

SMALL BUSINESS OWNERS

Do you know about the SBA's Final Rule on Size Standards?

INTRODUCTION

As of 23 December 2013, the Small Business Administration (SBA) has changed the size standards for certified small businesses in the Utilities and Construction sectors. What this means is that the SBA has changed the “maximum size” that will allow more companies to either acquire or maintain a small business status which further provides that the Government has more small businesses to choose from when it is time to put solicitations out for bid. ([SBA](#)) Those companies will also become eligible for small business loans and assistance through the SBA.

One of the largest changes was to increase the dollar amount that small businesses can earn and still retain the small business status. The amount under “Other Heavy and Civil Engineering Construction” has changed from \$20 million to \$30 million in annual revenues in efforts to keep up with inflation. ([Construction revenues](#))

POTENTIAL IMPACT

The result of these changes reaches farther than just the utilities or the construction industry. These changes will also impact mining, finance and insurance, agriculture, forestry, entertainment, waste management, real estate, rental and leasing, just to name a few. *Id.*

The small business entities (e.g. 8(a), Hubzone, Woman-owned, Veteran-owned, Disabled Veteran owned, and Small Disadvantaged owned just to name a few) must still meet the requirements in the Title 13, Code of Federal Regulations, part 121 ([13 CFR §121](#)) as well as meet the size standard in terms of the number of employees or the average annual revenues, as mentioned earlier. Small business size standards can be found under the North American Industry Classification System (NAICS), which classifies construction activities by type of industry work, which is then given a number, or code, or in the Federal Acquisition Regulations under 48 CFR Part 19.

STANDARDS

The SBA has created a table that is intended to conform to the NAICS codes to assist Government procurement officials in determining whether or not a potential bidder meets the size requirements. The NAICS codes are intended to give a description of the industry, and then further breaks down the type of work for that industry. An example of the table is as follows:

NAICS Code	Description	Size Std. in Millions of \$	Size Std. in # of employees
	Sector 23-Construction		
Subsector 236-Construction of Buildings			
236115	New Single-Family Housing	\$33.5	

Subsector 332- Fabricated Metal Product Manufacturing			
332111	Iron and Steel Forging		500

The table is quite extensive as it provides a complete description and breaks down every industry into as many subsections as possible. ([NAICS Table](#)) then click on either the PDF or Excel file to download the entire table) The SBA then determines a small business's "annual receipts" by reviewing Federal Income Tax returns and reviews a certain time period. That time period usually consists of three (3) fiscal years. (i.e. total receipts for the three (3) years, divided by the number of weeks in business, multiplied by 52 for an entity that has been in business for more than three (3) fiscal years.)

When calculating the number of employees, the SBA includes all personnel who are full-time, part-time, or even on a temporary basis from an employment agency. Volunteers are not considered employees and are not included in the count. ([SBA calculation](#))

It is important to note that any small business concern would benefit greatly from reviewing the information contained on the [sba.gov](#), [ecft.gov](#), and [NAICS](#) websites to ensure that information is up to date and the small business concern is in compliance with the requirements and classifications contained there.

New business opportunities may become available from a review of updated information on the websites. Thus it is in the best interests of any small business to keep its qualifications updated for the purpose of regulatory compliance and attracting future contracts.

CONCLUSION

Contractors should be aware of the ramifications of not being properly classified as well as what opportunities may be missed if the contractor is not aware that changes have made eligibility for a small business classification a reality. The SBA provides more than just guidance and requirements, they also provide small business loans and development programs for small businesses. Knowing if an entity qualifies can make a big difference when it comes time to submit a bid for a Government project.

Thus, retaining the assistance of a professional consultant should be seriously considered to protect a contractor's interests properly and thoroughly. The experts at Excell Consulting International, Inc. have experience with Small Businesses and are informed about the standards and requirements, and stand ready to assist and evaluate your company's position and provide valuable and cost-effective guidance for your business.

In the end, you will be glad you made the call; by the way, it's a FREE CALL.

EXCELL CONSULTING: “HERE TODAY FOR YOUR TOMORROW.”

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