

SBA Raises Revenue Limits for Small Business Certifications, ConstructionDive, ft. Elizabeth Marchionni

Elizabeth Marchionni, partner with Kaufman Dolowich & Voluck in Woodbury, was quoted in a ConstructionDive article based on her interview with Kim Slowey on August 3, 2019.

Effective Aug. 19th, the Small Business Administration (SBA) is raising its monetary-based small business size standards for inflation by an average of 8.4%, an adjustment that the administration expects will allow 90,000 additional companies to participate in its loan and contracting programs. The SBA said that this increase could result in \$750 million more total contracts awarded to small businesses and as much as \$65 million more in small business loans.

In order to be considered a small business under current SBA guidelines, most general, heavy and civil construction companies cannot have more than \$36.5 million of average annual sales receipts. The SBA's interim final rule raises that threshold about 8.2% to \$39.5 million. The current threshold of \$15 million for specialty contractors — i.e. electrical, concrete, plumbing, HVAC, painting — and those companies that provide engineering services will increase 10% to \$16.5 million. The cap on average annual receipts for architects is increasing by about 6.7% to \$7.5 million.

The last adjustment for inflation made to the SBA's monetary size standards was in 2014. The administration has also requested comments on the new limits, and those must be submitted by September 16. ?

The SBA also certifies small minority and disadvantaged businesses under its 8(a) program. Those contractors certified as 8(a) must still meet the administration's small business size standards but must also be 51% owned by an individual that is a member of a recognized minority or disadvantaged group. That owner must also play a role in the day-to-day operations of the company and must not exceed certain net worth and personal asset levels.

No matter what the certification program, there are not enough qualified disadvantaged and minority construction contractors to meet demand and some in the construction industry have been calling for monetary-based size thresholds like the SBA's to be raised so that more firms can be eligible.

"What [agencies] want is to have these utilization goals met," attorney Elizabeth Marchionni with Kaufman Dolowich Voluck LLP in New York told Construction Dive last month, "and in order to do that, you need an abundance of qualified, certified firms that can actually do the work."