

## Legislative Report

# Small Business Owners Speak Out About PA Budget Deliberations

## Results of SMC Business Councils Survey Announced

by Eileen Anderson

Small business owners live and die by the sword. When sales are off they make hard choices to keep their doors open. So there is nothing more exasperating than to a small business owner than to watch government “work” or “not work” as has been the case with the state budget. Our July survey on the impasse touched a nerve and members responded in gale force.

I posed the question to outgoing SMC President Lee Taddonio, drawing on his years of experience in the state legislature: “Why don’t lawmakers do what needs to be done and make the cuts so we can live within our means?” Lee’s answer was as simple as it was disturbing. “The pressure in a democracy is always to spend more money and take the easy way out,” he said. Let this serve as a call to arms. We must join together and speak up if we are to have any impact at all on legislation. Read on to hear members sounding off about the budget mess. SMC’s press release of July 17, 2009 was quoted in the Pittsburgh Business Times and copies were sent to lawmakers....

Ninety-seven percent of entrepreneurs recently surveyed by SMC Business Councils (SMC) overwhelmingly said that the state should get a handle on spending and live within its means just as everyone else is doing during these difficult economic times, while only 3 percent said the state should not cut back on spending.

SMC surveyed its membership of small business owners in western and central Pennsylvania on July 16, 2009. The survey recorded attitudes about the current stalemate in Harrisburg and asked members how they would close the \$3.2 billion revenue gap in the proposed budget. There was overall disgust that the Legislature has failed to grasp the concept that you can’t spend more dollars than you take in. Many business owners felt, if they had the authority to do so, they could – and would – find a way to balance the budget.

“Pennsylvania would have a budget sur-

plus,” said Jonathan Hall, CEO of Hall Industries, “if you had to justify each spending program on its own. Not only is Pennsylvania funding programs that have outlived their usefulness, there are many new programs that never should have seen the light of day to begin with.” Hall would start trimming there. Many believe, as tough as it might be, the state government needs to go back to the basics; define the purpose of each program, eliminate those that are ineffective, and find ways to responsibly fund the ones that work.

Mark Shelleby, treasurer of Vista Metals, Inc., believes we should take a hard look at the cost of government. “I’d focus spending only on ‘essential’ items and eliminate walking around money and other discretionary and unnecessary political costs,” he said.

Cheryl Ammons, human resources manager at Quadrant EPP, believes Pennsylvania should not add any new programs until the budget is under control. “Businesses must adjust to their budget shortfalls to stay in existence. Tough, unpleasant, cost-control decisions are made every day before a business is forced to consider actions, which will ultimately jeopardize its customer base and hurt its overall business strategy. State government needs to do the same.” Ammons suggested adopting a Return on Investment policy for all agencies and branches of state government.

When asked if taxes should be raised during this recession, 90 percent replied no, while only 10 percent were in favor of a tax increase.

“Raising taxes for the few people fortunate enough to be earning a profit during an economic recession runs contrary to basic economics,” said Neal Harrison of E. H. Schwab Company. “Politicians need to focus on stimulating investment and growth. New spending programs will only compound the problems down the road and, even worse, never go away even when the recession is old news.”

Many entrepreneurs believe that federally mandated programs are affecting too much state spending and recommend state lawmakers

resist new and existing federal programs by demanding state sovereignty as defined in the U.S. Constitution. Others would go a step further and adopt legislation to submit all budgets to the people for confirmation. “When a budget is left till the eleventh hour, politicians are always making deals and hiding pork projects. We should wake up these legislators and penalize them when there is no budget signed and sealed on time,” one responder opined.

Dennis Piper, president of Dennis Piper & Associates, P.C., agrees. “There should be some type of penalty assessed against each member if the budget process is not completed on time.” Piper would also like to see an independent commission established to review the budget process and make recommendations that would be subject to a voter referendum.

There was a smaller gap in attitudes regarding stimulus money. Seventy-six percent of the business owners felt that these funds should be used only to plug budget holes, while 24 percent felt they should be applied to new spending programs.

Brian Stein, president of Clearscope Industries, LLP, believes “federal stimulus money should be used for infrastructure improvements.” Other members felt any stimulus money we receive should only be used for creating new jobs and getting people back to work. Several suggested we create ways to improve economic conditions by producing long lasting improvements by making this money work for real improvements, not entitlements.

SMC President Emeritus Lee Taddonio said that results of this survey would be forwarded to the State Legislature and Governor Rendell. “Small businesses are the job creators and they’re expected to pull the economy out of this recession. I think it’s about time the Legislature took their advice.” ▼

**Editor’s Note:** Eileen Anderson is vice president of Red Clay Tile Works and SMC’s Government Relations manager. She can be reached via e-mail [eileenanderson@smc.org](mailto:eileenanderson@smc.org).