

Small Business Administration moves to let more companies qualify as ‘small’

-   Text Size
- [Print](#)
- [E-mail](#)
- [Reprints](#)

By Marjorie Censer, Sunday, March 20, 6:21 PM

The Small Business Administration last week took a step toward redefining what it means to be “small” for information technology, engineering and consulting-services companies, among others, marking another change in a tumultuous period for federal contractors.

[0](#)

[Comments](#)

- [Weigh In](#)
- [Corrections?](#)

[Tweet](#)

The contracting field has faced a more unpredictable market in recent months as federal officials have halted and reworked dozens of federal IT projects so they can be executed in smaller pieces. The government is pushing for greater use of more cost-conscious contract structures, such as fixed-price contracts that cap the total price, and is trying to bolster its procurement workforce to [better oversee projects](#).

The [threat of a federal government shutdown](#) also has kept contractors apprehensive.

The SBA is proposing new definitions for what qualifies as small in professional and technical services as diverse as accounting and computer programming. The rules would affect some fields more than others.

For instance, for an environmental consulting company, qualifying as a small business — making it eligible for designated contract opportunities and loan programs — would require revenue of no more than \$14 million, as compared with \$7 million previously. But the revenue ceiling for a computer programming firm increased only a small amount, to \$25.5 million from \$25 million.

The Professional Services Council, an industry association that represents many of the affected contractors, has backed the changes, arguing that the size guidelines were out of step with increasingly large contract values.

“It’s easy as a small business to graduate from your small-business set-asides because of being awarded one federal contract,” said Roger Jordan, the association’s vice president for government relations. “You want to have the size standards large enough so small businesses can actually develop themselves.”

Jessica C. Abrahams, a partner at McKenna Long & Aldridge, said the proposed rule will help some small contractors stuck “in the worst place to be,” slightly too big to receive special treatment but far too small to compete against major contractors.

The SBA said the thorough review was the first of its kind in several decades and that more recent revisions have been mainly limited to inflation adjustments.

The agency expects the proposed changes to make as many as 9,450 more companies eligible for SBA programs.

That would boost the number of eligible firms — 761,150 based on a 2007 survey — by only a little more than 1 percent. Still, proponents say the proposal would create a more competitive marketplace for small-business-designated opportunities.

David P. Metzger, a partner in Arnold & Porter’s government contracts practice, said the SBA will probably receive comments arguing both sides, with some companies happy to now be considered small and others that were already within the standards nervous about a larger pool.

“Small-business size standards are fights among the family,” he said. “There’s no right and wrong here.”

The SBA said it will accept comments for two months and then review the comments to determine whether or not to adopt the rules.

Jordan said the recent changes to acquisition rules and the push for greater efficiency have created a more unpredictable period for contractors.

“Some of these reforms are well intentioned, some may very well be needed, and we’re going to have to adjust as necessary,” he said.