



NATIONAL MINORITY BUSINESS ADVISORY COUNCIL

SBA Small Business Size Standards in A/E/C

A Baseline Data Briefing, 1999–2026

PHASE 1.0 · BASELINE RESEARCH

Covering Architecture, Engineering, Environmental Consulting, Surveying, and Construction Contracting

Prepared August 2026

Executive Summary

The U.S. Small Business Administration (SBA) defines which architecture, engineering, environmental, surveying, and construction firms qualify as “small” for federal contracting set-asides. That definition is not fixed — it is a dollar or employee-count ceiling, set industry by industry, and revised periodically.

Over the past two decades, size-standard ceilings in these industries have grown far faster than inflation and far faster than the real size of the average firm operating in them. A pending August 2026 proposal would widen that gap dramatically — in some cases pushing the ceiling to roughly 100 times the receipts of an average firm in the industry.

This briefing lays out the baseline facts: how size standards have moved historically, what is currently proposed, and why the trend matters for small and mid-size A/E/C firms nationwide.

Key figure: the current architecture size standard (\$12.5M) is already roughly 5× the average firm’s annual receipts (~\$2.4M). The pending 2026 proposal would raise that ceiling to \$252M — roughly 100× the average firm.

1. Background: The SBA and Size Standards

The SBA was created by the Small Business Act of 1953, signed into law to “preserve small business institutions and free, competitive enterprise,” and to ensure small businesses earn a fair share of federal contracting dollars. That contracting mission traces back further, to the Smaller War Plants Corporation of 1942, which pushed to get small manufacturers a share of wartime production contracts.

Because a small architecture firm and a small construction firm scale differently, SBA does not use one flat definition of “small.” Instead, it sets a separate size standard — a revenue ceiling or an employee-count ceiling — for each North American Industry Classification System (NAICS) code. A firm below the ceiling for its industry can compete for set-aside contracts reserved for small businesses; a firm above it cannot.

Congress requires SBA to review these standards roughly every five years and adjust them for inflation. Separately, SBA can and does revise the underlying methodology used to calculate the standards — a policy choice, not a mechanical update.

2. What Has Changed: Twenty Years of Rulemaking

The table below traces the size standard for two of the largest A/E/C professional-services codes — Architecture (541310) and Engineering (541330) — through every major rulemaking since the early 2000s.

Year / Rule	Architecture (541310)	Engineering (541330)
1999 – common A&E standard established	\$4.0M	\$4.0M
2008 – inflation adjustment	\$4.5M	\$4.5M
2012 – five-year review	\$7.0M	\$14.0M
2019 – inflation adjustment	\$8.0M	\$16.5M
2022 – five-year review	\$12.5M	\$25.5M
2022 – inflation adjustment (Dec.)	\$12.5M	\$25.5M
2025 – proposed (pending)	\$16.0M	\$29.0M
2026 – proposed (pending)	\$252M*	\$252M*

* The August 2026 proposal folds architecture, engineering, testing, and surveying into a single consolidated receipts ceiling. See Section 4.

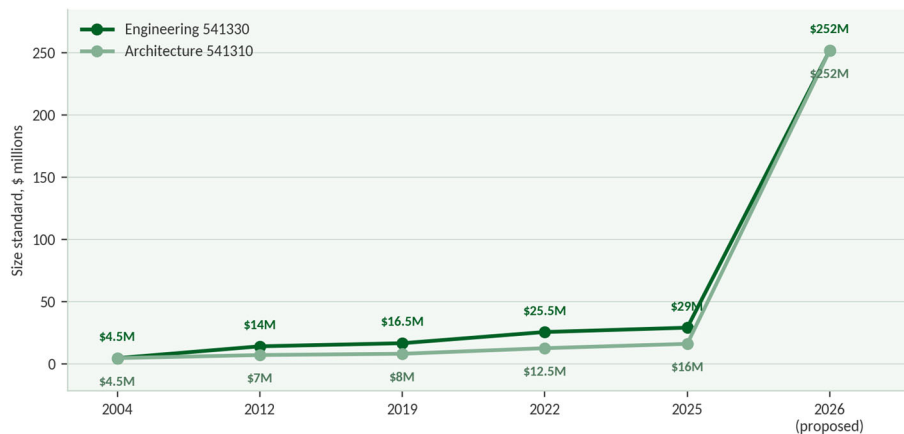


Figure 1. Size standard growth, Architecture (541310) and Engineering (541330), 2004–2026 (2026 figure is a pending proposal).

3. The Disconnect: Standards vs. Inflation and Real Firm Size

A revenue ceiling tied to inflation is defensible — a dollar today buys less than a dollar bought twenty years ago. But the growth in these size standards consistently outpaces inflation by a wide margin, and outpaces the real growth of the average firm in the industry by an even wider one.

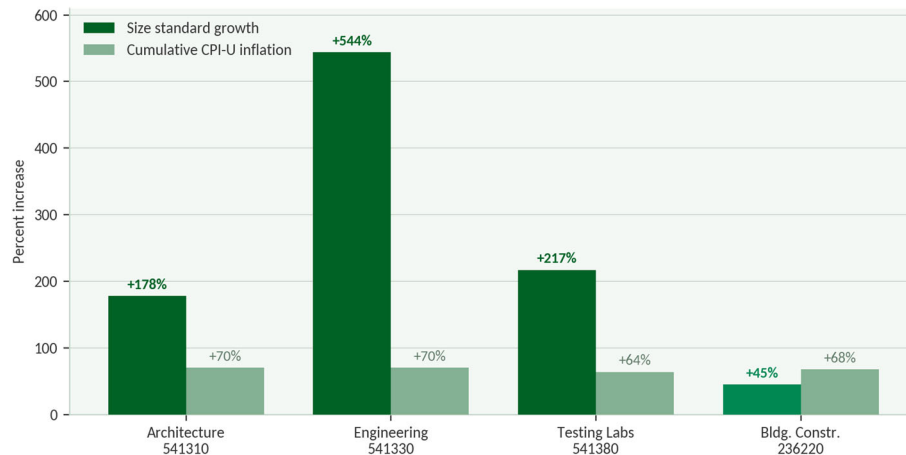


Figure 2. Cumulative size-standard growth vs. cumulative CPI-U inflation, by NAICS code. Building construction (236220) is the one code in this set where growth stayed below inflation.

The comparison is starkest when the ceiling is measured against the average firm actually operating in the industry. The average architecture firm books roughly \$2.4 million in annual receipts; the average engineering firm books roughly \$6.6 million. Both are a small fraction of the current ceiling — and a vanishing fraction of the proposed one.

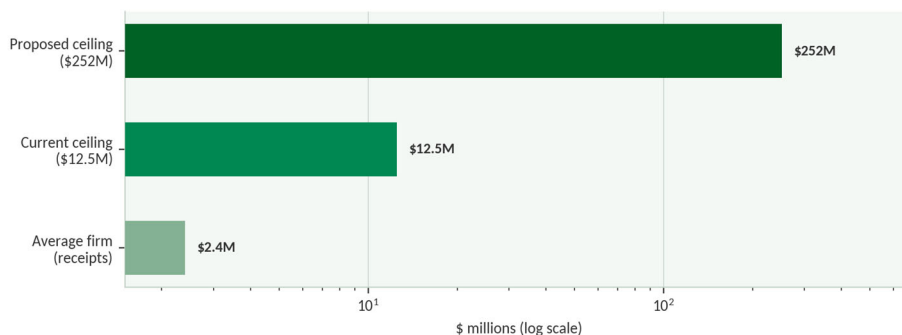


Figure 3. Average firm receipts vs. current and proposed ceiling, architecture (541310). Log scale.

4. The August 2026 Proposal

On August 20, 2026, SBA published a proposed rule (RIN 3245-AI67, 91 FR 53741) that goes well beyond a routine inflation update. It rewrites the methodology used to calculate every size standard in the country. Key provisions:

- Consolidates roughly 1,000 separate size standards into 338, collapsing many industry-specific distinctions.
- Removes the ceiling that previously capped how high a size standard could go.
- Converts construction industries (building, heavy/civil, specialty trade contractors) from revenue-based to employee-based standards, in a range of 550 to 2,000 employees.
- Raises the Engineering Services (541330) receipts ceiling from \$25.5 million to \$252 million.

- Raises the Environmental Consulting (541620) receipts ceiling from \$19 million to \$295 million — an increase of roughly 1,453 percent.
- Would newly qualify an estimated 114,000+ businesses as “small,” including over 37,000 firms that already hold federal contracts worth a combined \$71 billion.

This is a proposed rule, not yet final. The public comment period closes September 21, 2026 (Docket SBA-2026-0199). Comments filed before that date become part of the official record.

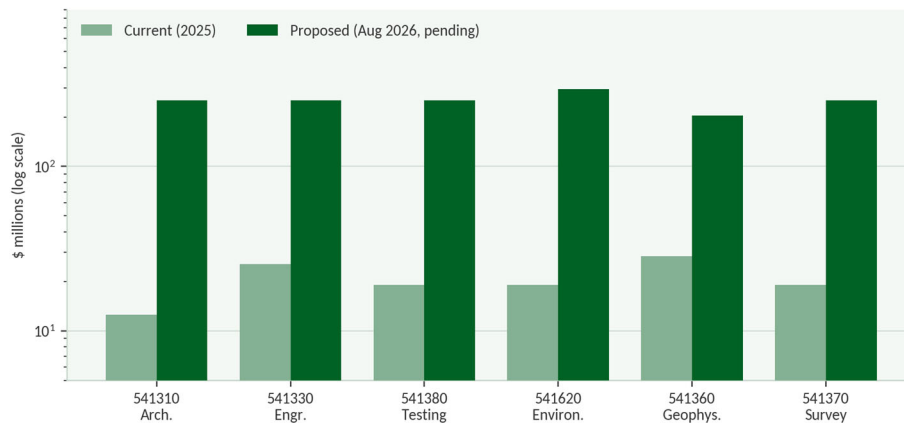


Figure 4. Current (2025) vs. proposed (2026, pending) size standard by NAICS code. Log scale.

5. Industries and Codes Affected

NAICS	Industry	Current Standard (2025)	Proposed (Aug 2026)
541310	Architectural Services	\$12.5M	Consolidated — see Sec. 4
541330	Engineering Services	\$25.5M	\$252M
541380	Testing Laboratories	\$19.0M	Consolidated — see Sec. 4
541620	Environmental Consulting	\$19.0M	\$295M
541360	Geophysical Surveying & Mapping	\$28.5M	\$204M
541370	Surveying & Mapping (non-geophysical)	\$19.0M	Consolidated — see Sec. 4
236220	Commercial/Institutional Building Constr.	\$45.0M	Employee-based, 550–2,000 employees
237310	Highway, Street & Bridge Construction	\$45.0M	1,500 employees
238210 / 238220	Electrical / Plumbing & HVAC Contractors	\$19.0M	Employee-based, 550–2,000 employees

6. What Advocacy Members Can Do

- File a public comment on Docket SBA-2026-0199 before September 21, 2026, at [regulations.gov](https://www.regulations.gov).
- Bring this briefing to state and regional A/E/C associations to build a coordinated comment record.
- Ask members to calculate where their own firm sits relative to the proposed ceilings in Section 5, and to include that comparison in individual comment letters.
- Request that SBA publish the firm-size and market-concentration data underlying the proposed ceilings, several tables of which were not available in a reviewable format at the time of this briefing.

Sources

U.S. Small Business Administration, Table of Size Standards. • *Federal Register*: 64 FR 26275 (May 14, 1999); 73 FR 41237 (Jul. 18, 2008); 77 FR 7490 (Feb. 10, 2012); 84 FR 34261 (Jul. 18, 2019); 87 FR 18665 (Mar. 31, 2022); 87 FR 69118 (Nov. 17, 2022); proposed rule RIN 3245-AI12 (Aug. 22, 2025); proposed rule RIN 3245-AI67, 91 FR 53741 (Aug. 20, 2026). • *U.S. Census Bureau, Statistics of U.S. Businesses and Economic Census (2017, 2022)*. • *U.S. Bureau of Labor Statistics, Consumer Price Index (CPI-U)*.