

Comment of Traci Harig

Docket No. SBA-2026-0199, Proposed Rule on Small Business Size Standards

To: Ryan Lambert, Associate Administrator, Office of Industrial Base Resilience & Contracting, U.S. Small Business Administration

Re: Small Business Size Standards, proposed rule, 91 Fed. Reg. 53741 (Aug. 20, 2026), RIN 3245-AI67, Docket No. SBA-2026-0199 [1]. Comments due November 20, 2026 [2].

From: Traci Harig, Florida

Date: October 20, 2026

I am a former GS-13 Loan Specialist with SBA's National Guaranty Purchase Center in Herndon, Virginia. I worked on SBA's Paycheck Protection Program for more than four years. I reviewed loan files after disbursement for eligibility and compliance, including affiliation analysis under 13 CFR §121 and corporate group loan limits. PPP loans were made under section 7(a) of the Small Business Act. I am commenting as an individual and not on behalf of any organization.

I am filing a related comment in Docket No. SBA-2026-0265 on the 2026 Revised Size Standards Methodology, which SBA published as a notice of availability the same day and applied to calculate the standards proposed here [3]. This comment addresses the proposed rule and its effects. My comment in the other docket addresses how the standards were derived. Where a point belongs mainly in that docket, I state it briefly here and refer to that comment.

I support SBA's objectives of reducing classification ambiguity and allowing growing firms to remain eligible longer. Several elements of the proposal address problems I encountered in practice. My comments ask whether the record supports the proposal as written, and point to disclosures and changes that would let the public and SBA evaluate it.

Summary of requests

1. Place in the record the data and method behind the firm-count estimates, to permit meaningful evaluation of the analysis required by section 3(a)(6) of the Small Business Act and reconcile the rule's estimate of newly qualifying contractors with the Office of Advocacy's.
2. State SBA's interpretation of sections 3(a)(3), 3(a)(7), and 3(a)(8), and identify where the record shows that each group-level standard is appropriate for each component six-digit industry.
3. Address the published research on the effects of past size standard increases on the smallest firms.
4. Identify the evidence that firms at the largest proposed thresholds are not dominant in their field of operation.
5. Consider pairing employee-based standards with a receipts ceiling in industry groups that convert.
6. Report awards to newly qualifying firms separately from other small business goal achievement.
7. Describe how size will be established before award and before loan approval.
8. Analyze the effects on SBA financial assistance, Economic Injury Disaster Loans, and any future emergency program modeled on PPP.

9. Explain the basis for the policy of not lowering standards and evaluate narrower alternatives including a phase-in and retention of specific exceptions.
10. State the status of the proposed rule SBA published in August 2025 as part of this same review and place the record of the September 2026 public forums in the docket.
11. Correct the NAICS 4861 and 561720 table entries, explain how each exception was compared to the proposed standard that replaces it, and update section 121.406 to match the table.

Background

The current table sets size standards for 978 six-digit NAICS industries and 18 subindustry exceptions [1]. The proposal would replace that structure with 338 standards, 276 set at the four-digit NAICS industry group level and 62 at the five-digit level and would eliminate all 18 exceptions [1]. Sixty-four of the 338 proposed industry groups and industries would move from receipts-based to employee-based measurement, and six more would move from a mix of the two [3]. A commercial building contractor that is small today at \$45 million in receipts would be measured at 600 employees [1]. The minimum would be 500 employees for employee-based standards and \$30.6 million for receipts-based standards [3], and receipts standards would be adjusted for productivity growth in addition to inflation [3]. SBA would keep the current standard, at the group level, in 45 industry groups and industries where its analysis would support a decrease [1]. SBA estimates a net increase of 114,541 firms qualifying as small, including 37,002 firms that held about 105,655 federal contracts worth more than \$71 billion in fiscal year 2025 [1]. SBA's Office of Advocacy has since published a much lower estimate for current contractors, discussed below [4].

Disclosure of the analytical basis under section 3(a)(6)

Section 3(a)(6) of the Small Business Act requires that, in rulemaking to revise, modify, or establish size standards, the Administrator consider, address, and make publicly available as part of the notice of proposed rulemaking and notice of final rule each of the following [5]:

(A) a detailed description of the industry for which the new size standard is proposed; (B) an analysis of the competitive environment for that industry; (C) the approach the Administrator used to develop the proposed standard including the source of all data used to develop the proposed rule making; and (D) the anticipated effect of the proposed rulemaking on the industry, including the number of concerns not currently considered small that would be considered small under the proposed rule making and the number of concerns currently considered small that would be deemed other than small under the proposed rulemaking.

SBA has identified its data sources and described its formulas, and I am not suggesting otherwise. Table A of the methodology reports national industry size, the number of geographic markets, the net import adjustment, average market size, and the resulting standard for each of the 338 proposed standards [3]. The proposed rule reports the number of small businesses under the current and proposed standards for each six-digit industry and names its sources [1]. I address what sits behind Table A in my comment in Docket No. SBA-2026-0265. This comment addresses the firm counts, which are the subject of section 3(a)(6)(D).

SBA's announcement gives the overall change two ways: over 110,000 firms added to 36 million small businesses, or 0.3 percent, and a 1.8 percent increase in the nation's 6.3 million employer firms [6]. The proposed rule uses the second, an increase from 6,344,967 to 6,459,508 eligible firms, a net of 114,541 [1]. Those figures are not inconsistent. They use different denominators, and SBA says so. The rule's table shows the count industry by

industry. I did not find in either document a description of how firms were counted at each current and proposed threshold.

The estimate for current contractors is less settled. On September 17, 2026, SBA's Office of Advocacy stated that 4,000 to 6,000 current contractors would gain small business status under the proposal, compared with approximately 56,000 firms now participating in the federal small business contracting marketplace [4]. Advocacy describes the proposal as "a narrow, targeted adjustment to eligibility, rather than a broad expansion of the small-business marketplace" [4]. The proposed rule estimates that 37,002 firms with fiscal year 2025 contracts would newly qualify [1]. The two figures may not measure exactly the same population, and either one could be right. But the proposed rule and the Office of Advocacy, which speaks independently within SBA, have now published two estimates of the rule's effect on current contractors that differ by a factor of roughly six to nine. Advocacy's announcement does not include its underlying analysis, and I have not found a reconciliation of the two figures in either docket. SBA's extension notice cites "the SBA's clarification of the impacts of SBA's proposed changes" as a reason for the extension without saying what that clarification is [2]. Section 3(a)(6)(D) requires SBA to make publicly available the anticipated effect of the rulemaking, including "the number of concerns not currently considered small that would be considered small" [5]. A reconciliation of the contractor estimates would settle that part of the number.

The rule's own tables raise the same question. Its table of the 20 industries with the most affected contractors lists 5,314 firms in Engineering Services (NAICS 541330), and the text says those firms "with current contracts will now be eligible to compete for small business restricted set asides" [1]. The rule's industry table shows the number of small engineering firms rising by 1,469 in total [1]. In Other Computer Related Services (NAICS 541519) the two figures are 2,247 and 203. The two tables use different data. The industry table rests on Census counts of firms by industry, and the contractor table on FPDS and SAM records of firms with fiscal year 2025 contracts [1]. SBA's text describes the 5,314 engineering firms as firms that "will now be eligible," so the contractor column appears to count newly eligible contractors even though its heading reads "Small businesses under proposed standards." The same gap shows in the other rows I checked: 2,171 contractors against an industry increase of 1,343 in Custom Computer Programming Services (NAICS 541511), and 1,663 against 856 in Computer Systems Design Services (NAICS 541512) [1]. One possible explanation is that a contractor is counted under the NAICS code of its contracts or its SAM registration, while the industry table places each firm in one industry. The record should say how each count was built and how the two relate.

When I checked on October 19, 2026, the only agency documents in either docket were Federal Register notices. The methodology notice is posted in Docket No. SBA-2026-0265. I did not find the underlying data, county groupings, or calculation files in either docket, although the proposed rule states that the full methodology is available in the docket for this rulemaking [1]. In the August 2025 rulemaking, SBA posted its methodology paper in the docket as supporting material [8].

Request: Place in the record the data and method used to count firms at each current and proposed threshold, to permit meaningful evaluation of the analysis required by section 3(a)(6). Place in the record the analysis behind the Office of Advocacy's 4,000 to 6,000 estimate, reconcile it with the rule's 37,002 contractor estimate, including any differences in population, data source, or method, and state which estimate SBA relies on. Explain how the contractor table at 91 Fed. Reg. 53771 relates to the industry table at 91 Fed. Reg. 53745 to 53769. Allow a comment period on those materials once posted.

Consolidation and the statutory provisions on grouping and number of standards

Consolidation from roughly 1,000 standards to 338 is the central feature of this proposal. Three provisions of the Small Business Act bear on it, and SBA quotes all three in the methodology [3]. I set out the statutory text and the fuller argument in my comment in Docket No. SBA-2026-0265. The points that bear on this rule are these.

Section 3(a)(7) permits a single size standard for a grouping of 4-digit NAICS codes only if the Administrator makes publicly available, not later than the date on which the standard is established or approved, a justification demonstrating that the standard is appropriate for each individual industry classification included in the grouping [5]. SBA relies on this provision. The methodology states that SBA is setting standards at the four-digit level “as allowed under 15 U.S.C. 632(a)(7), where appropriate,” and describes its two-part test as its “proposed justification for grouping industries at the 4-digit level” [3]. Both parts of that test turn on how NAICS classifies industries. Neither looks at data on the six-digit industries inside a group.

Section 3(a)(8) directs that the Administrator not limit the number of size standards established pursuant to paragraph (2), and assign the appropriate size standard to each NAICS code [5]. SBA read sections 3(a)(7) and 3(a)(8) together two years ago. Responding to public comments in its September 2024 notice on the 2024 methodology, SBA wrote that the 2013 amendment requiring it to assign a size standard to each NAICS industry “limits the SBA’s ability to group NAICS industries to establish a common size standard,” and that the data from its second five-year review “did not support the same size standard for all industries in NAICS 5415” [9]. In the same notice SBA wrote that the statute “permits establishing a common size standard by grouping all industries within the NAICS 4-digit level provided that the data supports the same size standard for each of those industries in the group” [9]. The 2026 proposal sets a single standard of \$531 million for NAICS 5415 [1], and the grouping test behind it does not look at industry data [3]. Every six-digit code would still be assigned a standard. The question under section 3(a)(8) is whether the group standard is the appropriate standard for each code. I did not find an explanation in either document of what changed between SBA’s September 2024 conclusion on NAICS 5415 and this proposal, or whether SBA now reads sections 3(a)(7) and 3(a)(8) differently.

Section 3(a)(3) requires the Administrator to ensure that a size standard varies from industry to industry to the extent necessary to reflect the differing characteristics of the various industries [5]. The same sentence directs the Administrator to consider other factors the Administrator deems relevant, which leaves room for judgment. The provision does not define “industry.” SBA’s own notices do: “SBA considers an industry to be a 5- or 6-digit NAICS code and an industry group to be a 4-digit NAICS code” [1, 3]. If SBA reads “industry” in section 3(a)(3) to mean the four-digit group, it would help to say so and explain why.

I am not asserting that the proposal violates any of these provisions. That conclusion would require a group-by-group review of the full record. I am asking SBA to put its interpretation and its justification on the record in the final rule, because the rule’s main change goes to the subject of all three provisions. The proposed rule itself does not cite section 3(a)(7) or section 3(a)(8).

Request: State SBA’s interpretation of sections 3(a)(3), 3(a)(7), and 3(a)(8) as applied to this proposal. For each proposed group-level standard covering multiple six-digit industries, identify where the record demonstrates that the standard is appropriate for each component industry, as section 3(a)(7) requires, and that no further variation is necessary under section 3(a)(3). Where component industries differ materially in average firm size, capital intensity, or federal market concentration, explain why variation is nonetheless unnecessary. Explain what changed between the 2024 and 2026 grouping analyses, and whether SBA’s reading of sections 3(a)(7) and 3(a)(8) has changed since its September 2024 notice.

Evidence on the effects of past size standard increases

A working paper published through the Census Bureau's Center for Economic Studies by Brown, Denes, Duchin, and Hackney used Census microdata and quasi-random variation in the implementation of past size standard increases to measure their effects. The authors report that following increases, revenues declined for an industry's smallest firms and those firms were less likely to survive, and they link those outcomes to a reallocation of federal procurement contracts from smaller firms to larger ones, with industries becoming more concentrated and growth declining [10]. The paper studies six-digit increases from 2005 to 2017, and the authors state that their estimates "do not speak to the welfare implications or optimal level of those subsidies" [10]. A revised version was issued in September 2026 as NBER Working Paper 35703 [20]. CES working papers are not official Census Bureau positions, and I cite it as research rather than as an agency finding.

The study examines the same policy instrument this rule uses. SBA acknowledges in the proposal that increased competition may reduce profits and reduce current small firms' chances of winning contracts, and states that the number of small businesses being awarded federal contracts will not be reduced [1]. The proposal cites Girth and Brown (2018), which tracked 977 federal suppliers from 2005 to 2014 and found that firms that stayed in the federal market relied less on set-asides over time [1]. Neither the proposed rule nor the methodology cites this working paper, which looks specifically at past size standard increases.

Request: Respond to this research in the final rule. Explain why its findings would not apply to increases this large and this broad, or point to what would keep the same thing from happening under this proposal. If SBA knows of research that reached different conclusions, cite it.

Whether firms at the largest thresholds are "not dominant"

The Small Business Act defines a small business concern as one that is independently owned and operated and not dominant in its field of operation [5]. SBA has designed the proposed methodology around that concept, and I address the method in my comment in Docket No. SBA-2026-0265. The question for this rule is whether the result holds at the upper end of the range, where the proposal produces its largest increases. Under the proposed table a firm in computer systems design could average up to \$531 million in annual receipts, and a firm in engineering services up to \$252 million, and still be small [1]. The first figure is above the \$500 million high anchor point, which SBA chose because it believes a firm of that size would not be dominant in a \$20 billion market [3].

The 2024 methodology included measures of federal contracting. The 2026 methodology uses three measures, national industry size, the number of geographic markets, and net imports, and none of them looks at the federal market [3]. SBA says the earlier factors "did not directly relate and in some cases led size standards astray" [1]. A firm's share of federal awards in its line of work can be much larger than its share of the industry.

Request: For the industry groups receiving the largest increases, identify the evidence supporting the conclusion that a firm at the proposed threshold is not dominant in its field of operation, including in the federal market where its awards are concentrated. SBA asks in the methodology for "potential additional avenues to ensure no dominant firms are captured" [3]. Assessing the federal market separately in industries with heavy federal spending is one.

Pairing employee-based standards with a receipts ceiling

The shift to employee counts addresses a real problem. Under the current system, a firm that wins a large contract can see its average receipts climb past the threshold and lose the status that helped it win. SBA makes the same point in the methodology [3]. That is a sound reason to change the measure, and I support it.

The consequence is that a firm measured only by headcount can be very large by other measures, including revenue, assets, and enterprise value [11]. Capital-intensive and technology-driven firms can generate very large revenue with modest headcount, and a headcount-only test does not capture that. The Small Business Act permits standards based on number of employees, dollar volume of business, net worth, net income, a combination of those, or other appropriate factors [5], so a two-part test is within SBA's authority. SBA kept receipts-based standards for the groups it classes as services, which it reads the Act to require. The conversions are in groups where SBA says it has discretion to choose the measure [3].

SBA identified this problem the last time it proposed a broad move to employee-based measurement and proposed the same solution. In the 2026 Revised Methodology, SBA recounts that in March 2004 it proposed to establish all size standards based on number of employees, and states that "For a number of industries, however, an employee based size standard could result in businesses with very high receipts but few employees to qualify as small," and that "SBA, therefore, also proposed a maximum receipts size standard along with an employee size standard for certain industries" [3, 12]. That approach was not adopted at the time. The 2004 proposal would have moved most industries to employee counts and paired that move with a maximum receipts standard in 31 industries, which SBA tied to industries where firms have more latitude to subcontract work instead of hiring [12]. The present proposal converts 64 industry groups and industries from receipts to employees [3] and pairs none of them with a receipts ceiling [1]. SBA made a related point more recently. In September 2024 it wrote that it uses receipts for construction-related industries because subcontracting is high there, and that "an employee-based size standard may lead to excessive subcontracting in those industries" [9]. The 2026 proposal converts construction groups to employee counts, including 600 employees for Nonresidential Building Construction (NAICS 2362) [1].

Request: Explain why the concern SBA identified in 2004, that an employee-based standard can allow firms with very high receipts and few employees to qualify as small, does not warrant the same response now, and consider a two-part test applying the employee standard together with a maximum receipts standard in industry groups converting from receipts to employees. A combined test would require affected firms to calculate both measures, and SBA should weigh that burden.

How awards to newly qualifying firms will be counted toward goals

The proposal states that "agencies will be able to count the contracts awarded to newly-small businesses toward their small business goals (regardless of whether such procurements were restricted to small businesses)" [1]. Reported small business achievement could rise without any additional work going to firms that are small under current standards. Goal results would then reflect a new definition of small, not a change in who wins contracts, and comparisons with prior years would mix two different definitions.

Request: As part of implementing the final rule, report awards to newly qualifying firms as a separate line in small business goal reporting for at least the first three fiscal years after the effective date, so that year-over-

year results remain comparable and so that Congress and the public can see how much of any reported change comes from the new definition.

Verification of size as eligibility expands

This is where my experience bears most directly. My PPP work was reviewing files after disbursement, so any eligibility problem I found was found after the money was gone. Reconstructing eligibility after the fact is slower, more expensive, and less reliable than establishing it before money moves, and the remedies available afterward are narrower.

Federal contracting generally relies on a firm's own size representation unless that representation is questioned. Size may be challenged through the protest process after offers are received, by another offeror, the contracting officer, SBA, or another interested party. Once a protest is filed, the contracting officer generally may not award until SBA makes a size determination or 15 business days have passed since SBA received the protest, whichever comes first. Award can go forward sooner if the contracting officer determines in writing that it must be made to protect the public interest. If SBA has not decided within 15 business days, or any extension the contracting officer grants, award requires a written finding that there is an immediate need and that waiting would be disadvantageous to the government [13]. That process can resolve size before award, but it is not a routine, independent check of every offeror's size. It only starts when someone raises the question. SBA reports that size protests fell from about 500 to 600 a year during 2011 to 2016 to an average of about 300 a year during 2020 to 2024 [1]. SBA's footnote for those figures points to a summary of GAO's bid protest report [1]. If SBA has its own size protest data, placing it in the record would make this point easier to evaluate. SBA also describes much of the self-reported revenue and employee data in SAM as "outdated or inaccurate" [1].

On the lending side, an applicant for financial assistance is deemed to have certified that it is small, and a preferred lender, development company, small business investment company, or surety bond company may accept the applicant's size information as true unless credible evidence to the contrary is apparent [14]. That design is workable when thresholds are familiar and the measure is tied to documents a lender already collects. This proposal expands eligibility, by 114,541 firms in SBA's estimate, and moves many industries to a headcount measure. SBA expects the added cost of verifying size for loan applicants to be small, in part because "information pertaining to revenue and employment is generally required in the loan application process notwithstanding size standard" [1]. An employee figure on an application is not the count the size rule requires. SBA's rule counts part-time, temporary, leased, and professional employer organization employees the same as full-time employees, averaged over the pay periods of the preceding 24 completed calendar months, including affiliates [15]. In my experience headcount is easier for an applicant to state and harder for a reviewer to reconstruct after the fact than receipts, which can be tied to filed tax returns. The counting rule is clear. The number it produces does not appear on any single document a lender or contracting officer would ordinarily see.

Request: Describe how SBA and contracting officers will establish size under the new standards before award and before loan approval; what documentation will support employee-count representations calculated under 13 CFR 121.106, including for part-time, temporary, leased, and professional employer organization personnel; and how affiliation under 13 CFR part 121 will be evaluated when eligibility rests on headcount rather than receipts. If SBA concludes that expanded eligibility warrants additional standardized documentation, identify what it would require.

Effects on SBA financial assistance, disaster lending, and emergency programs

The section 121.201 standards also affect SBA financial assistance, although the eligibility rules differ by program. Applicants for 7(a) and 504 assistance may alternatively qualify under SBA's alternative size standard, currently tangible net worth, including affiliates, not exceeding \$20 million and average net income after federal income taxes (excluding carry-over losses) for the preceding two completed fiscal years not exceeding \$6.5 million [16]. Other programs apply the industry standards differently. For Economic Injury Disaster Loans, the proposal states that SBA cannot make a meaningful estimate of the rule's impact [1].

Emergency programs deserve separate attention. For first draw PPP loans, eligibility extended to businesses that met SBA's size standards, including the alternative size standard, and also to businesses employing not more than the greater of 500 employees or, where applicable, the employee-based size standard established for the applicant's industry [17, 18]. A future emergency program that incorporated the section 121.201 standards in the same manner could import the higher thresholds unless Congress or SBA set separate eligibility limits. I am not suggesting Congress is bound to draft a future program the same way. I am pointing out that PPP is the template closest to hand, and that the higher limits would carry over at the moment when there is the least time and capacity to check who qualifies.

The U.S. Chamber of Commerce reaches a related conclusion for its own reasons. It has asked SBA to set separate size standards for federal contracting and for lending and SBA's other programs, and to ask Congress for that authority if SBA believes it lacks it [7]. Whatever SBA decides about that, a single table now decides eligibility for programs that check size in very different ways.

Request: Analyze how the proposed standards would change eligibility for Economic Injury Disaster Loans, and how incorporation of section 121.201 by reference would affect eligibility in a future emergency program structured like PPP, including the number and size distribution of additional eligible firms, so that those consequences are understood before the standards are final.

Narrower alternatives and the policy of not lowering standards

The proposal keeps the current standard in 45 industry groups and industries where SBA's analysis would support a decrease [1]. It does so at the group level, so six-digit industries whose current standard is below the group's would still go up. In Electric Power Generation, Transmission and Distribution (NAICS 2211), SBA's analysis recommended 700 employees and the proposal keeps 1,150 [1]. Today the six-digit industries in that group range from 250 employees for geothermal to 1,150 for nuclear and wind [24]. SBA gives two kinds of reasons. One is tied to conditions: given the difficult conditions small businesses faced during 2021 through 2024, including high inflation and increased regulatory burdens, SBA believes reductions would stifle the economic growth now underway [1]. The other is not tied to conditions. SBA states that lowering a standard would cost current small firms their status and eligibility, and describes effects ranging from access to capital to the defense industrial base and manufacturing [1].

SBA's account of the two prior reviews is useful here. The Revised Methodology states that "Size standards in the first five-year review were not lowered due to lingering impacts of the 2007-2009 Great Recession," and that "Size standards in the second five-year review were not lowered due disruptions because of the COVID-19 Pandemic" [3]. Both explanations rest on identified, temporary macroeconomic conditions. Neither was offered as a standing rule, and across those two reviews SBA did lower three standards to exclude potentially dominant firms [3]. In its

September 2024 notice SBA described the practice as a “policy of not lowering size standards under distressed economic environment” [9]. The condition-based reason in this proposal follows the earlier pattern. The second set of reasons would apply in any review, under any conditions. The proposed rule also states that “Economic conditions will continue to inform SBA’s analysis as a secondary factor” [1]. This would be the third review in a row without the decreases the analysis pointed to. Because some of SBA’s reasons do not depend on conditions, it could be read as a standing policy rather than a response to conditions. If that is the intent, it would help to say so and explain it.

Request: State whether the policy of not lowering size standards is intended to apply only while the conditions SBA cites persist, or in future reviews as well; explain how the reasons that do not depend on conditions differ from the condition-specific rationales given in the first two five-year reviews; and explain how a standing policy against decreases satisfies the Small Business Jobs Act’s direction to review size standards and make appropriate adjustments to reflect market conditions [19]. For each of the 45 industries, identify the specific basis for retaining the current standard.

More broadly, the record would benefit from consideration of alternatives that meet SBA’s objectives at lower cost to the smallest firms. The proposed rule considers two alternatives: retaining all current standards, or updating them at the six-digit level under the 2024 methodology [1]. It does not consider a phase-in or a narrower set of increases, and it states no effective date.

Request: Evaluate and respond to the following alternatives: phasing increases in over three to five years so that incumbents and new entrants can adjust; retaining specific exceptions where the work differs materially from the rest of the code, such as dredging and environmental remediation, a point on which SBA has asked for comment [3]; applying the largest increases only in industry groups where SBA can show that small business participation would not decline; and adopting group-level standards only where the record shows that the standard is appropriate for each component industry. State when the new standards would apply to solicitations already issued.

The August 2025 proposed rule and public forums

On August 22, 2025, SBA published a proposed rule to revise monetary-based size standards, using the methodology it adopted on September 12, 2024 [3, 8]. Its comment period closed October 21, 2025. I found no withdrawal notice or final rule for RIN 3245-A112 in the Federal Register as of October 19, 2026. The 2026 methodology cites that proposed rule without stating its status, and the proposed rule here does not mention it [3]. Firms that commented on that proposal, or planned around it, cannot tell from this record whether it is still pending. SBA’s regulatory agenda, published August 14, 2026, still listed that rule at the final rule stage with final action projected for July 2026 [21]. That proposal also asked for comment on a policy of not lowering size standards except to exclude dominant firms [8].

Request: State whether the August 22, 2025 proposed rule is withdrawn, superseded, or still pending, and whether comments filed in Docket No. SBA-2025-0102 are part of the record for this rule.

Section 1344 of the Small Business Jobs Act of 2010 also bears on how this review is conducted. SBA has described that section in its own notices as one “which requires SBA to hold not less than two public forums during its quinquennial review of size standards” [22, 23]. For this proposal, SBA announced a virtual forum for September 17, 2026 [25] and an in-person session for public testimony at its Denver office on September 21, 2026 [26]. SBA’s announcement says testimony from both becomes part of the administrative record for the final rule [26]. I did not find a recording or transcript of either session in the dockets as of October 19, 2026.

Request: Place in the docket the recording or transcript of each session and the written testimony submitted for it, so commenters can review that part of the record before the comment period closes.

Technical corrections in the proposed tables

The American Small Business Chamber of Commerce identified errors in the proposed rule’s tables in its comment in this docket [28]. I checked the first two below against the published rule and confirm them. The third concerns the exceptions, which that comment also raised, and adds a point of my own.

First, the amendatory table prints 1,050 employees for NAICS 4861, Pipeline Transportation of Crude Oil (91 Fed. Reg. 53781). SBA’s table of the industries that keep their current standard lists 4861 with a recommended standard of 1,050 employees and a proposed standard of 1,500 employees (91 Fed. Reg. 53744), and the rule’s industry table shows 1,500 employees for NAICS 486110 (91 Fed. Reg. 53760) [1]. The amendatory table appears to carry the recommended figure instead of the proposed one. As printed, it would lower the standard for an industry SBA says it is not lowering.

Second, the contractor table lists NAICS 561720 with the title “Research and Development in the Social Sciences and Humanities” and 672 firms (91 Fed. Reg. 53771). That title belongs to NAICS 541720. NAICS 561720 is Janitorial Services, and the rule’s industry table lists both codes correctly (91 Fed. Reg. 53764 to 53765) [1]. The record does not show which industry the 672 firms are in.

Third, SBA proposes to end all 18 exceptions and states that for all but one, the proposed standard is larger than the exception it replaces [3]. In two cases the exception and the new standard use different measures. The dredging exception is \$37 million in receipts today, and the proposed standard for NAICS 2379 is 900 employees. The Information Technology Value Added Reseller exception is 150 employees, and the proposed standard for NAICS 5415 is \$531 million in receipts [1, 24, 27]. SBA does not say how it compared them. Apart from the authority citation, the rule’s only amendatory instruction revises the table in section 121.201, and the proposed table has no footnotes (91 Fed. Reg. 53775 to 53784) [1]. Section 121.406(b)(1)(i) refers to the reseller exception as the one “found at § 121.201, footnote 18” [27]. That reference would point to a footnote that would no longer exist.

Request: Correct the NAICS 4861 entry in the amendatory table and the NAICS 561720 entry in the contractor table. Where an exception and the proposed standard use different measures, explain how SBA compared them. State whether any condition now set out in the footnotes to section 121.201 continues under the new table, and update section 121.406(b)(1)(i) to match.

Conclusion

The objectives behind this proposal are sound. Firms should not lose eligibility for succeeding, and classification disputes consume time and money for everyone involved. I am not arguing that SBA cannot raise size standards, and several elements of the proposal, including the move to employee-based measurement, address problems I saw in practice.

My comments are about the record behind the proposal. Congress imposed specific requirements on size standard rulemaking in sections 3(a)(3), 3(a)(6), 3(a)(7), and 3(a)(8) of the Small Business Act, and this proposal touches each of them in ways that warrant a documented response. The requests above ask for a record that shows these groupings and thresholds meet those requirements, and that eligibility can be established before federal money moves rather than reconstructed afterward.

Respectfully submitted,

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Sources

- [1] U.S. Small Business Administration, “Small Business Size Standards,” proposed rule, 91 Fed. Reg. 53741 (Aug. 20, 2026), RIN 3245-AI67, Docket No. SBA-2026-0199. <https://www.federalregister.gov/documents/2026/08/20/2026-17042/small-business-size-standards>
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