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Proposed New SBA Size Standard Called a Potentially Damaging Blow to the Engineering Industry *ACEC Working With SBA for a More Equitable Definition of Small Business*

WASHINGTON, DC – The Small Business Administration’s (SBA) proposed new small business size standard would define almost all the nation’s engineering firms as small businesses and could be a fatal blow to the many truly small firms that secure federal contracts, says the American Council of Engineering Companies (ACEC).

For the first time in decades, the Small Business Administration (SBA) is substantively redefining what constitutes a small business in the professional and technical services sector. The SBA has proposed to increase the small business definition for engineering services to \$19 million in annual gross receipts from the current \$4.5 million—a 422 percent increase. Meeting size standard requirements determines a firm’s eligibility to compete for more than \$400 billion in annual federal contract dollars.

“Broadening the definition for small business in one step to such a large a degree defeats the intent of the set-aside program,” says ACEC President David A. Raymond. “Small engineering firms with a dozen employees or fewer will be forced to compete on an equal basis with companies with hundreds of employees. In engineering—and in many other industries—such a size difference produces unassailable advantages for the larger firms in vying for federal contracts.”

ACEC, which represents more than 5,300 engineering firms nationwide, has recommended to the SBA a size standard increase to \$10 million. This still significant increase is based upon industry-wide and ACEC membership data representing a valid cross section of small, medium, and large firms.

With small business accounting for more than 98 percent of all U.S. companies, and producing two-thirds of net new jobs nationwide, Congress mandated the set-aside program so small businesses can compete for federal contracts with large corporations. Since 1997, the federal government has targeted setting aside 23 percent of its contracts for small businesses.

Raymond emphasized that for many small engineering firms—which design the nation’s roads, bridges, airports, buildings, and water systems—a substantial portion of their annual revenues come from federal contracts. “Anything that contributes to the loss of such dollars would be a crippling blow for them,” he said.

The American Council of Engineering Companies (ACEC) is the business association of America’s engineering industry. Council members numbering more than 5,300 firms and representing more than 500,000 employees throughout the nation are engaged in the development of America’s transportation, water and energy infrastructure, as well as environmental, industrial and other public and private facilities. Founded in 1909 and headquartered in Washington, D.C., ACEC is a national federation of 51 state and regional organizations.