



American Made. American Inspired Cured Meats®

La Quercia LLC - 400 Hakes Dr. Norwalk, IA 50211 - (515) 981-1625

**Written Testimony from Kathy Eckhouse
Owner of La Quercia in Norwalk, Iowa**

**Before the U.S. House Committee on Education and Labor
The Honorable Robert C. “Bobby” Scott, Chairman
Hearing on H.R.582, “Gradually Raising the Minimum Wage to \$15: Good for Workers,
Good for Businesses, and Good for the Economy”
February 7, 2019**

My name is Kathy Eckhouse. I am the co-founder and co-owner of La Quercia in Norwalk, Iowa. We make award-winning cured meats like prosciutto and pancetta. We source exclusively from family farms, primarily in Iowa and Missouri and all in the United States. I strongly support raising the federal minimum wage to \$15 by 2024, as called for in H.R.582, the Raise the Wage Act of 2019, because it will be good for businesses, good for workers, and good for our economy.

My husband and I founded our business in 2000 and by 2004 were able to build our own production facility. We started with just ourselves and now have 60 employees. The deli sector is one of the fastest growing components of retail food, and antibiotic-free meat, which we have always used, is the fastest growing sector of deli. Our products are sold across the U.S. and Canada, in large grocery chains like Hy-Vee and Whole Foods, as well as in local grocery chains and independent shops.

We’ve always paid a livable wage and that’s an important factor in our success. We are a meat processor, a generally low-paying sector of the economy. But we have been committed from the start to true sustainability and livability for all elements in our work chain, from the farmers to our employees.

Our starting hourly wage for production staff is \$12 to \$14 per hour, depending on their experience. The clean-up crew, which works a later shift, gets a \$2/hour premium. After 90 days, employees have a review and an opportunity for a raise. Anyone with us for two years or more is currently making between \$16 and \$17 per hour or more, plus a quarterly bonus equivalent to a week’s wages. We also provide paid time off, paid maternity leave, and other benefits. All of our employees work full-time and year-round.

The Raise the Wage Act does not call for a quick jump to \$15. It calls for gradually raising the minimum wage to \$15 by 2024, and that will give businesses time to adjust and experience the benefits of higher wages.

Let’s look first at turnover. Paying higher wages helps reduce turnover by providing a more livable wage and increasing employee loyalty. High employee turnover is common in many low-wage industries. People switch jobs frequently, trying to make ends meet. Turnover is costly for a business in terms of both money and time, requiring advertising open positions, screening applicants, training, and onboarding. Employees new to our operation – or any operation –



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aren't as productive as long-term staff. They require skills and training specific to us. It takes at least three months for an employee to understand our particular processes and be efficient, even those who have worked in meat processing plants before. That's just the beginning. It takes a year for true proficiency; all jobs in all occupations require familiarity and skill. We see more waste, more down time, and more inefficiency on our production line with newer staff. That's costly to us. And because turnover is costly for all employers, reduced turnover is an important benefit of raising the minimum wage.

In addition, not spending time on a constant cycle of rehiring and training frees us to look beyond the day-to-day to innovate and grow our business. It encourages employees to be a part of that process, too, as they develop new skills and techniques in our field, and familiarity with what customers want.

A wage that covers the basics like rent, groceries and transportation reduces employee stress and allows them to be more focused and productive at work. We want our employees to earn wages that enable them to live and thrive. This is not only good for our business, it's good for our local community and society more broadly.

When businesses pay wages that are not enough to live on, the costs of necessities like food and housing get partly shifted to the community at large, to taxpayer-funded government assistance programs and food banks, for example. It also means that our business is subsidizing the profits of low-pay competitors. This is not a fair or efficient way to run an economy.

At a minimum, someone working full-time and earning the minimum wage should be able to pay for basics like safe housing, sufficient food, and reliable transportation. The minimum wage is the floor in working people's lives, and it should be a decent minimum standard of living that a business can build on, as we have. For example, many of our employees have been able to obtain better lodging or new vehicles because they earn better wages with us. Their improved wages enable them to afford enrichment activities for their children after school and during the summer and enable them to afford vacations out of town.

Workers in one business are the consumers for another. Minimum wage increases put money in the hands of people who most need to spend it – for car repairs and new shoes for a child, or by not having to choose between groceries and a medical bill. Increased minimum wages mean increased consumer spending across all businesses, helping other businesses grow.

My home state of Iowa uses the federal minimum wage floor of \$7.25, as do 20 other states. The federal minimum wage has been stuck at \$7.25 since 2009. In 2017, Iowa enacted a law that blocked cities or counties from setting higher minimum wages, and it is unlikely Iowa will raise our state minimum wage ahead of the federal. We need a federal increase to ensure that wherever people live and work in Iowa or around the country, they can meet their basic needs.



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For eighty years, the federal minimum wage has set the national wage floor and it's important it remain a national floor when it increases. We do not support a regional approach to the federal minimum wage. Nobody should receive a geographical penalty on their wages; we do not want to lock in the current poverty of regions where wages are depressed and communities are struggling.

It's not raising the minimum wage that is a threat to business. It's stagnant wages, such as we've seen in recent decades, which weaken the consumer demand that businesses depend on to survive and grow. We need to address the erosion of the federal minimum wage and reestablish a strong national wage floor supporting our national and local economies.

When the minimum wage is too low, it is a drag on our businesses, our customers, our communities, and our economy. This is why I've joined with businesses across the country in Business for a Fair Minimum Wage to call for raising the federal minimum wage. Raising the minimum wage supports a healthy food system that sustains everyone from producers and sellers to customers and the communities we live in.

It's time to get moving to a national minimum wage of \$15/hour by the year 2024 to help businesses, workers, communities, and the economy to thrive.

Thank you.

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