

Testimony

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Chairwoman Velazquez, Ranking Member Chabot, and distinguished members of this committee, thank you so much for inviting me to testify today about my experience with the Paycheck Protection Program, the experience of other independent restaurants, and what this industry needs to survive the rest of the year and beyond. Independent restaurants like mine are in each of your districts and the majority of us are frightened by the prospect of losing our business in the near future. Your timely decision to have this hearing and include my voice is much appreciated and the help we are seeking is desperately needed.

My name is Amanda Cohen and I am the chef and owner of Dirt Candy on the Lower East Side in Manhattan. Chairwoman Velazquez has been a longtime advocate for business owners like me, and I am honored to appear today as a voice for so many voiceless businesses.

Dirt Candy is a fine dining vegetarian restaurant in New York with about 40 seats and a bar. We started back in 2008 with just 18 seats, but outgrew our first location and in 2015 we moved to this new one on the Lower East Side. We offer two tasting menus that focus on really experimental and inventive vegetable dishes and we don't accept tips because we pay our workers a living wage.

I also am honored to represent the leadership team of the Independent Restaurant Coalition (IRC), a newly formed coalition of thousands of chefs and restaurateurs across the country who organized for the first time in response to the pandemic. We represent America's nearly 500,000 independent restaurants— nearly three quarters of all dining establishments in the country— who don't have the same access to significant debt instruments or private equity as corporate-owned businesses.

Today, I am going to share how the pandemic has impacted Dirt Candy, an experience that will sound familiar to the over 500,000 other independent restaurants across the country.

I'm also going to explain why Congress must pass the RESTAURANTS Act (H.R. 7197) to ensure the 11 million people that work in independent restaurants and the five million more in the industry's supply chain can get back to work as soon as possible.

Business Status

Dirt Candy re-opened a week ago today for outside seating, the first time since New York's shutdown orders. The day we reopened, it rained, and we had to completely alter our plan again.

Outdoor dining has forced us to dramatically alter our menu and processes for serving customers. A number of our dishes are not conducive to heat, rain, or a long time outside. Our seating is on a ramp to the Williamsburg Bridge, which is not the best spot for a refined meal, but it is what we have at this point, so we are working to make the best of it.

We were not able to pay our employees during the shutdown, so many went on to unemployment or took other jobs. While I received a Paycheck Protection Program (PPP) loan, I chose not to use the money then because it was unclear when we could once again reopen. More on that in a minute.

Anyone who opens a restaurant tries to pack it full of people looking for a great night out, whether that's a celebration, an escape from the kids, a date, or any other kind of dining experience. People have always wanted to be around people, be close to the action, and find their scene.

Today as we struggle through the pandemic, people are looking to be as far away from each other as they can. Even as we've moved to outdoor seating and search for ways to continue to serve our customers, my business model – rent, staffing, menu – have all been predicated on filling all of my seats and turning them over twice and sometimes three times a night to maximize the work that everyone on my team does. If my fixed costs of running a business don't change and demand for dining out remains low, there is no way Dirt Candy can survive.

Like a lot of restaurants, we've revamped our menu from fine dining to delivery and take-out meal kits, sandwiches, salads, and sides, and we've done okay. But Dirt Candy has never had a take-out or delivery business before, so we don't have a built-in customer base that's used to ordering from us on a regular basis. We've discovered that we're having to build a new business from scratch. My dining room sits idle. Most of my staff have not been rehired. My colleagues tell me the same thing: takeout is only making up about 30% of lost revenue on average. Outdoor dining and in some cases limited indoor dining makes up more. But in my conversations, few if any restaurants are above 60% and most are below 50% of last year's year-to-date revenue.

There is a larger issue: going out to a restaurant is not considered to be safe. So long as people do not believe it's safe to eat out, our businesses will have a hard time surviving. Many people won't feel comfortable going until we have a vaccine that works. This is an issue unique to our industry as state and local government begin the difficult process of reopening. I urge you to consider the unique obstacles restaurants face as you look towards the next round of economic stimulus package.

PPP Experience

When the pandemic hit, I laid off all 35 employees at Dirt Candy. About six weeks ago, I rehired one person to help get the restaurant ready to re-open in its current form. As of today, I have rehired only 17%, or six, of my employees and don't plan to hire others for the foreseeable future.

This was only possible because of PPP. In fact, the changes to the effective date of PPP this Committee worked on and went into effect in June is the only reason I could afford to reopen

Dirt Candy. I could not have even rehired this 17% of my workforce without PPP. But I was lucky. As you have heard, many restaurants had trouble accessing the relief from PPP and those that did— like me— still aren't in a particularly strong position as a business.

Even if my doors are open, there are still 29 more people who used to count on Dirt Candy for their well-being who are out of work. With limited outdoor seating, limited demand, and a dining room on a ramp to the Williamsburg Bridge on beautiful summer evenings, as well as rainy ones, it is hard for me to see a time when I am back up to 35 employees this year, or even early next.

Independent restaurants employ about 11 million people across the country and were the hardest hit by rising unemployment since March. The restaurant industry employs over one million single mothers, employs more minority managers than any other industry, and is the first job for many Americans. Operating below full employment will have ripple effects on our communities that we don't yet understand.

My experience is not unique. Almost every independent restaurant across the country struggles with these same issues, or worse. Some could not access the PPP because their bank took care of other customers first or their bank rejected their applications. Others were afraid to use the loans they got and returned them because they could not afford to make a mistake and take on more debt. Those who got and used PPP loans are seeing them run out or not bridge the time needed to fund operations in this uniquely affected industry.

The PPP program helped me reopen, but the RESTAURANTS Act, which I will discuss now, will help independent restaurants survive until this pandemic subsides.

RESTAURANTS Act

The one thing that would be enormously impactful for the industry is passing Congressman Earl Blumenauer's RESTAURANTS Act. The Chairwoman has cosponsored this bill, for which I am grateful, as have eight more members of this committee. Independent restaurants generate \$271 billion in direct and indirect economic activity. Passing this bill would reduce the unemployment rate by 2.4%. As many as 85% of independent restaurants say they will close without direct help. Passing this bill would help avoid this disaster.¹

Restaurants need your help. As you can see from my testimony above, PPP, with the significant changes Congress made in the late spring, is an 8-week solution to an 18-month problem for restaurants. My PPP loan allowed me to reopen but it is not going to allow me to stay open, even if it is forgiven.

A number of members of this body and the Senate have considered new loan programs. I really appreciate their desire to help restaurants like Dirt Candy and like my favorites – Nom Wah Dim Sum, Cervo's, Partybus Bakeshop, and Roasting Plant. But the last thing we need right now is more debt, regardless of the lender or the terms.

¹ All data from Economic Report found in Addendum 2

Mr. Blumenauer's bill would provide grants to restaurants to allow us to make up some of the money we are losing to pay staff, make our suppliers whole, provide benefits to our team members, pay our rent or mortgage, pay for the changes needed to serve anyone in this era – like personal protective equipment, outdoor seating, new barriers, and anything else needed to adapt to being a socially distanced public gathering place.

The safety of my team and our customers is paramount to me. As we are still in the infancy of our reopening, I am working every day to make sure we can make everyone as safe as possible, but if I have to close again in a week, a month, or two months, it is going to be completely devastating.

I am a chef, because I love to cook and serve people. In my case I like to do it with unique vegetarian options in one of the greatest cities in the world. If the RESTAURANTS Act passes, I can keep doing what I'm passionate about. If it doesn't, I don't know how I am going to survive or how 85% of independent restaurants in every district represented on this committee will survive.

Supply Chain

Dirt Candy does not stand alone. Our restaurant supports farmers, vintners, brewers, liquor purveyors, and an entire supply chain. Most other restaurants add fishers, ranchers, and other parts of the supply chain to this list.

We are hearing horror stories about all kinds of food spoiling or being thrown away. In fact, \$1 billion in perishable goods were left sitting in the stagnant supply chain within one week of dining rooms closing. A chicken processor decided to invest in a complete pivot to wholesale due to the fact that they expect restaurants to permanently close at an alarming rate nationwide. The supply chain is struggling from top to bottom to adapt to the changing landscape in restaurants. They are trying to go direct to consumer or repackage their goods to get them sold to people who want them, but in a lot of cases they are wasting food. This can't last forever.

Helping restaurants helps the over five million people who supply them. The RESTAURANTS Act specifically would allow us to make our suppliers as close to whole as possible. Addendum 1 to this testimony is a letter from over 215 businesses that supply restaurants endorsing the RESTAURANTS Act.

I want nothing more to be able to be back to normal and supporting my farmers and suppliers and they want nothing more than that too. In the meantime, however, we need help to get through these times until we can get back to normal.

Tourism/Hospitality

I am lucky. Dirt Candy has gotten positive reviews from both critics and diners alike. People come from all over the world to New York and some of them take their time to come to my small corner of the world to try Dirt Candy. They support my team. They also support hotels, taxis, airlines, Uber and Lyft, bike share, the MTA, and so many other parts of the tourism and hospitality industry.

New York is not alone. Imagine planning a trip to Chicago, San Francisco, Charleston, Atlanta, or Washington D.C., without being able to visit the great restaurants they have become known for. Independent restaurants draw millions of tourists from all around the world. In 2019 total spending by domestic and international travelers on food services in the United States was \$279 billion—more than double the amount spent on either recreation or retail.

I am proud people want to travel to eat what I cook. I love to meet them and talk to them. I love to share my work with them. I am so happy that they make Dirt Candy part of their travels. And I want to get back to that as soon as possible.

As you can imagine, that's not possible now and all of these industries are struggling. I want them to bounce back just like I want restaurants to survive and thrive because at the end of the day, we are all connected.

Conclusion

Thank you, again, for the opportunity to be here and to share the story of independent restaurants with you. I sincerely hope that you will find a way to help independent restaurants with all of the hard work you are doing on behalf of small businesses across the country.

Addenda

Addendum 1: Supplier Letter in Support of the RESTAURANTS Act

(<https://www.saverestaurants.com/news-item/supplier-letter/>)

Addendum 2: Economic Study ([https://media-](https://media-cdn.getbento.com/accounts/cf190ba55959ba5052ae23ba6d98e6de/media/EmH1JsVMRNylmKA)

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