Statement of the U.S. Chamber of Commerce

ON: “Examining the Impact of ObamaCare on Job Creators and the Economy”

TO: The House Committee on Oversight & Government Reform

BY: Mary Miller, CEO JANCOA Janitorial Services, Inc.

DATE: July 10, 2012

The Chamber’s mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.
The U.S. Chamber of Commerce is the world’s largest business federation, representing the interests of more than three million businesses and organizations of every size, sector, and region.

More than 96 percent of the Chamber’s members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation’s largest companies are also active members. As a result, we are particularly cognizant of both the problems with which smaller businesses grapple, as well as those issues facing the business community at large.

Besides representing a cross-section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum across many varied types of business and location. Each major classification of American business—manufacturing, retailing, services, construction, wholesaling, and finance—is represented. Also, the Chamber has substantial membership in all 50 states.

The Chamber’s international reach is substantial as well. In addition to the Commerce’s 115 American Chambers of Commerce abroad, an increasing number of our member companies engage in the export and import of both goods and services and have ongoing investment activities. The Chamber favors greater international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross-section of Chamber members serving on committees, subcommittees, and task forces. More than 1,000 business people participate in this process.
Chairman Issa, Ranking Member Cummings, and distinguished members of the Committee, thank you for inviting me to testify before you today on “Examining the Impact of ObamaCare on Job Creators and the Economy.” I am grateful to you for holding this important hearing to better understand the effects that the health care law will have on businesses like mine. I know, for my company, the health care law will hinder our ability to grow and create full-time jobs.

I am Mary Miller, CEO of JANCOA Janitorial Services, Inc., a family-owned business headquartered in the Cincinnati, Ohio area. Along with my husband Tony, I am responsible for the day-to-day management, employee relations and business acquisition at JANCOA. Our employees and community are extremely important to us. I have the privilege of working with many different associations and am proud to be serving: my second term as a Board Member of the Building Operators and Managers Association; as a member of the Women Excel Leadership Team; and on the Middle Market Advisory Board at the Cincinnati USA Chamber of Commerce. I am also honored to serve on the Board of Directors for the Goering Center for Family and Private Business at the University of Cincinnati and to have our company certified by the
Women’s Business Enterprise National Council. I am on the board of directors for Bridges for A
Just Community which focuses on incorporating racial, ethnic and religious diversity into the
community, as well as on the Women’s Leadership Council for the United Way. Our company
is committed to charity work with the American Heart Association (AHA) for which I serve on
the Go Red Women Leadership Team. Our Dream Team completed the 5K in the 2012
Cincinnati Heart Walk and raised more than $1,200 for the AHA. I am here to speak with you
today on behalf of the U.S. Chamber of Commerce.

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Company Background

JANCOA Janitorial Services, Inc. was founded in 1970 when Tony Miller Sr., a 19 year-
old student at the University of Cincinnati, took on a second job cleaning local taverns after one
of his professors commented on the growing “services” sector, including janitorial services.
When his father passed away in 1972, Tony transformed the company to a full-time operation in
order to financially support his family.

Initially working out of the basement in their home, Tony handled operational issues, his
mother Jeannette handled office functions, and his brother Bill took on the task of obtaining new
business. His pioneering efforts not only sustained the Miller family, but laid a strong foundation upon which today’s award-winning company stands.

Approximately 20 years later, I joined the team to form a dynamic partnership of operations, sales, and leadership that has seen JANCOA grow to a company with more than 320 full-time employees, cleaning more than 10 million square feet daily in the Cincinnati area alone. For the past three years and with the help of our talented management, sales, and operations teams, JANCOA has experienced annual 5-10% increases in revenues, while operating in a commercial real estate market that has been battling steady decreases in occupancy. By creating processes that provide value and efficiencies for our customers, business partners, and team members, JANCOA continues to be the industry leader in the Greater Cincinnati commercial cleaning market.

Our primary business activity is to provide award-winning cleaning services to commercial facilities in and around the Cincinnati, Ohio area. Much of our work centers in providing cleaning services for Class “A” office space of 50,000 square feet or more. We also work with a large number of schools and medical buildings to provide a clean and healthy environment for the people to learn and work.

Cincinnati is my home, I was born and raised here, and while it is important for us as a sustainable company to make a profit, it is also important to my husband and me to give back to our community. The following are a list of awards that we have been honored to have received in recognition of our involvement with the community and our business integrity:
Awards for Exceptional Service

- JANCOA has been nominated for the *Goering Center at the University of Cincinnati 12th Annual Tri-State Family and Private Business Awards*.
- JANCOA Janitorial Services Inc. has been nominated for *The Enquirer Media Top Workplaces for 2011* award.
- The 2003 *Cincinnati USA Chamber of Commerce Small Business of the Year*.
- The 2002 *William R. Burleigh Leadership Award*, from the Tri-State Chamber Collaborative, based on our leadership and support in the Hispanic Community.
- The 2002 *Cincinnati USA Chamber of Commerce Commitment to Excellence Award*.
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Leadership Awards

- Mary Miller, JANCOA CEO, has been nominated for the esteemed *YWCA Career Women of Achievement* award. An independent panel of community leaders will judge the nominees based on their outstanding career achievements, strong leadership qualities, and ability to serve as role models. The eight finalists were recognized at the YWCA Salute to Career Women of Achievement luncheon held on Thursday, May 19th, at the Duke Energy Convention Center.
- Mary Miller was a finalist in the Ernst and Young Entrepreneur of the year for the *South Central Ohio and Kentucky Entrepreneur of the Year Award* for 2011 and 2012.
- Mary Miller was the *Ohio Hispanic Business Summit Business Person of the Year Award* for 2011.
• The 2010 Cincinnati USA Regional Chamber's Fifth-annual WE Celebrate was awarded to Mary Miller, JANCOA CEO, for winning the Woman of the Year – Entrepreneur category.

**Dedication to Employees**

For Tony and me, one of our most important duties is to attract, train, and motivate qualified employees or team members. It is our team members that carry the banner of our company and maintain our high level of customer service. Without their hard work and commitment, we would not have been able to gain the notoriety and the level of success that we have obtained. That is why we are dedicated to the well-being of our team members. Unlike most companies in the janitorial services industry who hire primarily part-time employees, JANCOA’s business model relies on full-time employees. Ninety-eight percent of our employees are full-time and we offer benefits that they value including vacation pay, paid holidays, and health insurance coverage and what we call the Dream Manager Program.

While we may have started out 40 years ago as a janitorial service, we see ourselves today as a human development company. We are all about helping our team members realize their potential for the future, be excited about the future, and go after their dreams. We accomplish this through a program we started called the Dream Manager program.

The Dream Manager program is fundamentally about connecting with our employees from the first day they are hired, and then inspiring and helping them to achieve their dreams. Through one-on-one coaching sessions and group classes, employees are encouraged to identify their dreams and take real action steps to realize those dreams. Each JANCOA employee is a valuable team member. We want them to recognize their value not only to our company, but also the community at large and then remove the limits they place on themselves so they can become
all they can be in life. Our Dream Manager program has been so successful that Matthew Kelly chose to tell our story in a *New York Times* best-selling book, “The Dream Manager.”

It is amazing the hidden talents you can unleash when you can encourage your employees to believe in themselves and achieve their dreams. Over the years, our Dream Manager program has been responsible for many of our employees realizing the American Dream of home ownership, achieving economic independence through starting their own small business, and furthering their education by earning a GED and/or college degree. Through the program, our employees not only enjoyed continued career growth within JANCOA, but have also benefitted in fitness and wellness through team and individual efforts and smoking cessation. Each of our team members is different and we help each of them to uniquely fulfill specific individual goals. Our mantra has been to take the “dead-end” out of “dead-end jobs” and let our employees grow.

And by the way, this is resonating with our employees. One of the reasons we began our Dream Manager program was to help reduce turn-over, which in the janitorial services industry is very high. The industry average turn-over is 360% and now our company’s turn-over rate is 186%, roughly half of the national average.

**Health Care**

While our business model is built on opening the doors of opportunity for JANCOA and our employees to grow and achieve success, the new health care law will do just the opposite. According to the health reform law, we are a large employer. The bulk of our employees are low-wage, low income and, at least initially, low-skilled workers. We offer health insurance to all of our full-time employees, which again, 98% of our employees are, and pay on average 85% of the premiums. Despite this offering, less than 6% of our workers elect this coverage. The vast
majority of our employees have historically chosen to take home their earnings as wages to pay for their bills. Our employees look to us for work. They want full-time opportunities that will allow them to pay their bills and that is what we strive to offer them. Despite well-meaning intentions, the employer mandate in the Patient Protection and Affordable Care Act will harm employers and their employees.

The health coverage that we currently offer and largely finance for our employees provide health care coverage subject to an annual limit. The plan is a limited benefit plan for which our issuer obtained a waiver to permit us to continue to offer this coverage to our employees given the law’s new restrictions. But very few of our employees choose to elect this coverage; the majority of our employees prefer to use take their wages home to pay for other expenses. Even with such small employee premium contributions, most of our employees do not enroll. However, come 2014 when the employer mandate and the individual mandate kick in, neither our company nor our employees will be able to make these choices about health insurance. For our company, we will no longer have the option of offering these types of plans and our employees will no longer have the freedom to choose how to spend their wages. What is even worse, the law will force us to choose between several impossible options in order to remain in business and will jeopardize our ability to offer the types of jobs our employees value.

Our options are to:

1. Pay nearly $4,400 to provide coverage to each of our full-time employees that satisfies the mandate which will be nearly $1.4 million.

2. Stop offering coverage and pay $2,000 per full-time employee in penalties which will be instead $640,000.
3. Or transition all of our staff to part-time status in order to avoid the exorbitant increase in costs, which would be virtually impossible given that we are a responsible union company.

These three options are not options that I can consider if I want to keep JANCOA’s doors open. JANCOA will face costs that at the very least exceed half-a-million dollars. It’s a devil’s choice. No matter what we do, our company and our employees will suffer.

As many in this service industry know, for me, raising prices is not an option. The majority of janitorial service companies rely on part-time employees and, therefore, will not be subject to penalties under the employer mandate. I may be a business woman from the mid-west, but it certainly seems to me like the politicians enacted a law with very perverse incentives. Particularly in this economy, when jobs are on everyone’s mind – why would you penalize businesses for hiring full-time employees and provide a competitive advantage to those businesses that limit the hours their employees can work. These perverse incentives will translate into dramatic differences in the bids that companies in my industry can offer to do the same work. Regardless of how much better my services are, there is only so much a customer is willing pay.

My employees prefer full-time employment and I prefer to hire full-time workers. However, one of the few options that I am now forced to consider is reducing the majority of my team members to part-time employment, in order to reduce the amount that I will be penalized. This, in effect, will put an end to our very successful Dream Manager program. Regrettably, for me and my employees, the new health care law is a “dream killer.”

In Conclusion
As you can see from the options that I am facing because of the employer mandate, the health reform law will force many employers to stop offering the coverage that they currently offer and encourage employers to consider restructuring their businesses and moving their employees to part-time status in order to remain in business. This is not good for employees, it is not good for business and it surely won’t help our economy.

We hope our Dream Manager program at JANCOA will help our team members identify and achieve their dreams; much like a janitorial job did for a fellow Cincinnatian. As you may know, this Cincinnatian was working his way through night school as a janitor when he met his now wife of 35 years after emptying her trash bin before growing up to be the Speaker of the House. We have helped many of our employees excel: they have bought homes, sent children to college and gone back to school themselves. It is human nature; people will work hard and excel when they realize that they have the opportunity to do better. As one of our customers recently told me “we have a great staff. When they are given further challenges, they simply just rise to the occasion. When people see there is a reason to work hard for something, they do. That is just human nature.” Why would our leaders ever pass a law that would undermine this?

I understand that given the existing political realities in Washington, DC, a total repeal of the health care law by Congress is an unlikely proposition for now. However, I am hopeful that this Committee and your colleagues in the House and Senate will eliminate the more onerous mandates and provisions which saddle businesses with burdens that actually encourage us not to expand our business and astoundingly discourage job creation. The bottom line is that your decisions can help or hinder us. By that I mean the laws you create will either foster an environment that gives business owners greater confidence and certainty to grow and generate
new jobs, or one that does just the opposite. Regrettably, this new health care law is already doing the latter and Congress must take the necessary action to rectify it.

Thank you for this opportunity to testify, and I look forward to your questions.