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March 13, 2023

Ms. Bibi Hildago
Associate Administrator, Government Contracting
& Business Development
U.S. Small Business Administration
409 Third St SW, FL 2
Washington, DC 20024



RE: Response from the National Association of Minority Contractors

Dear Ms. Hildago:

The following excerpt contains NAMC’s contribution to a group of Columbia University fellows researching the day-to-day obstacles faced by Disadvantaged Business Enterprises (DBEs). NAMC input was given to the Equity in Infrastructure Research team of the Center for Buildings, Infrastructure, and Public Space (CBIPS) from Columbia University.

Currently, the Columbia University research team is drilling down into the main obstacles DBEs face with regards to (1) access to capital and (2) contracting.

1) The need for DBE to have access to the project mobilization 2) Compliance to ensure federal contracting opportunities are enforced and understood by all agencies and that the DOT DBE program is not the same as the small business program.

DBEs working on FAA contracts are only subject to the SBA size standards. DBEs working on FHWA and FTA contracts are subject to both the SBA size and the DBE statutory gross receipts standards. Having states compliant with its DBE goals is the most impactful measurement 50% of the states are not compliant with this requirement.

Biden Harris Rebuild America Infrastructure Bill Under USDOT Small Business Program Comparison

NICS	DBE SIZE	BUILDING	NICS	SBA SIZE	Build	NISC	SBA SIZE	Market
Class	SubTrade	Civil	Class	SubTrade	Civil	Class	Computer	Market
Code	Contractor	Gross	Code	Contractor	Gross	Code	Start UP	Gross
238990		\$19M	237990		\$45.M	334112	1,250/WK	\$1B
Net worth		\$1.6M			\$6.5M			\$15M

SBA SBICs represent nearly \$30 billion in domestic investment capital. The SBIC

program is run by the Small Business Administration's Office of Investment and Innovation. The SBIC program was established to stimulate and supplement the flow of private equity capital in long-term loan funds to the small business sector to aid in their growth, expansion, and modernization. Small businesses that in their early stages received SBIC investments and have subsequently grown into icons of American industry include Federal Express, Apple, Intel, Costco, Tesla, Whole Foods, and Callaway Golf. Many more small businesses backed by SBICs have grown into robust, sustainable mid-sized businesses that bring prosperity and employment to communities across the country. SBICs represent nearly \$30 billion in domestic investment capital. The SBIC program is run by the Small Business Administration's Office of Investment and Innovation. The SBIC program was established to stimulate and supplement the flow of private equity capital in long-term loan funds to the small business sector to aid in their growth, expansion and modernization.

The maximum tangible net worth may not exceed \$15 million; and the average net income after Federal income taxes (excluding any carry-over losses) for the two full fiscal years before the application date may not exceed \$5.0 million. Applicants for the Small Business Investment Company (SBIC) program may use Your SBA Adjusted Net Worth and Total Assets Calculation Your Total Assets Note: If your total SBA counted Assets are below \$6,500,000 you are considered Economically Disadvantaged by the SBA for 8(a) or EDWOSB Certification Purposes. Hidden Total Assets - SBA Calc.

Biden-Harris Administration and the United States Department of Transportation issued a Notice of Proposed Rulemaking, looking to modernize Disadvantaged Business Enterprise (DBE) program requirements and regulations.. Personal Net Worth limit from \$1.32 million to \$1.6 million and the exclusion of retirement assets. There are also changes to simply many of the processes, including interstate certification.

- Alejandro Lizcano, Columbia University, MS Civil Engineering Student | CBIP

Columbia research is being directed by Dr. Feniosky Peña-Mora (former Dean of the Columbia School of Engineering and former NYC Commissioner of the Department of Design and Construction) and Prof. Rick Bell (former Executive Director of Design and Construction Excellence at the New York City Department of Design and Construction), our partner for this research is EIP with which we have biweekly meetings with the Honorable John Porcari to show him our progress and receive his valuable insight. Mr. John Porcari and President Obama worked vigorously with the Department of Transportation under President Obama to help put Americans back to work with more than 10,000 transportation projects funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act).

"Ensuring that opportunities created by our Nation's investments are shared by all Americans will continue to be a priority for our Administration. To make that vision a reality, the Secretary and I believe it is vital that we work together to provide small disadvantaged businesses and female and minority workers with a fair chance to participate in transportation projects. I urge you to take advantage of existing equal opportunity programs and resources and to create innovative strategies to provide opportunities for the underrepresented."

The Department's Disadvantaged Business Enterprise (DBE) program applies to projects funded both from traditional DOT sources and from the Recovery Act. The DBE program helps small businesses owned and controlled by socially and economically disadvantaged individuals compete, and is designed to support

entrepreneurs, the people who create jobs. I encourage you and your local partners to use proven strategies, such as unbundling large projects and establishing and meeting realistic DBE goals to reach a greater number of DBEs. The Department can also help in other ways. First, the Federal Transit Administration (FTA) can provide you with training and technical assistance. Federal transit funds also may be used for educating and training public-sector employees. In addition, the Department's Office of Small and Disadvantaged Business Utilization operates short-term lending and bonding assistance programs to help small businesses overcome barriers to participation. That office recently began a training program for women and girls interested in transportation careers.

Even with all of these tools, however, existing programs may not be sufficient to ensure the broadest possible participation in Recovery Act projects. Thus, I encourage you to consider other approaches to meeting these challenges. Some transit agencies, for example, have created partnerships among community organizations, local elected officials, trade unions, contractors and their associations, and other public agencies to identify common expectations and set specific project objectives. In this way, they have used their projects as an avenue to increase DBE participation while developing a workforce that better reflects the diverse skills, talents, and backgrounds of American workers.

One transit agency, Tri-Met of Portland, Oregon, provided DBEs with technical business assistance in important areas such as estimating, financing, business development and job performance, before the bidding process began. Tri-Met also divided construction projects that could have been awarded under a single contract into multiple stages and it allowed DBEs to compete for the resulting smaller contracts for each stage. Tri-Met's innovative approach to unbundling not only gave more DBE firms the opportunity to participate in the project and to support and train their workforces, it also provided multiple DBEs with exposure to, and the opportunity to become familiar with the contracting process. The reduced size of the unbundled contracts also made it easier for DBE participants to obtain the bonds necessary to win the contracts.

Another example is the Regional Interagency Sustainable Communities (RISCO) Partnership created by Denver's Regional Transportation District Workforce Initiative. RISCO developed partnering opportunities with local faith-based and non-profit organizations, local housing authorities and the Community College of Denver to identify, assess and train local members of the community for work on the regional transportation district's initiative and transition into meaningful, well-paying jobs in transportation-related industries. I encourage you and other transit agency leaders to share additional ideas with us so that we can help others learn from your experiences.

Private-sector efforts are important as well. I urge you to encourage large successful contractors to create opportunities for joint ventures with small disadvantaged businesses and to support mentor-protégé relationships to pass along the knowledge and skills needed to succeed long term. I also ask that you actively promote efforts by bonding and insurance companies and lending institutions to take steps to overcome typical barriers that impede small business competitiveness.

"Using all available talent and resources is essential to fueling a strong recovery and restoring our Nation's economic competitiveness. The Obama Administration and this Department are committed to helping create opportunities for DBE firms and all workers, including women and minority workers, to participate in this

economy of the future. I encourage you and all your private- and public-sector partners to consider adopting strategies.” - John D. Porcari

Respectfully,

Wendell R. Stemley, CMAA
NAMC National President

cc: Mr. Donald R. Cravins Jr., Under Secretary of Commerce for Minority Business Development
Ms. Isabella Casillas Guzman, Administrator, U.S. Small Business Administration
Mayor Mitch Landrieu, Senior White House Advisor
Mayor Keisha Lance Bottoms, Senior White House Advisor, Community Engagement
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Attachments:

SBA's Size Standards Methodology