

Dear Honorable Members of the House Majority Policy Committee:

I want to thank the members for having me here to testify. My name is Doug Taylor and I, along with my Wife Sara, are the founders of Taylor Chip Cookies.

I would say we have a bit of a unique perspective on this as our business does not produce agricultural products per-say, but we work very closely with those that do. We utilize their products in our cookies and soon to be ice cream as we are working towards opening our large dairy processing facility.

We have always tried to use local ingredients and support those producers within our community if at all possible. We love understanding the quality of the ingredients we use so we can feel confident about what we are serving our customers. From an ingredient standpoint, our butter is a great example of what is happening to our ingredient cost across the board. Sourced from Hillandale farms in Gettysburg, PA, our butter was \$3.15 per pound in January of this year. However, now our butter is \$3.68 per pound. This is a massive 15% increase in just 8 months. This is an addition to the rise in cost from 2021.

I would like to say that the rising cost of ingredients is our biggest challenge we have faced as a business. Unfortunately, that has not been the case. Our biggest struggle has been labor. The first half of the year, our projections were, just about, cut in half. We struggled to find the staff needed to produce our cookies, which we ship nationwide. At some points, our fulfillment has been up to 3 weeks out due to not have the staff to keep up with demand. For us, this meant that we had to turn off advertising and actively stop trying to bring in new customers.

At the beginning of this year, we were successfully bringing people onto our full-time staff team at \$13 per hour. Now our full-time staff starts at \$15 if they have no experience. Even with that, it is hard to compete with companies like Target who are now hiring at \$15 an hour, with benefits, to man a cash register.

As we continue to grow, we've gotten to the point where health benefits for our team start to look possible and for that, we've been working with Central Penn Benefits. During the last 2 years, we've been too small to find a benefits solution that has made sense for our company. In this competitive market, that means that we lose out on a lot of opportunities to hire. This leads us to rely on seasonal workers who are still covered by their parents' health plans. On top of this, we will still have to raise our product cost to be able to provide benefits to our team.

Despite the combined 15% inflation of both ingredients and labor (THIS YEAR ALONE), this hasn't always meant that we have raised our price on our product. During this year, we've only increased our prices in store by 6%. Although we will be raising the price again the 1<sup>st</sup> of September, we've seen backlash with every increase. Our desire is also to keep our product affordable for everyone but at a certain point, small businesses like ours cannot afford to keep absorbing the cost.

As a small business owner, there has been many of these struggles over the last couple years and this year we have seen the biggest challenges thus far. I am not here claiming to have the right

solution or even know what needs to be done. I would just ask that the Committee would be mindful of small businesses like ours. Who are under 100 employees and still trying to do the right thing by providing healthcare to their full-time staff. Any legislation that promotes further government intervention or oversight of the business sector in general, even if small, has the potential to have a powerful ripple effect for all of us small businesses owners. Seemingly small changes can have huge impacts on us, whereas a large corporation may very well be able to absorb it without seeing much effects.

I would like to thank Chairman Causer, and members of the Policy Committee for allowing me the time today.

Doug Taylor, CEO of TaylorChip.com