



**STATEMENT OF JOHN CRONIN
BEFORE THE COMMITTEE ON SMALL BUSINESS
U.S. HOUSE OF REPRESENTATIVES
READY, WILLING, AND ABLE TO WORK: HOW SMALL BUSINESSES EMPOWER PEOPLE WITH
DEVELOPMENTAL DISABILITIES
MAY 9, 2018**

Good morning, Chairman Chabot, Ranking Member Velázquez and Members of the Small Business Committee. My name is John Cronin, and I am the co-founder and Chief Happiness Officer of John's Crazy Socks, based in Melville, New York. Thank you for inviting me to be here today as a representative and self-advocate of the National Down Syndrome Society, the leading human rights organization for all individuals with Down syndrome. I look forward to sharing my perspective as an entrepreneur and a voice for differently-abled small business owners everywhere.

I have Down syndrome, but Down syndrome never holds me back. I am 22-years old and work hard every day to show the world that individuals with Down syndrome are ready, willing and able to work. Give us a chance and we can be successful.

I founded this business with my dad, Mark. It was my idea and I came up with the name. We have a mission to spread happiness. We work to show what is possible. I love my business.

Let my dad and I tell you about our business.

The Story of John's Crazy Socks

Our story begins in the fall of 2016. John was in his last year of high school and, like everyone else, trying to determine what he would do after school. John had been preparing his whole life for that opportunity. As a child, like many people born with Down syndrome, John faced serious medical issues at birth. He had intestinal by-pass surgery on day three of his life and open-heart surgery before he was three months old. Excellent medical care made him healthy. He received an excellent education through the Huntington Public Schools. John already had two jobs, one working in the kitchen at a day camp, and the other working in an office with his mom and dad.

John was ready to work yet so many of the options offered John anything but work. There were job training programs and sheltered workshops. John wanted to do meaningful work. As John says, "I did not need more school. I did not need more training. I wanted a good job like my brothers Patrick and Jamie."

He found a solution when John told his dad, “I want to go into business with you.” Given John’s drive, John could not be stopped. So, we had to come up with an idea for the business. John suggested a few businesses, like a food truck. Unfortunately, as John explains, he can’t cook, so that idea would not work.

Then John had his eureka moment, “We should sell socks.”

John has worn crazy socks his entire life. “I love socks. They are colorful, creative and fun and they let me be me.” John had the name and even some drawings of a website.

We opened on December 9, 2016, to see if John’s Crazy Socks would work. Most of our initial orders came from our hometown – Huntington, New York. John made hand-deliveries, putting candy and a thank you note in every package. We found early success and decided to plunge headfirst into making the business work.

A Business Built on Happiness and Showing What is Possible

We have a simple mission at John’s Crazy Socks: spreading happiness. And we built the business on four pillars:

Inspiration and Hope: Every day, we show what is possible when you give people a chance. We have built our business by showing that people with intellectual disabilities are an asset, not a liability, and they can make a business successful. John is the face of our business. We hire people with disabilities. We show what people can do through our videos. We host school tours and schoolwork groups. We focus on what people can do, not what they cannot do.

Giving Back: We pledged five percent of our profits to the Special Olympics because John is a Special Olympics athlete. We sell charity and awareness socks that raise money for our charity partners like the National Down Syndrome Society, Autism Speaks and the William Syndrome Association. John designed the world’s first Down Syndrome Awareness Socks and his latest design is our Down Syndrome Super Hero Sock.

Socks You Can Love: We are a sock store, so we offer 1,900 different socks. We have a Sock-of-the-Month Club, gift boxes and gift bags. We must compete with businesses like Wal-Mart and Amazon, so we do same-day shipping.

Making It Personal: We make a connection with our customers. Every package receives a thank you note and from John and some candy.

We are a social enterprise with both a social and e-commerce mission that is indivisible. Without the social mission, we would be just another sock store. Without a solid e-commerce business, we would be nothing more than a cute story.

What happens when you let a young man with Down syndrome start a business and you put people with intellectual disabilities at the core of the business? Today, we are a year and a half old and here is what we have achieved so far:

- We have created 33 jobs with 15 of them held by people with differing abilities.

- We have raised over \$100,000 for our charity partners.
- Our videos are created to show what is possible, and have been seen over 4 million times and videos about our business by the BBC, the Mighty, Money magazine and others have been seen over 70 million times.
- We have over 5,500 online reviews and 96 percent of them are five-star reviews.
- We have shipped to every state and 44 different countries.
- We have shipped over 98,000 orders and earned \$3.6 million in revenue.

Every day, we show what is possible when you give people an opportunity. Our business succeeds because of the people we hire and because people respond when they see what we can achieve.

We continue to build on this foundation and work with other self-advocates. We have a collaboration with Colletty's Cookies out of Boston. Collette is a self-advocate with Down syndrome who owns her own cookie company and we include her products in our gift boxes. We help support Brittany's Baskets of Hope, a non-profit founded by Brittany Schiavone who has Down syndrome. They supply gift baskets to families who have a newborn with Down syndrome. In fact, Brittany works with us two days a week as a Sock Wrangler. We'd love to do something with our friends at Blake's Snow Shack, owned by another self-advocate with Down syndrome, Blake Pyron in Sanger, Texas, but we can't figure out yet how to put snow cones in our boxes.

We are starting to build the John's Crazy Socks Network that will feature regular shows hosted by or featuring differently-abled people. Nothing too serious, we want to have fun and spread happiness. We already did a football pick show last year and we may do a cooking show with one of our Sock Wranglers, Riley Melo. We want to find more ways to break stereotypes and show what people can do.

John's Crazy Socks - A Model for Competitive, Integrated Employment in the Disability Community

At John's Crazy Socks, we have created a unified workplace where people with disabilities and without work side by side. The result? Better productivity, better morale and higher retention. We focus on what people can do and not what they cannot do. We match job skills with our job needs. Everyone in our employ has earned his or her job.

One of the many things that make us different is our hiring process, especially for our crucial "sock wrangler" positions. We start the hiring process with less of an interview and more of a conversation. We want to make sure that anyone we hire is passionate about socks, the job and the work we do at John's Crazy Socks. We want everyone to buy into our mission and our culture. Next, potential employees shadow one of our sock wranglers, so they learn how to fill orders. Then, we test their knowledge and ask them to fulfill five orders within thirty minutes. For some, it takes them an hour to learn how to do this. For others, it takes weeks. We make sure to be patient and accommodating to any extra training they may need. The result of our hiring process is high productivity rates and a high retention rate. Our employees value us because we value them.

Once people join our team, we look for ways for them to take use their talents. Matt, who has Asperger's, is now writing sock descriptions for our website. Aliya is learning about social media from our Marketing Wizards and Brandon is learning Photoshop, so he can design socks.

In New York State, different regions have different minimum wages. On Long Island where our business is located, we have an \$11 an hour minimum wage. At John's Crazy Socks, our salaries start at \$12 an hour. We don't pay anyone below that. We told our workers, they do not do minimum work, so we will not pay them a minimum wage.

Additionally, full-time workers get health insurance, dental and vision insurance, life insurance and disability insurance. We are in the process of setting up a retirement program for them.

While we don't have traditional benefits for our part-time employees, like most businesses in the United States, we have other benefits to being a part-time employee of John's Crazy Socks. We have Bagel Wednesdays and Staff Lunch Fridays. We take everyone out to social events. This is especially important for our employees with differing abilities, as they get to socialize in an environment outside of work as well as learn how to act appropriately at a dinner. Last week, we took everyone to a dinner for our local Chamber of Commerce.

None of what we do is altruism; it's good business. We need the business to succeed. We are two guys from Long Island running a sock business. We have no special training. We have no government help. If we can do it, anyone can do it.

Congress Must Help Us End #LawSyndrome

Like many start ups, we have run into some tough obstacles and we have worked to overcome them. But there are some obstacles that we need you to help us change. All of our colleagues with different abilities work on a part-time basis. Why? Because if they work too many hours, they will lose their benefits. Just last week, Matt, who we mentioned, told us he would love to work 40-hours a week, but he can't, or he will lose his Medicaid and he can't afford to lose his Medicaid because of his health issues.

It is a terrible choice: work or benefits. It is not a choice we want anyone to have to make. We should encourage work and reward people who work more, not punish them.

John is a perfect example of this dilemma. John does not currently receive any government benefits, even though he is entitled to do so. But if he were to apply now, he would be rejected. Why? Because he started his own business. Yes, John would be forced to choose between equity in his business or benefits.

Our laws should encourage work. Our laws should encourage entrepreneurs. Yet our laws do the opposite. Matt, Aliya, Brandon and our other employees should not have to choose between work and benefits. They should not have to risk losing Medicaid, which they need to survive, just because they want meaningful work. That is why we are speaking here today, and this is why we are working with the National Down Syndrome Society.

While there are many people with Down syndrome that have the potential to own and lead a successful business like John or follow their own dreams and career aspirations, there are far too many obsolete laws that hold people with disabilities back. Last year, NDSS launched its End #LawSyndrome campaign, a national effort to spotlight those laws that hinder individuals with Down syndrome (and other disabilities) from fulfilling their aspirations. The path to end #LawSyndrome includes:

- Increasing income limitations and ending sub-minimum wage practices that discourage competitive employment opportunities;
- Creating a more portable Medicaid program with greater flexibility so that people with disabilities can work and live where they desire;
- Removing discriminatory provisions in the tax code that treat people with disabilities unfairly in employer-provided benefit programs; and
- Broadening the Achieve and Better Life Experience (ABLE) Act to allow more people with disabilities to accumulate assets and achieve economic self-sufficiency.

For John, a significant challenge was being forced to choose between Medicaid or having a meaningful career. It was a choice we could make. But for most people with Down syndrome and their families, it's a no-win proposition – lose the important Medicaid supports and services that enable them to attain and maintain gainful employment, or live in poverty.

It is time to decouple the poor from the disabled in our means-tested programs so that people with differing abilities can live with dignity.

Ending #LawSyndrome is about disability rights, and disability rights are human rights. The following are specific proposals that Congress can enact that will go a long way toward ending #LawSyndrome.

Pass the TIME Act

House Resolution 1377, the Transitioning to Integrated, Meaningful Employment (TIME) Act, a bipartisan bill led by Congressman Gregg Harper from Mississippi, would end the discriminatory practice of subminimum wage for people with disabilities. Subminimum wage is the practice of paying people with disabilities below the federal minimum wage, sometimes as little as \$0.30 an hour, simply because they have differing abilities. The TIME Act phases out this practice responsibly over a period of six years, a key recommendation from a 2012 report to the President by the National Council on Disability.¹

Awaiting consideration by the House Committee on Education and the Workforce, the bill has 30 cosponsors and will be introduced in the Senate shortly. The bill amends Section 14(c) of the Fair Labor Standards dating back to 1938. Yes, the year 1938, a time when people with disabilities like John were institutionalized.

There is no justification to allow this practice to continue. John proves every day that he is not defined by his disability. Our business demonstrates anyone can succeed and be profitable by

¹ https://www.ncd.gov/sites/default/files/NCD_Sub%20Wage_508.pdf.

hiring people with differing abilities and paying them a fair wage. There is no excuse to allow people to be paid less than minimum wage.

We encourage all the Members of this Committee to cosponsor the TIME Act today.

Create Employee Benefits Tax Fairness

Because of the asset limitations of SSI and Medicaid, employees with disabilities who are beneficiaries of these programs cannot accumulate assets in 401(k)s, Health Savings Accounts, and other employee savings programs. Many employers make contributions to these accounts and receive a tax deduction in return. To meet non-discrimination rules, all employees of a business must be eligible for the same benefits. However, an employer contribution to the account of a differently-abled employee must immediately be withdrawn to stay within the asset limitations. This means the employee is assessed a 10 percent penalty for the early withdrawal, and the plan provider is required to withhold 20 percent for federal income taxes and two percent to eight percent for state income taxes, depending upon state of residence.

To create a level playing field for differently-abled employees, Congress should provide employers with a tax deduction, and an exemption from the non-discrimination rules, for contributions made to an employee's ABLE Account in lieu of contributions to other employee savings programs. As you know, the assets in ABLE Accounts do not count when determining an individual's eligibility to receive, or the amount of, any assistance provided by a needs-based federal program. This would address the unfairness in the tax treatment of employee savings programs and create a greater incentive for employers to attract and retain differently-abled workers.

Reform Medicaid & Social Services to Incentivize Employment

Instead of discouraging employment, Medicaid should provide incentives to states that encourage employment for people with Down syndrome and other disabilities, and offer cost-effective supports and services that promote self-determination, independence, productivity, and integration and inclusion.

John doesn't receive any of the benefits to which he's entitled as a person with Down syndrome. John must choose between having equity in his own business and receiving Medicaid benefits. John couldn't have both. To receive Medicaid benefits, there are very restrictive limits on how much you can earn and how much you can have in assets. John is fortunate that he has a choice. But most people with Down syndrome can't take that risk because they have significant medical needs, and they often rely on the long-term supports and services that Medicaid provides to allow them to function on a daily basis and to become active and productive participants in their communities.

This problem affects people with disabilities across the board, not just business owners. Some of our own employees have to artificially limit their hours because if they work 40-hours a week, they lose their benefits.

We need to make this system work for people like John and so many others. Here are some ideas-

1. Raise income limitations for Medicaid beneficiaries with Down syndrome and other disabilities who are employed.
2. Create a new "title" in Medicaid that includes those with disabilities who exceed income limitations.
3. Expand existing Medicaid buy-in programs.
4. Establish a mandatory HCBS Waiver in every state Medicaid program. These crucial services that help people with disabilities work and be productive members of their communities are optional and can easily be taken away with budget cuts.

We want to offer our employees more work to enhance quality of life and, somewhat selfishly, to use their talents to enhance our business' competitiveness in the marketplace. However, because of the way Medicaid and SSI are currently set up, we can't. As a country, we are telling people who are ready, willing and able to work that they can't. We are telling them they are limited. We are telling them to accept the government's handout and stand down. We are telling them they can't achieve the dreams that so many in this room take for granted like independence or self-sufficiency. We are sentencing them to live in poverty. This is a systemic problem and an injustice that violates basic human rights.

Main Street to Wall Street – Businesses Need to Team Up with NDSS' #DSWORKS Employment Program

NDSS' #DSWORKS®, an employment program established by the National Down Syndrome Society in 2016, is encouraging corporations and businesses to invest in hiring people with Down syndrome and increase the number of opportunities for individuals with Down syndrome to work in meaningful and competitive employment settings.

The TIME Act will help pave the way for equality in the workplace for people with Down syndrome and other disabilities. By phasing out the special wage certificates, this legislation will give people with disabilities access to the work and training environments that will allow them to acquire meaningful skills and better employment opportunities. During the phase-out period, employers that currently hold special wage certificates would be required to conduct individual assessments of those who are paid below the wage and develop a plan to transition employees to more competitive integrated employment opportunities.

It's important to note that both political parties recognized the need to get rid of Section 14(c) in their party platforms during the last election. This is truly a bipartisan issue. It is not about increasing the minimum wage. It is about equal opportunity in the workplace and ending discrimination against differently-abled people.

If Section 14(c) is phased out, businesses large and small can fill that gap.

We are so happy that businesses from Wall Street to Main Street are hiring people with intellectual and physical disabilities. They are paying them a fair wage. They are providing them with benefits. They are treating them the way they would treat anyone else in their vast workforce. With respect.

In return, employers are benefitting from the value that people with Down syndrome bring to their organizations and to their bottom line. A 2014 study by McKinsey and Company found that companies that hire people with Down syndrome outperform their competitors and are able to sustain exceptional performance over time.² It found that individuals with Down syndrome have a better quality of life and opportunities for development, while the companies that employ them often report significant improvements in their “organizational health.”

We admire and are grateful to the amazing businesses that hire people with differing abilities. Why should we stop with just these businesses? We want employers across America to emulate these companies. We want all employers to stop paying their workers with disabilities a subminimum wage. As Members of Congress, we hope you want these things too.

As a business owner and an individual with Down syndrome, John deserves to be treated just like everyone else, not treated less than everyone else. John and others like him are ready, willing and able to work for a fair wage. We ask the members of this Committee to please support and cosponsor the TIME Act today to ensure we end this discriminatory practice.

We call on all businesses, big and small, to hire people with disabilities and to treat them with the same respect with which you treat your other employees. Let us show you the amazing things people with differing abilities can do. Give us a chance.

Thank you, Mr. Chairman and committee members for your time and consideration of these important issues. We yield to questions.

² “The value that employees with Down Syndrome can add to organizations,” March 2014.