



THE AMERICAN
INSTITUTE
OF ARCHITECTS

Issue Brief

The AIA's Plan for Economic Recovery

Protect Small Architecture Firms

AIA Position

The AIA urges Congress to protect small architecture firms from disruptive changes to SBA size standards regulations by passing the Small Business Protection Act of 20102 (H.R. 3987).

Background

The U.S. Small Business Administration (SBA) recently abandoned their proposal to group architecture with multiple other engineering and construction industries into a single size standard of \$19 million in annual gross receipts. That increase would have represented a nearly 400 percent increase over the old architecture size standard of \$4.5 million, and would have redefined nearly 98 percent of American architecture firms as small.

Architecture is by and large a small business profession: 95 percent of architecture firms in the United States employ 50 or fewer people. A 400-percent increase in the size standard would effectively lock many small firms out of the federal procurement market and make it harder for them to secure small business loans.

Following extensive grassroots advocacy by architecture firms, in March 2012 the SBA released new size standards for architecture and other industries. Architecture and engineering were separated into different standards for the first time, with architecture placed at a \$7 million gross receipts standard and engineering at \$14 million. Although this was a vast improvement over the SBA's original \$19 million proposal, there is no guarantee that the proposal will not return.

H.R. 3987, the *Small Business Protection Act of 2012*, introduced by Reps. Joe Walsh (R-IL) and Gerry Connolly (D-VA), would safeguard the interests of small business by ensuring that the SBA cannot combine industries into a single size standard when their demographics do not warrant such a move, such as their proposal on architecture firms. The AIA supports this legislation to ensure that future changes in the size standard reflect an industry's unique demographics.

H.R. 3987 was passed by the House as a part of the National Defense Authorization Act. The AIA urges the Senate to follow suit.

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