

## **Response to Questions for the Record**

**Hugh Morrow, Jr., President, Ruby Falls, LLC**

**To: The Honorable Tim Murphy**

- 1. Can you describe how Ruby Falls' seasonal employee needs are being impacted by the health care law? How are you planning to handle this?**

It is my understanding the seasonal employees are not included in the law due to their short tenure. We will not include them in our insurable group. However, during every busy season we identify people that we would like to continue their employment. These could be students, teachers or others that have a space in their schedule and may stay on for an additional period. The way the ACA is written we would have to now limit their hours to 29 and/or not bring them on at all. Our employment practices are based on flexibility during our 12-hour day/7-day per week/364-day schedule. We are closed Christmas Day.

- 2. A huge issue in the debate of the health care law is the definition of "full time" employees as those working over 30 hours per week. What do you think of this definition and how has it impacted Ruby Falls and its planning for the future.**

As with the law, Ruby Falls has used 30 hours as our standard of full time worker. However, by mandating this we lose our flexibility in supporting our employee. As stated many of our employees that rely on us for healthcare coverage may only be able to work 30 hours. We need these talented and trained people. Because of the mandated 30 hours rule we will have to create a category of 29-hour employees and limit their hours. This will create an expense and administrative nightmare. Secondly, we will have to require, for instance, a retiree not necessarily over the age of 65 who wants to work four 8-hour shifts per week will either have to move to 29 hours or work 40 hours to lessen our need for shorter hour workers. Also, all of these hours go towards our full time equivalent calculations which as of now takes us to 51 employees. We are looking to cut hours to hopefully reduce us to 49 FTE's.

- 3. Do you believe that other owners and operators of tourist attractions or seasonal businesses**

Yes, the general feedback is the administration of this law is burdensome. Most of the cave owners and operators are smaller than us and fall under the 50 FTE limit.

- 4. What steps will you take to address your rising health care costs?**

As mentioned in my testimony three ways, reducing payroll or eliminating jobs, sharing of the cost by allowing the employee to cover part of their premium which at this point they do not or by having them purchase their insurance through the exchanges, or finally

by reallocating funds to cover the increased cost by lowering our investment in expansion and the surrounding community.

Over the past few years we have invested in new attractions on campus to remain fresh and competitive in the market place. Our attendance has continued to grow and has almost reached back to the pre-2008 levels. We could not be more excited about our business prospects and would like to continue to invest in new fixtures, environmental technology, and people.

Price increases are not an option. We just completed a study by the University of Tennessee Tourism Department that shows we are at the top threshold for pricing in our business category. Simply raising price is not the answer and would severely damage our business and customer base.

We also invest heavily in philanthropic endeavors throughout the city and surrounding area. Education, scholarships, youth functions, land trusts, churches, and other civic-minded charities rely on these funds. The cost of healthcare premiums rising will curtail our ability to continue at the levels of the past.

**5. You mentioned that you employ a number of high school and college age individuals ---do you find that these individuals purchase healthcare.**

No, most are seasonal workers or part-time and do not request health insurance. The feedback that I get is they do not see a need or are covered under their parent's policy.

**6. You testified the "We have spent more time analyzing the effects of this law than creating memories for our visitors." Can you elaborate on this? What administrative burdens have you encountered?**

We run a simple business. We facilitate 400,000 people to walk into a mountain and see a beautiful waterfall 1,100 feet underground. We do this with a smile, courteous information, clean grounds, well-maintained facilities and attention to detail. This morning I met a couple from Lake Mary, FL that lived near a friend of mine and we talked about their neighborhood. I hope I made their stay here personable and special. This afternoon I am replying to your questions with no customer contact. We should be training and encouraging our employees not chasing them out the door at 29 hours. We are a friendly and fun place.

Secondly, we must keep our facility updated to receive guests. We need state-of-the-art point of sale equipment, computers, mechanical systems, and safety systems. Our focus by our management staff on the mandates of this law takes our eye off this ball.

Finally, Ruby Falls was founded during the Great Depression. We have survived for 84 years including a World War, 911, and multiple recessions. Our people will adjust to this law and we will not shut our doors any more than the sky fell during the "sequester". However, we will employ less people, we will have less capital for acquisitions and expansion, and will not be able to reach our full potential for our customer. We feel

through offering healthcare benefits, matching IRA and other benefits to our employees that make a career here, we were doing things the right way. Now we find that through mandated rules and benefit levels these benefits will not be affordable for us in the future.