

Statement of

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Before

**Committee on Oversight and Reform
Subcommittee on Government Operations
US House of Representatives**

Hearing on:

The effects government shutdowns have on contractors

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My name is Wesley Ford and I come before you representing a small business that has been severely and irreparably harmed by the three Federal Government shutdowns that occurred January 2018 through January 2019. While I am not a government contractor, I am a small business that is located in what I like to call the Federal Bastion of DC. By that I mean that 90% of my customers are Federal Employees or folks that visit the government offices, there are very few private businesses and no residential buildings within a five block radius from which I can draw business.

A bit of background on my business. I opened for business on April 20, 2015 and have been operating profitably since July 2015. I started out as a coffee shop but over the years I have evolved to be more of a Café. My staff is very diverse and make an average of \$16.00 per hour. Because of the location, we have served many of our elected and appointed officials from across the nation as well as International Dignitaries and even a few movie stars.

My landlord is the Federal Government. Right after the most recent shutdown I wrote my Landlord requesting rent abatement because of the impacts of the numerous shutdowns. It was during this process that I came to understand that my landlord has no real understanding of what it's like to operate a small business that relies on the stability of the Federal Government. I asked for rent abatement rather than deferral for one simple reason, my lost revenues would never be replaced.

In my request I asked for 60 days of rent abatement and everyone stated that I was exaggerating my request as the government was only closed for 35 days. To explain my request, the closure officially started December 22 but during the week prior folks started to realize that it was going to actually happen so they started to pull back on discretionary spending before the closure occurred. On January 26th the Government reopened but it was under a big dark ominous cloud. First, employees had not been paid for two pay cycles so while they were back at work they had no discretionary funds thus they weren't visiting my business. Second, there was a big and real threat that the Government would shut down again on February 15th so given what everyone had just gone through, they were rightfully saving every penny they could for the inevitable.

Because of the reduced revenues I was forced to lay off 40% of my staff and reduce hours for the remaining staff. Unlike the Federal Employee, my employees did not receive back pay. Unlike the Federal Employee, banks would not provide "bridge loans" to my employees to get them through until the government reopened. Unlike the Federal Employee, my employee's landlords would not work with them on past due rents or rent deferrals. One of my lost his housing as a result.

For the staff that I laid off that wanted unemployment, they had no problems obtaining it. These lay-offs were brutal both financially and to morale of the remaining staff. Financially, it's a triple whammy. First, I am expecting my unemployment insurance contribution to increase in the near future as a result of these lay-offs and the subsequent unemployment filings. Second,

you can't just hire anybody off the street and expect them to be at full capability. It takes upwards of 40-60 hours to get a new person fully trained. Third, the value of my business has been detrimentally impacted.

So, what can be done going forward to fix this mess? First, our elected officials (on both sides of the aisle) need to learn how to work together again. Everyone has their ideology and that's perfectly fine but at the same time they need to understand that their actions need to be for the good of all, not just a few. Second, Legislation needs to be enacted that will prevent our elected officials from using a Government shutdown as leverage in negotiations. The folks that I generally call the "Radicals" in both parties need to understand that effective and lasting change is a process and does not happen overnight.