

September 19, 2025

Khem R. Sharma, Ph.D.
Chief, Size Standards Division
U.S. Small Business Administration
409 Third Street SW
Washington, DC 20416

RE: Small Business Size Standards: Monetary-Based Industry Size Standards; RIN 3245-A112

Dear Dr. Sharma:

As a representative and advocate on behalf of America's 36 million small businesses, Small Business Majority writes to provide comments in response to the U.S. Small Business Administration's (SBA) proposed rule to increase its monetary-based small business size definitions across nearly 300 industries. While we acknowledge that the intention of this rule is to extend eligibility for federal assistance and contract opportunities to more businesses, we caution SBA against increasing size standards, whether based on annual receipts or number of employees, which will ultimately allow larger, well-resourced businesses to gain access to federal contract opportunities that may have otherwise been set aside for smaller, under-resourced businesses.

Small Business Majority is a national small business organization that empowers America's entrepreneurs to build a thriving and equitable economy. From our 12 offices across the country, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research and deep connections with the small business community that enable us to educate stakeholders about key issues impacting America's entrepreneurs, with a special focus on the smallest, most under-resourced businesses.

Small business owners need targeted support to access federal contracts, and this rulemaking opens the door for larger businesses to crowd out smaller, emerging and innovative firms. The small business size standard definition continues to be a subject of debate between stakeholders and policymakers alike. While 99% of businesses in the U.S. are considered small by SBA definition, a large percentage of small businesses are considered microbusinesses or solopreneurs. According to the U.S. Chamber of Commerce, 82% of America's small business community operates without the help of any paid employees.¹ While small businesses (and particularly solopreneurs) are just starting out, their revenues can be very low. Gusto found that the average solopreneur starts off with an average revenue of roughly \$50,000 and grows by an average of 15% per year in their early days.²

While small businesses are growing and seeking new opportunities, the prospect of pursuing federal procurement can become an appealing strategy for growth. However, the revenue-based size standards for navigating procurements are nowhere near the average revenues of America's very small, micro, or solopreneur economy. This means that while larger, more established businesses can gain access to procurement set-asides meant for small businesses, smaller businesses lose access to compete for the same opportunities.

¹ "Small Business Data Center." U.S. Chamber of Commerce. <https://www.uschamber.com/small-business/small-business-data-center>

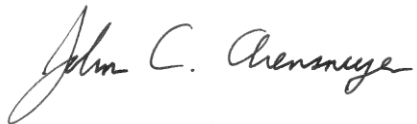
² "Solopreneurs Thrive with Strong Salaries and Staying Power." Gusto. August 18, 2025. <https://gusto.com/resources/gusto-insights/solopreneurship-viability>

Small business utilization in the federal procurement process is a very costly and difficult process to navigate, so much so that the time and effort spent on preparing for a contract in financial terms places the odds of procurement success in the favor of businesses that already have larger revenues. This leads to a cycle of underutilization where the government, acting as a business itself, is looking for a cost-effective and trusted solution to fit its unique needs. In many cases, larger firms with revenues that are currently not classified as a small business are already taking the lion's share of contract dollars out of circulation that could go towards a small business set-aside. In a way, expanding the revenue-based size standard is side stepping smaller firms by design, providing the government a way to prove that it is working with small businesses (by definition) but in practice, Main Street businesses simply do not see these opportunities. Firms that would be directly included as a small business, who were not included before, are those that are already finding success in the procurement process and who may already be prime or sole-source contractors.

If the goal is truly to increase small business participation in federal contracting, the government should create a way to bring the smaller businesses up, not change the size standards to classify a larger business as small for the purpose of increasing the surface level number of small business contract awards. The government should work to reach innovative small firms that have a lot to offer but may be passed over in the process because they lack the revenue, past performance and size of a larger firm that will now become eligible under this rule. While the result may be that the government can work with more established firms under the guise of a small business, the reality is that small businesses on Main Street will miss out on critical opportunities that could take their firm to the next level. We urge SBA to carefully consider the negative impact on the smallest firms who are seeking opportunities to growth through the implementation of these changes and urge SBA to double-down on its support for small business suppliers by creating a solopreneur or microbusiness designation with a corresponding set-aside that better targets opportunities to smaller firms.

Should you have any questions or would like to discuss our comments further, please contact our Government Affairs Director, Alexis D'Amato, at adamato@smallbusinessmajority.org or (202) 967-0995.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive style with a large, sweeping initial "J".

John Arensmeyer
Founder & CEO
Small Business Majority