

REPORT *Published September 18, 2025 • 6 minute read*

From Chicago to Philly—and Beyond: Scaling Smarter Small Business Certification



Rachel Evans, Former Policy Advisor, Imani Augustus, Director, Center for Entrepreneurial Opportunity

Takeaways

- An agreement between the transit agencies in Chicago and Philadelphia is first of its kind and a step forward in supporting disadvantaged small businesses.
- The federal government should support regional certification agreements like this in the future and set national standards for eligibility and application processes.
- Government should also create a public directory of certified firms to help state and local agencies connect with small businesses, improve the one-stop-shop certification portal, and ensure all infrastructure contract notices avoid bureaucratic jargon.

America's historic \$1.2 trillion infrastructure investment is creating unprecedented opportunities for small businesses—but only for those who can navigate the bureaucratic maze to get there. ¹ Since 2021, \$4.4 billion has been awarded as small business contracts to 1,648 companies under the Infrastructure Investment and Jobs Act (IIJA), with construction, transportation, and environmental projects leading the charge. ² Yet, despite federal goals to increase small disadvantaged business contracting to 15% by FY2025, many qualified firms remain locked out by duplicative certification processes, complex bidding requirements, and jurisdictional barriers that favor established players over innovative newcomers.

While Washington struggles with bureaucracy, real breakthroughs are happening at the local level—where smart transit authorities are showing a path forward to tear down barriers and proving that bureaucracy doesn't have to be destiny. This report examines a groundbreaking partnership between transit agencies in Chicago and Philadelphia that shows exactly how to unlock these opportunities, creating a model that could transform how America builds its future.

The Problem

State and local governments can't do it all—they depend on private businesses to deliver essential goods and services. This creates opportunities for businesses of all sizes to bid on government contracts. However, small businesses—especially those owned by women and people of color—remain largely excluded from the contracting process. For instance, while black-owned businesses make up 3% of all employer firms, they received just 1.5% of all federal contracting dollars in FY 2024. ³ To remedy this disparity, the government designates certain contracts specifically for historically

underutilized small businesses (HUBs) and requires these businesses to certify their eligibility. Yet the certification process remains costly and time-consuming, forcing small businesses that operate in multiple states to navigate a patchwork of inconsistent requirements.

A Unique Collaboration

Two transit giants just made it dramatically easier for small businesses to win government contracts. In a groundbreaking partnership, the Chicago Transit Authority (CTA) and Philadelphia's Southeastern Pennsylvania Transportation Authority (SEPTA)—which together serve millions of daily riders across the Midwest and Northeast—signed a historic agreement in 2023 to streamline opportunities for small enterprises.⁴ Their Memorandum of Understanding does something simple but revolutionary: it allows small businesses certified in one city to automatically qualify for contracts in the other.⁵ No more duplicate paperwork. No more jumping through hoops twice. A minority-owned contractor certified in Chicago can now bid seamlessly on Philadelphia projects, and vice versa.

This cross-recognition of small business enterprise certifications eliminates a major barrier that previously shut out qualified contractors from lucrative transit contracts simply because they lacked local certification. For small businesses—especially those owned by minorities and women—this means access to a vastly expanded market with half the bureaucratic headache. The partnership signals a broader shift as local governments nationwide realize that complex contracting processes don't just burden businesses—they limit competition and drive up costs for taxpayers.

This collaboration is a strong example of how regional partnerships can reduce red tape and ensure more diverse businesses can have a shot at building our nation's infrastructure. As CTA President Dorval Carter Jr. stated at the signing, this memorandum means historically disadvantaged businesses will have “more opportunities and more growth...that allows them to develop and ultimately start to compete at a much higher level in our industry.”⁶

Policy Solutions

From the CTA-SEPTA partnership, there are many lessons that can be learned and a series of policy solutions that can be applied at the federal level to support small business owners in entering the infrastructure space.

First, the Department of Transportation (DOT) should promote reciprocity agreements among states. At the federal level, a reciprocity pilot fund could be used to support the development of formal partnerships beyond MOUs. Technical assistance should be provided to help states align their certification processes. Additionally, DOT should set a national standard for certification eligibility and the application process, giving states a straightforward example to follow and further streamline access for small businesses across regions.

Second, DOT should establish a publicly accessible directory of certified firms. Building on our previous policy recommendation that encourages SBA to create a robust tracking system for subcontractor data, DOT should implement a similar system to track certified contractors.⁷ This would provide state and local governments with a comprehensive, reliable network of economically disadvantaged firms for infrastructure projects.

Third, the Small Business Administration (SBA) should report on the effectiveness of their new certification process. SBA has taken steps to simplify the certification process by launching a streamlined portal, MySBA Certification, that consolidates multiple certifications into one platform.⁸ This is a relatively new tool from SBA, and it's critical that Congress receive reports with updates on the portal's effectiveness. These reports should examine whether application rates have increased, processing times have improved, and highlight any opportunities for further enhancements to better serve small businesses.

For example, there has been a longstanding issue with approval times for the Women-Owned Small Business (WOSB) certification. The portal was launched in an effort to speed up the certification process. Specifically, the report should assess whether the backlog of applications for the WOSB Program has decreased and whether the current eight-month turnaround time has been shortened to a reasonable timeframe.⁹

Finally, policymakers must ensure contract solicitations are written in plain language. Congress can ease the burden on small businesses entering the government contracting space by ensuring all federal award notices published on procurement channels, such as SAM.gov, do not include excessive technical language.

The House recently passed the Plain Language in Contracting Act (H.R. 787) that requires that contracting opportunities for small businesses be written in a way that is accessible, clear, and concise.¹⁰ While this bill waits for its day on the Senate floor, DOT should adopt clear and straightforward communication standards for all contract notices to make it easier for small businesses to participate in federal contracting opportunities.

Conclusion

The country has a significant opportunity to not only improve our public infrastructure but to ensure that local, state, and federal government invest in small businesses. The agreement between CTA and SEPTA demonstrates how regional collaboration is one example of diversifying and uplifting the pool of small businesses who wish to enter the contracting space.

ENDNOTES

1. *Infrastructure Investment and Jobs Act (IIJA) Funding Status*. U.S. Department of Transportation, 31 July 2025, <https://www.transportation.gov/mission/budget/infrastructure-investment-and-jobs-act-iija-funding-status>. Accessed on September 2, 2025.
2. Mehan, Archisha. "Federal Contracts Awarded under the Infrastructure Investment & Jobs Act." *GovSpend*, 31 Oct. 2023, <https://govspend.com/blog/federal-contracts-awarded-under-the-infrastructure-investment-jobs-act/>. Accessed September 2, 2025.
3. *FY 2024 Disaggregated Data*. U.S. Small Business Administration, 10 Jan. 2025, <https://www.sba.gov/federal-contracting/contracting-data/disaggregated-data/fy-2024-disaggregated-data>. Accessed September 2, 2025.
4. *Governance & Administration*. Chicago Transit Authority, <https://www.transitchicago.com/governance/>. Accessed September 2, 2025.

And About. Southeastern Pennsylvania Transportation Authority, accessed (today's date or leave blank if general), <https://www.septa.org/about/>. Accessed September 2, 2025.
5. Equity in Infrastructure Project. "SEPTA, CTA Sign Historic MOU." *Equity in Infrastructure Project*, 9 Jan. 2023, <https://equityininfrastructure.org/septa-cta-sign-historical-mou>. Accessed 16 July 2025.
6. Ibid.
7. Augustus, Imani, and Rachel Evans. *12 Solutions for Small Business Success in Federal Contracting*. Center for Entrepreneurial Equity, 25 June 2024, <https://www.ceopolicy.org/product/12-solutions-for-small-business-success-in-federal-contracting>. Accessed 16 July 2025.
8. U.S. Small Business Administration. *SBA Certifications*. <https://certifications.sba.gov/>. Accessed 16 July 2025.

9. Augustus, Imani, and Rachel Evans. *12 Solutions for Small Business Success in Federal Contracting*. Center for Entrepreneurial Equity, 25 June 2024,
<https://www.ceopolicy.org/product/12-solutions-for-small-business-success-in-federal-contracting>. Accessed 16 July 2025.
10. *H.R. 787 – Plain Language Contracting Act*. Congress.gov, 28 Jan. 2025,
<https://www.congress.gov/bill/119th-congress/house-bill/787>. Accessed September 2, 2025.