

June 1995

SMALL BUSINESS

Responses to Survey on Construction Firms' Access to Surety Bonds

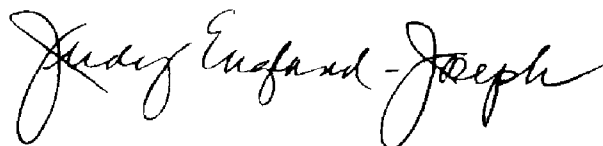


Foreword

Federal law currently requires contractors to provide assurance—in the form of a surety bond—that federal construction contracts will be completed and that the contractors' employees and suppliers will be paid. Most state and local governments and some private-sector lenders also require construction firms to be bonded.

Surety companies issue bonds on the basis of their evaluation of a construction firm's ability to complete a project successfully. To obtain a bond, a contractor must show that it has the financial capacity and experience to perform the project. Doing so can be difficult for small construction companies. The Small Business Access to Surety Bonding Survey Act, contained in the Small Business Credit and Business Opportunity Enhancement Act of 1992, directed us to survey small construction companies for information on their experiences in obtaining surety bonds between 1990 and 1993. We sent out a questionnaire to 12,000 firms. Our report on this survey is entitled Small Business: Construction Firms' Access to Surety Bonds (GAO/RCED-95-173FS, June 26, 1995). This supplement provides detailed statistics on the experiences of small construction firms.

Section 1 of this supplement includes background information on the methodology and limitations of our survey along with statistics on the overall response rate and information on how to interpret the tables in the subsequent sections. Sections 2 to 4 include, among other data, detailed data on the results of our survey by the average annual revenues of the firms and the ethnicity and gender of the firms' owners. These sections parallel the discussion in sections 2 to 4 of our report GAO/RCED-95-173FS. The tables in section 2 of this supplement summarize the characteristics of construction firms that are small enough to be eligible for the Small Business Administration's (SBA) programs and that had obtained bonds. The tables in section 3 summarize the recent experiences of these firms in obtaining bonds. The tables in section 4 describe the characteristics of the firms that had not obtained bonds, including their reasons for not obtaining them. A copy of the questionnaire used in our survey is included in appendix I.



Judy A. England-Joseph
Director, Housing and Community
Development Issues

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Abbreviations

CPA	certified public accountant
DOT	Department of Transportation
GAO	General Accounting Office
SIC	standard industrial classification
SBA	Small Business Administration

Survey Methodology

We selected a simple random sample of 12,000 companies from Dun & Bradstreet's list of 683,198 firms in the construction industry, excluding general contractors primarily involved in residential building construction, as of December 31, 1993. We eliminated firms working primarily as general contractors for and builders/developers of single-family residences from the study because they were not as likely as other firms to be asked to obtain bonds. A summary of the standard industrial classifications (SIC) of the firms included in the survey is provided in table 1.1, and the percentage of firms in the sample that fell into each of these classifications is shown in table 1.2. These classifications are based on definitions of industrial activity used by the U.S. Bureau of the Census.

We sent the questionnaire to each firm in the sample. We alerted recipients by postcard before sending out the survey and mailed up to two follow-up questionnaires to firms that did not respond to our initial request. We conducted the survey from February to July 1994, with follow-up mailings in March and April 1994. As table 1.3 shows, 16.9 percent of the firms in our sample were out of business or were not doing construction work, or we lacked a current address. Of the remaining 9,964 firms, 50.2 percent responded to the questionnaire.

From the list of nonrespondents as of May 13, 1994, we randomly sampled 800 to contact by telephone. We made up to four attempts to reach each firm by telephone to determine whether the nonrespondents differed from the respondents in their experiences with bonds. The responses to this effort are summarized in table 1.4.

We acquired financial data on the sampled firms from Dun & Bradstreet's Research and Regulatory File. This information included historical sales data for all of the sampled firms and financial statements for 3,017 firms. We matched the firms' financial records with data from the survey. The survey respondents with bonding experience were more likely than the survey respondents with no bonding experience and the nonrespondents to have financial statements on file at Dun & Bradstreet. However, as table 1.5 shows, financial information was available for only 36.6 percent of the survey respondents.

Definitions

We determined the ethnicity and gender of the owners of the firms from the answers to the following two questions in our questionnaire:

“Is 51% or more of the firm owned by one or more of the following minority groups: Black or African American, Hispanic, Asian, American Indian or Native American, or Pacific Islander?”

“Is 51% or more of the firm owned by women?”

We determined the size of the firms by calculating their average annual construction revenues for 3 years before the date of the survey. When the revenues for 3 years were not available, we used the average revenues for 2 years or the revenues for the most recent year. For the firms that did not answer our question about revenues, we used Dun & Bradstreet’s historical sales data to calculate similar averages. We determined that these data were reliable indicators of responses to our questions on revenues. We then grouped the firms into the following categories:

- the smallest firms—those with average annual revenues less than or equal to \$500,000;
- medium-size firms—those with average annual revenues over \$500,000 and up to \$3.5 million;
- larger firms—those with average annual revenues over \$3.5 million and up to the maximum allowed for eligibility in SBA’s programs as a small business: \$17 million for firms in general building construction and heavy construction and \$7 million for special trade contractors; and
- the largest firms—those with average annual revenues that exceeded SBA’s size standards for small businesses. (Data for these firms are not included in the tables.)

We considered that a firm had “bonding experience” if it reported having had one or more of the experiences mentioned in the following question: “Has your firm ever provided a bid bond, a performance or payment bond, or had a preapproved bonding line?” We considered that a firm had recent experience if it had obtained a bond since 1990.

Limitations of the Survey Data

Our results can be generalized to construction firms that would have answered our survey if we had mailed our questionnaire to all companies. This is about half of the firms currently in business, primarily in construction, and identified as such by Dun & Bradstreet. The firms that would not have responded to our survey—and to which, therefore, the results cannot be generalized—are smaller, on average; work more often in special trades; and are less likely to have financial statements on record with Dun & Bradstreet than the firms that responded. According to our

telephone survey, these firms are also less likely to have had bonding experience. Our results also cannot be generalized to the firms that have gone out of business; the newest/youngest firms, which have not been in business long enough to be identified by Dun & Bradstreet; or the firms working primarily as general contractors for or builders/developers of single-family residences, which we excluded from our review. Finally, our results cannot be generalized to the largest firms, that is, those with annual revenues exceeding SBA's size standards for small businesses.

Sampling Errors

As with all sample surveys, our statistical estimates contain sampling error—potential error that arises from not collecting data on all firms. We calculated the amount of sampling error for estimates of various statistics at the 95-percent confidence level. This means that if we repeatedly sampled 12,000 firms from the same Dun & Bradstreet file and performed our survey again, 95 percent of the samples would yield results within the ranges specified by our estimates, plus or minus the sampling errors. In calculating sampling errors, we did not make a correction for sampling from a finite population. The sampling errors for estimates of statistics other than percentages (e.g., averages) are reported in the tables.

We do not provide sampling errors for estimates of percentages, but they can be computed using the formula

$$\text{s.e.} = \pm 1.96 \times \text{square root} [(p) \times (1-p) / n]$$

where p is the percentage of firms having a certain characteristic and n is the number of firms with and without the characteristic. Both p and n are provided in the tables.

We tested the differences between subgroups we were interested in—such as the minority-owned firms and the firms not owned by minorities—for statistical significance. Statistical significance means that the differences we observed between subgroups are larger than would be expected from sampling error. When this occurs, some phenomenon other than chance is likely to have caused the difference. Statistical significance is absent when an observed difference between two subgroups, plus or minus sampling error, yields a range that includes zero. In this instance, sampling error alone could explain the difference. It should be noted, however, that the absence of a statistically significant difference does not mean that a difference does not exist. The sample size or number of respondents to a

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question may not have been sufficient to allow us to detect a difference.
We report the results of the tests for statistical significance in each table.

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Table 1.1: Standard Industrial Classification (SIC) Codes of Firms in Construction Industry Included in Survey

Major group 1500: Building construction—general contractors and operative builders	
1522	General contractors—residential buildings other than single-family
1541	General contractors—industrial buildings and warehouses
1542	General contractors—nonresidential buildings other than industrial buildings and warehouses
Major group 1600: Heavy construction other than building construction—contractors	
1611	Highway and street construction, except elevated highways
1622	Bridge, tunnel, and elevated highway construction
1623	Water, sewer, pipeline, and communications and power line construction
1629	Heavy construction not elsewhere classified
Major group 1700: Construction—special trade contractors	
1711	Plumbing, heating, and air-conditioning
1721	Painting and paper hanging
1731	Electrical work
1741	Masonry, stone setting, and other stone work
1742	Plastering, drywall, and acoustical and insulation work
1743	Terrazzo, tile, marble, and mosaic work
1751	Carpentry work
1752	Floor laying and other floor work not elsewhere classified
1761	Roofing, siding, and sheet metal work
1771	Concrete work
1781	Water well drilling
1791	Structural steel erection
1793	Glass and glazing work
1794	Excavation work
1795	Wrecking and demolition work
1796	Installation or erection of building equipment not elsewhere classified
1799	Special trade contractors not elsewhere classified

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Table 1.2: Percentage of Firms in Sample Meeting SBA's Size Standards in Selected Standard Industrial Classifications

Standard industrial classification	Percent of firms (n=12,000)
Building construction	11.5
Heavy construction	7.4
Special trade construction	81.1

Table 1.3: Summary of Responses to Questionnaires

Response category	Percent	Number
Respondents		
Completed questionnaire; obtained a bond or had a bonding line	18.5	2,225
Completed questionnaire; had no bonding experience	23.0	2,771
Completed some questions; did not describe bonding experience	0.1	12
Ineligible (no construction revenues since 1990 or not in construction)	10.9	1,310
Subtotal	52.5	6,318^a
Nonrespondents		
Out of business, no new forwarding address, or deceased	6.0	726
Refused	0.4	53
No information on reason for nonresponse	41.0	4,928
Subtotal	47.5	5,707

^aIncludes 25 firms that responded anonymously.

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Table 1.4: Summary of Responses to Follow-Up Telephone Interviews

Response category	Percent	Number
Respondents		
Completed interview; provided a bond or had a bonding line	14.0	112
No bonding experience	22.6	181
Subtotal	36.6	293
Nonrespondents		
Out of business; disconnected telephone	29.5	236
Refused	3.0	24
No information on reason for nonresponse	30.9	247
Subtotal	63.4	507

Table 1.5: Characteristics of Survey Respondents and Nonrespondents

Characteristic	Response category		Ineligible/out of business
	Respondents ^a	Nonrespondents ^b	
Had financial statement on file with Dun & Bradstreet ^c	36.6% (n=5,008)	18.6% (n=4,981)	12.6% (n=2,036)
Average revenues ^c	\$1,818,178 (+/- 347,982) (n=5,001)	\$799,716 (+/- 112,883) (n=4,972)	\$297,129 (+/- 43,448) (n=2,026)
Distribution of revenues ^d	(n=5,003)	(n=4,979)	(n=2,035)
Up to \$500,000	59.9%	74.9%	87.0%
\$500,001 to \$3.5 million	32.1%	21.6%	12.4%
Over \$3.5 million to SBA's maximum	5.4%	2.6%	0.4%
Over SBA's maximum	2.6%	1.0%	0.1%
Distribution of standard industrial classifications ^d	(n=4,983)	(n= 4,981)	(n=2,036)
Building construction	14.3%	9.9%	9.7%
Heavy construction	9.1%	6.6%	5.8%
Special trade construction	76.6%	83.5%	84.4%

^aIncludes firms that had had bonding experience, firms that had not had bonding experience, and firms that responded but did not indicate their bonding experience.

^bIncludes refusals.

^cDifferences among all three groups are statistically significant.

^dDifferences in distribution by response category are statistically significant.

**Section 1
Survey Methodology**

Table 1.6: Characteristics of Respondents to Telephone and Mail Surveys That Met SBA's Definition of Small Businesses

Characteristic	Survey ^a	
	Telephone	Mail
Bonding experience	(n=289)	(n=4,863)
Had bonding experience	37.4%	43.2%
Had no bonding experience	62.6%	56.8%
Gender of owner	(n=252)	(n=4,634)
Owned by women	8.7%	9.1%
Not owned by women	91.3%	90.9%
Ethnicity of owner	(n=252)	(n=4,524)
Owned by minority	7.1%	6.9%
Not owned by minority	92.9%	93.1%

^aIncludes firms with bonding experience and those with no bonding experience.

Table 1.7: Size of Subgroups That Returned Questionnaires

Subgroup	Obtained a bond or had a bonding line (n=2,225)	No bonding experience (n=2,771)
Respondents, by size of firm		
Smallest (revenues \$500,000 and under)	839	2,149
Medium-size (revenues \$500,001-\$3.5 million)	1,007	598
Larger (revenues over \$3.5 million to SBA maximum size)	254	16
SBA small ^a subtotal	2,100	2,763
Largest ^b	123	5
Size not reported	2	3
Respondents, by ethnicity of owner and size of firm		
Owned by minority		
Smallest	76	121
Medium-size	55	40
Larger	17	1
SBA small subtotal	148	162
Largest	5	0
Size not reported	0	1
Total	153	163
Not owned by minority		
Smallest	733	1,791
Medium-size	930	512
Larger	236	12

(continued)

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Subgroup	Obtained a bond or had a bonding line (n=2,225)	No bonding experience (n=2,771)
SBA small subtotal	1,899	2,315
Largest	118	5
Size not reported	2	1
Total	2,019	2,321
Ethnicity not reported	53	287
Respondents, by gender of owner and size of firm		
Owned by women		
Smallest	100	148
Medium-size	108	47
Larger	20	0
SBA small subtotal	228	195
Largest	5	0
Size not reported	1	0
Total	234	195
Not owned by women		
Smallest	709	1,854
Medium-size	878	522
Larger	233	15
SBA small subtotal	1,820	2,391
Largest	118	5
Size not reported	1	3
Total	1,939	2,399
Gender not reported	52	177

*"SBA small" includes the smallest, medium-size, and larger firms shown above; that is, those firms eligible for SBA's programs for small businesses.

^bLargest firms are those whose revenues are higher than the maximum allowed for eligibility for SBA's programs.

Characteristics of Firms That Had Obtained Surety Bonds

Forty-three percent of the firms that responded to our survey had at one time obtained surety bonds or had an approved bonding line. We estimate that in the universe of firms in our study, the percentage of firms with this experience is lower than 43 percent but no lower than 23 percent.

The tables in this section provide estimates about at most the 119,560 (+/- 4,645) firms represented by respondents to our survey that had obtained bonds. The results in particular tables can be generalized only to the firms that said they had obtained a bond or had a bonding line and that provided the information covered in the table. The approximate number of firms can be estimated by multiplying the number of firms responding to the question (n) by the expansion factor, 683,198/12,000. We used the results from the telephone survey to increase the accuracy of our estimate of the number of small firms that had obtained bonds. In the tables, we have provided the statistics, the sampling errors for estimates other than percentages, and the sample sizes to enable the reader to calculate the sampling errors for our estimates of percentages using the formula provided in section 1. In some tables that present distributions, the columns do not add to 100 percent because of rounding.

Table 2.1: Characteristics of Firms That Had Obtained a Bond or Had a Bonding Line

Characteristic	Number providing information	Statistic
Gender	(n=2,048)	
Owned by women		11.1%
Not owned by women		88.9%
Ethnicity	(n=2,047)	
Owned by minority		7.2%
Not owned by minority		92.8%
Size	(n=2,100)	
Average revenues		\$1,569,840 (+/- 98,680)
Up to \$500,000		40.0%
\$500,001-\$3.5 million		48.0%
Over \$3.5 million to SBA's maximum		12.1%
Years in construction	(n=2,093)	20.4 (+/- 0.7) years
SIC	(n=2,087)	
Building construction		20.7%
Heavy construction		14.3%
Special trade construction		65.0%

**Section 2
Characteristics of Firms That Had Obtained
Surety Bonds**

**Table 2.2a: Annual Revenues of Firms,
by Ethnicity of Owner**

Revenues	Firm	
	Owned by minority (n=148)	Not owned by minority (n=1,899)
Average ^a	\$1,363,715 (+/- 301,738)	\$1,608,436 (+/- 105,785)
Distribution ^b		
Up to \$500,000	51.4%	38.6%
\$500,001-\$3.5 million	37.2%	49.0%
Over \$3.5 million to SBA's maximum	11.5%	12.4%

^aDifference by ethnicity is not statistically significant.

^bDifferences in distribution by ethnicity are statistically significant.

**Table 2.2b: Annual Revenues of Firms,
by Gender of Owner**

Revenues	Firm ^a	
	Owned by women (n=228)	Not owned by women (n=1,820)
Average	\$1,398,811 (+/- 329,441)	\$1,616,428 (+/- 105,637)
Distribution		
Up to \$500,000	43.9%	39.0%
\$500,001-\$3.5 million	47.4%	48.2%
Over \$3.5 million to SBA's maximum	8.8%	12.8%

^aDifferences in averages and distributions by gender are not statistically significant.

Table 2.3a: Firms' Average Years of Experience in Construction, by Size of Firm

Experience	Average revenues of firm ^a			
	Up to \$500,000 (n=833)	\$500,001- \$3.5 million (n=1,006)	Over \$3.5 million to SBA's maximum (n=254)	All SBA small firms (n=2,093)
Average number of years in construction	18.99 (+/- 0.89)	20.07 (+/- 0.94)	26.16 (+/- 2.49)	20.4 (+/- 0.7)

^aDifferences between the smallest firms and the firms with average revenues over \$3.5 million and between the medium-size firms and the firms with average revenues over \$3.5 million are statistically significant.

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Table 2.3b: Firms' Average Years of Experience in Construction, by Ethnicity of Owner

Experience	Firm ^a	
	Owned by minority (n=148)	Not owned by minority (n=1,894)
Average number of years in construction	14.69 (+/- 1.73)	20.83 (+/- 0.70)

^aDifference by ethnicity is statistically significant.

Table 2.3c: Firms' Average Years of Experience in Construction, by Gender of Owner

Experience	Firm ^a	
	Owned by women (n=227)	Not owned by women (n=1,816)
Average number of years in construction	18.51 (+/- 1.76)	20.68 (+/- 0.71)

^aDifference by gender is statistically significant.

Table 2.4a: Years of Construction Experience of the Firm's Most Experienced Person, by Size of Firm

Years of experience	Average revenues of firm ^a			
	Up to \$500,000 (n=811)	\$500,001- \$3.5 million (n=990)	Over \$3.5 million to SBA's maximum (n=253)	All SBA small firms (n=2,054)
1-3	1.2%	^b	0.0%	0.6%
4-6	1.4%	0.9%	^b	1.0%
7-9	3.1%	1.8%	^b	2.2%
10 or more	94.3%	97.0%	98.4%	96.1%

^aDifferences in distribution by size of firm are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 2.4b: Years of Construction Experience of the Firm's Most Experienced Person, by Ethnicity of Owner

Years of experience	Firm ^a	
	Owned by minority (n=145)	Not owned by minority (n=1,887)
1-3	b	0.6%
4-6	b	1.0%
7-9	3.4%	2.1%
10 or more	93.8%	96.3%

^aDifferences in distribution by ethnicity are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 2.4c: Years of Construction Experience of the Firm's Most Experienced Person, by Gender of Owner

Years of experience	Firm ^a	
	Owned by women (n=226)	Not owned by women (n=1,806)
1-3	b	0.7%
4-6	b	1.1%
7-9	2.2%	2.2%
10 or more	96.9%	96.0%

^aDifferences in distribution by gender are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 2.5a: Percentage of Firms in Selected Standard Industrial Classifications, by Size of Firm

Standard industrial classification	Average revenues of firm ^a			
	Up to \$500,000 (n=836)	\$500,001-\$3.5 million (n=1,001)	Over \$3.5 million to SBA's maximum (n=250)	All SBA small firms (n=2,087)
Building construction	14.4%	22.5%	34.8%	20.7%
Heavy construction contractors	8.5%	15.5%	29.2%	14.3%
Special trade contractors	77.2%	62.0%	36.0%	65.0%

^aDifferences in distribution by size of firm are statistically significant.

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Table 2.5b: Percentage of Firms in Selected Standard Industrial Classifications, by Ethnicity of Owner

Standard industrial classification	Firm ^a	
	Owned by minority (n=146)	Not owned by minority (n=1,888)
Building construction	20.5%	20.7%
Heavy construction contractors	21.9%	14.0%
Special trade contractors	57.5%	65.3%

^aDifferences in distribution by ethnicity are statistically significant.

Table 2.5c: Percentage of Firms in Selected Standard Industrial Classifications, by Gender of Owner

Standard industrial classification	Firm ^a	
	Owned by women (n=227)	Not owned by women (n=1,809)
Building construction	19.4%	20.8%
Heavy construction contractors	16.7%	14.3%
Special trade contractors	63.9%	64.9%

^aDifferences in distribution by gender are not statistically significant.

Table 2.6a: Distribution of Firms' Work in 1993 Performed Directly for Owners and Through Subcontracting, by Size of Firm

Type of work	Average revenues of firm ^a			
	Up to \$500,000 (n=812)	\$500,001-\$3.5 million (n=998)	Over \$3.5 million to SBA's maximum (n=251)	All SBA small firms (n= 2,061)
More direct work for owner	39.8%	43.6%	46.6%	42.5%
More subcontracting	52.7%	50.5%	49.8%	51.3%
Equal amounts of direct work and subcontracting	7.5%	5.9%	3.6%	6.3%

^aDifferences in distribution by size of firm are not statistically significant.

Table 2.6b: Distribution of Firms' Work in 1993 Performed Directly for Owners and Through Subcontracting, by Ethnicity of Owner

Type of work	Firm ^a	
	Owned by minority (n=147)	Not owned by minority (n=1,864)
More direct work for owner	38.8%	42.7%
More subcontracting	56.5%	50.9%
Equal amounts of direct work and subcontracting	4.8%	6.4%

^aDifferences in distribution by ethnicity are not statistically significant.

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Table 2.6c: Distribution of Firms' Work in 1993 Performed Directly for Owners and Through Subcontracting, by Gender of Owner

Type of work	Firm ^a	
	Owned by women (n=226)	Not owned by women (n=1,785)
More direct work for owner	46.5%	42.0%
More subcontracting	47.3%	51.7%
Equal amounts of direct work and subcontracting	6.2%	6.4%

^aDifferences in distribution by gender are not statistically significant.

Table 2.7a: Distribution of When Firms Obtained Their First Bonds, by Size of Firm

When first bond or bonding line was obtained	Average revenues of firm ^a			
	Up to \$500,000 (n=816)	\$500,001-\$3.5 million (n=993)	Over \$3.5 million to SBA's maximum (n=253)	All SBA small firms (n=2,062)
Before 1985	46.7%	49.4%	71.5%	51.1%
1985-1989	25.6%	25.2%	12.6%	23.8%
1990-1992	19.5%	19.5%	12.6%	18.7%
During 1993	8.2%	5.8%	3.2%	6.5%

^aDifferences in distribution by size of firm are statistically significant.

Table 2.7b: Distribution of When Firms Obtained Their First Bonds, by Ethnicity of Owner

When first bond or bonding line was obtained	Firm ^a	
	Owned by minority (n=144)	Not owned by minority (n=1,872)
Before 1985	29.9%	53.1%
1985-1989	28.5%	23.5%
1990-1992	29.9%	17.5%
During 1993	11.8%	6.0%

^aDifferences in distribution by ethnicity are statistically significant.

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Table 2.7c: Distribution of When Firms Obtained Their First Bonds, by Gender of Owner

When first bond or bonding line was obtained	Firm ^a	
	Owned by women (n=223)	Not owned by women (n=1,794)
Before 1985 ^b	44.8%	52.5%
1985-1989	27.8%	23.1%
1990-1992	19.3%	18.2%
During 1993	8.1%	6.2%

^aDifferences in distribution by gender are not statistically significant.

^bDifference in percentages by gender is statistically significant.

Table 2.8a: Percentage of Firms Reporting Net Profit in 1990-93 for Years in Which They Did Construction Work, by Size of Firm

Profit status by year	Average revenues of firm ^a			
	Up to \$500,000 (n=774)	\$500,001- \$3.5 million (n=961)	Over \$3.5 million to SBA's maximum (n=246)	All SBA small firms (n=1,981)
1990				
Profit	57.4%	65.8%	81.7%	64.5%
No profit	33.1%	27.5%	16.7%	28.3%
No answer	9.6%	6.8%	1.6%	7.2%
1991				
Profit	57.4%	63.1%	78.1%	62.7%
No profit	33.2%	30.1%	20.3%	30.1%
No answer	9.4%	6.8%	1.6%	7.2%
1992				
Profit	56.1%	63.4%	75.6%	62.0%
No profit	34.6%	30.0%	22.8%	30.9%
No answer	9.4%	6.6%	1.6%	7.1%
1993				
Profit	57.4%	64.4%	73.3%	62.8%
No profit	33.7%	29.1%	25.1%	30.4%
No answer	8.9%	6.5%	1.6%	6.8%

^aDifferences in distribution by size of firm are statistically significant for all years.

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Table 2.8b: Percentage of Firms Reporting Net Profit in 1990-93 for Years in Which They Did Construction Work, by Ethnicity of Owner

Profit status by year	Firm	
	Owned by minority	Not owned by minority
1990 ^a	(n=131)	(n=1,801)
Profit	54.2%	66.2%
No profit	36.6%	28.2%
No answer	9.2%	5.7%
1991 ^a	(n=138)	(n=1,839)
Profit	55.1%	64.3%
No profit	35.5%	30.2%
No answer	9.4%	5.5%
1992 ^b	(n=141)	(n=1,847)
Profit	62.4%	63.0%
No profit	28.4%	31.6%
No answer	9.2%	5.4%
1993 ^a	(n=144)	(n=1,843)
Profit	50.7%	64.8%
No profit	40.3%	30.1%
No answer	9.0%	5.2%

^aDifferences in distribution by ethnicity are statistically significant.

^bDifferences in distribution by ethnicity are not statistically significant.

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Table 2.8c: Percentage of Firms Reporting Net Profit In 1990-93 for Years In Which They Did Construction Work, by Gender of Owner

Profit status by year	Firm ^a	
	Owned by women	Not owned by women
1990	(n=209)	(n=1,728)
Profit	62.7%	65.7%
No profit	31.1%	28.5%
No answer	6.2%	5.8%
1991	(n=215)	(n=1,767)
Profit	57.7%	64.3%
No profit	35.8%	29.9%
No answer	6.5%	5.8%
1992	(n=218)	(n=1,774)
Profit	56.4%	63.6%
No profit	37.2%	30.8%
No answer	6.4%	5.6%
1993	(n=225)	(n=1,765)
Profit	57.3%	64.6%
No profit	37.3%	29.9%
No answer	5.3%	5.5%

^aDifferences in distribution by gender are not statistically significant for any year.

Firms' Recent Experience in Obtaining Bonds

Of the firms that had obtained a bond or had a bonding line (i.e., were preapproved by a surety company to obtain bonds), 72 percent had obtained bonds in 1990 or later. The tables in this section provide estimates about at most the 84,491 (+/- 4,024) firms represented by the respondents to our survey with recent bonding experience. The results in particular tables can be generalized only to the firms that said they had obtained a bond since 1990 and that provided the information discussed in the table. The approximate number of firms can be estimated by multiplying the number of firms responding to the question (n) by the expansion factor, 683,198/12,000. In the tables, we have provided the statistics, the sampling errors for our estimates other than percentages, and the sample sizes to enable the reader to calculate the sampling errors for our estimates of percentages using the formula provided in section 1. In some tables that present distributions, the columns do not add to 100 percent because of rounding.

Table 3.1a: Percentage of Bonded Firms That Had Obtained a Bond Since 1990, by Size of Firm

	Average revenues of firm ^a			
	Up to \$500,000 (n=816)	\$500,001- \$3.5 million (n=992)	Over \$3.5 million to SBA maximum (n=253)	All SBA small firms (n=2,061)
Percentage that had obtained a bid, performance, or payment bond after January 1, 1990	54.8%	79.8%	96.8%	72.0%

^aDifferences by size of firm are statistically significant.

Table 3.1b: Percentage of Bonded Firms That Had Obtained a Bond Since 1990, by Ethnicity of Owner

	Firm ^a	
	Owned by minority (n=144)	Not owned by minority (n=1,872)
Percentage that had obtained a bid, performance, or payment bond after January 1, 1990	75.7%	72.3%

^aDifference by ethnicity is not statistically significant.

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Bonds**

Table 3.1c: Percentage of Bonded Firms That Had Obtained a Bond Since 1990, by Gender of Owner

	Firm ^a	
	Owned by women (n=226)	Not owned by women (n=1,791)
Percentage that had obtained a bid, performance, or payment bond after January 1, 1990	78.3%	71.9%

^aDifference by gender is statistically significant.

Table 3.2: Characteristics of Firms That Had Obtained a Bond Since 1990

Characteristic	Number providing information	Statistic
Gender	(n=1,463)	
Owned by women		12.0%
Not owned by women		88.0%
Ethnicity	(n=1,462)	
Owned by minority		7.5%
Not owned by minority		92.5%
Size	(n=1,483)	
Average revenues		\$1,943,249 (+/- 126,958)
Up to \$500,000		30.1%
\$500,001-\$3.5 million		53.4%
Over \$3.5 million to SBA maximum		16.5%
Years in construction	(n=1,481)	19.8 (+/- 0.80)
SIC	(n=1,474)	
Building construction		22.2%
Heavy construction		16.1%
Special trade construction		61.7%

Table 3.3a: Percentage of Firms That Had Obtained Bonds Through Various Sources, by Size of Firm

Source of bonds	Average revenues of firm ^a			
	Up to \$500,000 (n=443)	\$500,001-\$3.5 million (n=786)	Over \$3.5 million to SBA maximum (n=244)	All SBA small firms (n=1,473)
Agent who was a specialist in surety bonds	56.2%	75.7%	84.8%	71.4%
Agent who was not a specialist	19.2%	9.9%	9.0%	12.6%
Surety company directly	5.2%	2.5%	1.6%	3.2%
Source unknown	19.4%	11.8%	4.5%	12.9%

^aDifferences in distribution by size of firm are statistically significant.

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Table 3.3b: Percentage of Firms That Had Obtained Bonds Through Various Sources, by Ethnicity of Owner

Source of bonds	Firm ^a	
	Owned by minority (n=108)	Not owned by minority (n=1,345)
Agent who was a specialist in surety bonds	73.1%	71.4%
Agent who was not a specialist	9.3%	12.7%
Surety company directly	6.5%	2.9%
Source unknown	11.1%	13.0%

^aDifferences in distribution by ethnicity are not statistically significant.

Table 3.3c: Percentage of Firms That Had Obtained Bonds Through Various Sources, by Gender of Owner

Source of bonds	Firm ^a	
	Owned by women (n=175)	Not owned by women (n=1,278)
Agent who was a specialist in surety bonds	68.0%	72.1%
Agent who was not a specialist	10.9%	12.6%
Surety company directly	4.0%	3.1%
Source unknown	17.1%	12.3%

^aDifferences in distribution by gender are not statistically significant.

Table 3.4a: Percentage of Firms Obtaining Their First Bond Between 1990 and 1993 That Had Requirements Explained in Advance the First Time They Asked for a Bond, by Size of Firm

Extent to which information was given by agents, brokers, or surety companies	Average revenues of firm ^a			
	Up to \$500,000 (n=171)	\$500,001-\$3.5 million (n=213)	Over \$3.5 million to SBA maximum (n=37)	All SBA small firms (n=421)
Little or no extent	17.0%	11.3%	^b	12.8%
Some extent	15.2%	12.7%	16.2%	14.0%
Moderate extent	29.2%	28.6%	21.6%	28.3%
Great extent	25.7%	32.4%	27.0%	29.2%
Very great extent	12.9%	15.0%	32.4%	15.7%

^aDifferences in distribution by size of firm are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 3.4b: Percentage of Firms Obtaining Their First Bond Between 1990 and 1993 That Had Requirements Explained in Advance the First Time They Asked for a Bond, by Ethnicity of Owner

Extent to which information was given by agents, brokers, or surety companies	Firm ^a	
	Owned by minority (n=47)	Not owned by minority (n=363)
Little or no extent	17.0%	12.4%
Some extent	14.9%	13.8%
Moderate extent	36.2%	27.0%
Great extent	21.3%	30.3%
Very great extent	10.6%	16.5%

^aDifferences in distribution by ethnicity are not statistically significant.

Table 3.4c: Percentage of Firms Obtaining Their First Bond Between 1990 and 1993 That Had Requirements Explained in Advance the First Time They Asked for a Bond, by Gender of Owner

Extent to which information was given by agents, brokers, or surety companies	Firm ^a	
	Owned by women (n=50)	Not owned by women (n=361)
Little or no extent	10.0%	13.0%
Some extent	10.0%	14.1%
Moderate extent	38.0%	26.6%
Great extent	28.0%	29.9%
Very great extent	14.0%	16.3%

^aDifferences in distribution by gender are not statistically significant.

Table 3.5a: Percentage of Firms That Had Used Government Bonding Assistance Programs, by Size of Firm

Source of bonds	Average revenues of firm ^a			
	Up to \$500,000 (n=444)	\$500,001-\$3.5 million (n=785)	Over \$3.5 million to SBA maximum (n=244)	All SBA small firms (n= 1,473)
Percentage that had used federal, state, or local assistance programs to get a bond in 1990-93	14.6%	9.0%	3.7%	9.8%

^aDifferences in distribution by size of firm are statistically significant.

Table 3.5b: Percentage of Firms That Had Used Government Bonding Assistance Programs, by Ethnicity of Owner

Percentage that had used federal, state, or local assistance programs to get a bond in 1990-93	Firm ^a	
	Owned by minority (n=108)	Not owned by minority (n=1,346)
	14.8%	9.4%

^aDifference by ethnicity is not statistically significant.

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Table 3.5c: Percentage of Firms That Had Used Government Bonding Assistance Programs, by Gender of Owner

	Firm ^a	
	Owned by women (n=175)	Not owned by women (n=1,278)
Percentage that had used federal, state, or local assistance programs to get a bond in 1990-93	11.4%	9.4%

^aDifference by gender is not statistically significant.

Table 3.6: Percentage of Firms That Had Used Government Bonding Assistance Programs, by When the Firm Obtained Its First Bond or Bonding Line

	When obtained first bond or bonding line				
	Before 1985 (n=699)	1985-89 (n=324)	1990-92 (n=330)	1993 (n=113)	1985-1993 (n=767)
Percentage that had used federal, state, or local assistance programs to get a bond in 1990-93	7%	13.9%	11.5%	11.5%	12.5%

^aDifference between the firms that had obtained a bond before 1985 and the other firms is statistically significant. Other differences among firms are not statistically significant.

Table 3.7: Distribution of When Firms Obtained Their First Bonds, by Whether the Firm Had or Had Not Used Government Programs to Obtain a Bond

When obtained first bond or bonding a line	Firm ^a	
	Had used government programs (n=145)	Had not used government programs (n=1,321)
Before 1985	33.8%	49.2%
From 1985-89	31.0%	21.1%
From 1990-92	26.2%	22.1%
During 1993	9.0%	7.6%

^aDifferences in distribution by whether the firm had or had not used government programs to obtain a bond are statistically significant.

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Table 3.8: Differences Between Firms That Had and Had Not Used Government Programs to Obtain Bonds

Characteristic	Firm ^a	
	Had used government programs	Had not used government programs
Average annual revenues	\$1,056,183 (+/- 211,380) (n=145)	\$2,041,737 (+/- 138,304) (n=1,327)
Average size of largest bond provided in 1993	\$385,635 (+/- 109,736) (n=110)	\$1,214,414 (+/- 349,768) (n=927)
Average fee paid for performance and payment bonds in 1993 (expressed as a percentage of the first \$100,000 of the contract amount)	3.10% (+/- 0.56) (n=113)	2.38% (+/- 0.13) (n=1,020)
Percent that paid for bid bonds in 1993	68.9% (n=103)	50.0% (n=846)
Percent that lost an opportunity to bid in 1993 because bond request was not processed in time	35.6% (n=132)	18.0% (n=1,196)
Percent that were denied a bond at least once	33.6% (n=143)	20.8% (n=1,304)
Percent that were required to hire a financial management firm, consulting firm, or CPA selected by the surety company	10.7% (n=140)	3.6% (n=1,271)
Percent that were required to enter into an arrangement that gives the surety company the right to manage the job being bonded, even when the firm is not in default	5.7% (n=140)	2.4% (n=1,271)
Percent that obtained their first bond after 1985	66.2% (n=145)	50.8% (n=1,321)

^aDifferences between the firms that had and had not used government programs are statistically significant.

Note: The following characteristics were not significantly different for firms that had and had not used government programs: standard industrial classification; years of experience in construction; percentage of revenues in 1993 from bonded work; whether the firm had a preapproved bonding line and, if so, when it was first approved; whether the firm was required to provide collateral, establish an escrow account controlled by the surety company, or purchase insurance from the bonding agent in order to obtain a bond; and whether the firm perceived a tightening in the requirements to get a bond over the last 5 years.

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Table 3.9a: Time Taken to Get First Request for Bond Approved for Firms That Received Their First Bond in 1990 or Later, by Size of Firm

Number of days	Average revenues of firm ^a			
	Up to \$500,000 (n=143)	\$500,001- \$3.5 million (n=161)	Over \$3.5 million to SBA maximum (n=27)	All SBA small firms (n=331)
Up to 10	55.2%	49.1%	55.6%	52.3%
11-30	28.0%	29.2%	25.9%	28.4%
More than 30	16.8%	21.7%	18.5%	19.3%

^aDifferences in distribution by size of firm are not statistically significant.

Table 3.9b: Time Taken to Get First Request for Bond Approved for Firms That Received Their First Bond in 1990 or Later, by Ethnicity of Owner

Number of days	Firm ^a	
	Owned by minority (n=39)	Not owned by minority (n=283)
Up to 10	46.2%	53.7%
11-30	28.2%	27.9%
More than 30	25.6%	18.4%

^aDifferences in distribution by ethnicity are not statistically significant.

Table 3.9c: Time Taken to Get First Request for Bond Approved for Firms That Received Their First Bond in 1990 or Later, by Gender of Owner

Number of days	Firm ^a	
	Owned by women (n=38)	Not owned by women (n=286)
Up to 10	44.7%	53.1%
11-30	34.2%	28.0%
More than 30	21.1%	18.9%

^aDifferences in distribution by gender are not statistically significant.

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Table 3.10a: Frequency With Which Firms Lost an Opportunity to Bid in 1993 Because Bond Request Was Not Processed in Time, by Size of Firm

Frequency	Average revenues of firm ^a			
	Up to \$500,000 (n= 370)	\$500,001- \$3.5 million (n= 733)	Over \$3.5 million to SBA maximum (n= 236)	All SBA small firms (n= 1,339)
Never	74.6%	80.5%	87.7%	80.1%
1-5 times	21.9%	16.2%	9.7%	16.7%
6-12 times	2.4%	2.0%	1.7%	2.1%
More than 12 times	1.1%	1.2%	^b	1.1%

^aDifferences in distribution by size of firm are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 3.10b: Frequency With Which Firms Lost an Opportunity to Bid in 1993 Because Bond Request Was Not Processed in Time, by Ethnicity of Owner

Frequency	Firm ^a	
	Owned by minority (n=98)	Not owned by minority (n=1,225)
Never	56.1%	82.2%
1-5 times	36.7%	14.9%
6-12 times	5.1%	1.9%
More than 12 times	^b	1.0%

^aDifferences in distribution by ethnicity are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 3.10c: Frequency With Which Firms Lost an Opportunity to Bid in 1993 Because Bond Request Was Not Processed in Time, by Gender of Owner

Frequency	Firm ^a	
	Owned by women (n=164)	Not owned by women (n=1,160)
Never	77.4%	80.5%
1-5 times	17.7%	16.6%
6-12 times	^b	2.1%
More than 12 times	3.0%	0.9%

^aDifferences in distribution by gender are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 3.11: Time Taken to Approve First Request for Bonds in 1993 for Firms That Lost an Opportunity to Bid on a Job Because of Delays in Processing a Bond Request

Number of days	Firm ^a	
	Lost at least one opportunity to bid in 1993 (n=23)	Never lost an opportunity to bid in 1993 (n=63)
Up to 10	26.1%	66.7%
11-30	52.2%	23.8%
More than 30	21.7%	9.5%

^aDifferences in distribution are statistically significant.

Table 3.12a: Percentage of Firms Required to Provide Various Financial Information in Order to Get a Bond, by Size of Firm

Requirement	Average revenues of firm ^a			
	Up to \$500,000 (n=407)	\$500,001-\$3.5 million (n=762)	Over \$3.5 million to SBA maximum (n=242)	All SBA small firms (n=1,411)
Report of work on hand/job status	72.2%	91.2%	95.9%	86.5%
Personal financial statements	79.4%	89.5%	89.7%	86.6%
Compilation of financial statements	72.5%	84.8%	84.7%	81.2%
CPA review of financial statements	67.6%	82.4%	80.6%	77.8%
Letters of credit/bankers' acceptances	59.5%	68.8%	65.3%	65.5%
Corporate tax returns	51.8%	69.3%	64%	63.4%
Personal tax returns	58.2%	58.4%	49.2%	56.8%
CPA audit of financial statements	44.5%	44.4%	65.7%	48.1%

^aDifferences by size of firm are statistically significant.

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**Table 3.12b: Percentage of Firms
Required to Provide Various Financial
Information in Order to Get a Bond, by
Ethnicity of Owner**

Requirement	Firms	
	Owned by minority (n=104)	Not owned by minority (n=1,296)
Report of work on hand/ job status	84.6%	86.7%
Personal financial statements	87.5%	86.6%
Compilation of financial statements	81.7%	81.2%
CPA review of financial statements	84.6%	77.4%
Letters of credit/bankers' acceptances	63.5%	65.7%
Corporate tax returns	71.2%	63%
Personal tax returns ^a	76%	55.5%
CPA audit of financial statements	53.8%	47.6%

^aDifference by ethnicity is statistically significant.

**Table 3.12c: Percentage of Firms
Required to Provide Various Financial
Information in Order to Get a Bond, by
Gender of Owner**

Requirement	Firm	
	Owned by women (n=171)	Not owned by women (n=1,230)
Report of work on hand/job status	90.6%	86%
Personal financial statements ^a	91.8%	85.9%
Compilation of financial statements	82.5%	81%
CPA review of financial statements ^a	84.2%	76.9%
Letters of credit/bankers' acceptances	71.3%	64.8%
Corporate tax returns ^a	71.3%	62.4%
Personal tax returns	63.2%	55.9%
CPA audit of financial statements	50.9%	47.6%

^aDifference by gender is statistically significant.

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Table 3.13a: Percentage of Firms Required to Provide Selected Financial Information More Than Once a Year, by Size of Firm

Requirement	Average revenues of firm			
	Up to \$500,000	\$500,001-\$3.5 million	Over \$3.5 million to SBA maximum	All SBA small firms
Report of work on hand/job status ^a	48.6% (n= 107) ^b	66.3% (n=415)	82.1% (n= 179)	67.6% (n= 701)
Personal financial statements ^a	20.2% (n=178)	9.6% (n=529)	9.1% (n=186)	11.6% (n=893)
Compilation of financial statements ^a	45.1% (n=173)	41.9% (n=523)	61.7% (n=183)	46.6% (n=879)
CPA review of financial statements	27% (n=174)	21.6% (n=528)	27.7% (n=177)	23.9% (n=879)
Letters of credit/bankers' acceptances ^a	15.8% (n=114)	7.8% (n=360)	3.9% (n=127)	8.5% (n=601)
Corporate tax returns ^a	8.4% (n=119)	2.5% (n=398)	^c (n=134)	3.4% (n=651)
Personal tax returns ^a	10.5% (n=114)	^c (n=320)	4.4% (n=90)	3.4% (n=524)
CPA audit of financial statements ^a	20.6% (n=107)	12.9% (n=241)	8.5% (n=141)	13.3% (n=489)

^aDifferences by size of firm are statistically significant.

^b"n" is the total number of firms required to provide the information monthly, quarterly, twice a year, or annually.

^cThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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**Table 3.13b: Percentage of Firms
Required to Provide Selected Financial
Information More Than Once a Year, by
Ethnicity of Owner**

Requirement	Firms	
	Owned by minority	Not owned by minority
Report of work on hand/job status	76.5% (n=51) ^a	66.9% (n=647)
Personal financial statements ^b	25% (n=64)	10.4% (n=823)
Compilation of financial statements ^b	65.2% (n=66)	45.2% (n=808)
CPA review of financial statements ^b	34.8% (n=69)	23% (n=805)
Letters of credit/bankers' acceptances ^b	18.4% (n=38)	7.8% (n=562)
Corporate tax returns	^c (n=52)	3.2% (n=596)
Personal tax returns ^b	11.3% (n=53)	2.6% (n=469)
CPA audit of financial statements ^b	29.3% (n=41)	11.9% (n=445)

^a"n" is the total number of firms required to provide the information monthly, quarterly, twice a year, or annually.

^bDifference by ethnicity is statistically significant.

^cThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 3.13c: Percentage of Firms Required to Provide Selected Financial Information More Than Once a Year, by Gender of Owner

Requirement	Firm ^a	
	Owned by women	Not owned by women
Report of work on hand/job status	71.8% (n=78) ^b	67% (n=621)
Personal financial statements	16.5% (n=115)	10.6% (n=772)
Compilation of financial statements	49.5% (n=103)	46% (n=770)
CPA review of financial statements	25.9% (n=116)	23.6% (n=757)
Letters of credit/bankers' acceptances	9.9% (n=81)	8.1% (n=518)
Corporate tax returns	5.5% (n=91)	3.1% (n=557)
Personal tax returns	6.9% (n=72)	2.7% (n=448)
CPA audit of financial statements	19.3% (n=57)	12.1% (n=428)

^aDifferences by gender are not statistically significant.

^b"n" is the total number of firms required to provide the information monthly, quarterly, twice a year, or annually.

Table 3.14a: Amount of Collateral Required of Firms to Obtain a Bond, by Size of Firm

Amount paid for performance and payment bonds	Average revenues of firm ^a			
	Up to \$500,000 (n=416)	\$500,001- \$3.5 million (n=753)	Over \$3.5 million to SBA maximum (n=242)	All SBA small firms (n=1,411)
Nothing	66.3%	76.1%	83.5%	74.5%
1-50% of contract amount	22.4%	18.6%	12.8%	18.7%
51-100% of contract amount	8.4%	3.9%	2.9%	5.0%
More than 100% of contract amount	2.9%	1.5%	^b	1.8%

^aDifferences in distribution by size of firm are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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**Table 3.14b: Amount of Collateral
Required of Firms to Obtain a Bond, by
Ethnicity of Owner**

Amount paid for performance and payment bonds	Firm ^a	
	Owned by minority (n=106)	Not owned by minority (n=1,292)
Nothing	63.2%	75.4%
1-50% of contract amount	23.6%	18.3%
51-100% of contract amount	12.3%	4.5%
More than 100% of contract amount	^b	1.9%

^aDifferences in distribution by ethnicity are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

**Table 3.14c: Amount of Collateral
Required of Firms to Obtain a Bond, by
Gender of Owner**

Amount paid for performance and payment bonds	Firm ^a	
	Owned by women (n=168)	Not owned by women (n=1,230)
Nothing	71.4%	75.0%
1-50% of contract amount	21.4%	18.1%
51-100% of contract amount	5.4%	5.0%
More than 100% of contract amount	^b	1.8%

^aDifferences in distribution by gender are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 3.15a: Percentage of Firms Asked to Meet Various Conditions to Obtain a Bond, by Size of Firm

Condition	Average revenues of firm			
	Up to \$500,000 (n=421)	\$500,001- \$3.5 million (n=759)	Over \$3.5 million to SBA maximum (n=240)	All SBA small firms (n= 1,420)
Hire a financial management firm, consulting firm, or CPA selected by the surety company	5.0%	4.1%	4.2%	4.4%
Establish an escrow account controlled by the surety company ^a	5.7%	2.2%	2.5%	3.3%
Enter into arrangement that gives the surety company the right to manage the job being bonded, even when the firm is not in default	3.3%	2.5%	2.5%	2.7%
Purchase insurance from the bonding agent ^a	26.8%	14.0%	4.2%	16.1%
At least one of the above four conditions ^a	36.8%	20.0%	12.1%	23.7%

^aDifferences by size of firm are statistically significant.

Table 3.15b: Percentage of Firms Asked to Meet Various Conditions to Obtain a Bond, by Ethnicity of Owner

Condition	Firm	
	Owned by minority (n=105)	Not owned by minority (n=1,303)
Hire a financial management firm, consulting firm, or CPA selected by the surety company ^a	9.5%	3.9%
Establish an escrow account controlled by the surety company ^a	12.4%	2.6%
Enter into arrangement that gives the surety company the right to manage the job being bonded, even when the firm is not in default ^a	7.6%	2.4%
Purchase insurance from the bonding agent	21.9%	15.5%
At least one of the above four conditions ^a	42.9%	21.9%

^aDifference by ethnicity is statistically significant.

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**Table 3.15c: Percentage of Firms
Asked to Meet Various Conditions to
Obtain a Bond, by Gender of Owner**

Condition	Firm ^a	
	Owned by women (n=165)	Not owned by women (n=1,242)
Hire a financial management firm, consulting firm, or CPA selected by the surety company	3.0%	4.5%
Establish an escrow account controlled by the surety company	3.6%	3.2%
Enter into arrangement that gives the surety company the right to manage the job being bonded, even when the firm is not in default	2.4%	2.8%
Purchase insurance from the bonding agent	16.4%	15.7%
At least one of the above four conditions	23.6%	23.2%

^aDifferences by gender are not statistically significant.

Table 3.16a: Frequency With Which Firms Had Been Denied Bonds Since 1990, by Size of Firm

Number of denials since 1990	Average revenues of firm ^a			
	Up to \$500,000 (n=439)	\$500,001- \$3.5 million (n=776)	Over \$3.5 million to SBA maximum (n=245)	All SBA small firms (n=1,460)
None	82.0%	76.3%	82.0%	79.0%
1-5	13.9%	19.3%	13.9%	16.8%
6-12	3.4%	3.4%	3.7%	3.4%
More than 12	^b	1.0%	^b	0.8%

^aDifferences in distribution by size of firm are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 3.16b: Frequency With Which Firms Had Been Denied Bonds Since 1990, by Ethnicity of Owner

Number of denials since 1990	Firm ^a	
	Owned by minority (n=107)	Not owned by minority (n=1,339)
None	64.5%	80.1%
1-5	27.1%	16.1%
6-12	7.5%	3.1%
More than 12	^b	0.8%

^aDifferences in distribution by ethnicity are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 3.16c: Frequency With Which Firms Had Been Denied Bonds Since 1990, by Gender of Owner

Number of denials since 1990	Firm ^a	
	Owned by women (n=173)	Not owned by women (n=1,273)
None	78.0%	79.2%
1-5	16.2%	16.8%
6-12	4.6%	3.2%
More than 12	^b	0.8%

^aDifferences in distribution by gender are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 3.17a: Percentage of Firms Reporting Various Reasons Why They Were Last Denied a Bond, by Size of Firm

Reason ^a	Average revenues of firm			
	Up to \$500,000 (n=70)	\$500,001- \$3.5 million (n=159)	Over \$3.5 million to SBA maximum (n=41)	All SBA small firms (n=270)
Firm's financial status not good enough (net worth, operating capital, etc.)	71.4%	64.8%	65.9%	66.7%
Firm had never done that large a job, never worked in that location before, or never done that kind of work	28.6%	28.9%	31.7%	29.3%
Not enough time to process the bond	22.9%	13.8%	9.8%	15.6%
Firm had not done enough bonded work ^b	24.3%	11.3%	c	13.7%
No more bonds until current work completed	11.4%	12.6%	19.5%	13.3%
Firm not in business long enough ^b	20.0%	8.2%	c	10.4%
Surety company did not want to bond subcontractors	11.4%	8.8%	0%	8.1%
Size of bond requested would have required a change in surety company	7.1%	6.9%	9.8%	7.4%
No bonds until claims against firm or legal disputes were resolved	5.7%	5.7%	12.2%	6.7%
Firm chose not to make changes in business practices or meet other conditions required by surety	5.7%	5.7%	9.8%	6.3%
Firm could not obtain government guarantee of bond (SBA, DOT, etc.)	11.4%	4.4%	c	5.9%
Firm's key people were not experienced enough	5.7%	c	c	2.2%
Firm had defaulted on a previous job	0%	0%	c	c
Other reasons	10.0%	13.2%	14.6%	12.6%
Reasons given were not clear or understandable	12.9%	8.2%	7.3%	9.3%
No reason given for denial ^d	0%	0%	0%	0%

^aReasons for last denials prior to 1990 are not included.

^bDifferences by size of firm are statistically significant.

^cThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

^dSome respondents who reported a reason or said the reasons given were not clear or understandable also said no reasons were given. We did not include these respondents in this category.

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Table 3.17b: Percentage of Firms Reporting Various Reasons Why They Were Last Denied a Bond, by Ethnicity of Owner

Reason ^a	Firm	
	Owned by minority (n=35)	Not owned by minority (n=234)
Firm's financial status not good enough (net worth, operating capital, etc.)	68.6%	66.2%
Firm had never done that large a job, never worked in that location before, or never done that kind of work	37.1%	28.2%
Not enough time to process the bond	17.1%	15.4%
Firm had not done enough bonded work	11.4%	13.7%
No more bonds until current work completed ^b	31.4%	10.3%
Firm not in business long enough	17.1%	9.4%
Surety company did not want to bond subcontractors	14.3%	7.3%
Size of bond requested would have required a change in surety company	11.4%	6.8%
No more bonds until claims against firm or legal disputes were resolved	14.3%	5.6%
Firm chose not to make changes in business practices or meet other conditions required by surety	^c	6.4%
Firm could not obtain government guarantee or bond (SBA, DOT, etc.) ^b	14.3%	4.7%
Firm's key people were not experienced enough	0%	2.6%
Firm had defaulted on a previous job	0%	^c
Other reasons	^c	13.7%
Reasons given were not clear or understandable ^b	20.0%	7.7%
No reason given for denial ^d	0%	0%

(Table notes on next page)

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^aReasons for last denials prior to 1990 are not included.

^bDifference by ethnicity is statistically significant.

^cThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

^dSome respondents who reported a reason or said the reasons given were not clear or understandable also said no reasons were given. We did not include these respondents in this category.

Table 3.17c: Percentage of Firms Reporting Various Reasons Why They Were Last Denied a Bond, by Gender of Owner

Reason ^a	Firm	
	Owned by women (n=34)	Not owned by women (n=234)
Firm's financial status not good enough (net worth, operating capital, etc.)	73.5%	65.8%
Firm had never done that large a job, never worked in that location before, or never done that kind of work	32.4%	28.6%
Not enough time to process the bond	14.7%	15.8%
Firm had not done enough bonded work	^b	15.0%
No more bonds until current work completed	17.6%	12.8%
Firm not in business long enough	^b	10.3%
Surety company did not want to bond subcontractors	^b	8.5%
Size of bond requested would have required a change in surety company	0%	7.7%
No bonds until claims against firm or legal disputes were resolved	^b	6.4%
Firm chose not to make changes in business practices or meet other conditions required by surety ^c	14.7%	5.1%
Firm could not obtain government guarantee of bond (SBA, DOT, etc.)	^b	6.0%

(continued)

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Reason ^a	Firm	
	Owned by women (n=34)	Not owned by women (n=234)
Firm's key people were not experienced enough	b	2.1%
Firm had defaulted on a previous job	0%	b
Other reasons	b	14.1%
Reasons given were not clear or understandable	b	10.3%
No reason given for denial ^d	0%	0%

^aReasons for last denials prior to 1990 are not included.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

^cDifference by gender is statistically significant.

^dSome respondents who reported a reason or said the reasons given were not clear or understandable also said no reasons were given. We did not include these respondents in this category.

Table 3.18a: Percentage of Firms That Were Given Oral or Written Reasons for Their Most Recent Bond Denial After 1989, by Size of Firm

Type of reason given	Average revenues of firm ^a			
	Up to \$500,000 (n=70)	\$500,001- \$3.5 million (n=159)	Over \$3.5 million to SBA maximum (n=41)	All SBA small firms (n=270)
Oral reasons only	78.6%	86.2%	92.7%	85.2%
At least one written response	21.4%	13.8%	b	14.8%

^aDifferences in distribution by size of firm are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 3.18b: Percentage of Firms That Were Given Oral or Written Reasons for Their Most Recent Bond Denial After 1989, by Ethnicity of Owner

Type of reason given	Firm ^a	
	Owned by minority (n=35)	Not owned by minority (n=234)
Oral reasons only	68.6%	87.6%
At least one written response	31.4%	12.4%

^aDifferences in distribution by ethnicity are statistically significant.

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Table 3.18c: Percentage of Firms That Were Given Oral or Written Reasons for Their Most Recent Bond Denial After 1989, by Gender of Owner

Type of reason given	Firm ^a	
	Owned by women (n=34)	Not owned by women (n=234)
Oral reasons only	73.5%	86.8%
At least one written response	26.5%	13.2%

^aDifferences in distribution by gender are statistically significant.

Table 3.19a: Time Taken to Deny Last Bond Request for Firms, by Size of Firm

Number of days to get last bond denial in 1990 or later	Average revenues of firm ^a			
	Up to \$500,000 (n=53)	\$500,001-\$3.5 million (n=110)	Over \$3.5 million to SBA maximum (n=30)	All SBA small firms (n=193)
Up to 10	62.3%	63.6%	60.0%	62.7%
11-30	28.3%	30.0%	33.3%	30.1%
More than 30	9.4%	6.4%	^b	7.3%

^aDifferences in distribution by size of firm are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 3.19b: Time Taken to Deny Last Bond Request for Firms, by Ethnicity of Owner

Number of days to get last bond denial in 1990 or later	Firm ^a	
	Owned by minority (n=24)	Not owned by minority (n=168)
Up to 10	37.5%	66.1%
11-30	45.8%	28.0%
More than 30	16.7%	6.0%

^aDifferences in distribution by ethnicity are statistically significant.

Table 3.19c: Time Taken to Deny Last Bond Request for Firms, by Gender of Owner

Number of days to get last bond denial in 1990 or later	Firm ^a	
	Owned by women (n=24)	Not owned by women (n=167)
Up to 10	58.3%	64.1%
11-30	20.8%	30.5%
More than 30	20.8%	5.4%

^aDifferences in distribution by gender are statistically significant.

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Table 3.20: Time Taken for Most Recent Denial in 1993 for Firms That Lost an Opportunity to Bid on a Job Because of Delays in Processing a Bond Request

Number of days	Firm ^a	
	Lost at least one opportunity to bid in 1993 (n=61)	Never lost an opportunity to bid in 1993 (n=33)
Up to 10	59.0%	72.7%
11-30	34.4%	21.2%
More than 30	6.6%	^b

^aDifferences in distribution are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 3.21a: Changes in Bonding Requirements Over the Last 5 Years, by Size of Firm

Change reported	Average revenues of firm ^a			
	Up to \$500,000 (n=383)	\$500,001-\$3.5 million (n=726)	Over \$3.5 million to SBA maximum (n=237)	All SBA small firms (n=1,346)
Requirements relaxed	11.7%	13.6%	16.5%	13.6%
Requirements tightened	39.4%	46.3%	41.4%	43.5%
Requirements stayed about the same	48.8%	40.1%	42.2%	42.9%

^aDifferences in distribution by size of firm are statistically significant.

Table 3.21b: Changes in Bonding Requirements Over the Last 5 Years, by Ethnicity of Owner

Change reported	Firm ^a	
	Owned by minority (n=101)	Not owned by minority (n=1,232)
Requirements relaxed	16.8%	13.2%
Requirements tightened	54.5%	42.7%
Requirements stayed about the same	28.7%	44.1%

^aDifferences in distribution by ethnicity are statistically significant.

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Table 3.21c: Changes in Bonding Requirements Over the Last 5 Years, by Gender of Owner

Change reported	Firm ^a	
	Owned by women (n=162)	Not owned by women (n=1,171)
Requirements relaxed	13.6%	13.6%
Requirements tightened	41.4%	43.6%
Requirements stayed about the same	45.1%	42.8%

^aDifferences in distribution by gender are not statistically significant.

Table 3.22a: Percentage of Firms Reporting Various Reasons Given by Agents, Brokers, and Surety Companies to Explain Why They Tightened Up Requirements for Bonds, by Size of Firm

Reason given	Average revenues of firm ^a			
	Up to \$500,000 (n=149)	\$500,001-\$3.5 million (n=334)	Over \$3.5 million to SBA maximum (n=98)	All SBA small firms (n=581)
Firm requested increase in capacity	12.1%	19.5%	17.3%	17.2%
Firm's financial strength declined (less net worth, less collateral, diversion of profits to other business activities, etc.)	31.5%	39.8%	28.6%	35.8%
Firm's key personnel changed	^b	4.2%	4.1%	3.3%
Surety company's policy changed	37.6%	38.9%	42.9%	39.2%
New surety agent or company used	14.8%	15.6%	16.3%	15.5%
General economic conditions or new government regulations	44.3%	49.4%	49.0%	48.0%
Other reasons	3.4%	6.3%	8.2%	5.9%
Reasons given to firm by agent or broker not clear	9.4%	6.6%	5.1%	7.1%
No reasons given to firm by agent or broker	6.7%	3.9%	^b	4.1%

^aDifferences by size of firm are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 3.22b: Percentage of Firms Reporting Various Reasons Given by Agents, Brokers, and Surety Companies to Explain Why They Tightened Up Requirements for Bonds, by Ethnicity of Owner

Reason given	Firm	
	Owned by minority (n=55)	Not owned by minority (n=522)
Firm requested increase in capacity	23.6%	16.7%
Firm's financial strength declined (less net worth, less collateral, diversion of profits to other business activities, etc.) ^a	58.2%	33.7%
Firm's key personnel changed	b	3.3%
Surety company's policy changed	30.9%	40.0%
New surety agent or company used	16.4%	15.5%
General economic conditions or new government regulations ^a	29.1%	50.0%
Other reasons	b	6.3%
Reasons given to firm by agent or broker not clear ^a	16.4%	6.1%
No reasons given to firm by agent or broker	b	3.6%

^aDifference by ethnicity is statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 3.22c: Percentage of Firms Reporting Various Reasons Given by Agents, Brokers, and Surety Companies to Explain Why They Tightened Up Requirements for Bonds, by Gender of Owner

Reason given	Firm	
	Owned by women (n=67)	Not owned by women (n=507)
Firm requested increase in capacity	16.4%	17.6%
Firm's financial strength declined (less net worth, less collateral, diversion of profits to other business activities, etc.)	37.3%	35.9%
Firm's key personnel changed	^a	3.2%
Surety company's policy changed	38.8%	39.3%
New surety agent or company used	13.4%	16.0%
General economic conditions or new government regulations	46.3%	48.1%
Other reasons	7.5%	5.7%
Reasons given to firm by agent or broker not clear ^b	16.4%	5.9%
No reasons given to firm by agent or broker	^a	3.9%

^aThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

^bDifference by gender is statistically significant.

Table 3.23a: Percentage of Firms Paying Various Types of Fees for Bid Bonds in 1993, by Size of Firm

Type of fee paid	Average revenues of firm ^a			
	Up to \$500,000 (n=208)	\$500,001- \$3.5 million (n=539)	Over \$3.5 million to SBA maximum (n=200)	All SBA small firms (n=947)
No fee ^b	25.5%	48.6%	70.5%	48.2%
Percentage of contract amount ^b	24.0%	15.4%	13.0%	16.7%
Up to 2.5% ^b	38.0%	51.8%	73.1%	50.9%
More than 2.5%	62.0%	48.2%	26.9%	49.1%
Flat fee for each bid bond ^c	36.1%	30.4%	25.5%	30.6%
Up to \$200 ^c	82.7%	84.1%	94.1%	85.5%
Over \$200	17.3%	15.9%	5.9%	14.5%
Annual service fee ^b	21.2%	16.5%	8.0%	15.7%
Up to \$200 ^c	77.3%	66.3%	68.8%	69.8%
Over \$200	22.7%	33.7%	31.3%	30.2%

^aColumn totals exceed 100 percent because some firms paid more than one type of fee.

^bDifference in distribution by size of firm is statistically significant.

^cDifference in distribution by size of firm is not statistically significant.

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**Table 3.23b: Percentage of Firms
Paying Various Types of Fees for Bid
Bonds in 1993, by Ethnicity of Owner**

Type of fee paid	Firm ^{a,b}	
	Owned by minority (n=59)	Not owned by minority (n=882)
No fee	40.7%	49.0%
Percentage of contract amount	16.9%	16.7%
Up to 2.5%	60.0%	50.3%
More than 2.5%	40.0%	49.7%
Flat fee for each bid bond	33.9%	30.4%
Up to \$200	80.0%	85.8%
Over \$200	20.0%	14.2%
Annual service fee	16.9%	15.5%
Up to \$200	60.0%	70.1%
Over \$200	40.0%	29.9%

^aColumn totals exceed 100 percent because some firms paid more than one type of fee.

^bDifferences by ethnicity are not statistically significant.

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Table 3.23c: Percentage of Firms Paying Various Types of Fees for Bid Bonds in 1993, by Gender of Owner

Type of fee paid	Firm ^a	
	Owned by women (n=120)	Not owned by women (n=820)
No fee ^b	44.2%	49.1%
Percentage of contract amount ^b	13.3%	17.3%
Up to 2.5% ^c	62.5%	50.0%
More than 2.5%	37.5%	50.0%
Flat fee for each bid bond ^d	40.8%	28.9%
Up to \$200 ^e	93.9%	83.5%
Over \$200	°	16.5%
Annual service fee ^b	15.8%	15.6%
Up to \$200 ^e	68.4%	70.3%
Over \$200	31.6%	29.7%

^aColumn totals exceed 100 percent because some firms paid more than one type of fee.

^bDifference by gender is not statistically significant.

^cDifferences in distribution by gender are not statistically significant.

^dDifference by gender is statistically significant.

^eThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 3.24a: Average Fee (Percentage of Contract) Paid in 1993 for Performance and Payment Bonds for Contracts Up to \$100,000, by Size of Firm

	Average revenues of firm ^a			
	Up to \$500,000 (n=265)	\$500,001- \$3.5 million (n=653)	Over \$3.5 million to SBA maximum (n=222)	All SBA small firms (n=1,140)
Average fee	3.47% (+/- 0.39)	2.31% (+/- 0.14)	1.60% (+/- 0.14)	2.44% (+/- 0.13)

^a Differences by size of firm are statistically significant.

Table 3.24b: Average Fee (Percentage of Contract) Paid in 1993 for Performance and Payment Bonds for Contracts Up to \$100,000, by Ethnicity of Owner

	Firm ^a	
	Owned by minority (n=77)	Not owned by minority (n=1,053)
Average fee	2.70% (+/- 0.77)	2.42% (+/- 0.13)

^aDifference by ethnicity is not statistically significant.

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Table 3.24c: Average Fee (Percentage of Contract) Paid in 1993 for Performance and Payment Bonds for Contracts Up to \$100,000, by Gender of Owner

	Firm ^a	
	Owned by women (n=136)	Not owned by women (n=993)
Average fee	2.07% (+/- 0.17)	2.45% (+/- 0.14)

^aDifference by gender is statistically significant.

Table 3.25: Fees Paid in 1993 for Bid, Performance, and Payment Bonds, by Standard Industrial Classification

1993 fee	Firm's standard industrial classification		
	Building construction	Heavy construction	Special trade construction
Percentage of firms that paid for bid bonds ^a	44.4% (n=248)	41.7% (n=180)	59.1% (n=513)
Average fee paid for first \$100,000 of contract amount for performance and payment bonds, expressed as a percentage of contract amount ^a	2.15 (+/- 0.18) (n=275)	2.06 (+/- 0.26) (n=191)	2.67 (+/- 0.20) (n=666)

^aDifferences between the special trade construction and the other firms are statistically significant.

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Table 3.26a: Average Fee (Percentage of Contract) Paid in 1993 for Performance and Payment Bonds for Contracts Up to \$100,000, by Size of Firm, Standard Industrial Classification, and Ethnicity of Owner

Average revenues of firm	Firm ^a	
	Owned by minority	Not owned by minority
Up to \$500,000		
Building and heavy construction contractors	2.81% (+/- 0.50) (n=10)	3.47% (+/- 0.86) (n=59)
Special trade contractors	4.28% (+/- 3.45) (n=17)	3.42% (+/- 0.41) (n=174)
\$500,001-\$3.5 million		
Building and heavy construction contractors	2.13% (+/- 0.36) (n=16)	2.09% (+/- 0.13) (n=239)
Special trade contractors	2.55% (+/- 1.18) (n=16)	2.45% (+/- 0.23) (n=373)
Over \$3.5 million to SBA maximum		
Building and heavy construction contractors	1.59% (+/- 0.47) (n=11)	1.53% (+/- 0.20) (n=129)
Special trade contractors	2.02% (+/- 0.82) (n=6)	1.69% (+/- 0.24) (n=72)

^aDifferences by ethnicity are not statistically significant.

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Table 3.26b: Average Fee (Percentage of Contract) Paid in 1993 for Performance and Payment Bonds for Contracts Up to \$100,000, by Size of Firm, Standard Industrial Classification, and Gender of Owner

Average revenues of firm	Firm	
	Owned by women	Not owned by women
Up to \$500,000		
Building and heavy construction contractors ^a	1.92% (+/- 0.55) (n=13)	3.70% (+/- 0.87) (n=57)
Special trade contractors ^a	2.63% (+/- 0.51) (n=24)	3.44% (+/- 0.43) (n=163)
\$500,001-\$3.5 million		
Building and heavy construction contractors	1.95% (+/- 0.32) (n=25)	2.10% (+/- 0.14) (n=230)
Special trade contractors	2.03% (+/- 0.28) (n=55)	2.52% (+/- 0.26) (n=335)
Over \$3.5 million to SBA maximum		
Building and heavy construction contractors	1.64% (+/- 0.45) (n=14)	1.53% (+/- 0.21) (n=127)
Special trade contractors	1.92% (+/- 1.15) (n=5)	1.70% (+/- 0.24) (n=73)

^aDifference by gender is statistically significant.

Table 3.27a: Percentage of 1993 Construction Revenues Covered by Bonds for Firms, by Size of Firm

Percentage of 1993 revenues from bonded work	Average revenues of firm ^a			
	Up to \$500,000 (n=404)	\$500,001-\$3.5 million (n=755)	Over \$3.5 million to SBA maximum (n=232)	All SBA small firms (n=1,391)
Average	24.2% (+/- 3.14)	32.4% (+/- 2.41)	48.7% (+/- 4.47)	32.8% (+/- 1.81)
Distribution				
0%	35.6%	18.0%	5.6%	21.1%
1-19%	24.0%	29.9%	21.1%	26.7%
20-39%	12.6%	17.0%	16.8%	15.7%
40-59%	10.9%	10.3%	13.8%	11.1%
60-79%	5.2%	7.5%	12.9%	7.8%
80-99%	5.2%	11.9%	22.8%	11.8%
100%	6.4%	5.3%	6.9%	5.9%

^aDifferences among averages and distributions by size of firm are statistically significant.

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**Table 3.27b: Percentage of 1993
Construction Revenues Covered by
Bonds for Firms, by Ethnicity of Owner**

Percentage of 1993 revenues from bonded work	Firm ^a	
	Owned by minority (n=104)	Not owned by minority (n=1,273)
Average	41.5% (+/- 7.38)	32.2% (+/- 1.87)
Distribution		
0%	20.2%	21.2%
1-19%	21.2%	27.0%
20-39%	10.6%	16.0%
40-59%	8.7%	11.2%
60-79%	9.6%	7.7%
80-99%	20.2%	11.2%
100%	9.6%	5.6%

^aDifferences in averages and distributions by ethnicity are statistically significant.

**Table 3.27c: Percentage of 1993
Construction Revenues Covered by
Bonds for Firms, by Gender of Owner**

Percentage of 1993 revenues from bonded work	Firm ^a	
	Owned by women (n=165)	Not owned by women (n=1,212)
Average	35.7% (+/- 5.57)	32.5% (+/- 1.92)
Distribution		
0%	23.0%	20.9%
1-19%	23.0%	26.9%
20-39%	12.1%	16.3%
40-59%	10.9%	11.1%
60-79%	9.7%	7.6%
80-99%	13.9%	11.6%
100%	7.3%	5.7%

^aDifferences in averages and distributions by gender are not statistically significant.

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Table 3.28: Percentage of 1993 Construction Revenues Covered by Bonds for Firms, by Standard Industrial Classification

Standard industrial classification	Average percent of revenues *
Building construction	39.80% (t/-3.95) (n=317)
Heavy construction	49.45% (+/- 5.07) (n=225)
Special trade construction	25.5% (+/- 2.05) (n=840)

*Differences among firms by standard industrial classification are statistically significant.

Table 3.29a: Bonding Capacity (Largest Bond) of Firms, by Size of Firm

Year	Average revenues of firm			
	Up to \$500,000	\$500,001-\$3.5 million	Over \$3.5 million to SBA maximum	All SBA small firms
1990	(n=169)	(n=399)	(n=165)	(n=733)
Average ^a	\$244,772 (+/- 101,773)	\$1,530,272 (+/- 1,474,802)	\$3,084,024 (+/- 507,530)	\$1,583,641 (+/- 813,703)
Distribution ^b				
Under \$100,000	42.6%	14.0%	^c	17.6%
\$100,000-\$499,999	46.2%	36.8%	10.3%	33.0%
\$500,000-\$999,999	5.9%	23.3%	13.3%	17.1%
\$1,000,000 and over	5.3%	25.8%	75.8%	32.3%
1991	(n=156)	(n=391)	(n=165)	(n=712)
Average ^a	^c	^c	\$3,054,305 (+/- 510,976)	\$1,686,225 (+/- 861,026)
Distribution ^b				
Under \$100,000	41.0%	15.6%	1.8%	18.0%
\$100,000-\$499,999	47.4%	35.5%	6.1%	31.3%
\$500,000-\$999,999	5.8%	22.3%	14.5%	16.9%
\$1,000,000 and over	5.8%	26.6%	77.6%	33.8%
1992	(n=187)	(n=423)	(n=179)	(n=789)
Average ^a	^c	\$1,468,204 (+/- 1,389,801)	\$3,377,315 (+/- 579,808)	\$1,668,616 (+/- 769,581)
Distribution ^b				
Under \$100,000	45.5%	13.2%	2.8%	18.5%
\$100,000-\$499,999	45.5%	36.6%	9.5%	32.6%
\$500,000-\$999,999	3.7%	21.7%	11.7%	15.2%
\$1,000,000 and over	5.3%	28.4%	76.0%	33.7%

(continued)

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Year	Average revenues of firm			
	Up to \$500,000	\$500,001-\$3.5 million	Over \$3.5 million to SBA maximum	All SBA small firms
1993	(n=268)	(n=617)	(n=231)	(n=1,116)
Average ^{a,d}	\$276,439 (+/- 79,271)	\$1,254,340 (+/- 953,794)	\$3,782,612 (+/- 646,869)	\$1,542,829 (+/- 548,778)
Distribution ^b				
Under \$100,000	46.6%	16.7%	2.6%	21.0%
\$100,000-\$499,999	40.7%	35.8%	12.6%	32.2%
\$500,000-\$999,999	5.6%	19.9%	10.8%	14.6%
\$1,000,000 and over	7.1%	27.6%	74.0%	32.3%

^aDifference between the smallest firms and the firms with average revenues over \$3.5 million is statistically significant.

^bDifferences in distribution by size of firm are statistically significant.

^cThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

^dDifference between the medium-size firms and the firms with average revenues over \$3.5 million is statistically significant.

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**Table 3.29b: Bonding Capacity
(Largest Bond) of Firms, by Ethnicity
of Owner**

Year	Firms ^a	
	Owned by minority	Not owned by minority
1990	(n=61)	(n=667)
Average	\$849,431 (+/- 399,956)	\$1,659,863 (+/- 893,357)
Distribution		
Under \$100,000	23.0%	17.1%
\$100,000-\$499,999	31.1%	33.3%
\$500,000-\$999,999	23.0%	16.2%
\$1,000,000 and over	23.0%	33.4%
1991	(n=55)	(n=654)
Average	\$764,952 (+/- 397,536)	\$1,770,596 (+/- 936,604)
Distribution		
Under \$100,000	16.4%	17.9%
\$100,000-\$499,999	43.6%	30.4%
\$500,000-\$999,999	18.2%	16.7%
\$1,000,000 and over	21.8%	35.0%
1992	(n=65)	(n=721)
Average	\$852,494 (+/- 339,966)	\$1,748,304 (+/- 841,446)
Distribution		
Under \$100,000	20.0%	18.2%
\$100,000-\$499,999	32.3%	32.7%
\$500,000-\$999,999	20.0%	14.7%
\$1,000,000 and over	27.7%	34.4%
1993	(n=79)	(n=1,028)
Average	\$1,064,159 (+/- 318,259)	\$1,587,168 (+/- 595,175)
Distribution		
Under \$100,000	15.2%	21.4%
\$100,000-\$499,999	34.2%	31.9%
\$500,000-\$999,999	12.7%	14.7%
\$1,000,000 and over	38.0%	32.0%

^aDifferences by ethnicity are not statistically significant.

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Table 3.29c: Bonding Capacity
(Largest Bond) of Firms, by Gender of
Owner

Year	Firms ^a	
	Owned by women	Not owned by women
1990	(n=82)	(n=644)
Average	\$769,633 (+/- 285,499)	\$1,702,718 (+/- 925,168)
Distribution		
Under \$100,000	13.4%	17.9%
\$100,000-\$499,999	39.0%	32.1%
\$500,000-\$999,999	23.2%	16.3%
\$1,000,000 and over	24.4%	33.7%
1991	(n=82)	(n=624)
Average	\$788,748 (+/- 295,654)	\$1,818,766 (+/- 981,354)
Distribution		
Under \$100,000	19.5%	17.6%
\$100,000-\$499,999	36.6%	30.4%
\$500,000-\$999,999	18.3%	16.7%
\$1,000,000 and over	25.6%	35.3%
1992	(n=97)	(n=685)
Average	\$824,472 (+/- 264,334)	\$1,803,605 (+/- 885,289)
Distribution		
Under \$100,000	23.7%	17.5%
\$100,000-\$499,999	33.0%	32.4%
\$500,000-\$999,999	11.3%	15.8%
\$1,000,000 and over	32.0%	34.3%
1993	(n=139)	(n=968)
Average	\$975,626 (+/- 249,112)	\$1,633,218 (+/- 631,483)
Distribution		
Under \$100,000	18.0%	21.3%
\$100,000-\$499,999	36.0%	31.5%
\$500,000-\$999,999	15.8%	14.5%
\$1,000,000 and over	30.2%	32.7%

^aDifferences by gender are not statistically significant.

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Table 3.30a: Bonding Capacity (Total Program) of Firms, by Size of Firm

Year	Average revenues of firm			
	Up to \$500,000	\$500,001-\$3.5 million	Over \$3.5 million to SBA maximum	All SBA small firms
1990	(n=186)	(n=436)	(n=172)	(n=794)
Average ^a	\$305,807 (+/- 99,008)	\$2,978,835 (+/- 2,709,313)	\$6,874,462 (+/- 1,197,281)	\$3,196,549 (+/- 1,517,353)
Distribution ^b				
Under \$100,000	39.8%	7.8%	0.0%	13.6%
\$100,000-\$499,999	38.7%	26.8%	3.5%	24.6%
\$500,000-\$999,999	12.4%	17.9%	5.8%	14.0%
\$1,000,000 and over	9.1%	47.5%	90.7%	47.9%
1991	(n=172)	(n=429)	(n=171)	(n=772)
Average ^a		\$2,872,090 ^d (+/- 2,747,826)	\$7,004,657 (+/- 1,257,766)	\$3,349,015 (+/- 1,578,856)
Distribution ^b				
Under \$100,000	36.6%	7.5%	^d	12.4%
\$100,000-\$499,999	41.9%	24.2%	2.3%	23.3%
\$500,000-\$999,999	12.2%	18.9%	4.7%	14.2%
\$1,000,000 and over	9.3%	49.4%	92.4%	50.0%
1992	(n=206)	(n=462)	(n=181)	(n=849)
Average ^{a,c}		\$2,862,378 ^d (+/- 2,548,947)	\$7,636,781 (+/- 1,451,977)	\$3,587,826 (+/- 1,504,098)
Distribution ^b				
Under \$100,000	38.8%	6.5%	^d	13.2%
\$100,000-\$499,999	41.3%	22.9%	3.9%	23.3%
\$500,000-\$999,999	11.2%	19.5%	3.9%	14.1%
\$1,000,000 and over	8.7%	51.1%	91.2%	49.4%
1993	(n=279)	(n=634)	(n=231)	(n=1,144)
Average ^{a,c}	\$367,208 (+/- 104,196)	\$2,394,450 (+/- 1,858,457)	\$7,903,661 (+/- 1,508,042)	\$3,012,481 (+/- 1,084,334)
Distribution ^b				
Under \$100,000	41.6%	10.6%	1.7%	16.3%
\$100,000-\$499,999	39.8%	24.3%	9.1%	25.0%
\$500,000-\$999,999	8.2%	18.8%	5.2%	13.5%
\$1,000,000 and over	10.4%	46.4%	84.0%	45.2%

(Table notes on next page)

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^aDifference between the smallest firms and the firms with average revenues over \$3.5 million is statistically significant.

^bDifferences in distribution by size of firm are statistically significant.

^cDifference between the medium-size firms and the firms with average revenues over \$3.5 million is statistically significant.

^dThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 3.30b: Bonding Capacity (Total Program) of Firms, by Ethnicity of Owner

Year	Firms	
	Owned by minority	Not owned by minority
1990	(n=64)	(n=725)
Average ^a	\$1,596,537 (+/- 685,669)	\$3,355,471 (+/- 1,660,340)
Distribution ^b		
Under \$100,000	23.4%	12.7%
\$100,000-\$499,999	23.4%	24.7%
\$500,000-\$999,999	12.5%	13.9%
\$1,000,000 and over	40.6%	48.7%
1991	(n=57)	(n=712)
Average ^a	\$1,625,849 (+/- 727,110)	\$3,500,304 (+/- 1,710,589)
Distribution ^c		
Under \$100,000	14.0%	12.1%
\$100,000-\$499,999	36.8%	22.3%
\$500,000-\$999,999	7.0%	14.7%
\$1,000,000 and over	42.1%	50.8%
1992	(n=65)	(n=781)
Average ^a	\$1,820,176 (+/- 673,358)	\$3,747,957 (+/- 1,633,734)
Distribution ^b		
Under \$100,000	13.8%	12.9%
\$100,000-\$499,999	27.7%	23.0%
\$500,000-\$999,999	15.4%	14.0%
\$1,000,000 and over	43.1%	50.1%
1993	(n=79)	(n=1,056)
Average ^a	\$2,290,703 (+/- 735,083)	\$3,086,073 (+/- 1,173,345)
Distribution ^b		
Under \$100,000	10.1%	16.8%
\$100,000-\$499,999	26.6%	24.8%
\$500,000-\$999,999	16.5%	13.1%
\$1,000,000 and over	46.8%	45.4%

^aDifference by ethnicity is not statistically significant.

^bDifferences in distribution by ethnicity are not statistically significant.

^cDifferences in distribution by ethnicity are statistically significant.

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Table 3.30c: Bonding Capacity (Total Program) of Firms, by Gender of Owner

Year	Firms ^a	
	Owned by women	Not owned by women
1990	(n=89)	(n=698)
Average	\$1,835,467 (+/- 667,287)	\$3,400,364 (+/- 1,723,579)
Distribution		
Under \$100,000	12.4%	13.5%
\$100,000-\$499,999	27.0%	24.1%
\$500,000-\$999,999	18.0%	13.5%
\$1,000,000 and over	42.7%	49.0%
1991	(n=88)	(n=678)
Average	\$1,878,362 (+/- 682,772)	\$3,568,052 (+/- 1,795,146)
Distribution		
Under \$100,000	14.8%	11.9%
\$100,000-\$499,999	23.9%	23.0%
\$500,000-\$999,999	19.3%	13.6%
\$1,000,000 and over	42.0%	51.5%
1992	(n=101)	(n=741)
Average	\$1,911,529 (+/- 630,798)	\$3,848,725 (+/- 1,720,538)
Distribution		
Under \$100,000	16.8%	12.4%
\$100,000-\$499,999	23.8%	23.1%
\$500,000-\$999,999	16.8%	13.8%
\$1,000,000 and over	42.6%	50.7%
1993	(n=139)	(n=996)
Average	\$1,896,534 (+/- 507,795)	\$3,190,191 (+/- 1,243,116)
Distribution		
Under \$100,000	12.2%	16.8%
\$100,000-\$499,999	29.5%	24.2%
\$500,000-\$999,999	15.1%	13.3%
\$1,000,000 and over	43.2%	45.8%

^aDifferences in averages and distributions by gender are not statistically significant.

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Table 3.31a: Average Growth in Bonding Capacity From 1990 to 1993, by Size of Firm

	Average revenues of firm			
	Up to \$500,000	\$500,001- \$3.5 million	Over \$3.5 million to SBA maximum	All SBA small firms
Dollar growth in largest bond ^a	^c (n=115)	\$152,352 (+/- 66,655) (n=348)	\$1,168,330 (+/- 631,966) (n=162)	\$402,590 (+/- 173,805) (n=625)
Dollar growth in total program ^{a,b}	^c (n=133)	^c (n=385)	\$2,191,473 (+/- 1,089,960) (n=169)	\$612,110 (+/- 297,040) (n=687)
1993/1990 ratio for largest bond	2.33 (+/- 1.40) (n=115)	1.94 (+/- 0.26) (n=348)	1.63 (+/- 0.22) (n=162)	1.93 (+/- 0.3) (n= 625)
1993/1990 ratio for total program	2.09 (+/- 1.15) (n=133)	2.26 (+/- 1.03) (n=385)	1.55 (+/- 0.24) (n=169)	2.05 (+/- 0.62) (n= 687)

^aDifference between the smallest firms and the firms with revenues over \$3.5 million is statistically significant.

^bDifference between the medium-size firms and the firms with revenues over \$3.5 million is statistically significant.

^cThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 3.31b: Average Growth in Bonding Capacity From 1990 to 1993 for Firms, by Ethnicity of Owner

	Firm ^a	
	Owned by minority	Not owned by minority
Dollar growth in largest bond	^b (n=48)	\$421,468 (+/- 188,918) (n=572)
Dollar growth in total program	^b (n=48)	\$618,718 (+/- 318,581) (n=634)
1993/1990 ratio for largest bond	4.22 (+/- 3.41) (n=48)	1.75 (+/- 0.16) (n=572)
1993/1990 ratio for total program	3.56 (+/- 3.20) (n=48)	1.95 (+/- 0.63) (n=634)

^aDifferences by ethnicity are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

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Table 3.31c: Average Growth in Bonding Capacity From 1990 to 1993 for Firms, by Gender of Owner

	Firm ^a	
	Owned by women	Not owned by women
Dollar growth in largest bond	\$450,404 (+/- 223,207) (n=69)	\$400,337 (+/- 195,594) (n=550)
Dollar growth in total program	\$578,931 (+/- 283,895) (n=75)	\$621,689 (+/- 334,980) (n=606)
1993/1990 ratio for largest bond	2.31 (+/- 0.79) (n=69)	1.76 (+/- 0.18) (n=550)
1993/1990 ratio for total program	^b (n=75)	1.64 (+/- 0.15) (n=606)

^aDifferences by gender are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 3.32a: Distribution of Change in Bonding Capacity (Largest Bond) From 1990 to 1993 for Firms, by Size of Firm

Distribution	Average revenues of firm ^a			
	Up to \$500,000 (n=115)	\$500,001- \$3.5 million (n=348)	Over \$3.5 million to SBA maximum (n=162)	All SBA small firms (n=625)
Decrease in largest bond capacity	13.0%	19.3%	18.5%	17.9%
No change in largest bond capacity	54.8%	35.3%	29.6%	37.4%
Increase in largest bond capacity	32.2%	45.4%	51.9%	44.6%

^aDifferences in distribution by size of firm are statistically significant.

Table 3.32b: Distribution of Change in Bonding Capacity (Largest Bond) From 1990 to 1993 for Firms, by Ethnicity of Owner

Distribution	Firm ^a	
	Owned by minority (n=48)	Not owned by minority (n=572)
Decrease in largest bond capacity	18.8%	17.7%
No change in largest bond capacity	25.0%	38.3%
Increase in largest bond capacity	56.3%	44.1%

^aDifferences in distribution by ethnicity are not statistically significant.

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Table 3.32c: Distribution of Change in Bonding Capacity (Largest Bond) From 1990 to 1993 for Firms, by Gender of Owner

Distribution	Firm ^a	
	Owned by women (n=69)	Not owned by women (n=550)
Decrease in largest bond capacity	14.5%	18.5%
No change in largest bond capacity	31.9%	37.8%
Increase in largest bond capacity	53.6%	43.6%

^aDifferences in distribution by gender are not statistically significant.

Table 3.33a: Distribution of Change in Bonding Capacity (Total Program) From 1990 to 1993 for Firms, by Size of Firm

Distribution	Average revenues of firm ^a			
	Up to \$500,000 (n=133)	\$500,001-\$3.5 million (n=385)	Over \$3.5 million to SBA maximum (n=169)	All SBA small firms (n=687)
Decrease in total bond capacity	12.0%	14.3%	13.0%	13.5%
No change in total bond capacity	58.6%	43.1%	36.1%	44.4%
Increase in total bond capacity	29.3%	42.6%	50.9%	42.1%

^aDifferences in distribution by size of firm are statistically significant.

Table 3.33b: Distribution of Change in Bonding Capacity (Total Program) From 1990 to 1993 for Firms, by Ethnicity of Owner

Distribution	Firm ^a	
	Owned by minority (n=48)	Not owned by minority (n=634)
Decrease in total bond capacity	16.7%	13.1%
No change in total bond capacity	29.2%	45.4%
Increase in total bond capacity	54.2%	41.5%

^aDifferences in distribution by ethnicity are not statistically significant.

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Table 3.33c: Distribution of Change in Bonding Capacity (Total Program) From 1990 to 1993 for Firms, by Gender of Owner

Distribution	Firm ^a	
	Owned by women (n=75)	Not owned by women (n=606)
Decrease in total bond capacity	10.7%	14.0%
No change in total bond capacity	37.3%	45.0%
Increase in total bond capacity	52.0%	40.9%

^aDifferences in distribution by gender are not statistically significant.

Table 3.34a: Percentage of Firms With Preapproved Bonding Line, by Size of Firm

	Average revenues of firm ^a			
	Up to \$500,000 (n=430)	\$500,001-\$3.5 million (n=770)	Over \$3.5 million to SBA maximum (n=240)	All SBA small firms (n=1,440)
Had preapproved bonding line	42.6%	69.9%	82.1%	63.8%

^aDifferences by size of firm are statistically significant.

Table 3.34b: Percentage of Firms With Preapproved Bonding Line, by Ethnicity of Owner

	Firm ^a	
	Owned by minority (n=108)	Not owned by minority (n=1,315)
Had preapproved bonding line	55.6%	64.6%

^aDifference by ethnicity is not statistically significant.

Table 3.34c: Percentage of Firms With Preapproved Bonding Line, by Gender of Owner

	Firm ^a	
	Owned by women (n=174)	Not owned by women (n=1,251)
Had preapproved bonding line	67.8%	63.4%

^aDifference by gender is not statistically significant.

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Table 3.35a: Distribution of When Firms Obtained Their First Preapproved Bonding Line, by Size of Firm

Type of bonding experience	Average revenues of firm ^a			
	Up to \$500,000 (n=163)	\$500,001- \$3.5 million (n=473)	Over \$3.5 million to SBA maximum (n=144)	All SBA small firms (n=780)
Before ever needing a bond	38.0%	37.4%	38.9%	37.8%
With first approved bond for a specific job	44.2%	25.4%	18.8%	28.1%
After completing one or a few bonded jobs	14.1%	25.8%	24.3%	23.1%
After completing many bonded jobs	3.7%	11.4%	18.1%	11.0%

^aDifferences in distribution by size of firm are statistically significant.

Table 3.35b: Distribution of When Firms Obtained Their First Preapproved Bonding Line, by Ethnicity of Owner

Type of bonding experience	Firm ^a	
	Owned by minority (n=56)	Not owned by minority (n=717)
Before ever needing a bond	28.6%	38.6%
With first approved bond for a specific job	44.6%	26.6%
After completing one or a few bonded jobs	12.5%	24.0%
After completing many bonded jobs	14.3%	10.7%

^aDifferences in distribution by ethnicity are statistically significant.

Table 3.35c: Distribution of When Firms Obtained Their First Preapproved Bonding Line, by Gender of Owner

Type of bonding experience	Firm ^a	
	Owned by women (n=99)	Not owned by women (n=675)
Before ever needing a bond	46.5%	36.7%
With first approved bond for a specific job	28.3%	27.6%
After completing one or a few bonded jobs	18.2%	24.0%
After completing many bonded jobs	7.1%	11.7%

^aDifferences in distribution by gender are not statistically significant.

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Table 3.36a: Size of Bonds Obtained by Firms in 1993, by Size of Firm

Size of bond	Average revenues of firm			
	Up to \$500,000	500,001- \$3.5 million	Over \$3.5 million to SBA maximum	All SBA small firms
Average bond ^a	\$108,370 (+/- 34,710) (n=162)	\$460,048 (+/- 418,589) (n=468)	\$984,724 (+/- 247,363) (n=189)	\$511,564 (+/- 246,887) (n=819)
Distribution ^b				
Under \$100,000	67.9%	33.5%	11.1%	35.2%
\$100,000-\$499,999	27.2%	49.1%	36.0%	41.8%
\$500,000-\$999,999	3.7%	12.8%	21.7%	13.1%
\$1,000,000 and over	^c	4.5%	31.2%	10.0%
Average size of largest bond ^{a,d}	\$228,043 (+/- 71,862) (n=268)	\$794,695 (+/- 477,329) (n=618)	\$2,607,974 (+/- 524,347) (n=231)	\$1,033,733 (+/- 290,030) (n=1,117)
Distribution ^b				
Under \$100,000	51.9%	20.9%	4.8%	25.0%
\$100,000-\$499,999	38.4%	42.2%	15.6%	35.8%
\$500,000-\$999,999	4.5%	19.9%	16.0%	15.4%
\$1,000,000 and over	5.2%	17.0%	63.6%	23.8%

^aDifference between the smallest firms and the firms with average revenues over \$3.5 million is statistically significant.

^bDifferences in distribution by size of firm are statistically significant.

^cThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

^dDifference between the medium-size firms and the firms with average revenues over \$3.5 million is statistically significant.

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Table 3.36b: Size of Bond Obtained by Firms in 1993, by Ethnicity of Owner

Size of bond	Firms ^a	
	Owned by minority	Not owned by minority
Average bond	\$377,388 (+/- 134,496) (n=57)	\$525,161 (+/- 267,046) (n=756)
Distribution		
Under \$100,000	31.6%	35.2%
\$100,000-\$499,999	36.8%	42.2%
\$500,000-\$999,999	21.1%	12.6%
\$1,000,000 and over	10.5%	10.1%
Average size of largest bond	\$897,560 (+/- 253,670) (n=79)	\$1,047,655 (+/- 314,174) (n=1,029)
Distribution		
Under \$100,000	19.0%	25.5%
\$100,000-\$499,999	35.4%	35.7%
\$500,000-\$999,999	13.9%	15.5%
\$1,000,000 and over	31.6%	23.3%

^aDifferences in averages and distributions by ethnicity are not statistically significant.

Table 3.36c: Size of Bond Obtained by Firms in 1993, by Gender of Owner

Size of bond	Firms ^a	
	Owned by women	Not owned by women
Average bond	\$259,709 (+/- 86,003) (n=95)	\$548,316 (+/- 280,689) (n=719)
Distribution		
Under \$100,000	38.9%	34.2%
\$100,000-\$499,999	47.4%	41.3%
\$500,000-\$999,999	6.3%	14.0%
\$1,000,000 and over	7.4%	10.4%
Average size of largest bond	\$708,421 (+/- 202,105) (n=139)	\$1,085,086 (+/- 332,904) (n=969)
Distribution		
Under \$100,000	20.9%	25.4%
\$100,000-\$499,999	44.6%	34.5%
\$500,000-\$999,999	15.1%	15.6%
\$1,000,000 and over	19.4%	24.6%

^aDifferences in averages and distributions by gender are not statistically significant.

**Section 3
Firms' Recent Experience in Obtaining
Bonds**

Table 3.37a: Average Financial Status of Firms That Had Financial Statements on File With Dun & Bradstreet, by Size of Firm

Indicator of financial status in 1993	Firm ^a			
	Up to \$500,000	\$500,000- \$3.5 million	Over \$3.5 million to SBA maximum	All SBA small firms
Indicator of financial status in 1993	Up to \$500,000	\$500,001- \$3.5 million	Over \$3.5 million to SBA maximum	All SBA small firms
Net worth ^{b,c,d}	\$188,891 (+/- 70,075) (n=61)	\$362,888 (+/- 67,107) (n=238)	\$1,185,954 (+/- 284,122) (n=91)	\$527,722 (+/- 85,861) (n=390)
Working capital ^{b,c,d}	\$96,891 (+/- 51,377) (n=61)	\$201,932 (+/- 31,124) (n=238)	\$701,041 (+/- 161,968) (n=91)	\$301,961 (+/- 47,885) (n=390)
Age of accounts receivable (days)	59.3 (+/- 16.8) (n=42)	60.5 (+/- 8.2) (n=174)	59.9 (+/- 6.9) (n=71)	60.2 (+/- 5.8) (n=287)
Quick ratio ^d	3.3 (+/- 1.7) (n=59)	3.1 (+/- 1.1) (n=232)	1.6 (+/- 0.3) (n=90)	2.8 (+/- 0.7) (n=381)
Current ratio ^{c,d}	5.1 (+/- 2.5) (n=59)	4.0 (+/- 1.2) (n=236)	2.0 (+/- 0.3) (n=91)	3.7 (+/- 0.8) (n=386)

^aThe number of survey respondents in each group from left to right is 447, 792, 245, and 1,484. Financial data were not available for the majority of the firms. The fewest data—9.4% of the responding firms—were available for the smallest firms' age of accounts receivable.

^bDifference between the smallest firms and the medium-size firms is statistically significant.

^cDifference between the smallest firms and the firms with average revenues over \$3.5 million is statistically significant.

^dDifference between the medium-size firms and the firms with average revenues over \$3.5 million is statistically significant.

Source: GAO's analysis of Dun & Bradstreet's data.

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Table 3.37b: Average Financial Status of Firms That Had Financial Statements on File With Dun & Bradstreet, by Ethnicity of Owner

Indicator of financial status in 1993	Firm ^{a,b}	
	Owned by minorities	Not owned by minorities
Net worth	\$431,593 (+/- 190,255) (n=22)	\$538,478 (+/- 91,496) (n=363)
Working capital	\$279,811 (+/- 165,271) (n=22)	\$305,895 (+/- 50,554) (n=363)
Age of accounts receivable	60.7 (+/- 17.0) (n=17)	60.1 (+/- 6.1) (n=267)
Quick ratio	1.5 (+/- 0.4) (n=21)	2.8 (+/- 0.8) (n=355)
Current ratio	1.8 (+/- 0.4) (n=21)	3.8% (+/- 0.9) (n=360)

^aThe number of survey respondents in each group is 109 for the firms owned by minorities and 1,354 for the firms not owned by minorities. Financial data were not available for the majority of the firms. The fewest data—15.6% of the responding firms—were available for the age of accounts receivable for the firms owned by minorities.

^bDifferences by ethnicity are not statistically significant.

Source: GAO's analysis of Dun & Bradstreet's data.

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Bonds**

Table 3.37c: Average Financial Status of Firms That Had Financial Statements on File With Dun & Bradstreet, by Gender of Owner

Indicator of financial status in 1993	Firm ^a	
	Owned by women	Not owned by women
Net worth ^b	\$397,244 (+/- 110,775) (n=48)	\$549,298 (+/- 97,398) (n=339)
Working capital ^b	\$261,579 (+/- 108,120) (n=48)	\$309,296 (+/- 53,020) (n=339)
Age of accounts receivable ^c	76.0 (+/- 15.0) (n=38)	57.9 (+/- 6.2) (n=248)
Quick ratio ^b	3.1 (+/- 2.4) (n=48)	2.7 (+/- 0.8) (n=330)
Current ratio ^b	3.8 (+/- 2.6) (n=48)	3.7 (+/- 0.9) (n=335)

^aThe number of survey respondents in each group is 177 for the firms owned by women and 1,287 for the firms not owned by women. Financial data were not available for the majority of the firms. The fewest data—19.3% of responding firms—were available for the age of accounts receivable of the firms not owned by women.

^bDifference by gender is not statistically significant.

^cDifference by gender is statistically significant.

Source: GAO's analysis of Dun & Bradstreet's data.

Characteristics of Firms That Had Not Obtained Bonds

Fifty-seven percent of the firms that responded to our survey had never obtained a surety bond or had a preapproved bonding line. We estimate that in the universe of firms in our study, the percentage is higher than this, but no higher than 77 percent.

The tables in this section provide estimates about at most the 157,306 (+/- 5,146) firms represented by the respondents to our survey that had never provided a bond or had a bonding line. The results in particular tables can be generalized only to the firms that said they had never obtained a bond or had a bonding line and that provided the information discussed in the table. The approximate number of firms can be estimated by multiplying the number of firms responding to the question (n) by the expansion factor, 683,198/12,000. In the tables we have provided the statistics, the sampling errors for our estimates other than percentages, and the sample sizes to enable the reader to calculate sampling errors for our estimates of percentages using the formula provided in section 1. In some tables that present distributions, the columns do not add to 100 percent because of rounding.

Table 4.1: Characteristics of Firms With No Bonding Experience

Characteristic	Number providing information	Statistic
Gender	(n=2,586)	
Owned by women		7.5%
Not owned by women		92.5%
Ethnicity	(n=2,477)	
Owned by minorities		6.5%
Not owned by minorities		93.5%
Size	(n=2,763)	
Average revenues		\$391,129 (+/- 24,199)
Up to \$500,000		77.8%
\$500,001-\$3.5 million		21.6%
Over \$3.5 million to SBA maximum		0.6%
Years in construction	(n=2,662)	15.3 (+/- 0.4)
SIC	(n=2,756)	
Building construction		9.1%
Heavy construction		4.6%
Special trade construction		86.3%

**Section 4
Characteristics of Firms That Had Not
Obtained Bonds**

Table 4.2a: Firms' Average Years of Experience in Construction, by Size of Firm

Experience	Average revenues of firm ^a			
	Up to \$500,000 (n=2,059)	\$500,001- \$3.5 million (n=588)	Over \$3.5 million to SBA maximum (n=15)	All SBA small firms (n=2,662)
Average number of years in construction	15.13 (+/- 0.48)	15.97 (+/- 1.01)	21.33 (+/- 12.15)	15.35 (+/- 0.44)

^aDifferences by size of firm are not statistically significant.

**Table 4.2b: Firms' Average Years of
Experience in Construction, by
Ethnicity of Owner**

Experience	Firm ^a	
	Owned by minority (n=158)	Not owned by minority (n=2,278)
Average number of years in construction	13.33 (+/- 1.43)	15.34 (+/- 0.48)

^aDifference by ethnicity is statistically significant.

**Table 4.2c: Average Years of
Experience in Construction of Firms,
by Gender of Owner**

Experience	Firm ^a	
	Owned by women (n=192)	Not owned by women (n=2,350)
Average number of years in construction	13.09 (+/- 1.86)	15.44 (+/- 0.46)

^aDifference by gender is statistically significant.

Table 4.3a: Percentage of Firms in Selected Standard Industrial Classifications, by Size of Firm

Standard industrial classification	Average revenues of firm ^a			
	Up to \$500,000 (n=2,143)	\$500,001- \$3.5 million (n= 598)	Over \$3.5 million to SBA maximum (n=15)	All SBA small firms (n=2,756)
Building construction	7.0%	15.4%	60.0%	9.1%
Heavy construction contractors	4.4%	5.4%	0%	4.6%
Special trade contractors	88.6%	79.3%	40.0%	86.3%

^aDifferences in distribution by size of firm are statistically significant.

**Section 4
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Table 4.3b: Percentage of Firms in Selected Standard Industrial Classifications, by Ethnicity of Owner

Standard industrial classification	Firm ^a	
	Owned by minority (n=161)	Not owned by minority (n=2,311)
Building construction	12.4%	9.2%
Heavy construction contractors	3.7%	4.6%
Special trade contractors	83.9%	86.2%

^aDifferences in distribution by ethnicity are not statistically significant.

Table 4.3c: Percentage of Firms in Selected Standard Industrial Classifications, by Gender of Owner

Standard industrial classification	Firm ^a	
	Owned by women (n=194)	Not owned by women (n=2,385)
Building construction	6.7%	9.4%
Heavy construction contractors	11.3%	4.0%
Special trade contractors	82.0%	86.6%

^aDifferences in distribution by gender are statistically significant.

Table 4.4a: Distribution of Firms' Work in 1993 Performed Directly for Owners and Through Subcontracting, by Size of Firm

Type of work	Average revenues of firm ^a			
	Up to \$500,000 (n=1,987)	\$500,001-\$3.5 million (n=564)	Over \$3.5 million to SBA maximum (n=15)	All SBA small firms (n=2,566)
More direct work for owner	38.6%	38.1%	46.7%	38.5%
More subcontracting	55.0%	55.7%	53.3%	55.1%
Equal amounts of direct work and subcontracting	6.4%	6.2%	0%	6.4%

^aDifferences in distribution by size of firm are not statistically significant.

Table 4.4b: Distribution of Firms' Work in 1993 Performed Directly for Owners and Through Subcontracting, by Ethnicity of Owner

Type of work	Firm ^a	
	Owned by minority (n=154)	Not owned by minority (n=2,203)
More direct work for owner	43.5%	38.4%
More subcontracting	52.6%	55.2%
Equal amounts of direct work and subcontracting	3.9%	6.4%

^aDifferences in distribution by ethnicity are not statistically significant.

**Section 4
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Table 4.4c: Distribution of Firms' Work in 1993 Performed Directly for Owners and Through Subcontracting, by Gender of Owner

Type of work	Firm ^a	
	Owned by women (n=184)	Not owned by women (n=2,278)
More direct work for owner	35.9%	38.8%
More subcontracting	59.8%	54.7%
Equal amounts of direct work and subcontracting	4.3%	6.5%

^aDifferences in distribution by gender are not statistically significant.

Table 4.5a: Percentage of Firms Reporting Various Reasons for Not Obtaining Bonds Since 1990, by Size of Firm

Reason	Average revenues of firm			
	Up to \$500,000 (n=2,016)	\$500,001-\$3.5 million (n=574)	Over \$3.5 million to SBA maximum (n=14)	All SBA small firms (n=2,604)
Not asked to provide bonds since 1990 or does not bid on bonded jobs ^a	83.2%	74.9%	57.1%	81.2%
Surety company's requirements to get bonds were too burdensome for firm ^a	16.3%	23.7%	35.7%	18.0%
Financial commitment required to get bonds is more than firm has wanted ^a	15.6%	20.4%	28.6%	16.7%
Firm could not afford the cost of preparing financial information for the surety company ^a	12.7%	16.4%	28.6%	13.6%
Believed the firm would not be able to get bonds so did not ask for them ^a	11.2%	15.9%	28.6%	12.3%
Fees charged by surety companies make it unprofitable for firm to do bonded work	11.1%	12.9%	^b	11.4%
Use or have used cash instead of bonds ^a	3.7%	8.7%	^b	4.9%
Perform work in partnership or as a joint venture with a firm that is/was bonded ^a	7.7%	11.0%	^b	8.4%
Requests for bonds were denied	3.2%	3.7%	^b	3.3%
Use or have used letter from surety company saying firm is bondable	1.6%	2.6%	^b	1.8%
Other reasons	5.4%	5.2%	0%	5.3%

^aDifferences by size of firm are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

**Section 4
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Table 4.5b: Percentage of Firms Reporting Various Reasons for Not Obtaining Bonds Since 1990, by Ethnicity of Owner

Reason	Firm	
	Owned by minority (n=157)	Not owned by minority (n=2,244)
Not asked to provide bonds since 1990 or does not bid on bonded jobs ^a	73.2%	81.7%
Surety company's requirements to get bonds were too burdensome for firm	17.8%	18.1%
Financial commitment required to get bonds is more than firm has wanted	17.8%	16.7%
Firm could not afford the cost of preparing financial information for the surety company	16.6%	13.5%
Believed the firm would not be able to get bonds so did not ask for them ^a	17.8%	11.6%
Fees charged by surety companies make it unprofitable for firm to do bonded work	12.1%	11.4%
Use or have used cash instead of bonds ^a	9.6%	4.8%
Perform work in partnership or as a joint venture with a firm that is/was bonded	8.9%	8.5%
Requests for bonds were denied	6.4%	3.3%
Use or have used letter from surety company saying firm is bondable	2.5%	1.9%
Other reasons	7.6%	5.2%

^aDifference by ethnicity is statistically significant.

**Section 4
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Table 4.5c: Percentage of Firms Reporting Various Reasons for Not Obtaining Bonds Since 1990, by Gender of Owner

Reason	Firm	
	Owned by women (n=187)	Not owned by women (n=2,321)
Not asked to provide bonds since 1990 or does not bid on bonded jobs ^a	70.6%	82.4%
Surety company's requirements to get bonds were too burdensome for firm	23.0%	17.7%
Financial commitment required to get bonds is more than firm has wanted	20.9%	16.2%
Firm could not afford the cost of preparing financial information for the surety company	16.0%	13.5%
Believed the firm would not be able to get bonds so did not ask for them ^a	18.2%	11.8%
Fees charged by surety companies make it unprofitable for firm to do bonded work	13.9%	11.2%
Use or have used cash instead of bonds	3.2%	5.0%
Perform work in partnership or as joint venture with a firm that is/was bonded ^a	13.4%	8.1%
Requests for bonds were denied	3.7%	3.3%
Use or have used letter from surety company saying firm is bondable	^b	1.9%
Other reasons	6.4%	5.0%

^aDifference by gender is statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 4.6a: Percentage of Firms That Had Requirements Explained in Advance the First Time They Asked for a Bond, by Size of Firm

Extent to which information was given by agents, brokers, or surety companies	Average revenues of firm ^a			
	Up to \$500,000 (n=1,993)	\$500,001- \$3.5 million (n=563)	Over \$3.5 million to SBA maximum (n=15)	All SBA small firms (n=2,571)
Little or no extent	4.4%	6.4%	0.0%	4.8%
Some extent	4.9%	7.1%	^b	5.4%
Moderate extent	4.3%	7.6%	26.7%	5.2%
Great extent	2.9%	6.4%	^b	3.7%
Very great extent	0.9%	1.2%	^b	1.0%
Did not remember	2.9%	2.0%	0.0%	2.7%
Never asked for a bond	79.7%	69.3%	53.3%	77.3%

^aDifferences in distribution by size of firm are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Section 4
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Table 4.6b: Percentage of Firms That Had Requirements Explained in Advance the First Time They Asked for a Bond, by Ethnicity of Owner

Extent to which information was given by agents, brokers, or surety companies	Firm ^a	
	Owned by minority (n=156)	Not owned by minority (n=2,246)
Little or no extent	6.4%	4.6%
Some extent	4.5%	5.3%
Moderate extent	3.8%	5.2%
Great extent	7.1%	3.5%
Very great extent	^b	0.9%
Did not remember	2.6%	2.5%
Never asked for a bond	74.4%	77.9%

^aDifferences in distribution by ethnicity are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 4.6c: Percentage of Firms That Had Requirements Explained in Advance the First Time They Asked for a Bond, by Gender of Owner

Extent to which information was given by agents, brokers, or surety companies	Firm ^a	
	Owned by women (n=189)	Not owned by women (n=2,319)
Little or no extent	5.8%	4.6%
Some extent	4.8%	5.3%
Moderate extent	6.3%	4.9%
Great extent	6.9%	3.3%
Very great extent	^b	0.9%
Did not remember	^b	2.6%
Never asked for a bond	74.1%	78.4%

^aDifferences in distribution by gender are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

**Section 4
Characteristics of Firms That Had Not
Obtained Bonds**

Table 4.7a: Frequency With Which Firms That Had Asked for a Bond Have Been Denied Bonds Since 1990, by Size of Firm

Number of denials since 1990	Average revenues of firm ^a			
	Up to \$500,000 (n=251)	\$500,001- \$3.5 million (n=105)	Over \$3.5 million to SBA maximum (n=3)	All SBA small firms (n=359)
None	78.9%	73.3%	66.7%	77.2%
1-5	17.1%	25.7%	0.0%	19.5%
6-12	2.4%	0.0%	^b	1.9%
More than 12	1.6%	^b	0.0%	1.4%

^aDifferences in distribution by size of firm are statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 4.7b: Frequency With Which Firms That Had Asked for a Bond Have Been Denied Bonds Since 1990, by Ethnicity of Owner

Number of denials since 1990	Firm ^a	
	Owned by minority (n=25)	Not owned by minority (n=319)
None	72.0%	77.7%
1-5	20.0%	19.4%
6-12	^b	1.3%
More than 12	0.0%	1.6%

^aDifferences in distribution by ethnicity are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

Table 4.7c: Frequency With Which Firms That Had Asked for a Bond Have Been Denied Bonds Since 1990, by Gender of Owner

Number of denials since 1990	Firm ^a	
	Owned by women (n=32)	Not owned by women (n=319)
None	65.6%	78.4%
1-5	28.1%	18.5%
6-12	^b	1.6%
More than 12	0.0%	1.6%

^aDifferences in distribution by gender are not statistically significant.

^bThis estimate is omitted because the sampling error is larger than the estimate, leaving no confidence in the estimate.

National Survey of Construction Companies' Experiences Getting Bid, Performance and Payment Bonds

United States General Accounting Office



National Survey of Construction Companies' Experiences Getting Bid, Performance and Payment Bonds

GAO is required by law to survey construction companies about bonding. The Congress wants to know what kind of firms need bonds and what their experiences have been. They wish to compare the experiences of large, small, and women and minority-owned firms in order to expand access to bonds.

Your firm was randomly selected to participate in the survey. It will take about 15-20 minutes. We will keep your responses confidential. Your answers will be combined with others and reported in summary form. These responses will be used by the Congress to make national policy about bonding.

Please respond within 10 days, if possible. Use the enclosed postage-paid return envelope or mail to

Mr. Roberto Pinero
U.S. General Accounting Office
899 Eaton Avenue
Bethlehem, PA 18025-9941

If your firm has subsidiaries, please use the last page to identify the firms whose responses are included with yours. Feel free to call Roberto Pinero toll-free at 1-800-237-6943 with your questions.

General Background and Experience

1. In which of the following calendar years has your firm done construction work? (Check all that apply.) ¹⁽⁷⁻¹¹⁾

- 1. 1990
- 2. 1991
- 3. 1992
- 4. 1993
- 5. None of the above →Stop here (Return survey)

2. How many years has your firm done construction work? (Enter number.) ⁽¹²⁻¹³⁾

_____ years

3. About what percent of your firm's construction revenues in 1993 came from work as a general contractor and what percent from subcontracting? (Enter percent or 0 for each, or check "No 1993".) ⁽¹⁴⁻²³⁾

_____ % General contractor, or direct work for owners

_____ % Subcontractor

_____ % Other (e.g., supplier)

or, [] No construction revenues in 1993

4. Has your firm ever provided a bid bond, a performance or payment bond or had a pre-approved bonding line? (Check all that apply.) ⁽²⁴⁻²⁷⁾

- 1. Provided a bid bond
- 2. Provided a performance or payment bond
- 3. Had or have a pre-approved bonding line
- 4. None of the above →Go to Question 8, p.2

5. About when did your firm provide its' first bid bond, performance or payment bond and/or get its' first pre-approved bonding line? Enter earliest date. (Check one.) ⁽²⁸⁾

- 1. 1993
- 2. 1990 - 1992
- 3. 1985 - 1989
- 4. Before 1985

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6. The first time you received a bid, performance or payment bond, about how long did it take from the time you applied until it was approved? (Enter days.)

_____ days; or, [] Don't remember

(29-32)

7. Has your firm provided any bid, performance or payment bonds since January 1, 1990 for construction contracts or subcontracts? (Check one.)

1. Yes →Go to Question 9
2. No →Answer Question 8

(33)

8. If your firm has not provided bid, performance or payment bonds since 1990, answer this question, then go to Q. 19 on page 3: Which of the following reasons explains why not? (Check all that apply.)

1. Not asked to provide bonds since 1990; or do not bid on bonded jobs
2. Requests for bonds were denied
3. Believe the firm would not be able to get bonds so don't ask for them
4. Use or have used letter from surety company saying firm is bondable instead of bonds
5. Use or have used cash instead of bonds
6. Perform work in partnership or a joint venture with a firm that is/was bonded
7. Fees charged by surety companies make it unprofitable for your firm to do bonded work
8. Firm cannot afford the cost of preparing financial information for the surety company
9. Surety company's requirements to get bonds are too burdensome for your firm
10. Financial commitment required to get bonds is more than your firm has wanted
11. Other (specify)

(34-48)

9. From 1990 to 1993, did your firm use any federal (e.g., SBA Surety Bond Guarantee, DOT program), state or local bonding assistance program to get bid, performance or payment bonds? (Check one.)

1. Yes
2. No

(47)

10. To the best of your knowledge, is the agent through whom you obtain your bonds a specialist in surety bonds? (Check one.)

1. Yes
2. No
3. Don't know
4. My firm does not use an agent, we obtain bonds directly from a surety company

(48)

11. How many times in 1993, if any, did your firm lose an opportunity to bid on a job because your bond request was not processed in time? (Check one.)

1. Never
2. A few times (1-5)
3. Several times (6-12)
4. Many times (more than 12)
5. No bid bonds requested in 1993

(49)

12. On average, what premium or fee did your firm pay in 1993 for performance and payment bonds? (Enter amount or percent.)

_____ % of contract amount

or, \$ _____ per \$1,000 of the contract amount

or, Varied Rate

\$ _____ per \$1,000 for the first \$ _____

\$ _____ per \$1,000 for the next \$ _____
(Additional detail is not needed.)

or, [] No performance or payment bonds in 1993

(50-56)

(57-77)

13. On average, what premium or fee, if any, did your firm pay in 1993 just for bid bonds? (Enter amount or percent.)

\$ _____ for each bid bond

or, \$ _____ annual service fee

or, _____ % of contract amount, just to bid

or, [] No bid bonds in 1993

(27-18)

**Appendix I
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14. About what percent of your firm's construction revenues in 1993 was for jobs covered by performance and payment bonds provided by your firm? (Enter percent.) ⁽¹⁹⁻²¹⁾
_____ % revenues

Bonding Capacity

15. What was the largest bond and the average bond your firm received in 1993? (Enter amount or zero.) ⁽²²⁻³⁰⁾
\$ _____ largest bond
\$ _____ average bond

16. Does your firm have a pre-approved bonding line? (Check one.) ⁽⁴⁰⁾
1. Yes→Answer Q.17
2. No→Go to Q.18

17. Which of the following best describes when your firm's preapproved bonding line was first approved? (Check one.) ⁽⁴¹⁾
1. Before ever needing a bond
2. With first approved bond for a specific job
3. After completing one or a few bonded jobs
4. After completing many bonded jobs
5. Don't remember

18. What was your bonding capacity from 1990 to 1993--both the largest bond a surety would provide and your total program (the total amount of bonds a surety would provide at one time)? (Enter amounts.) ⁽⁴²⁻⁴¹⁾

	Largest Bond	Total Program
1990	\$ _____	\$ _____
1991	\$ _____	\$ _____
1992	\$ _____	\$ _____
1993	\$ _____	\$ _____

³⁽⁷⁻⁴⁸⁾

Bonding Requirements

19. The first time you asked for a bond, to what extent did the agent, broker or surety company explain to you in advance what the requirements for bonding were? (Check one.) ⁽⁴⁷⁾
1. Little or no extent
2. Some extent
3. Moderate extent
4. Great extent
5. Very great extent
6. Don't remember
7. Never asked for a bond→Go to Q.29, p.5

20. Currently, how often, if at all, is your firm required to provide each of the following items in order to get a bid, performance or payment bond? (Check all that apply.) ⁴⁽⁷⁻⁵²⁾

REQUIREMENT	With each bond request (1)	Monthly (2)	Quarterly (3)	Twice a Year (4)	Annually (5)	On request (6)	Not at all (7)
A. Report of work on hand/job status							
B. Compilation financial statement (i.e., on % completion basis)							
C. CPA review of financial statements							
D. CPA audit of financial statements							
E. Letters of credit or bankers acceptances							
F. Personal financial statements of owners							
G. Corporate tax returns							
H. Personal tax returns							

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21. In your opinion, how much, if at all, have bonding companies relaxed or tightened up the requirements for your firm to get bid, performance or payment bonds over the last 5 years? (Check one.)

- 1. Relaxed significantly→Go to Q.23
- 2. Relaxed somewhat→Go to Q.23
- 3. Stayed about the same→Go to Q.23
- 4. Tightened somewhat→Answer Q.22
- 5. Tightened significantly→Answer Q.22
- 6. No experience before 1993→Go to Q.23

(63)

22. If, in your opinion, bonding companies have tightened up requirements for your firm to get bonds, which of the following reasons did an agent, broker or surety company give to explain the changes? (Check all that apply.)

- 1. Your firm requested increase in capacity
- 2. Your firm's financial strength declined (less net worth, collateral, diversion of profits to other business activities, etc.)
- 3. Your firm's key personnel changed
- 4. Change in surety company policy
- 5. Use of new surety agent or company
- 6. General economic conditions; or new government regulations
- 7. Other (specify)

(64-72)

- 8. Reasons given were not clear or understandable
- 9. No reasons were given by agent or broker

23. On average, about what percent, if any, of the bonded contract amount is your firm required to set aside as collateral (e.g., cash, CD's, property) in order to get performance and payment bonds? (Check one.)

- 1. None
- 2. 1 - 50 % of the contract amount
- 3. 51 - 100 % of the contract amount
- 4. more than 100% of the contract amount

(73)

24. Currently, which, if any, of the following conditions is your firm required to meet in order to get a bond? (Check all that apply.)

- 1. Hire a financial management firm, consulting firm or CPA selected by the surety company
- 2. Establish an escrow account controlled by the surety company
- 3. Enter into arrangement that allows the surety company the rights to manage the job being bonded, even when firm is not in default
- 4. Purchase insurance from the bonding agent
- 5. None of the above

(74-78)

Bond Denials

25. Since 1990, how often, if ever, has your firm been denied a bid, performance or payment bond? (Check one.)

- 1. Never→Go to Q. 29, page 5
- 2. A few times (1-5)
- 3. Several times (6-12)
- 4. Many times (more than 12)

(79)

26. About when was the last time your firm was denied a bid, performance or payment bond? (Enter date.)

(57-10)

(Month) (Year)

27. The last time you were denied a bond, about how long did it take from the time you applied until it was denied? (Enter number of days.)

(11-14)

_____ days; or, [] Don't remember

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28. The last time you were denied a bond, which of the following reasons were you given orally or in writing? (Check all that apply.) (15-48)

Reasons Stated by Agent or Broker	(15-48)	
	Oral	Written
A. Firm not in business long enough		
B. Key people not experienced enough		
C. Have never done that large a job; or never worked in that location before; or never done that kind of work		
D. Defaulted on a previous job		
E. Financial status not good enough (net worth, operating capital, etc.)		
F. Don't do enough bonded work		
G. No more bonds until current work is completed		
H. No bonds until claims against your firm or legal disputes are resolved		
I. Chose not to make changes in business practices or meet other conditions required by surety		
J. Sureties don't want to bond subcontractors		
K. Could not obtain government guarantee of bond (SBA, DOT, etc.)		
L. Size of bond requested would have required a change in surety company		
M. Not enough time to process the bond		
N. Other (specify)		
O. Reasons given were not clear or understandable		
P. No reason given for denial		

Business Characteristics

29. Is 51% or more of the firm owned by women? (Check one.) (47)

- 1. Yes
- 2. No

30. Is 51% or more of the firm owned by one or more of the following minority groups: Black or African American, Hispanic, Asian, American Indian or Native American, or Pacific Islander? (Check one.) (48)

- 1. Yes
- 2. No

31. About how much experience in construction does the most experienced person in your firm have in the kind of construction work for which your firm needs or may need bonds? (Check one.) (49)

- 1. 1 - 3 years
- 2. 4 - 6 years
- 3. 7 - 9 years
- 4. 10 or more years

32. At the close of your firm's last four fiscal years, what was the firm's total construction revenues? (Enter amount for each year.) (67-54)

- 1990 \$ _____
- 1991 \$ _____
- 1992 \$ _____
- 1993 \$ _____

33. In which of the following fiscal years, if any, did your firm have a net profit? (Check all that apply.) (55-59)

- 1. 1990
- 2. 1991
- 3. 1992
- 4. 1993
- 5. None of the above

34. Comments. Please attach any comments you may have. If your firm has subsidiaries, please provide the names and addresses of the companies whose responses are included with those of your firm. (60-61)

Thank you for your cooperation.

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