

MONDAY, OCTOBER 24, 2016

## Candidates, media must address economic issues, not sideshows

By Jamie Richardson

As the presidential campaign increasingly becomes indistinguishable from reality-TV, it's easy to forget the real issues facing Ohioans and the country as a whole. While such pocketbook issues may not drive the news-cycle like the recent leaked communications of the presidential candidates, they do drive the state and the national economy and need to be addressed by those seeking office.

Consider the impact of over-regulation, which increase the cost of doing business (sometimes to the point where it is no longer profitable to do so) and reduce job creation. According to the Competitive Enterprise Institute, federal regulations now cost the economy \$1.9 trillion a year, roughly one-tenth of GDP, and the equivalent of a \$6,000 for every American.

The current federal administration has issued over 600 "major" regulations, defined as those with at least a \$100 million economic price tag. Dozens more are still forthcoming. The previous federal administration was not much better, issuing nearly 500 major rules. These include rules that affect nearly every sector of the economy, from healthcare, to energy, to finance, to labor.

While each regulation is different in its own way, each has the same effect of limiting economic expansion and job creation. According to a recent report from the American Action Forum, every 10 percent increase in the regulatory cost in an industry decreases the number of small businesses in that industry by three to six percent.

As a fourth generation led family owned business, White Castle has experienced first-hand how over-regulation prevents business expansion, job creation, and wage inflation. Consider the Department of Labor's new overtime rule, which takes effect this December and requires employers pay salaried employees who make less than \$47,500 overtime pay if they work more than 40 hours in a week.

In order to comply with this regulations, small margin businesses have two options: Raise the salary of employees to the new threshold, or reclassify salaried employees as hourly ones and cap their hours at 40 per week.

For many small businesses, the first alternative is not feasible. The average salaried crew and shift supervisor in the restaurant industry, for instance, earns \$38,000 annually, meaning a 25 percent raise would be required to reach the new exempt threshold – not an option when profit mar-



gins are only a few cents on the dollar.

But moving salaried employees to hourly ones is not an attractive choice either because it means that businesses lose out on economic output and employees lose out on the valuable career opportunities, flexibility, and perks that come with being a salaried employee. According to a recent survey, nearly half of retail and restaurant managers said that such a change in employment status would make them feel they are working a job rather than pursuing a career.

Largely because of such regulations, White Castle's total store count has fallen from 408 in 2012 to 390 today despite positive customer feedback and attractive expansion opportunities. The regulatory costs simply tip the scales in the direction of not expanding. Amplify our decision across the economy and you can see why this issue has such a major impact on jobs, wages, and the economy.

It's not just White Castle. A recent nationwide poll of small businesses conducted by the Job Creators Network (JCN) finds that three out of five respondents say that over-regulation is threatening their ability to thrive.

To address the threat of over-regulation – as well as other hurdles like over-taxation and lack of access to credit -- White Castle recently hosted with JCN a Bring Small Businesses Back event in Columbus. The event brought together local small businesses to identify the most detrimental regulations to try to raise the profile of this issue.

Only by coming together to amplify the importance of the real issues facing Americans can we raise their profile to the level they deserve with election candidates and the media.

*Jamie Richardson is a Vice President at White Castle and a member of the Job Creators Network.*