

Live within our means

THE CHAMBER VIEW by Pamela Tumpap



As we look to the new year, there are big questions on people's minds, including: When is

the economy going to turn around? What is being done to help small businesses? When can I expect business to pick up so that I can rebuild my business?

The challenge is, we do not really know, but we do know that we still face a harsh road ahead in 2010 and that businesses will need to hang on, save where they can and live within their means. We need government to do the same.

The Maui Chamber of Commerce just sent out its third survey to see how businesses are faring and will report the results when complete. We expect the survey to show persistent revenue declines; increased layoffs and work-hour reductions; further decline in benefits; and business owners whose businesses, homes and other assets are in jeopardy. The picture is not pretty, and the challenges faced by the business community are immense; yet they forge positively ahead while they struggle to survive.

Many wonder if lawmakers and the public genuinely understand their plight. How could they if they have never laid off family members, especially during the holidays; or lost their business when expenses continually exceeded revenue; or lost their home because they could not pay the mortgage as they put everything into keeping the business afloat; or had their lives shattered from risking it all to pursue a dream and help others by providing products, services and employment opportunities? These heartaches are real; we hear the stories every day.

Like all businesses, the chamber is not impervious to economic challenges. While we are a nonprofit — which simply means we take any profit made and put it back into mission-related programs to benefit our members and the business sector — we are a business and must operate like one.

Just like other businesses, we have undergone tremendous cost-cutting measures, beginning with easy expenses, such as travel, down to difficult ones, like employee pay and benefits. Everything possible — from multiple phone lines to minor expenses, like coffee — was cut. But at some point, you reach the bare minimum: fixed costs that are required to operate a business, when pay reductions no longer cut it and

members of your family must be laid off. We are there and join the countless businesses that have had to make such heart-wrenching decisions. Such moves must be done for many businesses to survive, and businesses must survive!

They foot the bill for the government and for the employment we have today, and need relief not additional punches. Yet, another hit is coming with the unemployment-insurance tax increase in April. This increase could take the average UI tax paid per employee from \$90 to more than \$1,000. Without revision, the tax further could put businesses out of business. We are recommending changes to lesson the blow, and this is a top priority for the chamber.

We need the help of lawmakers on this and other issues. We must call upon them to take positive action and live within their means, as well.

As government grew, so did the benefit packages. We already have an enormous, unfunded government employee retirement debt and, with furloughs versus layoffs, the debt is rising because benefits are not lost. We must reduce the size of government.

Government was meant to provide essential services. In that regard, our elected officials should be privatizing services and letting the private sector, which operates more efficiently and effectively, save money for our county and state. They also should eliminate burdensome legislation to help reduce the cost of doing business and stimulate growth. Some legislators simply suggest a general-excise tax increase, which is the wrong answer. That would hurt us all and hinder economic recovery. It may appear easier than making painful decisions, but a general-excise tax hike would not address the problem. Say, "No!"

Much can be done to move us forward, and our elected officials play a huge role. Ask them to reduce costs, privatize services and speed up our economic recovery. Much of our future is in their hands.

It is also important to remember that we are in unprecedented times. In the past, consultants suggested businesses set aside at least six months of operating reserves to help survive a down economy. Who knew that this downturn would go on this long? For the few who set aside more, they too are at or near the end of their reserves. The good news is that the economy will recover. Until then, as hard as it is, we need to live within our means and press onward for a brighter tomorrow.

■ Pamela Tumpap is president of the Maui Chamber of Commerce.