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## (April 21, 2005) Lipinski Speaks About Obstacles to Small Business Job Creation

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Subcommittee Hearing for Workforce, Empowerment and Government Reforms

WASHINGTON, DC - Congressman Lipinski made the following statement on obstacles to small business job creation this morning at his first hearing as ranking member of the Subcommittee on Workforce, Empowerment and Government Programs of the Small Business Committee. In the hearing, held with Chairwoman Marilyn Musgrave (R-CO), witnesses discussed regulatory burdens, health care costs, taxes, and other issues that stifle business growth and job creation:

"Today small businesses face an array of challenges that hinder their ability to do what they do best - create jobs. As we have heard time and again, most of the net new jobs in this country are created by small businesses. Unfortunately, the burden of complying with unending federal regulations, the soaring cost of healthcare, and the difficulties faced in finding and retaining a skilled workforce all create significant barriers to success for our small businesses. The ability of small business owners to start up, expand, and compete in the world marketplace is diminished if they are weighed down with encumbrances that larger businesses or foreign competitors don't share.

One such serious problem is the growing regulatory burden. Every witness that has testified before the Committee has put regulatory burden at or near the top of their list of impediments to the vitality of small businesses. A recent study shows that for firms with fewer than 20 employees, the annual cost of regulatory compliance is nearly \$7,000 per capita. This cost is much higher than that borne by large firms; and small businesses simply do not have the manpower and resources to comply with these regulations. Recognizing this, Congress created tools such as the Regulatory Flexibility Act - RFA - which requires government agencies to analyze the impact of regulations on small business and to consider less burdensome alternatives. But despite much talk about this problem in recent years, the costs of rules and paperwork requirements have only increased for our nation's 23 million small businesses. We must do more to ensure enforcement of the RFA and related tools, so that we can achieve our goal of reducing the regulatory burden on small businesses while protecting health, safety, and fair competition.

Other areas we will be hearing about today are equally daunting. The rising cost of providing health care coverage is an enormous challenge for small business owners. With less bargaining power, small firms pay even more for coverage than do large firms. Costs have risen to such an extent that it is now a major cost factor for the businesses that offer healthcare benefits. The result is that a large proportion of uninsured Americans are self-employed or work for small businesses. And without a healthcare program it is difficult to attract and retain top quality workers.

Last month, the full committee heard testimony regarding a number of healthcare proposals. One plan was H.R.765 "Fair Care for the Uninsured" which I introduced with Rep. Kennedy, in order to provide a refundable tax credit for the purchase of health insurance by those who are not offered coverage by their employer. Another was H.R. 525 by Rep. Johnson and Ranking Member Velazquez which would create Association Health Plans.

Another expensive task for small businesses is finding skilled labor or better still, retraining skilled workers to move from "old economy jobs" to the new economy job market. With a shortage of skilled workers, especially in the trade industries, we need to work to find solutions to this problem.

These issues, and others that will be raised today, are very important to the success of our small businesses. They are not unsolvable problems, but we need to work on finding innovative solutions. And innovative thinking is something small businesses are especially good at, so I look forward to the testimony we will hear today.

I would like to thank Chairman Musgrave for holding this hearing. Clearly, the issues our witnesses share with us are significant concerns for so many of our nation's small businesses today. It is important that we carefully examine all options, and identify and work on these problems to truly relieve entrepreneurs so that they can do what they do best: put Americans to work."