



READOUT Small Business Size Standards Rule – Member Briefing
Readout: Briefing on SBA Size Standard Notice of Proposed Rulemaking

Date: September 1, 2026

Presenters:

Angela Dingle, President and CEO, Women Impacting Public Policy (WIPP)
Katie Vlietstra Wonnenberg, Principal, Public Private Strategies (moderator)
John Shoraka, Chairman, GovConPros
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Background on SBA's Notice of Proposed Rulemaking (NPRM)

SBA has proposed a sweeping, consolidated overhaul of small business size standards — collapsing what are normally two separate rulemakings (methodology and application) into one rule with only a 30-day comment period, well short of the customary 90 days. The changes would shrink roughly 1,000+ six-digit NAICS codes down to 338, shift the default metric from revenue to employee count, and remove existing revenue/employee ceilings entirely. It's the most significant change to how SBA defines "small" in over a decade, with some industries seeing size thresholds increase by 100–200%+.

The process itself raises red flags: the Office of Size Standards was reportedly sidestepped in favor of an outside economist, required public forums haven't been held, and combining the methodology and application into a single comment period may itself violate the Administrative Procedure Act. Comments are due September 21, and SBA may be targeting an October 1 effective date.

There's also a question of framing. Beyond the procedural violations, there's a simpler case to be made: no small, medium, or large business owner would call a \$250 million company "small," and this rule fits into a broader pattern of pressure on small businesses right now. Both angles — tight, technical comment letters and a louder public narrative — matter here.

Below is a recap of the core briefing and Q&A. A comment-letter toolkit, the slide deck, and the call recording will follow separately.

- Announced August 21; comments due September 21.
- Consolidates roughly 1,000+ six-digit NAICS codes into 338, eliminating most industry-specific exceptions.
- Shifts the default size-standard metric from revenue to employee count; removes the existing \$47M revenue / 1,500-employee ceiling entirely.
- Introduces an untested “productivity growth” factor (GDP-per-employee) in place of the traditional inflation-based adjustment (historically ~10–20% every 5 years).
- Example cited: custom computer programming size standard would jump from \$34M to \$531M.

- Some industries could see companies with \$800M–\$1B in revenue, or thousands of employees, newly classified as “small.”

Process Concerns:

Presenter: David Mellis, John Shoraka

- Combines methodology and application into a single rule with a 30-day comment period instead of the traditional 90 days — echoing a similar compression seen in the 8(a) program rulemaking earlier this year.
- The Office of Size Standards was reportedly sidestepped; an outside economist was used instead of the office historically responsible for producing these numbers.
- Comments are now directed to Associate Administrator Ryan Lambert rather than the traditional Office of Size Standards lead.
- Likely APA violation: proposing the methodology and its application within the same, interdependent comment period.
- Statutory requirement for two public forums before finalizing methodology has reportedly not been met (last done online in 2024).
- Regulatory Flexibility Analysis flagged as a key point of leverage — an insufficient analysis can be a basis for legal relief.
- Broader context: reduced FAR emphasis on socioeconomic set-aside programs; references to the Office of Small Business Programs/OSDBU reportedly removed from FAR text.

Anticipated Impacts:

- Significant market consolidation as smaller firms compete against much larger, newly-“small” companies.
- Firms with \$500M+ in revenue could win small-business set-asides without subcontracting plans or small-business subcontracting goals, squeezing out small subcontractors.
- Small-to-small joint ventures and mentor-protégé incentives are undermined if very large firms qualify as “small.”
- Likely acceleration of industrial-base and supply-chain decline.
- Erosion of the on-ramp function size standards have historically played for growing small businesses.
- Presenters expect this to be “the first step” — current comment volume (500+ already, vs. a typical 20–100) may meaningfully shape what comes next.

Advocacy & Recourse Options:

- Submit a public comment by September 21 — top priority, and a prerequisite for the OHA petition option below.
- Post-finalization petition to SBA's Office of Hearings and Appeals (OHA) — viable but lightly tested; only open to those who submitted comments.
- Share comment letters directly with your House member and two senators, especially Small Business Committee members and Republican members who can raise concerns with the White House.

- Media engagement — the organization has done interviews (Federal News Network, and outlets referenced as “your times” and Bloomberg); members encouraged to add their own visibility (op-eds, letters to the editor, social media).
- Potential longer-term recourse: GAO process, and possible litigation once a rule is finalized and a plaintiff with demonstrable harm is identified.
- Advocacy continues after the deadline — the group is already looking ahead to the 2030 standards review, since standards have historically never been lowered once raised.

Comment Letter Guidance:

Presenters recommended structuring letters (roughly 3–4 short paragraphs is sufficient) around:

- **Methodology** — challenge the untested productivity/GDP-per-employee factor and the shift from receipt-based to employee-based standards.
- **Magnitude** — use your own firm's data to illustrate the scale of the change concretely.
- **Displacement** — describe how the change affects your specific industry/NAICS code.
- **Process** — note that SBA skipped required public forums and combined methodology and application into one comment period.
- **Explicit ask** — request SBA use its existing methodology/industry data, respect the standard process, and extend the comment period to 90 days.
- Use your own data and NAICS-specific knowledge — you understand your industry better than the rule's drafters.
- Businesses outside direct GovCon can still contribute by speaking to ecosystem-wide effects (industrial base decline, pressure toward teaming with large primes, easier satisfaction of the Rule of Two by large firms, M&A/consolidation risk).
- Avoid purely emotional “venting” letters — write those separately if it helps, but submit a tightly argued, substantive version.
- The organization offered to review members' draft comment letters before submission; a toolkit (sample letters, talking points) will be distributed with the recording and slide deck.

Q&A Highlights:

- One attendee argued the more persuasive public message may be less about procedural violations and more about the plain absurdity of classifying a \$250M company as “small.” Suggested framing this alongside other pressures on small businesses (price competition, DOGE-related cuts) as part of a broader narrative.
 - o Katie/Angela response: agreed both angles matter — individual business impact and a broader public narrative — and encouraged members to pursue both, while being sensitive to members who prefer a lower profile.
- An attendee asked about the toolkit's contents — confirmed it will include sample letters and organizational guidance, plus direct support reviewing members' draft letters.
- An attendee raised concern about a small company's ability to survive the multi-year window it could take to challenge/reverse a bad rule once in effect; many are planning for that scenario while simultaneously fighting the rule.

- An attendee asked whether comment letters could push SBA to address how small businesses would compete/grow under the new standards.
 - David Mellis pointed to the Regulatory Flexibility Analysis section of the proposed rule as useful, citable language — it already discusses how increased competition would affect the smallest small businesses, so commenters can reference and reinforce that existing analysis.

Key Dates & Next Steps:

- Comment deadline: September 21.
- Suspected target for final rule: possibly October 1 (speculative, based on historical SBA timing patterns).
- Deliverables promised to attendees: call recording, slide deck, written readout, and a comment-letter toolkit.
- An upcoming coalition partner meeting was mentioned; members encouraged to stay engaged.
- The presenting organization offered to review members' draft comment letters before submission.