



NEWS RELEASE

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SBA and Caltrans Promote Greater Access To Surety Bonds and Contracts for Small Businesses

WASHINGTON – The U.S. Small Business Administration and the California Department of Transportation (Caltrans), Office of Civil Rights, have signed an agreement aimed at increasing contracting opportunities for small businesses in California through SBA's Surety Bond Guarantee program.

Under a Joint Bonding Assistance Initiative, SBA and Caltrans will work together to help ensure qualified small businesses can obtain the necessary bonding required on Caltrans construction contracts and subcontracts. A key component of this initiative involves the increased participation of surety companies and surety company agents and producers in the SBA Surety Bond Guarantee program. The SBA program guarantees a surety company between 70 and 90 percent of the cost incurred by the surety company in the event of a contract default.

"During these difficult economic times," said SBA Administrator Karen G. Mills, "this kind of federal-state partnership is particularly helpful to small and emerging contractors who have seen their markets hurt by a poor economy and a lagging construction environment."

The agreement, in the form of a Memorandum of Understanding, dovetails with the recent passage of the American Recovery and Reinvestment Act. The Act contains, among other significant programs, the largest investment in new infrastructure for the nation since the 1950s, including roads, bridges and mass transit systems, and contractors will need surety bonds to bid on the work.

The Act also expands the SBA Surety Bond Guarantee program, raising the contract ceiling for small business bond guarantee eligibility from \$2 million to \$5 million, and on federal contracts, up to \$10 million following certification by the contracting officer that a bond guarantee would be in the best interests of the government.

Key objectives of the Bonding Assistance Initiative include:

- **Helping** small and emerging businesses obtain bonds on individual construction, supply and service contracts.
- **Increasing** the number of small businesses qualified to compete and participate in the Caltrans federal and state-funded construction contracts.
- **Reducing** contract performance risk, while strengthening small business self-sufficiency.

- **Increasing** the bonding capacity of small businesses performing on Caltrans' engineering and construction contracts.
- **Maximizing** statewide marketing efforts to the small business contracting community.
- **Increasing** the pool of surety companies and surety agents participating in the SBA program.

Coordinated teamwork and engagement by SBA, Caltrans and the surety industry will enhance support to the small business community and open up new contracting opportunities as California invests in its transportation infrastructure.

For more information on SBA's Surety Bond Guarantee Program, go online to <http://www.sba.gov/osg/>.

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