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Bill helps companies fill staffs



Rep. Charlie Melancon, D-Napoleonville

Rep. Charlie Melancon, D-Napoleonville, has introduced legislation to help Louisiana's small businesses secure the temporary workers they depend on every year.

The Seasonal Workforce Assistance Act would provide a one-year extension for 2008 to any temporary worker who received an H-2B visa in 2005, 2006 or 2007. The H-2B visa is available to employers of foreign workers not working in the agricultural field and for temporary work.

If passed, the bill would provide small businesses, particularly crawfish, shrimp and sugar processors, with the seasonal foreign workers they have depended on in previous years without opening the door for tens of thousands of additional foreign workers every year.

"As spring continues and crawfish and shrimp harvesting season peaks, the cries from Louisiana processors who don't have enough workers are reaching a fevered pitch," Melancon said. "For generations, these small business owners have relied on temporary workers to peel crawfish or boil sugar a few months a year. Without legislation like the Seasonal Workforce Assistance Act, many of these south Louisiana businesses will be forced to scale back their operations, or worse, close down for the year. This crisis would ripple through south Louisiana's economy, hurting countless other workers and businesses."

Businesses in south Louisiana report they employed 1,968 H-2B workers last year. These businesses also employ 13,000 Louisianans to fill other jobs.

Fewer SBA loans pushes credit care use higher

With the credit squeeze forcing banks to back off from funding government-backed loans, small businesses are turning to their high-rate credit cards for funding, and the move is making small business advocates cringe.

In a 2007 survey of 500 small- and mid-sized business owners, the National Small Business Association found 44 percent of small businesses used credit cards for funding over the past year, the largest funding source and the biggest percentage of businesses the NSBA has ever seen.

"We hate them using credit cards and we discourage it nine ways to Sunday," said Gloria Glowacki, assistant director at Stony Brook University's Small Business Development Center. "But they have to do what they have to do. They have to exist."

Even though the Small Business Administration backs loans up to 85 percent, many banks have found the remaining 15 percent too big a risk and have abandoned their SBA loan programs altogether. According to the NSBA, 368 banks nationwide have cut these government-backed loans from their product roster.

Origination of the SBA's flagship 7(a) loan, which provides working capital to small businesses, has fallen 14 percent nationally over the past year, according to the NSBA. That leaves the credit card option, but since 71 percent of small businesses carry a balance on their cards, according to the NSBA, upping the balance is quite risky.

While the average 7(a) loan carries an interest rate of prime rate plus 4 percent, rates on credit cards can surpass 20 percent for outstanding balances.

Small businesses see more negatives in 2008

America's small businesses are extremely anxious about the economy and fear a recession on the horizon. That's according to the National Small Business Association's 2008 Survey of Small and Mid-Sized Business.

The past year has not been a good one for the small business economy, and projections for the next 12 months are even less optimistic, said the study, which surveyed 500 small business representatives on a range of topics including economic outlook, employee benefits, financing, energy costs and public policy.

"Our survey shows plain and clear how the economic slowdown is affecting small business," said NSBA President Todd McCracken. "When asked last year about their economic outlook, a majority of small-business owners responded positively. This year, a whopping 71 percent have a negative outlook on the economy — clearly small business is feeling the pinch."

About 225 business owners surveyed expect a recession in the next year, while just 45 businesses said they anticipate economic expansion. Fifty percent cite "economic uncertainty" as one of the most significant challenges they face to the growth and survival of their business, with 35 percent pointing to the cost of health insurance and 32 percent blaming lack of available capital.

"Small businesses are buckling down, with nearly a quarter reporting no growth strategies planned for the coming year," said NSBA Chairwoman Marilyn Landis. "Sales and profits are down, and fewer jobs are being created in 2008 than at any period since 1993 when the survey began."

About 55 percent of business owners surveyed said they have faced difficulty securing credit in the past year.

Spikes in energy costs have negatively impacted 385 of the 500 surveyed small-business owners. In response to rising costs, 185 businesses have increased their prices, 165 have reduced their business travel, 55 have cut their production schedule and 50 percent have reduced their work force.

When asked about politics, 200 respondents identified reducing the tax burden as their number one issue in the presidential elections, followed by 160 citing health care costs. •