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From: Mark Sauder – CEO RW Sauder, Inc – DBA Sauder Eggs

Date: Monday July 26th 2021

Subject: Written Testimony

The Economic Impact of the Workforce Shortage

First, I would like to thank the Committee for taking on this very importance topic to ensure the future growth and success of the Pennsylvania Economy, and inviting me to comment.

My name is Mark Sauder, and I am the 4th Generation owner of RW Sauder, Inc. We are an Agricultural Marketing and Distribution company who provides access to modern retail and food service markets for small family farms. We Grade, package, sell, and distribute approximately 36 million eggs each week originating from approximately 100 farms in PA, MD, and OH. We employ over 400 employees in three states, with about 75% being in Lancaster County PA. My workforce consists of approximately 65% manufacturing/warehousing jobs, along with 60+ CDL truck drivers, and balance of administrative and accounting personnel.

RW Sauder strives to provide our employees with market competitive wages, and exceptional healthcare benefits for our employees and their families. Currently our manufacturing/processing employees earn on **average 15.5 dollars per hour**, with **Lancaster County averaging almost \$17 Dollars per hour**. Every Full Time Employee of RW Sauder is eligible for **health insurance for as low as 32.50 per week** for our employee and their entire immediate family.

Since the start of the Pandemic RW Sauder has implemented multiple wage increases across our business units, including a **weekly attendance incentive worth up to 1.80 per hour** for attending work on time for one consecutive Monday – Friday. Since the start of the Pandemic, we have offered both a **\$750 Sign on Bonus and a \$750 Referral Bonus**. Early in the Pandemic we also offered a “Covid Risk Pay Incentive” to our truck drivers who were needed to deliver vital food to major Metropolitan areas up and down the East Coast and MidWest. **Direct Covid incentives to acquire and maintain staffing cost RW Sauder Inc \$650 Thousand Dollars.**

Despite our pay scales and incentive programs, as well as hiring a full-time recruiting manager, we have seen **absenteeism increase to over 25% in an average week** and **turn over in our manufacturing roles has skyrocketed to 90+%**. RW Sauder has lost multiple front-line managers who simply could not continue to work at elevated levels due to the lack of staffing.

“Why am I working so hard when people are getting paid to stay home?” has been provided as an exit statement multiple times in the past several months.

RW Sauder has been forced to turn to Contract Labor providers to ensure we can run our facilities at a bare minimum just to keep our perishable commodity from spoiling before we can get it to market. Said Labor contractors have brought people into the area from as far away as Texas to fill our over 40 open positions just in Lancaster County at a **40% premium** to our standard wage scales.

During the majority of the Covid 19 Pandemic RW Sauder experienced surcharges from our vendors on everything from egg cartons, delivery charges, corrugated boxes, and parts to maintain our manufacturing equipment all directly attributed to Labor issues at our Suppliers factories. These surcharges alone cost RW Sauder **Hundreds of Thousands of Dollars** in added costs. Just one of our **Carton Suppliers added \$10,000 dollars per week in labor related surcharges. That is \$520,000 dollars annually.** These costs will eventually find their way to the grocery store shelf in the form of higher prices for consumers.

In conclusion RW Sauder Inc can easily show well over **1.2 Million Dollars in labor shortage costs.**

Comments from current employees:

Eric Hackenburg - Asst Plant Manager with over 10 yrs of Food Manufacture/Processing Leadership.

“The labor shortage has really put a hardship on everyone here at Sauder's Eggs. Departments are working with half the staff that it takes to operate normal production. New, current and Former employees have all stated, “it isn't worth working when we can stay home and collect financial support from the government.”.

Terry Good - VP of Human Resources with 20 plus years of leadership roles in various Lancaster County Companies.

“The impacts of the labor shortage will force businesses to automate their processes as much as they financially can. This will eliminate jobs across the country, which will create a bigger problem for entry level employment. Our country cannot sustain the current path we are on.”

Muhammad Haroon – Director of Operations with 25 yrs in Agriculture and Egg Industry

“Labor shortage has a significant impact on our day-to-day operations. The Labor shortage has also created stress on our long-term employees. In spite of HR hard work to find associates with sign on bonus incentives and relatively higher pay rates, it is becoming difficult to remain in

production in our covid compliant facilities. Currently it is netting high cost of production and least efficient in operations. As a matter of fact, our few shifts have only 30-40 % associates. We are afraid the situation may get worse in the coming days. This is a shared concern for serious steps to dilute the employee shortage issue so that we can operate our facilities normally and can serve our communities by providing fresh food (eggs)”