

Testimony of Cheetie Kumar
Chef and Owner of Garland
U.S. Senate Committee on Small Business
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Chairman Cardin, Ranking Member Paul, and members of the committee, thank you for inviting me today to talk about the supply chain in the restaurant industry and how this committee and Congress can help.

I am the chef and co-owner of Garland in Raleigh, NC. In the same building as Garland is our music venue and basement cocktail bar. I am a self-taught chef who studied recipes while touring across the US as a guitar player alongside my husband and business partner, Paul Siler. Seeing every corner of this country with our band, Birds of Avalon, showed me the value of an independent, artistic spirit and that informed how we connect to our downtown Raleigh community.

Let me start by thanking this Committee and especially Chairman Cardin for all the support you have shown independent restaurants throughout this pandemic. You have given us a lifeline to survive in the Restaurant Revitalization Fund (RRF) and we are eternally grateful.

I would be remiss if I testified before this committee and did not advocate for refilling that fund to take care of the 177,000 restaurants who applied and did not receive a grant. They desperately need help, and the Congress could ensure the success of a generation of independent restaurants by providing the money to fund all the outstanding grant applications.

One hundred thousand restaurants have already closed permanently. Many of my friends and colleagues are hanging on by a thread and have taken on crushing personal debt as they fight against joining the growing list of closures. More than 80% of restaurants who did not receive the RRF report they are on the verge of permanent closure.

Data collected from a January survey of nearly 1,200 members of the independent restaurant and bar community in all 50 states demonstrates the dire situation the pandemic has created for these businesses, especially those that did not receive federal RRF grants.

- 49% of businesses that did not receive RRF grants were forced to lay off workers because of the Omicron surge
- 42% of businesses that did not receive RRF grants are in danger of filing for or have filed for bankruptcy
- 28% of businesses that did not receive RRF grants have received or are anticipating receiving an eviction notice
- Restaurant and bar owners who did not receive an RRF grant are taking on more personal debt. 41% of people that did not receive RRF reported taking out new personal loans to support their businesses since February of 2020. This is only true for 19% of businesses that received an RRF grant.

The Census says that restaurants and bars have lost more than \$280 billion in sales. Chairman Cardin, I have been on calls with a number of strong, wonderful restaurant and bar owners in Maryland and they are past their breaking point. The same is true for Kentucky, Washington, Florida, New Hampshire, and every state represented on this Committee.

I know you invited me to talk about the supply chain and I will do that as well, but I did not want to pass up on the opportunity to ask you for the help we so desperately need.

I am proud to be here representing the hundreds of thousands of independent restaurants across the country and their millions of employees. My story is not very different from so many others in the restaurant industry. With my family, I immigrated from India to the Bronx at the age of 8 and eventually settled in the South to play music and open my restaurant. Our industry is full of these stories – from folks all across the country and all around the globe. Women, minorities, single parents, veterans, and so many others get their start in restaurants, build their lives working in restaurants, or make a career out of working in restaurants. Frankly, restaurants represent America more than any other industry.

I am a member of the Board of the Independent Restaurant Coalition – a group borne out of crisis. Chefs and independent restaurant and bar owners from across the country gathered in the first days of the pandemic to advocate for help for the restaurant industry. Together we have built a grassroots movement to secure vital protections for the nation’s 500,000 independent restaurants and the more than 11 million restaurant and bar workers impacted by the coronavirus pandemic and build a more sustainable future for our industry.

Two years later I sit before you, in person finally, to talk about the supply chain, how the RRF has helped, and how we can fix the supply chain. And, make no mistake, when we talk in general terms about the “supply chain,” what we are also talking about is the rising costs that result from a broken or damaged chain.

Independent restaurants play a unique role in the food supply chain. They both push items into the supply chain and pull items out of the supply chain. Think about kale. For many years the largest purchaser of kale was Pizza Hut who used the leafy green as decoration on their salad bar. According to the Department of Agriculture, U.S. kale production [increased by nearly 60 percent between 2007 and 2012](#). The increase in demand came when chefs started serving the nutrient dense green in salads, soups and slaws. Kale went from lowly decoration on the salad bar to becoming the darling of celebrities and food media. Kale sales continue to rise, in 2020 the leafy green accounted for more than \$225 million in sales. That collective growth is often spread among smaller farms supporting local agriculture systems since independent restaurants individually source at smaller volumes.

My restaurants adapt to supply chain issues every day. We look for less expensive cuts of meat with great flavor and potential to be featured in dishes. So long as they remain affordable, we can serve them. In the case of flank steak, it was a less expensive cut of meat, so it was on a lot of restaurant menus. Then the demand for flank steak increased as home cooks discovered it. Flank steak is a long, flat, thin, boneless and lean cut of steak, whose grain runs lengthwise. Like most cuts of beef there are **two flank steaks per cow**, one on each side. With limited supply and

increased demand, prices increase to the point where it doesn't make sense for our menu and margins, so we make changes.

When hundreds of thousands of restaurants closed or severely limited capacity at the beginning of the COVID-19 pandemic, it created a giant gap in the supply chain. Millions of dollars' worth of food spoiled or was thrown away. In the best circumstances, food was donated to those who needed it. In the worst of circumstances farmers and ranchers were forced to destroy or euthanize their crops and animals. With each surge of the virus and change in consumer demand the supply chain has struggled to keep pace with the market.

Right now, the Producer Price Index (PPI) report released by the Bureau of Labor Statistics (BLS) indicated food prices rose 12.8% over the past year, including major jumps for ingredients critical to restaurants like beef and veal (43.9%), grains (22%), shortening and cooking oils (36.4%), and eggs (40.9%). the price of our non-GMO oil rose from \$38/ 5-pound box to as high as \$110 and currently is hovering around \$85 if it's even available.

At Garland we source our food and supplies locally as often as possible. When we were forced to close in March 2020, I watched my suppliers suffer too. Overnight they lost hundreds of thousands of dollars in sales. And the recovery hasn't been easy for them either. For instance, my seafood supplier – Local's Seafood in Raleigh – goes to the coast and brings fresh catch into town twice a week. They lost most of their customers in the matter of a few when the pandemic began. Their operation is large enough operation that they could pivot to offering direct to customer sales. As restaurants have had uneven recovery - I return to near capacity operations in March but my neighbor can't reopen fully till June. Locals faces a challenge of prioritizing restaurants as customers while still serving their direct-to-consumer market. We've seen a lot of small farmers and purveyors simply close because so many restaurants have closed or because as a variant rages through our community, restaurants have had completely unpredictable revenue and volume of sales which directly impacts these producers.

While some of the dramatic price increases, we've seen over the past two years have leveled off, most ingredients and supplies needed to operate our business are significantly more expensive than they were in 2019. And while I have always been able to manage changes in prices, it is nearly impossible for independent restaurants who did not receive RRF grants to manage months of back rent, personal debt, supplier bills, unpredictable dining demand, labor issues, and supply chain uncertainty at the same time.

I was lucky enough to receive an RRF grant, and I am eternally grateful for that. As a result, I am struggling to deal with supply chain disruptions, but I am able to do so in the same way I was pre pandemic. But those who were not as fortunate are compounding their pandemic problems with supply chain issues.

As this Committee and others consider ways to work on the supply chain and how to help businesses like independent restaurants, the IRC stand ready to work with you. While we remain focused on getting relief for those independent restaurants hardest hit by the pandemic, we are also working to give voice to those same restaurants on farm policy, fisheries policy, labor and

employment issues, and other things that are so crucial to our members. Independent restaurants are the tip of the spear on supply chain issues and very good at labor cultivation.

Again, thank you for holding this important hearing and I look forward to working with you on refilling the RRF and these other critically important issues.