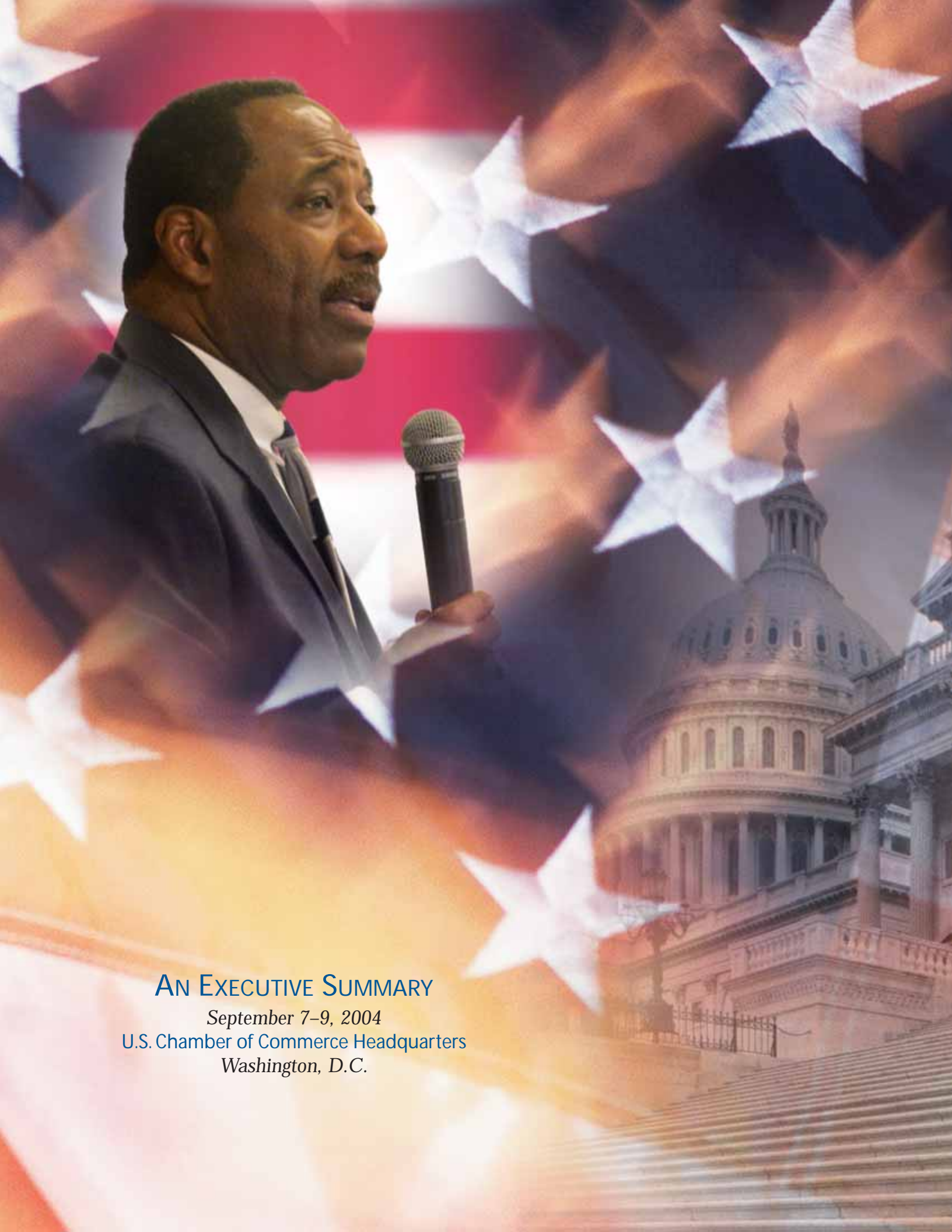
A close-up, slightly angled view of the American flag, focusing on the stars and stripes. The stars are white and set against a blue field, while the stripes are red and white. The fabric texture is visible, and the lighting creates a warm, golden glow across the scene.

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AN EXECUTIVE SUMMARY

September 7-9, 2004

U.S. Chamber of Commerce Headquarters

Washington, D.C.



From September 7 to 9, 2004, more than 325 small business owners, state and local chamber of commerce executives, and association leaders gathered at the U.S. Chamber of Commerce headquarters in Washington, D.C., to help set the small business policy agenda for 2005, receive practical tips on how to better manage their businesses, and network with their peers.

U.S. Chamber President and CEO Tom Donohue kicked off the interactive event by praising small businesses for their contributions to the nation's economy and quality of life. "Small businesses are the primary drivers of economic growth in this country," Donohue told the small business participants. "Without them, America's strength, its innovation, its leadership, and its future are greatly diminished."



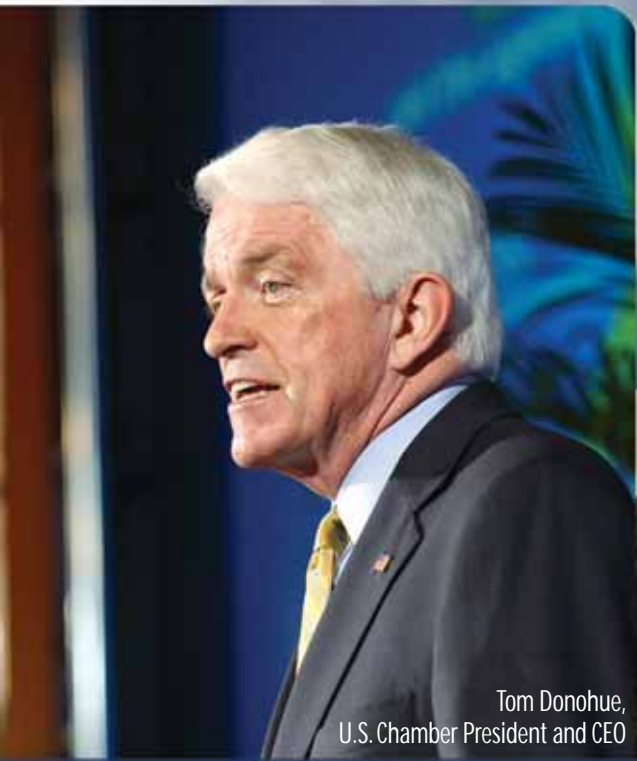
More than 325 small business owners, state and local chamber of commerce executives, and association leaders gathered at the U.S. Chamber of Commerce headquarters to help set the small business policy agenda for 2005.

The action-packed agenda offered participants unique access to Washington's most powerful small business policymakers, outstanding opportunities to learn how to improve a wide range of business operations through eight breakout sessions, and a chance to take their messages directly to Capitol Hill.

In what many attendees considered the highlight of the summit, a session titled "What Washington Should Know About Operating a Small Business" used interactive voting technology to poll the audience on key small business issues, and then the participants instantly discussed the results. This event helped fulfill the Chamber's promise not to conduct a meeting where Chamber officials only spoke to small business members, but where small business members did most of the talking.

Questions posed during the session covered the gamut of small business public policy, from health care to taxes to legal reform. When asked what should top the small business policy agenda, 67% said "reducing rising health care costs." On health care, 91% said that they offered health benefits to employees. Of those, 72% said that they experienced premium increases of more than 10% this year. Many attendees have had to scale back benefits in order to offer them at all.

To the surprise of many, only 51% of the participants said that taxes are a "barrier to growth," 39% thought taxes are "reasonable," and 10% had no opinion. Eighty-two percent want to make the Bush tax cuts permanent, and 72% would be happy to scrap the tax code and start over. There was universal disdain for the



Tom Donohue,
U.S. Chamber President and CEO



*“Without small businesses, **America’s strength, innovation, leadership, and future** would be greatly diminished.”*

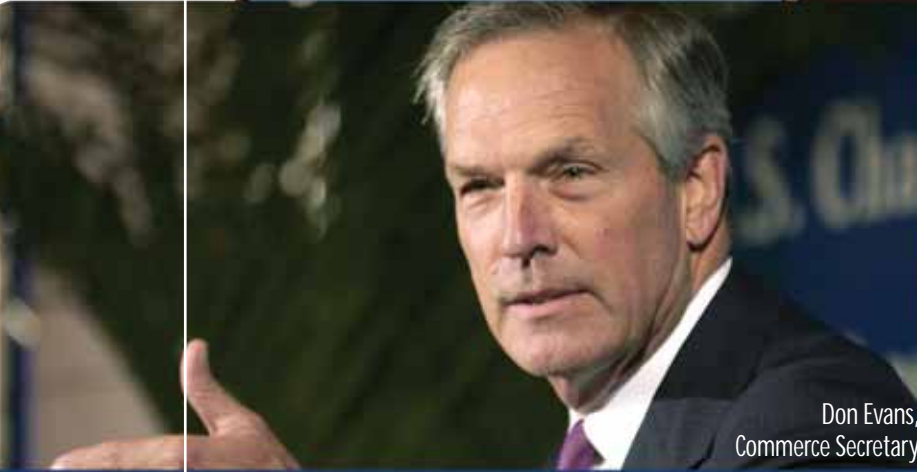
U.S. Chamber President and CEO Tom Donohue



Maura Donahue, Vice Chair, U.S. Chamber
Hector Barreto, Administrator, Small Business Administration



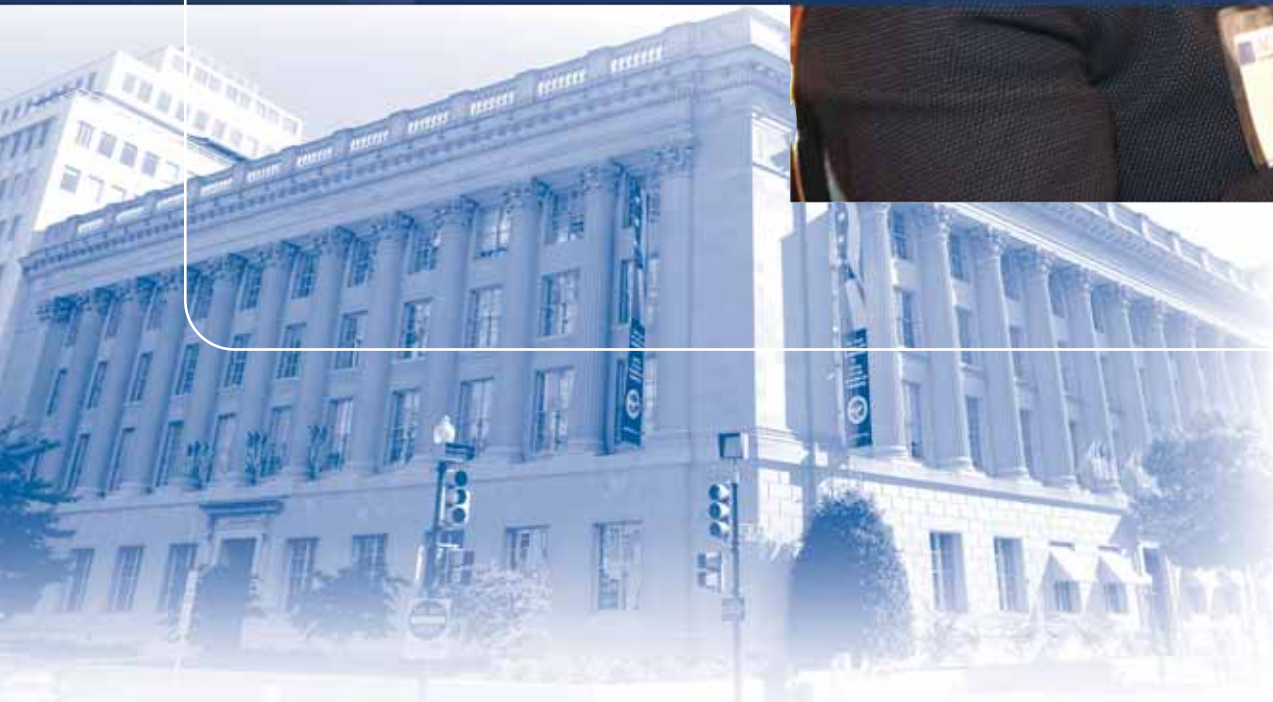
Rep. Sue Myrick (R-NC)



Don Evans,
Commerce Secretary



*"When the president looks at all of you, he sees the **backbone** of America's economy and the best hope for Americans seeking work."*
Commerce Secretary Don Evans



death tax. According to one attendee: “No business should have to be sold to pay for death taxes.”

An astounding 45% of participants said that they had been named in a lawsuit, and an overwhelming percentage (93%) maintained that excessive litigation directly harmed their businesses. Participants were bullish on the economy, with 73% believing that it is “headed in the right direction” and the remainder saying that it is “headed in the wrong direction.”

Summit attendees also heard from some of Washington’s most powerful small business policymakers, including Commerce Secretary Don Evans, SBA Administrator Hector Barreto, House Small Business Committee Chairman Don Manzullo, and Rep. Sue Myrick. In his keynote address, Evans touted the administration’s numerous small business tax cuts. “This year there are 25 million small businesses that will get tax relief because of President Bush’s plan,” he said. Evans also highlighted how much the administration values the contributions that

small businesses make to the economy. “When the president looks at all of you, he sees the backbone of America’s economy and the best hope for Americans seeking work.”

In a fast-paced session examining the small business policy outlook for the rest of 2004 and beyond, Barreto stressed how the president’s tax and economic policies—combined with record funding for SBA loan programs—have helped small business. He also identified the administration’s future plans, which include “eliminating the estate tax, enacting legal reform, and ratifying an energy policy.”

Rep. Donald Manzullo stressed the need for a “deep economic recovery” not a “quick recovery.” Rep. Sue Myrick outlined the tremendous amount of pro-small business legislation passed in the House—such as legal reform and a national energy strategy—that has become stalled in the Senate. “We’ve done our job on the House side,” she said. “The Senate is not doing anything.”

Summit Participants Speak Out on the Issues

98% said that what is good for small business is good for the world.

51% responded that taxes are a “barrier to growth.”

72% said that they would be happy to scrap the tax code and start over.

45% said that they had been named in a lawsuit.

73% responded that the economy is “headed in the right direction.”

82% said that they want to make the Bush tax cuts permanent.

67% said that reducing health care costs should top the policy agenda.



*“It is important that we don’t believe the cynicism of the media. There is **still magic** in this country ... our biggest problem is **overcoming** the growing **cynicism.**”*
Paul Begala, CNN Crossfire Co-Host

The November elections and their potential effects on business were also a hot topic. A debate pitting former House Speaker Newt Gingrich and CNN *Crossfire* Co-Host Paul Begala laid out the political parties’ contrasting visions on health care, the situation in Iraq, and the war on terrorism.

Gingrich, a recognized expert on health care reform, said that health savings accounts (HSAs) can make “a big difference ... and so can small businesses being able to go online and buy health insurance nationwide—competition in these markets at last!” Begala agreed that health care was a huge issue for voters, but one that would ultimately cut against Bush. “Voters care about the economy and health care, and this means the president has a tough job. He must talk up the economy, but it is dicey when the numbers are soft and real family income has been frozen.”

On terrorism and the war in Iraq, Gingrich urged the audience to keep three things in mind: “First, the terrorists want a world on

their terms without nations and other religions, and they won’t compromise, will not negotiate, and want to kill all of us. Second, we must change the Middle East, or the terrorists will eventually control the oil, money, and power of the region. And third, the process of making this change in the Middle East, as we are finding out in Iraq, is messy, costly, and painful. But we can’t leave before we win.” Begala agreed that we “must find a way to kill these terrorists, but going to Afghanistan was right but not Iraq ... our diversion to Iraq was like FDR invading Mexico after the attack on Pearl Harbor!”

Both panelists ended the session on a high note. Begala concluded, “It is important that we don’t believe the cynicism of the media. There is still magic in this country ... our biggest problem is overcoming the growing cynicism.” Gingrich urged the audience to keep in mind the tremendous progress we have made in the last 200 years and not to get discouraged. “The American people will not give up.”



Marsha Barbour,
First Lady of Mississippi



*“Every small business is **one lawsuit away** from **bankruptcy.**”*

Small business owner Larry Mocha





Hector Barreto (below) outlined the *Small Business Administration's* future plans, which include “eliminating the estate tax, enacting legal reform, and adopting an energy policy.”



Hector Barreto, Administrator,
Small Business Administration





“Access to capital is one of the largest issues facing small business.”

Houston Williams, CEO of PNS Communications

A panel of small business owners representing a wide range of industries shared the opportunities and challenges facing their particular companies. “Access to capital is one of the largest issues facing small business,” said Houston Williams, CEO of PNS Communications. “Second, the need for affordable health care. Third, the excessive cost of litigation.”

Betty Jo Toccoli, president of Total One Development Center, received nods from audience members when she said that the biggest challenge facing her company was government regulation. “I’m spending eight hours a week in required mandatory training. Small business has to rise up to the challenge of the future.” Also, Toccoli added that the absence of a national energy strategy was an

“underappreciated detriment” to small business, as rising energy costs hit small businesses hard.

InPhonic Founder and CEO David Steinberg, representing the largest business on the panel, said that the “global atmosphere for small business is getting more difficult,” as the pace of technology, worker shortages, and the need to expand into international markets intensify.

Danny O’Neill, president of The Roasterie, expressed an optimism that seems to be inherent in the dreamers and risk takers who start small businesses with no promise of success. “I’m bullish on small business,” he said.

In addition to these informative sessions, there were eight breakout groups. Each group was



Dr. Thomas Franklin, president and CEO of Universal Security Technology Group, expresses concern about the difficulty his firm has in **obtaining capital** due to the **dangerous security work** it engages in.

designed to provide participants with practical ideas on how to improve a wide range of business practices and to offer them an opportunity to directly engage with business and policy experts in a small group setting. The topics covered were health care, government regulations, legal reform, B2B marketing, political activism, labor policy, access to capital, and international trade.

The most well-attended breakout session was on health care, where participants discussed a variety of existing and proposed solutions to skyrocketing health care costs, including health care savings accounts (HSAs) and association health plans (AHPs).

Darren Wilcox, senior vice president of The Dutko Group, touted HSAs for putting “health care consumers back in the driver’s seat.” HSAs should transform the way we look at health care

because they move away from the third-party payer system that insulates consumers from the costs of health care, Wilcox explained. He argued that HSAs have helped people most in need of health coverage. Some 30% of new HSA users were previously uninsured, 49% are families with children, and 41% are families with incomes of less than \$50,000.

However, *National Journal* health care reporter Marilyn Werber Serafini pointed out that HSAs might only appeal to healthy people, exposing less healthy people who remain insured in the small group market to significant cost increases and perhaps even to the threat of losing coverage. Wilcox said that AHPs, which would allow small businesses to band together to purchase coverage, would be a valuable cost-cutting tool.

There was no shortage of interest from participants on this complex and important subject.



The National Roofing Contractors Association's Craig Brightup (left) stresses the **importance** of small businesses joining **associations** such as the **U.S. Chamber** "to give volume to a **unified voice** to ensure reasonable regulations."





At the conclusion of the summit, the Chamber helped coordinate dozens of visits between summit participants and their members of Congress to discuss topics critical to small businesses.

In a post-summit survey of attendees, 93% said that the event was worthwhile, with 85% reporting that it was a good value for the money. Nearly all respondents thought that the program was

well run and well organized and that the staff was helpful and courteous.

Two additional factors driving the success of the summit were the quality of the speakers and the session topics: 87% of the respondents said that the speakers were engaging and informative, and 85% said that the sessions were relevant and educational. Further, 82% of the participants' expectations were met, and 83% plan to return in spring 2006.

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