

July 16, 2019

United States Senate Committee on Small Business and Entrepreneurship
Chairman Marco Rubio
428A Russell Senate Office Building
Washington, D.C. 20515

Chairman Rubio,

On behalf of EA Engineering, Science, and Technology, Inc., PBC, (EA), I write today to express our company's support for your legislation to reauthorize the Small Business Act. EA appreciates your efforts and supports specific aspects of the legislation you are moving through your Committee.

EA is a 100% employee-owned Public Benefit Corporation that provides environmental, compliance, natural resources, and infrastructure engineering and management solutions to a wide range of government and industrial clients. In business for more than 45 years, EA has earned an outstanding reputation for technical expertise, responsive service, and judicious use of client resources. Headquartered in Hunt Valley, Maryland, EA employs approximately 500 professionals through a network of 26 offices across the continental United States, as well as Alaska, Hawaii, and Guam. **EA qualifies as a small business under the Environmental Remediation Services (ERS) sub-industry in the North American Industry Classification System (NAICS) Code 562910, which currently has a size standard of 750 employees.**

As a small business, we have seen firsthand the tremendous amount of change that has taken place in the small business contracting universe since the last time Congress reauthorized the Small Business Act in 2000. From changing global economic dynamics to industry consolidation, the environment in which small businesses start, grow, and transition through Small Business Administration (SBA) programs has evolved over the last twenty years. Reviewing your Chairman's mark SBA reauthorization released on June 28th, we appreciate that the legislation addresses issues of competition, modernization, fairness, and growth for small businesses. Your draft also makes the appropriate reforms to various SBA programs to ensure the Agency meets its goal of fostering, aiding, and supporting the growth of small businesses. We hope that the Committee will work in a bi-partisan manner to pass the core elements included in your mark.

We want to specifically applaud and express our support for the expansion of the Small Business Runway Extension Act¹ (SBRE) so small businesses that operate under employee-based size standards are included in the recent law change. We strongly encourage the Committee to ensure this expansion is included in any SBA reauthorization, or as stand-alone bill if necessary.

Congress did something great when it passed the SBRE last year. This law provides the needed flexibility for small businesses looking to grow and graduate from their size standard in a position of strength. However, Congress missed expanding this growth mechanism to nearly half of the small business world. Currently there are nearly 505 industries governed by employee-based standards, nearly as many as the 526 industries that are covered by receipts-based standards.

¹ Public Law No: 115-324

As a company that operates under an employee-based standard, we are all too aware that employee headcounts are even more sensitive to short-term business variability than receipt-based standards. This is because employee headcount is currently calculated over a 12-month rolling average with a new headcount every month, versus a three-year period (now five-year period) for receipt-based standards calculated once per year. A longer calculation period makes even more sense for employee-based standards because the hiring of employees usually precedes the earning of revenue in a typical business. Thus, when we hire a team of employees in anticipation of a contract or task order award, the impact to our headcount is immediate, while the revenue may follow months or years later.

Your draft legislation goes a long way in promoting equitable treatment between small businesses operating under employee and receipt-based size standards and provides a valuable tool for a company like EA, and other small businesses, looking to grow. Additionally, we also appreciate the added flexibility in the draft by providing businesses the option to use a twelve-month average for headcount during a transition period.

We hope that your Committee acts swiftly in passing the legislation along a bipartisan basis and are thrilled with your efforts to reauthorize the Small Business Act to ensure SBA provides the tools, resources, and support for America's small business community. We are happy to be a resource to you, Ranking Member Cardin, and all Committee members on any issues of relevance to the Committee's work.

Sincerely,



Ian D. MacFarlane
President and Chief Executive Officer
EA Engineering, Science, and Technology, Inc., PBC

IDM/pn

CC: Ranking Member Ben Cardin

Senator James Risch
Senator Rand Paul
Senator Tim Scott
Senator Joni Ernst
Senator James M. Inhofe
Senator Todd Young
Senator John Kennedy
Senator Mitt Romney
Senator Josh Hawley
Senator Maria Cantwell
Senator Jeanne Shaheen
Senator Edward J. Markey
Senator Cory A. Booker
Senator Christopher Coons
Senator Mazie Hirono

Senator Tammy Duckworth
Senator Jacklyn Rosen