



Statement of the U.S. Chamber of Commerce

Small Businesses Priorities for the 116th Congress

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The Chamber's mission is to advance human progress through an economic, political, and social system based on individual freedom, incentive, initiative, opportunity, and responsibility.

Chairwoman Velazquez, Ranking Member Chabot, and Members of the Committee, thank you for the opportunity to outline the U.S. Chamber of Commerce's ("Chamber") small business priorities. I hope these priorities help inform the Committee's priorities for the 116th Congress.

My name is Tom Sullivan and I am the Vice President for Small Business Policy at the Chamber. I also serve as the Executive Director for the Chamber's Small Business Council.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. Over 99% of private sector businesses in the United States are defined as small.¹ Similarly, the vast majority of Chamber member companies are small businesses and the Small Business Council works to ensure their views are considered as part of the Chamber's policy-making process. In addition to receiving input from our Small Business Council, we learn a great deal from our quarterly small business index and from our engagement with small businesses where they live and work at our regional small business summits.²

Before I outline small business priorities, I would like to emphasize how well small businesses are currently faring. According to the U.S. Chamber of Commerce & MetLife Small Business Index, small business owners continue to be very positive about the health of the local and national economy.³ Although small business owners are confident, there are several policy issues that need to be addressed to ensure prosperity on Main Street and that is why we are grateful for this hearing.

WORKFORCE

The top issue for small business is finding, recruiting, hiring, and retaining qualified and willing employees.⁴ There is no single piece of legislation that can solve Main Street's challenge of a worker shortage. However, we believe there are legislative and business leadership solutions that will go far in addressing the need for workers.

¹ *Frequently Asked Questions*, Office of Advocacy, U.S. Small Business Administration (August 2018), viewable at:

<https://www.sba.gov/sites/default/files/advocacy/Frequently-Asked-Questions-Small-Business-2018.pdf>.

² For information on the MetLife & U.S. Chamber of Commerce Small Business Index, visit <https://www.uschamber.com/sbindex/>. For information on the regional small business series, visit <https://www.smallbusinessseries.com>.

³ *U.S. Chamber of Commerce & MetLife Small Business Index*, Q4 2018 (November 28, 2018), viewable at: <https://www.uschamber.com/press-release/small-business-index-economic-outlook-high-despite-hiring-difficulties>.

⁴ *Small Business Index*, Page 4, viewable at: https://www.uschamber.com/sbindex/SBI_2018_Q4.pdf.

Immigration

The Chamber has long supported common sense reforms to our nation's broken immigration system and when businesses large and small are prevented from growing because of a lack of workers, our call for reform is even more urgent.

From the perspective of Small Business Council member, Dick Cardew, immigration reform is fairly straightforward. Dick's business, Barn21, was founded several years ago to deliver hay, feed, and supplies to the equestrian community in Scottsdale, Arizona. Bucking 120 lb. bales of hay and stacking 80 lb. bags of pellets is backbreaking work. I visited Dick last November and saw first-hand what it means to deliver and hand stack 128-256 bales of heavy, scratchy, messy alfalfa hay. The good news is that business is booming. The bad news is that more orders are coming in than are going out and Dick cannot grow his business to meet the demand because he cannot find enough people willing and able to do those jobs. Moreover, due to the nature of this work, Dick's business cannot utilize any of the federal government's current temporary worker programs because the job isn't "seasonal." As such, immigration reform, is an economic necessity to Dick; he and other small business owners, in many other industries, are frustrated with Washington's inability to address this issue in a constructive fashion.

Education and Workforce

The Chamber supports high-quality lifelong learning to ensure that all Americans have the opportunity to reach their potential. There are several legislative initiatives to expand high-quality early education, improve K-12 education, and expand and improve training and retraining programs that include employer-led "earn and learn" opportunities like apprenticeships.

In addition to legislative solutions, the issues of education and workforce and their relevance to a needed pipeline of talent are places where leadership exists within the business community. This Committee is encouraged to continue to shine its spotlight on positive examples that allow for businesses and communities to adopt similar practices. Small Business Council members, Lori and Traci Tapani, are perfect examples of how leadership in the business world can result in positive changes. Wyoming Machine is a precision sheet metal business based in Stacy, Minnesota and co-owners Lori and Traci Tapani are on the front edge of workforce development. From upskilling, to partnerships with other manufacturers and nearby Pine Technical and Community College, to constant reinvestment in their employees through certifications and training, the Tapani sisters are taking on the challenge of a skilled worker shortage head-on and setting an example that is admired, examined, and copied throughout the country.⁵ This Committee has a history

⁵ Learn more about Wyoming Machine at:
<https://www.uschamberfoundation.org/blog/post/futureproofing-how-fast-food-worker-helped-sheet-metal-company-rethink-its-business>.

of celebrating business practices like those employed at Wyoming Machine and the spotlight provided by Congress does make a difference.

Competing for Talent and Retention of Employees

The Chamber believes that providing small businesses with healthcare and retirement options for their employees are key ingredients for growth and allow them to compete for and retain top talent.

Our local and state chamber of commerce partners are excited about new opportunities to provide health care coverage and retirement benefits for their small business members. The Las Vegas Metro Chamber of Commerce, and its carrier partner, Anthem Blue Cross and Blue Shield, was one of the first chambers of commerce to offer an Association Health Plan (AHP) under new rules issued by the U.S. Department of Labor and several other chambers of commerce followed suit.⁶ A recent study examined 34 AHPs that have been created since September and paints a positive picture for small businesses and increased options to provide quality health care coverage for their employees.⁷ Similarly, we are optimistic that expanding the ability of chambers of commerce to offer retirement savings options for small business owners and their employees will produce more positive news.⁸ The U.S. Department of Labor's final rule is expected to be consistent with bi-partisan legislation that has been introduced in previous congresses and broadens the availability of Multiple Employer Plans (MEPs) to the small business community. We support administrative and legislative options that will bolster the ability of our local and state chambers of commerce to provide quality health care coverage and retirement plan options that benefit small businesses and their employees.

ACCESS TO CAPITAL

It is no surprise that this Committee is already off to a good start when it comes to forwarding bi-partisan legislation that will help small businesses access the capital they need to start, sustain, and grow. We hope that H.R. 116, the "Investing in Main Street Act," is one of many bills passed by the U.S. House of Representatives that is taken up by the Senate and signed into law.

This Committee has heard countless narratives from small businesses about the difficulties of getting a loan. Maxine Turner, whose 39-year catering and event company, Cuisine Unlimited, had successfully paid back 4 U.S. Small Business Administration (SBA) loans, still could not get a bank loan when she needed to scale up quickly after landing a major contract with a new performing arts center in Salt Lake City. It should

⁶ For more information on the Las Vegas Metro Chamber of Commerce Association Health Plan visit: <https://lvchamber.com/chamber-health-plan/>.

⁷ *First Phase of New Association Health Plans Reveal Promising Trends*, Kev Coleman, AssociationHealthPlans.org (January 30, 2019), viewable at: <https://www.associationhealthplans.com/reports/new-ahp-study/>.

⁸ *Strengthening Retirement Security in America*, Executive Order 13847 (August 31, 2018).

not be that difficult and I applaud this Committee's tireless work to address the challenges faced by Maxine and thousands of other small businesses like hers. We look forward to working with you on additional legislation that will help provide access to capital for startups and small businesses.

REGULATORY RELIEF

There has been progress over the last several years when it comes to relieving small businesses from the oppressive weight of regulatory mandates. According to the National Federation of Independent Business (NFIB), 14% of small business owners cited "regulation and red tape" as their biggest concern at the end of last year.⁹ That is in contrast to NFIB's report in 2016 that showed regulations as the second most pressing problem.¹⁰

However, there is more work that needs to be done. Small businesses shoulder a higher cost-per-employee than their larger business counterparts when it comes to regulatory compliance.¹¹ Michael Canty, President & CEO of Alloy Bellows & Precision Welding, Inc. in Cleveland, explains that one-sized-fits-all regulations do not work when it comes to many federal environmental and safety and health mandates.¹²

Michael Canty, a leader with the National Small Business Association and the Chamber's Small Business Council, references state efforts like Governor Kasich's Common Sense Initiative and the federal Regulatory Flexibility Act as ways to bolster small business input in regulatory decisions. Those initiatives are intended to bolster the effectiveness of statutory goals like environmental protection, border and financial security, and workplace safety while minimizing the negative impact on small businesses.

⁹ *NFIB Small Business Economic Trends*, William C. Dunkelberg & Holly Wade (December 2018), viewable at: <https://www.nfib.com/assets/SBET-Dec-2018.pdf>.

¹⁰ *Small Business Problems & Priorities*, Holly Wade, National Federation of Independent Business, (August 2016), viewable at: <https://www.nfib.com/assets/NFIB-Problems-and-Priorities-2016.pdf>.

¹¹ *The Cost of Federal Regulation to the U.S. Economy, Manufacturing and Small Business*, W. Mark Crain and Nicole V. Crain, A Report for the National Association of Manufacturers (September 2014), viewable at: <https://www.nam.org/Data-and-Reports/Reports/Cost-of-Federal-Regulations/The-Cost-of-Federal-Regulation/>

¹² *Testimony*, Michael Canty, President & CEO of Alloy Bellows and Precision Welding, Inc., On behalf of the National Small Business Association, Senate Committee on Environment and Public Works, Subcommittee on Superfund, Waste Management and Regulatory Oversight, (April 12, 2016), viewable at: https://www.nsba.biz/wp-content/uploads/2016/04/NSBA_Michael-Canty_Testimony_Senate-EPW-Subcmte4.12.16.pdf.

SBA's Office of Advocacy acts as the watchdog for small business within the federal government and oversees implementation of the Regulatory Flexibility Act.¹³ I was honored to lead that office from 2002-2006 and I appreciate this Committee's support for the Office of Advocacy and its mission. One of the Chamber's priorities for the 116th Congress is to work with you on legislation that can improve that office's work to the benefit of our nation's small business community.

INFRASTRUCTURE

Last week, the Chamber held a summit that made the case for infrastructure investment.¹⁴ Small businesses explained how the costs of "doing nothing" act as a major barrier for growth.¹⁵ From soybean farmers, to bus line operators, to electrical contractors and service companies, the price of congestion due to the lack of infrastructure investment is weighing down the U.S. economy. The Chamber is buoyed by the bi-partisan agreement that seems to surround infrastructure and we encourage you to help the Committees of jurisdiction to get legislation moving.

CONCLUSION

From infrastructure to health care to trade and tariffs to tax policy, many of the Chamber's small business priorities fall within the legislative jurisdiction of Committees other than yours. To the credit of the Small Business Committee, you have a history of helping those Committees understand the unique concerns of small businesses. This is not unlike my role at the U.S. Chamber of Commerce. I compliment the Committee's vigilance in this area and want to stress the importance of continued cross-committee work when it comes to small business priorities. Small businesses are the engine of the U.S. economy and the decline in new business starts over the past few decades is a call to action for this Committee's work. At the Chamber, we are similarly dedicated to advancing these and other policies that can benefit main street businesses, fuel the economy, provide for individuals and families, and grow communities.

¹³ Regulatory Flexibility Act, Pub. L. No. 96-354, 94 Stat. 1164 (1980), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, 110 Stat. 857 (1996) (codified as amended at 5 U.S.C. Sec. 601-612), also amended by Sec. 1100 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 2112 (July 21, 2010).

¹⁴ *America's Infrastructure: Time to Invest*, (February 5, 2019), viewable at: <https://www.uschamber.com/event/americas-infrastructure-time-invest>.

¹⁵ *Businesses Make the Case for Infrastructure Investment*, Sean Hackbarth, U.S. Chamber of Commerce (February 6, 2019), viewable at: <https://www.uschamber.com/series/above-the-fold/businesses-make-the-case-infrastructure-investment>.