



September 21, 2026

Ryan Lambert
Associate Administrator
Office of Government Contracting and Business Development
U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416
www.regulations.gov

Subject: SBA Size Standards and Size Standards Methodology

Dear Mr. Lambert:

The Coalition for Common Sense in Government Procurement (Coalition) respectfully provides these comments on the Small Business Administration's (SBA) proposed size standards rule (91 FR 53741, RIN 3245-AI67, Docket No. SBA-2026-0199) and proposed size standards methodology (91 FR 54096, Docket No. SBA-2026-0265).

By way of background, the Coalition is a non-profit association of firms selling commercial products and services to the Federal Government. In Fiscal Year 2025, its members collectively delivered over \$170 billion in goods and services to the Federal Government. These members include small, medium, and large business concerns. The Coalition is proud to have collaborated with Government officials for more than 45 years promoting the mutual goal of common-sense acquisition.

One of the primary purposes of the Small Business Act is to provide new and emerging firms with access to the Federal contract market. 15 USC 631(a), 631a(a). SBA's size standards, in conjunction with the small business "rule of two," limits competition to provide these less experienced entities with an avenue into a market with high barriers to entry (e.g., regulations, certifications and representations, security clearances, past performance requirements).

The proposed changes, if enacted, would have a major impact on competition in the Federal prime contract market. For example, SBA is proposing to combine four different North American Industry Classification System (NAICS) codes and corresponding size standards for information technology services with standards of between \$34 and \$37 million in average annual receipts

and instead establish one information technology industry category and corresponding size standard of \$531 million. Similarly, SBA is proposing to combine 7 consulting NAICS codes with corresponding size standards of \$19, \$20, \$24.5 and \$29 million, and instead establish one industry category with a size standard of \$295 million. Overall, SBA estimates that 114,000 firms will become small under the proposed rule, including 37,000 firms that are currently performing Federal contracts worth \$71 Billion.

Application of the small business rule of two in conjunction with the new size standards will greatly expand the pool of contracts that must be set aside for small business. However, current small businesses, start-ups and new entrants will not benefit, as they are unlikely to be able to compete with the newly small, formerly large businesses already performing Federal contracts worth \$71 Billion. Successful firms under the current size standard will be acquired or merge, further reducing competition. For years, the Government has been concerned about the dwindling industrial base performing Federal Government contracts, and this proposed rule will accelerate and exacerbate this problem. At the same time, application of the rule two to an expanded pool of newly established small businesses will unduly limit full and open competition, depriving the Federal Government of access to innovation and best value solutions from across the entire commercial sector.

The Coalition is particularly concerned that SBA is no longer considering Federal contracting as a factor in its size standard methodology. After all, that is the primary purpose of SBA's size standards. We also urge SBA to reconsider its decision to combine or collapse 6-digit NAICS codes, especially where these industries currently have varying size standards based on the unique characteristics of those industries, e.g., capital requirements, competitive landscape, labor pools. The Small Business Act provides, "the Administrator shall ensure that the size standard varies from industry to industry to the extent necessary to reflect the differing characteristics of the various industries and consider other factors deemed to be relevant by the Administrator." 15 USC 632(a)(3). The Coalition is also concerned about SBA's decision to establish minimum size standards of 500 employees or \$30.6 million in receipts. If every entity in an industry is small, it defeats the primary purposes of the Small Business Act, which again is to provide opportunity for new entrants to bring innovation into the Federal contract market. In addition to preventing the Federal Government from attracting new entrants and innovation into the Federal prime contract market, the proposed size standards will impact subcontracting, a primary way for new, start-up firms to gain past performance and experience in the Federal market. Large businesses are required to have small business subcontracting plans. Small businesses do not have to have small business subcontracting plans and can subcontract half of the work under set aside contracts to large businesses, and even more under construction contracts.

The Federal Government has met the statutory 23 percent prime contract goal for the last 13 years. We question the need for such a radical departure from the prior size standard methodology given the profound impact the proposed size standards will have on competition. If enacted, the net effect of the proposed size standards will be a reduction in the number of full and open competition procurements while also reducing the number of smaller participants and new entrants in the Federal market. The plight of mid-size businesses is a real and valid concern. However, greatly expanding the small business size standards is not a solution and runs counter to the mission of the Small Business Act which is to provide opportunities for new entrants and provide the Government with access to new, emerging, innovative solutions, products and technologies.

We commend SBA for holding a public forum and urge SBA to withdraw the proposed size standards rule and issue a new proposed size standard methodology for public comment after considering industry input before proceeding with proposed changes to the size standards themselves. We urge SBA to consider Federal contracting (including subcontracting) as a factor in its size standard methodology and to refrain from establishing size standards where every entity in the market qualifies as small. We urge SBA to reconsider abandoning the 6-digit NAICS system that has worked well for decades and request that SBA provide the relevant data used for its analysis in a machine-readable format so that industry can evaluate SBA's methodology and assumptions. Thank you for your time and consideration. If you have any questions, I may be reached at rwaldron@thecgp.org.

Regards,

A handwritten signature in dark ink, appearing to read 'Roger Waldron', with a long horizontal flourish extending to the right.

Roger Waldron
President