

Testimony for the Record

Submitted to the
Health, Education, Labor, and Pensions (HELP) Subcommittee on Children and Families

For the Hearing
“Everyday Expenses and Everyday Americans: How High Costs Impact Children and Families”
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Witness: Dan Lee

Owner, [Farina Pasta and Noodle](#)

Chairman Casey, Ranking Member Tuberville and Members of the Subcommittee – thank you for inviting me to participate in today’s hearing and thank you for your attention to a topic that is of critical importance.

My name is Dan Lee. I own and operate a small, fast-casual restaurant - Farina Pasta and Noodle - which I opened in Philadelphia, Pennsylvania in 2021 after proudly serving our country in the Army as a bomb squad team member.

I started our fresh pasta-focused restaurant concept in a ghost kitchen in 2020, soon evolving to a brick-and-mortar location in 2021. I love what I do and I thrive on the trusting relationships I've built with my local community, but I'm challenged every single day with how to keep my doors open, my staff compensated, and my customers happy and eager to return.

Today, I'd like to share a few of these macro-challenges with all of you.

Challenge #1: Pre-pandemic prices have not come back.

As a small business, everything I buy has gone up significantly in price. When prices rose during the pandemic, we accepted the general pricing spikes on everything from produce to packaging to fuel. These price increases were passed on to small business owners. However, now there's no longer a shortage of produce and gas prices have fallen from their peak, and the logistical challenges for shipping have come and gone. Why aren't we - the shop owners - seeing a difference?

As you are likely aware, fast-casual corporate chains - many backed by Wall Street investors - are opening all around me. I'm not afraid of competition and will stand by my product and services, but it's not a level playing field for myself and small businesses like mine. I'm paying \$1 per box for the pizza boxes I need for take-out for *just one* of my menu items. I don't have the buying or negotiating power of a chain restaurant that benefits from economies of scale. We don't have large - if any - marketing budgets to drive sales and acquire new customers. It's hard to compete.

Challenge #2: The junk (service) fees from food delivery apps are constantly inflated, with no end in sight.

When a customer orders delivery from my restaurant, many times they're finding us through a food delivery service like Grubhub, DoorDash, or Uber Eats. The fees that these apps charge the consumer are significant—and strain the consumers' ability to shop at my store. They can be as high as 30% plus marketing fees which means you can see as much as 50% being taken from the total order.

To offset the fee these companies charge, we raise our prices for the apps and run the risk of alienating our customers - even our loyal ones - because they can't afford the higher price in addition to the extra fees. The delivery apps do not like when the a business owner charges a higher price on their platforms versus what is charged for an instore purchase. With one of the delivery platforms, if they find out you charge a different price, they will not show your store as high in the search rankings until you change the prices to make them the same. Most small restaurants are not as easily searchable and are buried deep in their list of food providers. In fact, I have seen large chain businesses, like Wendy's or McDonald's, recommended as a "local" favorite by these apps— this is because these larger restaurants are able to develop a relationship, at the corporate level, with the apps.

It's a vicious cycle – we raise prices to maintain revenue, higher prices cause me to lose business and lose money – and eventually restaurants like mine must shut down.

Challenge #3: Employee acquisition and retention gets more and more challenging.

Inflation also impacts my labor costs - my employees are struggling with the same inflated costs for groceries, gas, and rent. I pay a base of \$14 per hour plus tips to recruit and retain qualified labor. Committed and well-paid employees also result in an

all-around better customer experience. Not to mention that turnover, often resulting from low pay, is expensive and time-consuming.

Conclusion

I care about my business but about the small business community culture around me. When consumers shop local, \$0.68 of every dollar spent is recirculated in the local economy. This ripple effect is powerful and significant to our local economies, and it is also at risk. As small businesses fail, our neighborhoods lose what makes them unique and vibrant, from the food they serve, to the goods they provide, to the cultures and communities they represent. This isn't just true for Philadelphia, but for other large cities to small towns across the country. As an advocate for these communities, I thank you for listening and I look forward to your help in moving us forward.