

Thanks again for coming to the meeting in Dallas. (I am also sending this letter to those who were unable to attend.) While we were together for less than three hours, my follow-up conversations affirm that five key points came through. Specifically:

1. There will be significant erosion in Republican-held state legislative seats in November 2018. The policy implications are obvious.
2. Support for doubling the Federal minimum wage to \$15 and reducing tip credits does not trigger public concern. The public is insensitive to these costs.
3. Without an "offense" communications strategy, we will be overwhelmed by expensive legislation.
4. The industry response most likely to gain traction with the public is to emphasize the plight of low-skilled youth who have unemployment rates 4-5 times higher than the national rate and who are stranded on the sideline of the job market.
5. The more than 1,000 young adults dropping out of school every day with declining work opportunities is a compelling dilemma that must be addressed. A bipartisan public is receptive to lower "apprentice" or "intern" wage rates for young people. And a "youth" wage will have a sobering ripple effect on all entry level wage rates.

There are two paths forward to improve on the industry position regarding labor costs.

First, we need an offense message that identifies the true victims of ill-conceived wage mandates. Our research indicates that when we connect the dots on wage mandates, the negative impact on youth unemployment, and the consequent destruction of entry level jobs, we achieve a new public awareness and sympathy for youth "victims". Today we need fewer statistics, and more graphic stories that show a growing societal crisis that needs to be avoided by rejecting wage policies with unintended consequences. . (You can see our appearance on the Wall Street Journal video feed this morning [here](#)). Our firm has received many awards for our communication projects. [Click here](#) to view. We believe we can get 3 million views of our youth videos for every \$100K.

Second, we lose on the "affordability" issue because of a limited ability to reach the public at large regarding tight industry margins. We can greatly improve our education reach through major industry adoption of our Econ Trivia vehicle on table top coasters, tray liners, coffee sleeves, etc. If the food service industry committed to a two-week campaign, three times a year, we would make hundreds of millions of impressions to achieve a level of common knowledge on margins that is currently missing. Consumers and employees will be the audience for that information. Our research indicates our approach will achieve this education goal while avoiding a self-serving defensive message. It has already been favorably embraced in our tests with thousands of consumer experiences. My hope is that we can work through the appropriate trade associations to make this approach a broad-based success.

Our time frame to get this done is in 2018. We expect a post-2018 election environment to embrace a far-left resurgence proposing broad labor market interventions. Our opportunity is to use the next 12 months before those elections to inform and engage public support on the growing crisis of youth unemployment.

Assuming your endorsement of our best offense (youth unemployment) and defense (wage affordability), we will work with individual companies and trade associations on execution. I understand that not everyone will participate on the consumer / employee education component, e.g., coasters, tray liners. But everyone should be able to provide resources to support our broader plan.

Our two-tier communications budget is below. We are confident that our positioning will work to align industry needs and societal values with legislative perspective. All we need is your support.

-Rick

202-463-7100

<b>EPI 2018 COMMUNICATIONS BUDGET</b>	
<i>January-December 2018</i>	
<b>MEDIA, MESSAGING AND RESEARCH</b>	
Media Outreach (Op-eds, Releases, Leditors, etc.)	**
Advocate Media Program	\$162,500
Polling and Focus Groups	\$120,000
Additional State-Based Research and Studies	\$180,000
<b>CREATIVE PRODUCTION</b>	
Video Profiles of Discouraged Youth (12)	\$180,000
Website Work (Faces of 15 and MinimumWage.com)	\$14,400
TV PSA on Youth Employment and Careers	\$35,000
Overall Graphics (Print Ads, Social Media Efforts, etc.)	\$30,000
<b>ADVERTISING AND MESSAGE DISTRIBUTION</b>	
Targeted Social Media Advertising of Videos	\$744,000
Distribution of Youth Employment PSA	\$22,000
Targeted Paid TV Advertising (DC and Targeted Cities)	\$363,000
Coaster Printing and Distribution (3 Versions)	\$2,200,000
Selected Print Ads and Additional Advertising	\$300,000
Campaign Management, Travel, G&A	\$270,000
<b>TOTAL BUDGET:</b>	<b>\$4,631,000</b>