



"Solving the Unnecessary Contracting Cliff for Enterprises to Scale Successfully Bill" or the "SUCCESS Bill"

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Solving the Unnecessary Contracting Cliff for Enterprises to Scale Successfully (SUCCESS) Act

The SUCCESS bill has been introduced into the Senate by three Senators: Young (R-IN), Hickenlooper (D-CO), and Kelly (D-AZ); and into the House by Representatives Barr (R-KY-06), Luetkemeyer (R-MO-03); and Crow (D-CO-06).

BACKGROUND:

Our coalition is made up of small, medium and large engineering and construction firms doing business with the federal government. Our members recognize reform is needed within the federal contracting community for the continued growth and success of small businesses (SBs). Under the current system, there is little to no incentive for SBs to grow beyond their respective NAICS size limitations, when the only path forward is to try to jump the "contracting cliff" – a move into a full-and-open competition market dominated by much larger firms.

THE PROBLEM FOR "ADVANCED SMALL BUSINESSES":

Successful federal SB contractors are limited in continuing their growth and success beyond current SB size thresholds. Those "advanced SBs" who are at or near the top of their size standard have a high risk of failure when making the jump to the next level. In fact, only 2.5% of SBs who grow beyond their SB size standard ever receive another federal contract.

THE PROBLEM FOR VERY SMALL AND ENTRY-LEVEL SMALL BUSINESSES:

When successful and more advanced SBs limit their growth rather than taking the next step and entering the full and open competition marketplace, they become dominant SBs. This inhibits the success of very small SBs in the federal market. The significant gap in resources and experience between emerging SBs and advanced SBs creates a barrier for new entrants to successfully compete in the federal construction and engineering market. This has contributed to the federal government's shrinking vendor base, with federal agencies awarding contracts to 32 percent fewer small businesses in Fiscal Year 2018 than in Fiscal Year 2009.

THE SOLUTION:

The SUCCESS Act would create a new SBA PILOT program aimed at solving these issues. Under the program, certain concerns that grow to exceed NAICS Codes 236220 (commercial and institutional building construction) or 541330 (engineering services) size standards would continue to qualify as "small" for contracts during a 1-time, 7-year transitional period. The proposed legislation would allow these "transitioning" SBs to continue to pursue SB set-asides above \$5,000,000 (for construction) and above \$1,000,000 (for engineering) without restrictions on annual revenue thresholds for the 7-year transitional period. The proposed \$5M (construction) and \$1M (engineering) limiting thresholds combine to represent less than 13% of current SB set-asides in the corresponding NAICS codes.

The result is more opportunities for entry-level SBs, since more advanced SB program participants are ineligible for contract awards below \$5M and \$1M. The program will also facilitate opportunities for success for SBs that decide to move into the middle and large federal markets, while allowing them time to build the additional resources and experience base needed to succeed at those next levels. Furthermore, it will result in increased success for entry-level SBs competing for SB set-aside contracts. A copy of the proposed legislative language has been added to our Member Toolkit, available at: <https://cmscorp.com/success/>

CALL TO ACTION:



Voice your support for the SUCCESS Act by signing our electronic petition form:

<https://bit.ly/PILOTACTION>

Please also contact your federal Congressional and Senate representatives via email to confirm your support for the "Solving the Unnecessary Contracting Cliff for Enterprises to Scale Successfully (SUCCESS) Act". Contact information for your House and Senate representatives can be found at: <https://www.congress.gov/contact-us>.

Thank you for your support!