



**SMALL BUSINESS  
MAJORITY**

SMALL BUSINESSES DRIVING PRACTICAL POLICY

# Small Business and Social Insurance

National Academy of Social Insurance

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# Most businesses are very small



Size of Business	# Companies	# Employees
Self Employed	21,700,000	21,700,000
Small Businesses <10	4,661,829	12,964,000
Small Business 10-100	1,159,448	29,182,000
Medium 100-500	90,386	17,548,000
Large 500+	18,469	61,210,000

Over the last decade the total workforce in the United States increased 12.8%, but the number of self-employed increased **38% to 22 million**.

# Small businesses are politically diverse



	<b>Party self-identification (small business owners)</b>	<b>Party self- identification (general electorate)</b>
Republican	39%	28-29%
Democrat	24%	35-31%
Independent	27%	36-38%
Other	10%	

# Most don't belong to the NFIB or US Chamber



Organization	Number of members
National Small Business Association	150,000
National Association of the Self-Employed	250,000
National Farmers Union	250,000
National Federation of Independent Business	350,000
Women Impacting Public Policy	500,000
U. S. Women's Chamber of Commerce	500,000
National Association of Realtors	1,000,000
<b>Total number of American small businesses (2009)</b>	<b>27.5 million</b>

# Communicating with small businesses is complex



- Only **half** of employers belong to a business group
- Most likely membership is **local** chamber or trade group
- **Trusted advisors** – peers, their brokers, accountants
- **Communication channels** – business press, business groups, trade groups



# Small businesses wanted healthcare reform



## Prior to passage of the Affordable Care Act:

- In a national small business owner survey, the Robert Wood Johnson Foundation sponsored in the summer of 2008, **78% of respondents said they would support a health reform package that combines government-sponsored purchasing pools with tax credits to make insurance more affordable.**

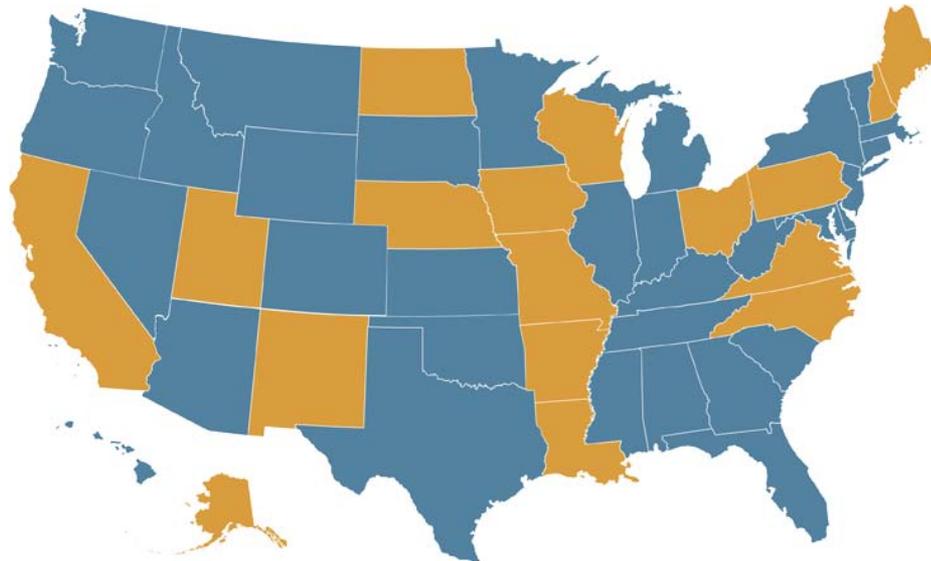


# Small businesses wanted healthcare reform



## Prior to passage of the Affordable Care Act:

- Polls of small business owners conducted in 19 states in 2008 and 2009 by Small Business Majority found an average of **67% of small business owners believed health reform was needed to fix the economy.**



# Small businesses still support healthcare reform



**A January 2011 national survey by Small Business Majority found small businesses support the Affordable Care Act after they learn what is in the law:**

- One-third (33%) of employers who don't offer health insurance said they would be more likely to do so because of the small business tax credits.
- 31% of respondents who currently offer insurance said the tax credits will make them more likely to continue providing insurance.

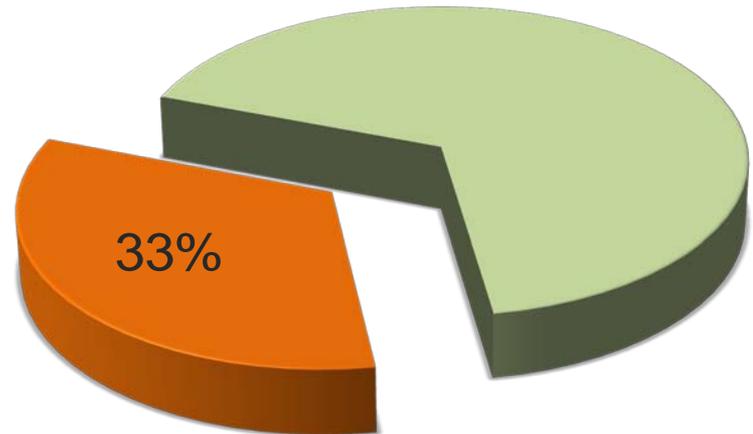


# Small businesses still support healthcare reform



A January 2011 national survey by Small Business Majority found small businesses support the Affordable Care Act after they learn what is in the law:

- One-third (33%) of respondents who currently do not offer insurance said the exchange would make them more likely to do so.
- The same is true for those who already offer insurance, with 31% responding that the exchange would make them more likely to do so.



# Small business and retirement



## Harris Interactive small employer (1-100 employees) Sept 2011 survey:

- 75% of small business owners agree that so many Americans are financially unprepared for retirement that it has reached crisis levels.
- But only one in five (19%) of these businesses offer their employees a 401(k) or other employee self-funded retirement plan.
- That's because 69% say their business is too small.
- More than half say it's too expensive.

# Retirement system that works for small business



**Harris Interactive small employer (1-100 employees) Sept 2011 survey.** Small business needs a retirement system that fits:

## ***Simple, Flexible and Low Cost:***

- 71% of owners say when selecting an employee self-funded retirement savings plan it's important the plan has flexibility to match or not match employee contributions.
- 62% say it's important that multiple employers can group together to pool resources and reduce administration costs.
- Four in five owners say when selecting a plan it's important the plan has minimal amount of administration requirements and can be offered at a low price.
- Three in four owners say it's important that the plan can be converted to better meet their needs as their business grows.

# Small business will support change



## Lake Research Sept 2011 small business survey found small employers understand the problem and support change:

- 56% worry about their own retirement security
- 65% worry that their employees will not have enough retirement
- 50% say retirement benefits are too complicated to administer
- 63% say retirement plans are too expensive
- 73% feel a responsibility to provide some kind of retirement
- 82% would support a proposed “Secure Choice Pension” retirement plan

# Small business owner profile



Understanding the economic profile of the majority of small business owners is needed to develop social insurance policy

	<b>Total # of US Small Business</b>	<b>&lt; \$100,000 Household Income</b>	<b>&lt; \$ 250,000 Household Income</b>
Self-Employed	22 M	72%	98%
Employer <10	4.7 M	58%	96%
Employer 10-99	1.2 M	23%	89%

# Politically, small business is very important



**Small business is trusted by voters, and voters care whether a public policy helps or hurts small business.**

- In a June 2010 poll of six battleground states, 88% of independent voters had a favorable rating of small business, the highest favorable-to-unfavorable ratio seen by this pollster on any topic.
- The military continues its long-standing run as the highest-rated US institution. Small business and the police occupy second and third places, respectively.
- The high level of confidence in small business contrasts with the low level of confidence in big business; the latter is tied with HMOs at 19% for next-to-last place.

# Who will speak for small business?



The conventional wisdom with policymakers and the media has been that the US Chamber and NFIB speak for 28 million small businesses.

- The US Chamber of Commerce has a **\$200 million** annual budget
- The NFIB has an **\$80 million** annual budget
  - For the 2012 election, pro-Republican group American Crossroads, as a trial run, gave **\$3.7 million** to the National Federation of Independent Business to push their election agenda.

**Or...will 28 million small business owners be engaged and speak for themselves on policies relevant to their realities?**

# What will it take?



## What will it take to get small business support and a “positive voice” for social insurance reforms?

1. Opinion research that includes policy options.
2. Economic research to build the business case for new policies versus the status quo.
3. Policies that work for the majority of small businesses.
4. Communication in the business frame and language.
5. Outreach to the broad landscape of small business groups.
6. A network of credible small business spokespeople geographically diverse to tell their story.
7. Small business voice communicating to media; advocates and policymakers.

Thank You!



**Questions?**

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Small Business Majority

[www.smallbusinessmajority.org](http://www.smallbusinessmajority.org)