

THE COUNCIL OF SMALLER ENTERPRISES' 2009-2010

PUBLIC POLICY AGENDA FOR POLICYMAKERS



COSE

Join your cause.

SMALL BUSINESS IS BIG BUSINESS

As the voice of small business, we at the Council of Smaller Enterprises (COSE) are charged with a significant task – to represent the interests of our 17,000 small business members. Because running a small business is no easy task, we take our responsibility very seriously.

The economic impact of small business is considerable:

- Small business owners and their employees account for over 70 million people in the United States, and over 2.5 million Ohioans.
- We represent 99.7 percent of all employer firms.
- Firms with fewer than 20 employees created 80 percent of the net new jobs in the economy from 1990 to 2003.

These statistics are a powerful testament to the fact that any discussion about economic development and the state's future must consider the needs of small business. When you turn on the nightly local news or pick up your morning paper, the bigger companies sometimes grab the headlines for adding 100 jobs here or 300 jobs there. But what's not reported is the methodical, day-to-day job creation in the small business sector that far outweighs any job growth among the bigger companies. Yes, small business is the true engine that drives our economy.

For over three decades, COSE has worked to call attention to the unique needs of small business. Through the efforts of our members, we have recently helped secure passage of legislation key to small business, like regulatory reform that makes it easier to do business in Ohio, and electric regulation reform, including an amendment that provides resources to small businesses that band together to work on energy efficiency and sustainable practices. We have also put considerable time and effort into learning about issues that have a major impact on small business. For example, our recent Health Care Scenario Planning project lends the small business perspective to the national discussion on health care.

We believe that small businesses—a significant part of this state's economy—should be encouraged to grow and thrive, because we know that when they experience success, it translates into more jobs for Ohioans, stronger communities, and a state that is welcoming and attractive to new business growth. Our work at COSE focuses on removing barriers to and creating new opportunities for small business success.

We're proud of our accomplishments, but there is always more work to be done. With the help of a group of dedicated small business owners who take time away from their own businesses to serve as tireless advocates for other small businesses, we will continue to work to effect changes that are positive for Ohio. This Public Policy Agenda is the result of months of research, hard work, and healthy debate among a large number of small business owners. We thank them for their time and commitment.

As we work to enhance the opportunity for small business in our state and our country we will take our seat at the table, where we can make a difference for Ohio's small business owners and employees. We urge you to get involved and actively support our efforts to move our state forward.

Tim Reynolds



Chairman, COSE
President, Tribute, Inc.

Allen Crowley



Chairman, COSE Advocacy
President, The Crowley Group





COSE ADVOCACY

COSE is one of the largest small business support organizations in the country – and therefore, a unified, collective voice on the legislative and regulatory issues affecting small business. Our strength in numbers ensures a strong voice on public policy issues.

This Public Policy Agenda was developed by a task team of COSE members over the course of several months with direct input from other COSE small business owners through roundtable discussions and a broad member survey. Each of our goals listed below is intended to make our

economy friendlier and more attractive to small business by making it easier to operate, comply with regulations, grow, and achieve success. Although COSE's advocacy work extends beyond the specific goals listed here, the issues ranked most important by our members are reflected in this Public Policy Agenda and will be the issues on which we focus the bulk of our efforts. These goals are important for engaging policymakers and articulating our positions thoughtfully to those whose decisions affect our livelihoods.

2009 – 2010 GOALS

COSE will focus on five major areas of legislative/regulatory reform during 2009 – 2010.

Health Care: Advocating for change to the health care system that strikes a balance among access, quality and cost, specifically through advancing the development of a real health care marketplace and a more attentive consumer mindset.

Affordable Energy: Enabling small businesses to do as well as possible in a volatile energy regulatory environment by focusing on driving investment in providing small business energy efficiency education, tools and resources.

Taxation: Streamlining the taxation system and removing the barrier that bad tax policy creates to small business success.

Workers' Compensation: Continuing the positive changes to the workers' compensation system to ensure a fair and efficient system for small business.

Investing in Small Business: Creating more opportunities for small businesses to participate in government procurement opportunities and ensuring that small business owners are connected to every possible resource offered by government.

HEALTH CARE

COSE's health insurance program covers almost 200,000 lives, but many small businesses do not have adequate access to affordable insurance for all their employees. While all employers are faced with increasing costs, small employers face additional challenges in accessing quality care. We encourage our elected officials to work to find a balance among access, quality and cost-effectiveness. There are a number of ways the small business community can work with public officials to address the issues of cost and quality in health care.

- 1. Craft Basic Plans at an Affordable Price.** Rising costs have shut out an increasing number of individuals and small businesses from being able to afford coverage. Health care needs to be made more accessible by allowing the creation of basic plans that do not contain expensive benefit mandates.
- 2. Expand Coverage to Everyone.** COSE believes that we can reduce the cost of health care and expand coverage by requiring all individuals to purchase some level of health care coverage—thus increasing the pool and spreading the risk. Doing so will also encourage us to take charge of our own health—an important first step toward becoming a healthier population and reducing the cost of health insurance.

State: COSE calls on the Ohio General Assembly to enact comprehensive health care reform legislation that reduces the cost of health care and expands coverage by requiring all individuals to purchase some level of health care coverage. Furthermore, the General Assembly can make health care more accessible by allowing insurance providers to craft basic plans without expensive mandates at an affordable price.

Federal: COSE believes that its ideas for state health care reform can be especially effective on the federal level. Federal health care reform is particularly attractive given that Congress can allow for plans that do not contain mandates required by the States.

AFFORDABLE ENERGY

COSE is committed to providing affordable energy to its members. In Senate Bill (SB) 221 (127th G.A.), COSE inserted language that will provide financial support for small businesses that wish to implement energy efficient technologies. Based on changes in the electric market in Ohio, 70 percent of COSE members will see an increase of 30 – 50 percent in electric rates come 2009. Rising fuel costs for gasoline, diesel and natural gas also further jeopardize the prospect for economic growth. In order to supplement these unmanageable costs, a greater emphasis needs to be placed on energy efficiency support for small business. Ensuring investments in and support of small business energy efficiency education, tools, consultative support, project resources and financing will help ease the burden. Additionally, green initiatives can help create new markets for entrepreneurs.

State: COSE urges the Ohio General Assembly to continue its investments in and support of small business energy efficiency education, tools, consultative support, project resources, and financing.

Federal: Congress should continue its support by increasing funding for small business energy efficiency incentives and improving SBDC federal funding specifically for energy efficiency programs and consulting support for small business.

TAXATION

Small business owners and their employees are the engine that drives the economy – they account for over 70 million people in the United States, and over 2.5 million Ohio business owners and their employees. Congress and the Ohio General Assembly need to streamline the taxation system in two key areas in order to remove barriers to small business success.

1. **Streamline the System.** We must streamline the taxation system and remove hurdles to small business success such as the estate tax, invasive reporting and withholding requirements.
2. **Eliminate the Self-employment Tax on Health Insurance.** Self-employed individuals are forced to pay self-employment taxes on the income used to purchase health insurance. This adds up to a 15.3% tax on health insurance that no one but the self-employed must pay.

State: The Governor of Ohio and state legislators should consider ways to reduce the complexity of paperwork and investment of time required for complying with state tax filings.

Federal: COSE supports the elimination of the self-employment tax on health insurance and reducing the complexity and effort required to comply with federal tax codes.

WORKERS' COMPENSATION REFORM

COSE was a key stakeholder in the work done in 2007 and 2008 to overhaul the state workers' compensation system. COSE fought for a transparent rating system, actuarial reviews of Bureau of Workers' Compensation (BWC) rates, maintaining a strong administrator, and ensuring fund solvency. But there is more work to be done.

State: COSE urges the Ohio General Assembly to encourage the BWC to use its authority to prevent fraud and abuse on the part of employers, employees and providers to ensure a fair and efficient system of providing workers' compensation benefits.

State: The BWC should continue to improve the connection between risk management and claims reduction to offer actuarially sound discount programs.

INVESTING IN SMALL BUSINESS

Policy makers must realize that small businesses lack the resources of large employers and face disadvantages in trying to gain a foothold in today's market. Because of the potential impact of small employers on the growth of Ohio's economy, the state must take an active, aggressive role in ensuring that small business owners get connected to every possible resource.

While, over time, government has provided numerous programs intended to help small business owners thrive, those efforts are often wasted because it is too difficult for the entrepreneur to find and connect with them.

Our state is missing out on the economic output of small businesses that may not connect with these opportunities. It is especially tragic when small businesses are denied these opportunities by large corporations that misrepresent their status and size in pursuit of government business. Reforming contracting procedures to eliminate fraud will ensure that contracts intended for small business are truly awarded to legitimate small businesses.

State: The Administration should create a centralized clearinghouse for small businesses and entrepreneurs, where they can find out about the help available to them – technical and financial help that can take their business to the next level. Improving the way they access the information and get connected to those resources is critical.

Federal: Congress and the Small Business Administration should step up enforcement of federal small business contracting requirements to eliminate or reduce fraud and ensure that small businesses—including minority, women, and veteran-owned businesses—receive full consideration for the contracts on which they can deliver.



ACKNOWLEDGMENTS

The active involvement of our members in the work that we do and the decisions we make has a direct and measurable impact on COSE's ability to make a difference. COSE is an organization for business owners, led by business owners. We are grateful to the following individuals for their leadership in crafting COSE's advocacy program.

COSE Advocacy Leadership

Allen L. Crowley Jr.
President, The Crowley Group
Chairman, COSE Advocacy Committee

Robert Aber
The Aber Companies, LLC

Jeanne Bluffstone
Bluffstone Public Relations

Paul Chaffee
Software-Answers

Elizabeth Crosby
Elizabeth A. Crosby & Associates

Robert Gerhardstein
Holmes Manufacturing Group

David Huller
ICAP Enterprises

Aaron Levitansky
L&L Co.

Joel D. Marx
Medical Service Company

Daniel McMullen
Calfee, Halter & Griswold, LLP

Lois Moss
Walk+Roll Cleveland

Frank Nagorney
Cowden Humphrey Nagorney & Lovett

Betsy Nosse
Travelers Custom Case

Joseph Pilla
Capital Planners

Thomas C. Pitrone
The Integrity Group

Kristina Port
Port-Able Services, LLC

Stuart J. Sharpe
Regional Reps Corp.

David W. Stetler
Stetler Associates

Edward M. Stevens
Stevens Baron Communications, Inc
Chairman, COSE Election Task Team

James Stotter
Busimetrics

Eric Tolbert
Eric Tolbert & Associates

Daniel Urban
Wickens, Herzer, Panza, Cook & Batista LPA

RESOURCES

COSE staff is a resource for public policy officials on a broad spectrum of topics. We encourage calls for information and assistance, background materials and perspectives, and links to other research data. Please use the following list as a starting point.

Steve Millard
COSE President and Executive Director
smillard@cose.org
(216) 592-2436

Claire Walker
Vice President of Business Operations
cwalker@cose.org
(216) 592-2417

Brynn Allio
Manager, Government Relations
ballio@cose.org
(216) 592-2354

Joe Bauer
Manager, Government Relations
jbauer@cose.org
(216) 592-2317



COSE

Join your cause.

COSE The Higbee Building 100 Public Square, Suite 210 Cleveland, OH 44113 (216) 592-2222
www.cose.org