

Committee on Small Business
US House of Representatives
2361 Rayburn House Office Building
Washington, DC 20515-6315

Mark Lunde Statement to Committee on Small Business -REVISED 09/14/2021

First, I would like to thank Chairwoman Velazquez and the Small Business Committee for having us.

I have three (3) specific items I would like to comment on, these are specifically:

1. Federal Minimum Wage

While I agree that a livable wage is certainly the goal and aspiration of every American, it does not belong in the hands of the government. Many experts agree and most data suggest that even \$15 per hour is not a livable wage in most parts of the country. Across the board mandates (another real-life example of an “unfunded mandate” to a private business), while they do have limits and exclusions, are harmful to competition specifically in rural markets. Furthermore, they stifle new opportunity and training opportunities for people entering the workforce.

Example: We have an 18-year-old, recent High school graduate who chose to enter the workforce vs. attend further schooling at this time. Had we been “forced” to pay him \$15 per hour, we would not have been able to hire him. In the time he has worked full time for us, starting at \$10.00 per hour, he has earned two raises and been placed on a monthly bonus program making his actual pay much higher than the \$15 per hour “minimum” that is proposed.

Wages, like prices, should be set, corrected, and moved by the market. With all moving parts considered (job types, parts of the country/state/area), employers in 2021 should be as aggressive as ever to push wages upward and those that aren't will be out of business.

Following the pandemic - the underserved markets such as hospitality, retail, restaurant, and several others) see huge spikes in their human capital expenses...while we certainly want to avoid inflation, some view this as a simple market correction and many of these sectors' employees and former employees have taken this time to go back to school and/or seek other opportunities.

2. Affordable Daycare

According to The Committee for Economic Development released a report, "Child Care in State Economies: 2019 Update" on January 31, 2019.

At that time there were 674,332 childcare programs in the United States with revenue of \$47.2 billion, employing 1.5 million workers.

The spillover impact of these programs generated an additional \$52.1 billion in local economies. And regarding employment, beyond direct jobs within the industry, an additional 507,089 jobs are supported within communities leading to an overall jobs impact of 2 million workers.

Obviously, these numbers have been hugely affected by the pandemic. Just in our small area, I know of 3 different home-based and small centers that called it quits early in the pandemic and shut their doors for good for one reason or another.

According to Rania Antonopoulos at the Levy Institute, they estimate that following the Great Recession, had investments in "care" infrastructure been made in conjunction with the investments in physical infrastructure, they could have yielded twice as many new jobs as those latter investments alone.

Particularly in rural America where I live, we have a huge hill to climb in the way of economic development and getting people back to work-and that is investing-seriously in Daycare, home-based childcare and after school programs.

3. Unemployment Benefits

Unemployment benefits, extended benefits and all the like are lumped in here. Again, while totally necessary during the full throws of the pandemic and uncertain times, mandated shutdowns, and the like... this has become a joke in many areas. Many if not most businesses up and down main street, factories and offices alike are in desperate need of employees. Businesses are changing models, hours and services because of lack of available workforce, meanwhile those same able-bodied workers are/were collecting checks vs. working. Some call this a work ethic issue. Some call it a government hand out. I call it just bad for business. In 25 years of business, I never dreamed I would literally have to compete with Unemployment compensation to attract and retain employees. Any/all forms of this must come to an end-quickly.

Resources:

2. Rania Antonopoulos and others, "Investing in Care: A Strategy for Effective and Equitable Job Creation" (Annandale-on-Hudson, NY: Levy Economics Institute of Bard College, 2011), available at http://www.levyinstitute.org/pubs/wp_610.pdf. 