NEWS RELEASE
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SFAA MEMBERS TAKE SURETY ISSUES TO CONGRESS

MAY 7, 2015, WASHINGTON, D.C.— Based on the success of persuading the U.S. House of Representatives to include some key surety issues in its version of the National Defense Authorization Act (NDAA) last week, SFAA and its members focused their Congressional Action Day visits on the Senate today for the same result. Nearly three dozen representatives from SFAA member companies, along with SFAA staff, met with almost 30 members of Congress and their staffs yesterday.

“We are asking the Senate to support two simple procurement reforms from H.R. 838 that increase small business participation in federal construction projects and eliminate fraud in contracting,” says Lenore Marema, SFAA’s vice president of government affairs, who organizes Congressional Action Day, “and our timing is right, as the Senate is considering its version of the NDAA.”

H.R. 838 contains two of the provisions from the federal Construction Procurement Reform Coalition, of which SFAA is a part:

1) H.R. 838 would require any person or entity pledging collateral to the federal government to play 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.

2) Also included and passed in the House NDAA is an increase in the maximum bond guarantee to sureties in the Preferred Surety Program of the Small Business Administration from 70% to 90%. This change would increase the availability of surety bonds for small businesses by making the program more economically feasible for corporate sureties to participate.

Several SFAA members also addressed public-private partnerships (P3s), a key issue that Congress likely will address in the upcoming reauthorization of the Highway Act. The federal
role in P3s going forward largely will be financing state P3 projects. “Construction is a risky business—that goes for P3s as well as any other procurement method,” said Marema. “Because taxpayers ultimately fund the P3 and benefit from the finished project, Congress should follow existing legislative and regulatory precedents and include specific provisions in any new or existing law to require bonding in order to protect taxpayer dollars.”