the [US Bureau of Labor Statistics](#) predicts that millennials will make up approximately 75% of the workforce by 2030. The article also mentions that this generation is struggling for financial independence compared to previous generations, with 24% who participated in a survey reporting the need to move back home at some point after entering the workforce vs. 10% of Gen Xers and 5% of Baby Boomers. With the Affordable Care Act allowing young adults to stay on their parents' health care until age 26, this generation is offered some much needed support in trying times. As an employer, we are proud to help our millennial staff during this time of transition to independence by offering more of them health insurance when they need it, whether it's before or after the age of 26.

On the other end of the age spectrum, some employees in the restaurant business need to continue to bring in income even as they start to reach more standard retirement age. I think of one of our longest and most loyal employees, Renee. When I was just opening our first location in the Columbia City neighborhood in Seattle, Renee was so excited about the potential of Tutta Bella invigorating the "main street" of our neighborhood that she even offered to work as a server for "free." I didn't take her up on the offer of free labor, but she did become our first server. Eleven years later, Renee is 60 years old and has become a cornerstone of our culture and beloved by staff and guests alike. She has been fully enrolled in our benefit package for years and it is a huge relief to her as a single person. Even if it was possible to schedule an employee like her with the 40 hours recommended in this amendment, it would be challenging for her to physically manage working that many hours. With the U.S. restaurant industry projected to have employed 13.5 million people in 2014 (about one out of 10 working Americans) ², it pains me to think of the potential hundreds of thousands of people like Renee who could be impacted by this change in definition of full-time employee.

Our industry also shows incredible growth in minority ownership and employment. In 2012, 59% of first-line supervisors/managers of food preparation and service workers were women, 14% were African-American and 17% were of Hispanic origin.² Part-time shifts are the foundation of the restaurant industry. Increasing the full time hours to 40 hours per week is a regressive measure that will negatively impact minority Americans...many of whom may be receiving health benefits from an employer for the first time.

There is limited evidence that the current health reform has caused any significant shift towards part-time work in any industry.³ Rather than focusing on the few employers who will be led solely by profits and cost savings, let's focus instead on those employers who I believe comprise the majority of business owners in our country...the ones trying to do right by investing in their employees while at the same time reaching their financial goals. It is a balancing act for sure...one I work hard to achieve with my team every day. I've seen the results of offering a robust healthcare package in higher morale, lower turnover and increased productivity...not to mention the big, bright smiles of healthy, happy, productive employees!

In close, I want to be a business leader in a country that is progressing as a society, not taking steps backwards. As we continue to shift towards a more service-based economy, we need to give large numbers of people in this workforce more opportunities to be successful and healthy in the years and decades ahead.

One out of 33 people are foodservice employees in Washington state.⁴ As one of them...it would be my dream if we ALL did the right thing!

¹ Jacquelyn Smith, 8 Things You Need To Know About Millennials At Work, November 18, 2014; <http://www.businessinsider.com/what-you-should-know-about-millennials-at-work-2014-11>.

²National Restaurant Association, <http://www.restaurant.org>.

³ Bowen Garrett and Robert Kaestner, Little Evidence of the ACA Increasing Part-Time Work So Far, Urban Institute, September 2014, <http://www.urban.org/UploadedPDF/413217-Little-Evidence-of-the-ACA-Increasing-Part-Time-Work-So-Far.pdf>.

⁴ Washington Restaurant Association, <http://warestaurant.org>.