Surety story on small contractor opportunities

IIJA creates opportunities for small contractors and sureties, alike.
The Infrastructure Investment and Jobs Act (IIJA) will soon inject hundreds of billions of dollars into infrastructure projects across the country, including roads and bridges, power grid updates, water infrastructure and railroad enhancements.

While larger, more established contractors will benefit from this infusion of new spending, many smaller contractors will also cash in on opportunities to secure contracts for upcoming infrastructure projects.

"Since the IIJA was signed into law last November, savvy contractors and sureties have been preparing themselves to compete for a wide range of potentially lucrative infrastructure contracts," notes Jeff Cose, Senior Vice President, National Bond Center, Nationwide Mutual Insurance Company.

A boon for DBE participants
The IIJA will create a significant amount of business for contractors in every region of the United States. Specifically, though, the IIJA aims to direct at least 10 percent of its transit program and surface transportation funding to businesses that are certified as disadvantaged business enterprises (DBEs) by the U.S. Department of Transportation.

The IIJA also makes permanent the Minority Business Development Agency (MBDA), which was established in 1969 to help minority-owned businesses thrive. The IIJA increases the reach of the MBDA by expanding its programs, creating regional offices and opening rural business centers to reach those outside large metropolitan areas. Among other objectives, these changes will prepare the MBDA to support DBEs as they bid for IIJA-funded projects.

A win for experienced sureties and bond producers
While larger, seasoned contractors are no stranger to the surety market, many smaller contractors bidding on IIJA projects may be new to surety bonds and will need an expert by their side to help them navigate the bonding process.

“Bonding will be required for many IIJA-funded infrastructure projects, which creates an opportunity for bond producers to find new customers,” says Cose. “Now is the time to identify businesses, including newer DBE contractors, who will need bonds in the near future.”

It’s important to establish a strong working relationship with these contractors to offer guidance on surety requirements, the underwriting process, different programs available to them and tools to help them qualify. If a surety relationship is new to a contractor, credit-based programs for smaller bonds or the SBA Surety Bond Guarantee program may help them secure their first bond.

The sky’s the limit

Despite a level of uncertainly in the economy today, the IIJA offers untapped opportunities for contractors and sureties that are ripe for the picking.

“It’s important to get in front of them now,” concludes Cose. “Don’t want until the last minute—or it may be too late.”

https://drexel.edu/nowak-lab/publications/newsletters/IIJA/