NEWS RELEASE
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Contact: Stephanie Robichaux
Phone: (985) 856-9878
E-mail: srobichaux@surety.org

SFAA MEMBERS TAKE CONSTRUCTION BILL TO CONGRESS

MAY 7, 2014, WASHINGTON, D.C.— Today, nearly two dozen representatives from SFAA member companies, along with SFAA staff, met with members of Congress, mostly in the Senate, and their staffs as part of SFAA’s annual Congressional Action Day. This year, SFAA and its members are focusing on getting the federal Construction Coalition legislation put into play, which includes simple procurement reforms that increase small business participation in federal construction projects. Representatives from contractors associations that are part of the Construction Coalition also participated with SFAA members in some of their Hill visits as part of the effort to get the Coalition’s bill dropped in the Senate.

“Congress came back from its spring recess with a limited agenda of ‘must do’ items before fiscal year 2014 ends on September 30, which includes funding the federal government beyond that date and funding the Highway Trust Fund. That’s a small but very difficult agenda,” says Lenore Marema, SFAA’s vice president of government affairs, who organizes Congressional Action Day. “Congress will be looking for issues that can be enacted on a bipartisan basis, and we’ve got just what they are looking for.”

SFAA is part of the Coalition, which includes all the other stakeholders in public construction. SFAA’s top federal surety issues, among others, are included in this legislation:

1. Exempting the Miller Act bond threshold from the required periodic reviews for inflation. It makes no sense that the level of payment protection for subcontractors and suppliers on the job should be decreased as the costs of construction increase. Similarly, the bill would assure that the Miller Act protections are available on federal public-private partnerships (P3s). The need for performance and payment protection is exactly the same in a P3 as any other type of project.

2. Requiring that the security that stands behind every federal contractor’s obligations to the federal government should be governed by the same rules. There should be either a corporate surety bond in place from a company approved by the U.S. Treasury or assets with readily identifiable value pledged and relinquished to the federal government while the construction project is ongoing.

3. Increasing the maximum bond guarantee to sureties in the Preferred Surety Program of the Small Business Administration from 70% to 90%. This change would make the program more economically feasible for corporate sureties and their bond producers,
which would increase their participation in the program.

“The changes to the federal procurement process in this bill are critical to small business participation, and this is a bill that can get passed with bipartisan support,” said Marema. A number of the provisions in the Coalition legislation already are moving through the House with bipartisan support.

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The Surety & Fidelity Association of America (SFAA) is a trade association of more than 450 insurance companies that write the vast majority of surety and fidelity bonds in the U.S. SFAA is licensed as a rating or advisory organization in all states and it has been designated by state insurance departments as a statistical agent for the reporting of fidelity and surety experience.