



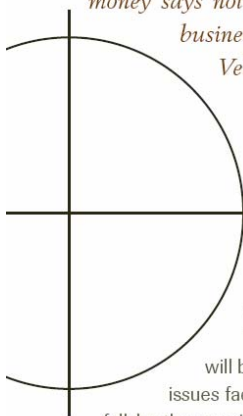
FEATURE
paul Miller
 government sales

What's in Store for Small Business in Washington?

There's new leadership in both chambers of Congress and the small business community is trying to figure out what it all means for them. The smart

money says not to expect monumental changes, but I do believe small

businesses will have an enthusiastic champion in their corner in Rep. Nydia Velazquez (D-NY), new chairman of the House Small Business Committee.



The make up of the new Congress means small business will have to be realistic about what can be accomplished. The Democrats have a 32-seat margin in the House and a one-seat margin in the Senate.

That means bipartisan negotiations will be mandatory on some of the critical issues facing small business or else they will fall by the wayside and become grist for the 2008 election-year rhetoric mill.

I'm optimistic about what can be accomplished in the session. As I see it, the small business community needs immediate action from Congress on five key issues. The first is health insurance reform. Since 2000, insurance premiums for small businesses have skyrocketed 80 percent, creating increasingly tough choices for small businesses.

If you run a small business today and are facing premium hikes, do you cut benefits and risk losing top employees? Do you push more of the cost onto your people with similar consequences? Or, as rates continue to escalate, will you be forced to eliminate benefits all together?

One solution to the healthcare crisis for small businesses is association health plans. This is certainly not a new concept and it has received considerable attention in the last three Congresses.

Simply put, this legislation would allow small businesses to band together through national associations to purchase healthcare benefits. This kind of resource pooling would yield small businesses anywhere from 8-20 percent savings each year and finally bring an end to at least some of the pressure on benefit costs of the past few years.

Association health plans won't solve all of our healthcare problems but they do represent an important part of the solution. Small businesses have waited too long not to see AHP legislation pass this year. We came close in 2006, when the bill came to a vote on the floor for the first time ever. Unfortunately it fell hostage to partisan election year politics and failed. Let's hope this year will be different.

The second issue I see as critical to the small business community is contracting relief. Congress needs to begin changing Federal Acquisition Regulations to be more small business-friendly.

Congress needs to hold agencies accountable for not meeting their mandated small business goals of 23 percent. For too long agencies have essentially ignored their small business goals because they came with no penalties for not meeting them. There has to be penalties and with the changes in Congress, now is the time to do something about it.

It's not hard. Why not tell agencies that their 2008 budget will be based upon how well they meet their small business goal? If they only meet 15 percent of the goal, then their budget will be reduced by 8 percent, for example.

Key Small Business Issues for Congress

- *Healthcare reform and association health plans*
- *Getting agencies to take small business procurement goals seriously*
- *Small business relief on minimum wage hikes*
- *Congressional oversight of mentoring programs*
- *A real-world approach to small business size standards*

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This may sound extreme and it certainly won't be popular among government buyers and big business. But it will quickly get the desired results and give everyone an effective tool to measure agencies.

The third area I see as problematic for the small business community is passage of the minimum wage bill. We all support paying people a decent wage that they can live on. The problem is that the number of people being paid less than minimum wage is not as great as advocates make out.

Realistically, there are an estimated 500,000 people making below minimum wage in this country and even experts agree that a \$2 increase over two years will do little to help them in the long run.

I'm concerned for those small businesses in rural America who will be forced to pay this increase. These companies are least able to withstand a mandatory \$2 increase and are more likely instead to lay off employees.

Conclusion: If a minimum wage increase is to have the impact Congress wants, it will have to come with tax incentives and exemptions to help for these employers.

More Oversight for Mentoring

Fourth, the small business community needs Congress to provide real oversight for so-called small business mentoring programs. In theory, it all sounds wonderful. The program gives a small business the opportunity to team with a large corporation to help them develop as a company and learn more about how to succeed on their own.

Like anything in Washington, however, the devil is in the details. In all too many cases, this program has abandoned its original mission to become little more than a way for large national players to use a small business as a tool to gain more federal business.

Instead of helping, mentoring programs as they operate today are costing legitimate small businesses millions in lost revenue that go instead to much larger competitors positioned as "small business partners." This is an abuse of

what was initially a good program for small business and Congress needs to investigate.

Finally, small businesses need better support from the Small Business Administration (SBA) and that starts with throwing out the current size standards and starting over.

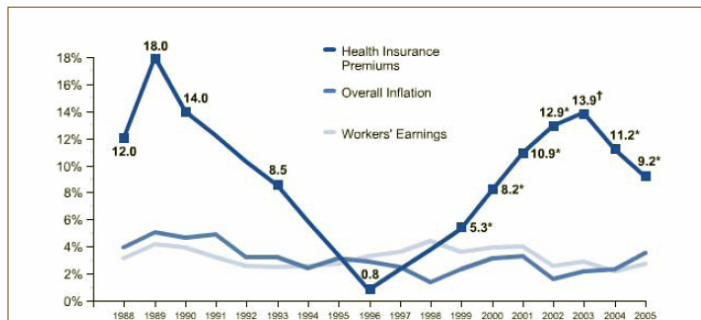
SBA has proposed creating a one size fits all standard for what constitutes a small business and that makes very little sense. In the office supply industry, for example, any company generating revenues in excess of \$6 million would be considered a big business. Yet even a \$50 million dealership is miniscule compared to multi-billion-dollar companies like Corporate Express and Staples.

Once again, Congress needs to step in and flex its muscle. Creating size standards unique to various industries will not be an easy task, but it will be essential if SBA is going to fulfill its mission. A one size fits all approach across all industries would hurt more small businesses than it helps. It's that simple.

The bottom line for the small business community in Washington is this: There are plenty of hurdles to negotiate in order to get much-needed support and relief from this Congress, but there is also cause for optimism. We have some key people in positions of power now who are aware of the big issues and willing to fight tirelessly to do something about them. The big question is, Will their leadership listen to them? **ID**

Paul Miller is a founding partner in Miller/Wenhold Capitol Strategies, LLC, providers of direct and grassroots lobbying, legislative and regulatory tracking, advocacy planning and implementation and related services. Before setting up Miller/Wenhold, Miller served as government affairs director for the National Office Products Alliance and the Office Furniture Dealers Alliance (NOPA/OFDA). In addition to his lobbying and regulatory monitoring activities, Paul also provides consulting services to businesses on selling to the federal, state and local government markets.

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Increases in Employer Health Plan Premiums Compared to Increases in Overall Inflation and Workers' Earnings, 1988-2005

In 2005, premiums for family coverage increased 9.2%. This was the first year of single digit increases since 2000. This was the second consecutive year that premium increases were less than they were in the previous year. While lower than in recent years, the 9.2% increase in the cost of coverage exceeds the overall rate of inflation by nearly 6 percentage points and the increase in workers' earnings by over 6 percentage points. Since 2000, the cost of premiums for family coverage has increased by 73%.

Source: Kaiser Family Foundation