The Collective Voice of Small Business

Now, more than ever before, there is a recognition of the importance of the contribution of the small business community to the broad economic performance of our country and to the specific ability of our most urban and rural communities to create jobs and build wealth. In many cases, a small business owner's ability to identify unique opportunity in the free market and to respond to it with ingenuity, hard work, and dogged persistence is enough for them to achieve their idea of success. Often, however, well-intended public policy initiatives or forces beyond what the market has the ability to address exist and limit the way small business owners can pursue opportunity. The Council of Smaller Enterprises (COSE) Public Policy Agenda identifies some of these barriers and suggests policy changes that support small business owners, their aspirations, and the impact they can make.

The link between action by our elected officials and the success of our small business owners is not always clear. Our agenda seeks to make that connection in key issue areas like workforce, regulation, taxation, and others. In addition, this agenda provides specific, pragmatic ideas and opportunities for us to work together to further foster a healthy small business atmosphere that allows for achievement – for all of us – in all of our communities.

While there is always more that can be done, it is important that small business owners and their elected representatives take action together to support the kind of environment in which these owners and their employees can thrive. Small business owners may never individually command the attention afforded to corporate CEOs or garner the headlines of their larger counterparts, but these owners pursue their dream every day and, in so doing, improve their lives, the lives of their employees, and the strength of our state. Your support of the issues that are important to them will create a real, meaningful impact where small business owners work and live.

As representatives and advocates for the small business community, COSE is a non-partisan organization, and we are eager to continue our work and collaboration with policymakers to tackle the issues that stand between small business owners and their ability to achieve success. We look forward to working with you to pursue this agenda on their behalf.

Rion Safier
Owner, Rion Safier Accounting LLC
Chairman, COSE Board of Directors

Kevin Johnson
Owner, Glenwood Management
Chairman, COSE Advocacy Committee
Member-Driven

Representing small businesses is a tricky thing. Small businesses come in all different sizes, from all different industries, and all different political ideologies. Small business owners are not a monolith with one mind and one path. As a result, our agenda is a product of many conversations with our members about the issues they believe are important to their business and the specific challenges they have encountered.

In order to prioritize the issues and act effectively, COSE engages its members and invites them to participate as much and as frequently as their interest and their time permits. In addition, the COSE Advocacy Committee acts as a standing body charged with understanding, discussing, and taking action on legislative and regulatory issues on behalf of our members. The Advocacy Committee’s composition is intentional and reflects the diversity of our organization’s members and their beliefs. Part forum and part deliberating caucus, this group of small business owners works very hard to educate themselves and act in the best interest of their peers on the issues they consider.

In order to avoid side issues or subgroup agendas, prior to taking action, issues are tested against a set of tenets that have been adopted by the organization to prioritize our efforts and resources. The questions that screen those efforts include:

- Is this a small business issue that affects the majority of our members in a similar way?
- Is this an issue we can provide unique experience or expertise on?
- Is this an issue we should be involved in as a leader in the small business community?
- Is there anyone else fighting the fight better than us and better positioned to lead?
- Is this the best utilization of our resources?
Whether it’s saving money due to efficiencies or being able to predict costs from one month to the next, small businesses are highly sensitive to maintaining a positive cash flow and one unexpected expense can disrupt months or years of planning. Most small business owners didn’t get into business thinking about their energy costs, yet this line item in their budget can have a major impact on their ability to stay in business or invest in their company. Accordingly, predictability in costs and the availability of resources to help small businesses understand the opportunities and make these investments are critical to ensuring that energy is an area that fosters growth.

COSE is focused on providing education, project support, and access to capital for small business energy efficiency and cost reduction. We understand the energy needs of small businesses because we work side-by-side with them to identify and prioritize opportunities. We are committed to the development and administration of programs that provide access to support resources. In addition, COSE ensures the small business community’s voice is heard throughout deliberations that affect their energy options.

Current discussions, regarding the future of Ohio’s energy efficiency benchmarks, must weigh the cost to ratepayers and the catalytic impact the benchmarks can have on driving small business owners to take action and realize efficiency opportunities. And, in every decision made over utility costs, we need to ensure small businesses are not unfairly burdened with the costs of subsidizing well-represented residential customers and larger industrial users.

“The importance of education and awareness about energy options and opportunities for small business owners can’t be overstated. Every dollar of expense saved or avoided is a dollar that can be freed up to be invested in their business and its growth.”

Jean Makesh
Lantern of Madison
Health care has been a long-debated topic among small business owners. Many smaller employers want to continue providing coverage as a way to attract and retain top talent, but health care costs and regulatory paperwork can make offering benefits a challenge for many owners. Providing access to coverage and managing the cost of health care for small businesses is not new to COSE; these are critical issues for small business owners that want to provide health benefits to their employees and their families. COSE has over forty years of experience in the small business health care space and we are eager to continue working with policymakers on ways to address these issues.

The enactment of the Affordable Care Act (ACA) enabled broader health care access for small business owners with no employees and it will require some small businesses to provide insurance to their employees for the first time. COSE has focused its efforts on educating small businesses on the elements of health care reform by guiding them on the best possible path as new rules, requirements, and options associated with the ACA are implemented. Given the variety of rules and requirements, it is important for policymakers to act to reduce the complexity of compliance. As health care reform will continue to evolve, policymakers need to engage small business owners with their ideas and proposed actions to ensure they are practical and not overly burdensome. Employee benefits are an important asset for attracting and retaining employees. Keeping benefits manageable and cost-effective is a necessary goal for small employers.

Stacy Ward-Braxton
The Significance Group

“I can’t attract great employees without being able to offer great benefits. If you are paying for benefits today, you know they aren’t ‘affordable’ now – but keeping them as cost-effective as possible is critical to our ability to continue to support our employees.”
Most small business owners understand regulations are a necessity, but the degree to which small businesses are regulated must be continually evaluated. According to the U.S. Small Business Administration, small businesses with fewer than twenty employees spend $10,585 each year, per employee to comply with federal regulations, amounting to a thirty-six percent greater burden faced by small businesses in comparison to their larger counterparts. While regulatory requirements are a part of doing business, it is vital that they are created and enforced in a way that does not pose an undue burden.

COSE has been a leader in advocating for regulatory reform to ensure that small businesses are not disproportionately burdened by mandates or requirements that inhibit growth. The reduction of costs associated with understanding and complying with regulations at every level of government allow small business owners to do what they do best – focus on their business. Unlike big corporations, which may have legions of accountants, attorneys, and HR professionals on staff or retainer, small businesses are often at a loss to keep up with the paperwork that government institutions frequently demand.

Having reviewed thousands of rules since its inception, Ohio’s Common Sense Initiative has provided a model for beginning to address and dismantle cumbersome, outdated regulations. COSE will continue to advocate for that work and actively encourage federal and local authorities to take the same steps to support the reduction of unnecessary costs and challenges for small business owners.
COSE believes in the need for consistency and predictability on tax rates and structures with a focus on making understanding and compliance easier for small businesses. The high cost of compliance is why so many small businesses across Ohio are calling for relief from differing tax rules. A complex tax code – whether it is at the local, state, or federal level – poses a significant and increasing problem for small businesses. Implementation of municipal tax reform and continued efforts to reduce the burden of taxes, compliance costs, and fees is critical to small business owner success.

Tax reform in both Columbus and Washington, D.C. will be important topics in 2015 and beyond. Continuing to recognize the unique nature of most small business owners as pass-through entities will place an emphasis not only on the reform of business taxes, but also the implications for personal income tax and its relationship to a small business owner’s total tax burden. Ensuring proper treatment for the variety of small business expenses and investments made by small business owners, to support the growth of their businesses, is a critical focus for owners in the deliberations on tax reform.

“Most employers recognize the importance of investing in their communities by paying their fair share in taxes. Government needs to remember that the most productive focus for a small business owner is time spent on the growth of their business. Tax policy at every level should reward growth, employment, and investment.”

DID YOU KNOW?

More than eight in ten small businesses are pass-through entities, meaning that they pay taxes on business income at the income tax rate of their individual owners.

2015 – 2016 Action Items
Local & State Legislative & Regulatory Work

Support a transparent, balanced state tax environment for small businesses through government efficiency that maintains or lowers the current state personal income tax and commercial activity tax (CAT) rates and is not funded by a decrease to the current CAT exemption level for small businesses.

Support effective implementation of municipal tax reform that simplifies reporting and improves the ability for small businesses to more easily comply.
For approximately twenty years, COSE has offered its small businesses the opportunity to receive discounts on their workers’ compensation premium by participating in a group rating program. In addition to premium savings, we offer participants access to claims management services as well as legal representation in contested workers’ compensation cases – which are available to businesses not participating in a group rating program as well.

As group rating in Ohio evolves and new approaches to assessing small business risk and premium develop, policymakers must continue to ensure that small employers are assessed a fair premium for the risk they bring to the system. This approach is consistent with COSE’s history in advocating for a system that is not only transparent, but equitable for all.

Keeping Ohio’s workforce safe is a primary concern for policymakers and small business owners alike. However, it is also important that risk assessment, claims adjudication, and dispute appeals processes be as balanced and as expedient as possible. COSE advocates for better support of employers’ efforts to create proactive safety and risk management education and practices in the workplace.

A hard look at policies within the workers’ compensation system that hinder growth and expansion of businesses is also important. One such issue is the current approach to successor liability which can serve to prevent, or even worse, penalize new business creation in previously occupied or abandoned facilities. New business owners and facility tenants must be responsible for the real risk they bring, not the lingering disputes of former occupants.

**2015 – 2016 Action Items**

**Local & State Legislative & Regulatory Work**

Amend Ohio Bureau of Workers’ Compensation (BWC) policy and criteria that determine successor liability cases to ensure:

• Entrepreneurs are not penalized in the form of increased workers’ compensation rates, outstanding balances, or uncovered claims costs for assuming space that was previously inhabited by a separate business.
• A fair, swift BWC Adjudication Committee process.
• Promotion of economic growth and job creation.
• Revitalization of Ohio neighborhoods and the reduction of blight.

Support safety education and training program assistance in the workplace and require small businesses be notified of such opportunities.

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“When an entrepreneur opens or expands to a new location, the last thing they are considering is what the previous owner’s workers’ compensation history was. Unfortunately, I’ve seen too many small businesses unknowingly be deemed responsible for the workers’ compensation experience and liability of a predecessor.”

John Young
Speed Exterminating
Workforce Development

DID YOU KNOW?

According to quarterly surveys completed by OHTec, COSE’s technology network, sixty percent or more consistently report difficulty in hiring top technical talent.

The National Small Business Association states that small businesses account for fifty-seven percent of the private workforce and outnumber corporations 1,162 to one. Yet, when the topic of workforce development comes up, it is rare to have the small business perspective represented in the conversation. In order for small businesses to hire in large numbers, there must be a workforce ready to meet their demands. Small businesses face unique challenges to workforce – ranging from not knowing where to find qualified workers and difficulty writing a job description that outlines their specific needs to filling specialty positions that often require blended skill sets.

COSE advocates for training and awareness related not only to the skills associated with small business needs or gaps that need to be addressed, but also regarding the benefits associated with working for a small business after a student graduates.

Beyond skill sets, tools that connect the needs of small business owners with qualified and available workers seeking new opportunities can also be improved, better publicized, and linked. Studies in other states have shown that even when the desired skill sets exist for available jobs, many are missing the opportunity due to a lack of effective approaches to connecting the supply of workers with the demand – especially among small businesses.

2015 – 2016 Action Items

Local & State Legislative & Regulatory Work

Promote policy initiatives that focus less on the degree an individual attains and more on the skill sets individuals and small businesses need for success; skills that include, but are not limited to:

• Career preparedness.
• Adaptive behavior, social, and practical competency.
• Science, technology, engineering, and mathematics (STEM).

Encourage the streamlining of state workforce development agency programs that ensure consistency, reduce confusion, and connect access points to the small business community.

“There has been a shift away from shop class and the trades and many talented workers – particularly in manufacturing technology – are approaching retirement. A skills gap exists, we’re always looking for people with a mechanical aptitude, and our workforce is an investment we all need to make to remain competitive in today’s global market.”

Lisa Logan
Logan Clutch
Governor

State Agencies, Departments, Boards & Commissions

State Representatives

Ohio Supreme Court Justices

Governor

88 Counties in Ohio

33 State Senators

7

168 State Agencies, Departments, Boards & Commissions

99 State Representatives

How will the concerns of small business owners be represented?
ALL BUSINESS BE REPRESENTED?

195
Bills Signed into Law in the 130th Ohio General Assembly

1,076
Bills Introduced in the 130th Ohio General Assembly

938
Cities & Villages in Ohio

2,000
State Business-Related Rules & Regulations Filed on Average Annually

2,321
Local Issues on the Ballot in Ohio (August 6, 2013 – May 6, 2014)

DOES ACHIEVE THEIR IDEA OF SUCCESS.