



Money talk
Schwabs encourage families to talk about their finances **D2**

CAREERS & CLASSIFIEDS INSIDE

Health care costs 'a crisis' for small business

Congressman Don Manzullo to propose Association Health Plans to House

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The Journal-Standard

WASHINGTON — Congressman Don Manzullo, R-Ill., is beginning his second run as chairman of the U.S. House of Representatives Committee on Small Business.

As the 108th Congress convenes, remedying an ailing economy will be a top priority. Manzullo says his committee's broad objectives haven't really changed from the previous session.

"We'll continue our efforts this year to reduce the tremendous regulatory and tax burdens on America's businesses so they can

help pull our struggling economy out of its tough times," Manzullo said.

Manzullo and Sen. Olympia Snowe, R-Maine, chairman of the Senate Small Business Committee, have agreed early on that the No. 1 priority in their respective committees will be battling soaring health care costs.

"Surging health care costs have become a crisis for America's small employers," Manzullo said. "They need options to battle these skyrocketing costs, so they can continue to offer vital health care benefits to their employees."

In an effort to make health care more affordable to small businesses, Manzullo is



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proposing the idea of Association Health Plans. New legislation, however, is necessary in order to set them up, because there are currently laws in place that prohibit them.

"Association Health Plans would allow the same type of

pooling as labor unions," Manzullo said. "It would allow smaller groups to form larger ones, thus giving them more bargaining power."

Manzullo said legislation addressing this soon will be introduced.

Tax cuts are another of the committee's pet projects. Manzullo would like to make all of the 2001 tax relief provisions permanent, especially what he calls "the job-killing death tax." Under provisions of the Byrd Law, tax changes must be made permanent or they will be phased out in 10 years.

"About 85 percent of small businesses pay taxes at individual rates, not corporate," Manzullo said. "We need to allow them to keep their profits and reinvest in their businesses," he said. "Tax relief is key to any economic stimulus package."

Another goal of the committee is to make some

changes in the Small Business Administration. Manzullo says the organization needs to make loans on more favorable terms instead of being a cash cow for the general fund.

"They charge too much on business loans and the Office of Management and Budget uses that money to fund other programs," Manzullo said.

The congressman from Egan has also been putting procurement of government supplies under a microscope. He discovered the federal government was buying 615,000 black berets from China to outfit U.S. soldiers. Manzullo voiced

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his displeasure and the berets are now sitting in a corner collecting dust.

"Items used by the federal government should be made by the United States," he said.

Manzullo announced on Jan. 21 that he had asked the U.S. Postmaster General to halt the Postal Service's national office supply contract and allow post offices once again to purchase supplies from their local small businesses. This directive came on the heels of the completion of a General Accounting Office report, requested by Manzullo, that showed the Postal Service's bundled contract with Boise Corporation had been ineffective and costly.

Another recent study by the Office of Advocacy at the Small Business Administration also indicated many of the projected cost savings from bundling of government contracts never materialize. The Postal Service's national office supply contract was created two years ago as a key cost-cutting measure. Estimates put savings at \$28 million, but bundling ultimately saved only \$1 million.

Provisions of Boise's contract also called for the company to relinquish 30 percent of the business to small and minority-owned businesses. Small business received only 2.6 percent of the subcontracting work.

The congressman said the recent rebellion of doctors in West Virginia over soaring liability costs is a good example of how the federal government stifles small business growth.

"Doctors, dentists — they're small businessmen," he said. "They are regulated so onerously that people in the professions are punished and the cost is passed on to the consumer."

Manzullo said the committee is not just there to look at small business problems. It also is an investigative arm and has the power to resolve problems, such as the bundling contract at the U.S. Postal Service.

He recently returned from China in the hopes of increasing opportunities for small businesses in that country.

"We are trying to salvage a manufacturing base in China," Manzullo said. "We met with companies and several dignitaries, including the incoming premier. We hope to open up new markets for our small businesses," he said.