



Mr. Chairman and members of the committee, thank you for the opportunity to be here today and discuss the impact of healthcare reform on the staffing industry and my organization specifically. My name is John Uprichard and I am the president & CEO of Find Great People, Intl. (FGP), a temporary staffing and executive search firm headquartered in Greenville, South Carolina with offices throughout the Carolinas. We have been in business for nearly 30 years and have provided job opportunities and stability to thousands of people throughout the Carolinas and nation-wide. We work hard to take good care of our employees and as a result, we are fortunate to have been recognized as a Best Place to Work in South Carolina three years in a row.

In order to help clarify the ramifications of healthcare reform on FGP, let me give you some specifics on our organization. We currently have 50 internal employees with an average salary of \$64,000 and an average tenure of five years. Our internal payroll for 2010 was \$2.9 million and our temporary payroll was \$7.4 million.

FGP provides for 100% of internal employees' health and LTD insurance premiums. A 401K retirement savings plan is available to all employees. In addition, all employees begin their career with FGP with a generous time off policy of 3 weeks of paid time off and 7 paid company holidays. We believe that our internal employees are vital to our success as an organization and in turn, we are committed to their individual financial success and stability.

Moving to those employees who are with us on a temporary basis, we recognize the need to provide fair and competitive wages and benefits to them. We currently have 375-400 people working for us on a temporary basis at any one time. The average wage is \$14.28/hour. We provide these temporary employees with access to a mini-med coverage that is **not** dependent on their temporary work schedule because we realize that their schedule may fluctuate on a weekly basis and we want them to have consistent access to medical care. In addition, temporary employees have access to FGP's 401K program. The average assignment length for one of FGP's temporary employees is 5 months. In most cases, the temporary assignments serve as a bridge to a full-time career, either with one of FGP's clients or at a different employer of their choice.

As we began to study the impact of healthcare reform on our business, we quickly recognized that there were some very significant and probably unintended consequences. First and foremost, the legislation will result in **insurmountable increased cost to FGP** due to the temporary staffing model. **Based upon our historical volumes, our monthly healthcare costs would increase by \$62,000 to \$76,000 per month.** In addition, the administrative



costs to comply with the regulatory and compliance aspect of the legislation would be over \$40,000 annually. **Offering coverage to temporary employees will be virtually impossible because their hours fluctuate and they would be moving in and out of coverage constantly.** It is essential to note that FGP does not control these hours. It is based on what the client and temporary employee decide outside of FGP. Since the legislation only requires that full-time employees receive coverage, a look-back rule is essential to ensure that we only have to offer coverage to truly full-time employees.

Ultimately, the healthcare reform legislation imposes large employer costs and infrastructure on staffing firms because few can qualify as a small business. FGP technically has 400 employees—but only 50 are regular-full time staff. Implementing this legislation is ultimately penalizing the service we offer our clients.

One might ask why temporary staffing agencies cannot pass the cost on to the customer. This is a question that we have asked and analyzed ourselves as well, but we do not believe it is a viable solution based upon our recent experience with increased cost from state unemployment taxes. In 2011, we recently experienced a more than 300% increase in our state unemployment taxes with subsequent increases pending. These increases are once again due to the nature of the temporary staffing model, despite the fact that our internal tenure is very stable.

Once FGP takes into account the increased costs from healthcare reform and unemployment taxes, we approach **a ceiling on price increases—a tipping point.** Our clients will do a cost-benefit analysis and make the determination that despite the benefits of temporary staffing, it is no longer a cost-effective method to hire people or utilize temporary workers on a project basis. As a result, **jobs will be impacted within our organization, both for our full-time and temporary staff. This could result in hundreds of jobs per year going away in the South Carolina economy.** While we will not close our doors, 78% of our revenue is from our temporary staffing business. Healthcare reform will force us to change the strategic direction of our company and eliminate that part of our business because the risk does not justify the return. People that have helped us build a great company and who currently earn above-market salaries will be forced to look for new jobs in a different industry.



In closing, we would strongly encourage that as the Treasury Department writes the regulations on healthcare reform, they support the following recommendations:

- **Do not mandate that staffing agencies provide health insurance for temporary employees.**
- A twelve-month "look back" rule supported by the American Staffing Association is essential.
- Revise definition of "large" employer from 50 to 500.
- Increase full time definition for temporary staffing from 30 to 37.5 hours per week.
- Regulations need to allow differentiation between temporary & internal employees.
- Nondiscrimination rules applicable to insured plans should be consistent with existing self-insured regulations, and allow two-tier plans as traditionally offered in temporary staffing.
- Provide a permanent exception allowing "mini-med" plans as acceptable second tier health insurance plans qualified as providing "minimum value" for temporary staffing firms and other similar industries.
- To allow predictability of penalties, replace "household income" test with an employee wage based "safe harbor" to determine "affordable" coverage (we understand that Treasury is considering such a rule and we support that).

If Treasury determines that it does not have authority to do all of the above in regulations, Congress should amend the law.



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## **John Uprichard, President & CEO of Find Great People, Intl.**

A successful entrepreneur, John Uprichard began his career as a Naval Officer serving overseas after graduating with a BA from Auburn University and an MBA from Brenau University. In 2000, John and his family left active duty and settled in Greenville, SC. In 2002, John and two other investors bought Phillips International, a small, Greenville-based executive search firm.

Under John's leadership as president of the company, Phillips International was transformed into Find Great People, Intl., a leading staffing, executive search and HR consulting firm with offices around the Carolinas. In the nearly ten years that John has been president, FGP has experienced over 1500% revenue growth and been recognized multiple times as a Fastest Growing Company in SC, an Inc. 500/5000 company, and a Best Place to Work in South Carolina.



John also participates as an investor and board member in other companies in South Carolina. He is chairman and co-founder of Performance Payroll (a payroll provider that combines outsourced payroll services with the latest "thin client" technology), experiencing over 1000% revenue growth within the last 4 years.

John is a Liberty Fellow, graduate of Leadership Greenville and has been recognized as one of Greenville's Best and Brightest under 35. He serves as a board member of the Upstate Alliance, on the United Way Palmetto Society Board, in the Liberty Fellowship Economic Development Forum, and is a member of the Young Presidents Organization (YPO).

Outside of his professional life, John and his wife Kris, a pediatric dentist, have four children ranging from 8-13 years old. Dedicated to wellness, John is a youth soccer coach and actively competes in triathlons and marathons.

Committee on Oversight and Government Reform  
Witness Disclosure Requirement - "Truth in Testimony"  
Required by House Rule XI, Clause 2(g)(5)

Name:

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2008. Include the source and amount of each grant or contract.

None

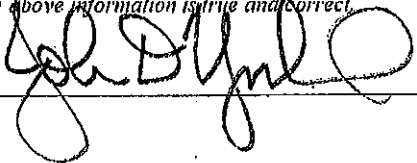
2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

FGP International, President/CEO

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

None

I certify that the above information is true and correct.  
Signature:



Date:

10/3/11