

**STATEMENT FOR THE RECORD**  
**BEFORE THE SENATE SUBCOMMITTEE ON**  
**REGULATORY AFFAIRS AND FEDERAL MANAGEMENT**

**ON**

**“IMPROVING SMALL BUSINESS INPUT ON FEDERAL REGULATIONS:  
IDEAS FOR CONGRESS AND A NEW ADMINISTRATION”**

**JANUARY 19, 2017**

**LAJUANNA RUSSELL**

**FOUNDER & PRESIDENT – BUSINESS MANAGEMENT ASSOCIATES, INC**

Good morning Chairman Lankford, Ranking Member Heitkamp and members of the Committee.

My name is LaJuanna Russell. I'm the founder and president of Business Management Associates, Inc. (BMA), a business process and human capital management firm with approximately 100 employees. I'm also a member of the Board of Directors and Small Business Council for Small Business Majority, a national small business advocacy organization. Thank you for allowing me to share my comments with you on the impact of federal regulations on small businesses.

I founded my business in 2005 to continue the work I began during my consulting career and to provide jobs to those in need. As a small business owner, I'm all too familiar with the debate about the impact of regulations on entrepreneurs. I'm here to say this issue is much more nuanced than most realize.

Most entrepreneurs start their businesses because they love doing “the thing” they are doing—and want to do it bigger, better and faster than anyone else. We are driven by an internal vision that is unlike most. We believe we see the future and believe we know how to implement some of that future today. We know going in that there are some rules and regulations (tax law, Department of Labor regulations, etc.), but we do not anticipate the preponderance of acts, bills, laws and regulations that we must follow—that seemingly change daily. As a federal contractor, this is quadrupled when you consider the federal acquisition process.

I, like the majority of small business owners, actually believe certain government regulations play an important role and are necessary for a modern economy. According to a poll conducted by Small Business Majority, 86% of small business owners agree. We also believe our businesses can live with regulation if it is fair and manageable (93% of those polled).

In addition, nearly 8 in 10 small employers agree regulations are important in protecting small businesses from unfair competition and to level the playing field with big business. We do believe that government can play an effective role in helping us thrive—as long as the enforcement of regulations is at least as tough on large corporations as it is on small businesses.

Although we may not see regulations as our No. 1 concern—generating sales and increasing revenues will always come in first—regulations do remain an issue that

consume time and resources. But it's important to note that most small businesses are more concerned with issues like demand and job creation. When Small Business Majority asked small business owners what they believe would do the most to create jobs, the majority cited eliminating incentives for employers to move jobs overseas. Next was cutting taxes and then increasing consumer purchasing power. As a small business owner and small business advocate myself, I can tell you that most small businesses are much more concerned with regulations at the local level, especially when you have employees crossing multiple states or jurisdictions.

It should come as no surprise then that the vast majority of small businesses supported tougher regulations for the financial industry under the Dodd Frank Act. Small business owners believe Wall Street should be held accountable for the practices that caused the financial crisis – and we do believe that tougher rules and enforcement will make this happen. Nearly six in 10 small business owners said that for far too long, Wall Street banks and financial companies wrote their own rules, leaving small businesses and consumers vulnerable and without protection. An overwhelming 84% of small businesses support the Consumer Financial Protection Bureau, an entity formed by the Dodd Frank Act and designed to help prevent abusive lending practices by providing clear rules and oversight of financial companies.

Dodd Frank assists in getting small businesses closer to a level playing field with big business. The next step is to get policies in place that ensure regulations are monitored and embed true accountability and consequences for large businesses. We must put policies in place that ensure small businesses, our nation's biggest job creators, have the environment to prosper. This involves implementing a tax code that actually benefits small business owners and closes tax loopholes that only benefit large corporations. Polling numbers speak directly to this point: 90% percent of small business owners believe big corporations use loopholes to avoid taxes that small businesses have to pay, and 72% want to see tax loopholes that favor large corporations eliminated.

For my business, it also means increasing opportunities for small businesses to contract with the federal government and ensuring we have support once we begin to grow. Amazingly, once a small business expands out of its SBA designated small business size standard (sometimes as low as \$7 million in annual revenue), we are immediately thrust into an environment where we are competing with large, billion dollar corporations.

This ability to compete is even further highlighted by the need to ensure that there's a healthcare system in place that helps self-employed entrepreneurs, small businesses and their employees. In order to attract talent, small business owners must be able to obtain and offer robust health coverage.

The Affordable Care Act (ACA) has been crucial in helping more small businesses and self-employed entrepreneurs gain access to comprehensive and affordable coverage. Many provisions of the healthcare law have been key to making health insurance more accessible and affordable for small businesses like mine. In addition to the marketplaces, a multitude of cost containment provisions have gone into effect that are helping to lower costs and provide more stability throughout the system. At BMA, we offer health coverage to our employees and pay 80% of their premiums. We've been able to continue offering robust health benefits because our healthcare increases have been much smaller than they were before the ACA was implemented. In fact, our increase in 2016 was only 3%.

Many small business owners struggled to offer health insurance to their employees prior to the ACA due to cost. The annual 20-30% increases were unbearable. Small Business Majority's [opinion polling](#) found that prior to the ACA, the majority of small business owners provided insurance to at least some of their employees, but of those who didn't,

70% said it's because they couldn't afford it. What's more, small businesses paid [18% more](#) on average for health coverage than large companies and received fewer comprehensive benefits.

New research released by the Department of Treasury last week found that one in five 2014 marketplace consumers is a small business owner or self-employed, and that small business owners and self-employed individuals are nearly three times as likely to purchase marketplace coverage as other workers. This shows the extent to which the law is helping small business owners and self-employed entrepreneurs.

When you consider the number of Americans that small businesses employ and the huge impact to the working class that we can have, it is absolutely critical to implement effective mechanisms to receive small business input when considering regulatory changes. Our economy depends on it – and on us.

Thank you again for the opportunity to comment on this today.

Sincerely,

LaJuanna Russell, Founder and President  
Business Management Associates, Inc