

# Summary

## Rationale for Evaluation

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1. CERT Program<sup>1</sup> small business status has been historically determined by applying size standards promulgated by the State of Minnesota Department of Administration (“Department of Administration”).<sup>2</sup>
2. In 2013, the Department of Administration changed its size standards, resulting in significant changes.
3. Rather than adopting the revised standards (“MMD Current”), the CERT Program adopted a resolution to hold at the prior standards and evaluate the impact of such changes on our local small businesses.

## Overview: Methodology

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1. Using reports generated from the CERT Program database, data for 1,232 businesses was compiled to determine the impacts of a move to a different size standard (or ‘code sets’).
2. The standards evaluated were the 1) MMD Current standard and 2) those published by the United States Small Business Administration (“SBA”).

## Overview: Data Findings<sup>3</sup>

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1. The CERT database is comprised of 1,232 businesses.
2. A total of 252 NAICS codes are reported in 23 Sectors.
3. The CERT businesses have reported these codes as either a primary or secondary code.<sup>4</sup>
4. The data supports a finding that 6.3 % (or 99 CERT certified businesses) would graduate upon a move to the MMD Current standard.
5. The data supports a finding that 0.7% (or 11 CERT certified businesses) under the NAICS codes evaluated would graduate upon a move to the SBA standard.

## Executive Board Determination & Rationale

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1. Adopt the SBA Size Standard because of the transparency in its process and flexibility in its formula.
2. Pilot a “provisional status” available for graduating businesses within Sector 23 to keep in line with the goals forwarded in our mission statement.
3. Begin Implementation phase for the next 6 months to further develop programmatic changes taking effect January 1, 2016.

## Implementation Plan

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1. The provisional status criteria will be further developed with community outreach and input;
2. Businesses that will come upon recertification will be held to the 2012 MMD standard;
3. Businesses applying for new certification will be held to the 2012 MMD standard.; and
4. If a business has graduated since February 20, 2014, the date of the first Executive Board Resolution pertaining to the size standard evaluation, on January 1, 2016, such a business may apply to be considered for a “provisional status.”

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<sup>1</sup> Central Certification CERT Program Collaborative Joint Powers Agreement Executive Board consists of representatives from the City of Saint Paul, Hennepin County, and Ramsey County.

<sup>2</sup> The process by which the Dept. of Administration determines its size standards is articulated in Minnesota Rule 1230.1600.

<sup>3</sup> For codes where a standard does not exist, the gross receipts are reported but the impact could not be evaluated.

<sup>4</sup> Certification specialists use a business’ primary code for determining small business status. The secondary code was added for purposes of due diligence.