

TESTIMONY OF ED ANDERSON
CHIEF EXECUTIVE OFFICER AND PRESIDENT OF WEN-GAP LLC,

RENEWABLE FUEL STANDARD: A TEN YEAR REVIEW OF COSTS AND BENEFITS

BEFORE THE SUBCOMMITTEE ON OVERSIGHT AND SUBCOMMITTEE ON ENVIRONMENT
COMMITTEE ON SCIENCE, SPACE AND TECHNOLOGY
U.S. HOUSE OF REPRESENTATIVES
November 3, 2015

INTRODUCTION:

Good afternoon Chairman Bridenstine, Chairman Loudermilk, Ranking Members Bonamici and Beyer and Members of the subcommittees.

My name is Ed Anderson. My wife Judy and I, with our sons Eddie and Jeff, own a small Wendy's franchise with eleven restaurants in Virginia. We have 385 employees.

I am also on the board of Wendy's Quality Supply Chain Co-op, QSCC, a not-for-profit purchasing co-op owned by Wendy's restaurant operators like me. QSCC purchases the food for Wendy's and is staffed by experts who understand and help us interpret commodity markets.

The National Council of Chain Restaurants asked me to testify on behalf of the local, small business chain restaurant franchise community. In July 2013, I testified at a similar hearing on the RFS before the House Energy & Commerce Committee. Until then I had never done anything like this and never imagined I would. I run restaurants, but I have a responsibility to my family, employees, fellow franchisees, customers and our industry, to explain to policymakers that the well-intended RFS has turned out to be a very serious problem. I'm back two years later to tell you that things are getting worse.

Judy and I are the face of American small business men and women. We've worked for decades to build our business but when Congress passed the Renewable Fuel Standard it created a new burden for businesses like ours. Now restaurant owners and employers like us are being hurt at a time when our country can't afford it.

The last time I was here I doubted many restaurant operators, let alone our customers, knew that a federal government mandate called the RFS is at the root of food cost increases. But more and more of us in the food business understand the RFS is a big mistake, and the average consumer is starting to catch on too.

There have been several analyses of the RFS' impact on food commodity volatility and costs. A study from PwC in late 2012 found that the RFS is costing the chain restaurant segment of the restaurant industry, which is the segment I and thousands of small business franchisees are in, up to \$3.2 billion in higher food commodity costs every year.

My own analysis is that the RFS is costing my small company up to \$34,000 more in higher food costs, per restaurant, each and every year. For our family business, that's up to \$374,000 a year in additional cost. That might not be a lot of money in Washington D.C. – but for me and many others in the restaurant business – that's a LOT of money.

If Congress repealed the RFS, it would level the playing field and over time return normalcy to the commodities market so everyone competes fairly and food becomes more affordable. It's the RFS that distorts the market so much that restaurants, our suppliers and consumers are forced to pay more than we would under normal market conditions.

Please understand we're not anti-ethanol. We know if it wasn't for American farmers and ranchers we wouldn't be here. We get all our beef and chicken from the U.S. and Canada. But this mandate is making food so expensive that it's harder to continue investing in new or remodeled restaurants which would create badly needed construction and restaurant jobs.

I believe with all my heart that we live in the greatest country in the world. It was built on the hard work and the ingenuity of those willing to risk it all to build something creating jobs and opportunity for others along the way. Removing the mandate for ethanol allows that industry to stand on its own – like Judy and I do – like are boys who work with us do. Capitalism allows us all to adjust and be successful. Let the market, not a mandate, dictate the cost of corn.

We can't pass these costs on to our customers they are already struggling in this economy and their own food costs at grocery stores have also gone up because of the RFS. We're appealing to Congress to provide relief from this policy which distorts food commodity markets and harms consumers and everyone in the food chain. Congress created the RFS, so it is up to Congress to repeal it.

Thoughtful lawmakers in both the House and the Senate introduced legislation to repeal or significantly reform the RFS. H.R. 703 and 704 would repeal the entire RFS or repeal the worst part of it, the corn ethanol mandate. Both bills enjoy growing bipartisan support.

The RFS was a big mistake and it's broken beyond repair. We came here today to respectfully ask Congress to repeal it.

Judy and I are here as small business owners, as employers, and as a family, to bring attention to the real-life impact the RFS has had and to ask Congress to take action for all of us because without your action, this situation will only get worse.

Thank you.