



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

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EXECUTIVE SUMMARY: *The federal government recognizes two categories of businesses in government contracting — “small” and “other-than small”. Once firms exceed the SBA’s definition of small they lose preferences and small business set asides. They then must compete directly against firms of all sizes. This creates a dilemma for growing small businesses—they no longer qualify for small business contracts and are no longer eligible for SBA assistance, yet must directly compete against large contractors like Raytheon and Northrup Grumman. This bill would create a pilot program for engineering and construction firms to gradually transfer to competing in the “other than small” market. It will also help “small” businesses by creating new opportunities in the “small” business space as existing businesses are phased out instead of remaining artificially small to avoid the “other than small” competitive cliff.*

BACKGROUND:

- The number of small businesses entering the procurement marketplace as new entrants declined by [79%](#) from 2005 to 2019.
- More than [93%](#) of the businesses that were awarded only set-aside contracts in FY2008 and received any contract FY2017 remained small. Only [2.5%](#) advanced to mid-size.
- For Commercial/Institutional Construction the SBA size limit for small is \$45M in annual revenue.
- For Engineering Services the SBA size limit for small is \$25.5M in annual revenue.
- From FY 2005 to FY 2020 over 99% of the total number of actions awarded to Construction small businesses were \$5 million or less.
- For FY 2019, 2020 and 2021 over 80% of the total number of actions awarded to Engineering small businesses were \$250,000 or less.

MAIN COMPONENTS:

- Only companies that are in the commercial construction, institutional construction, and engineering services [fields](#) that have exceeded the size limits for “small businesses” are eligible. Each company may only participate once, and only for 7 consecutive years after exceeding the size standard.
- After the 3rd year of the program participants must consistently increase their sales of non-small business contracts until exiting the program in the 7th year.
 - The SBA will set the percentages that they must hit.
- Participants must annually certify their non-small business sales in a public registry.
- Participants may not exceed revenue that is 5 times the size of what the SBA considers small.
- Participants can not apply for contracts under \$5 million for construction firms and \$1 million for engineering firms.
- The SBA may prescribe additional restrictions as necessary.
- The pilot program will require re-authorization after 10 years.
- The GAO will produce an assessment of the program’s success.

SUPPORTERS:

- A coalition of small businesses looking to grow out of the small designation has been the main advocate for this legislation.
- A variety of other organizations have written in support of the bill including:
 - the US Hispanic Chamber of Commerce;
 - the Latino Business Action Network;
 - the Mid-States Minority Supplier Development Council;
 - the National Veteran Small Business Coalition;
 - the Florida Association of Veteran Owned Businesses; and,
 - the Associated Builders and Contractors of IN/KY.