



September 21, 2026

Administrator Kelly Loeffler
U.S. Small Business Administration
409 3rd Street SW
Washington, DC 20416

**Re: Small Business Size Standards, RIN 3245-AI67; Docket No. SBA-2026-0199;
91 Fed. Reg. 53741 (Aug. 20, 2026)**

Comments of the American Institute of Architects on Small Business Size Standards

The American Institute of Architects (AIA) appreciates the opportunity to comment on the U.S. Small Business Administration's (SBA) proposed rule, *Small Business Size Standards*, 91 Fed. Reg. 53741 (Aug. 20, 2026), and the related 2026 Revised Size Standards Methodology. AIA supports SBA's mission to aid, counsel, assist, and protect the interests of small business concerns; preserve free competitive enterprise; and maintain and strengthen the nation's economy.

AIA represents more than 100,000 architects and design professionals. For nearly 170 years, AIA has been committed to safeguarding the public's health, safety, and welfare and improving our nation's quality of life through the built environment. Architecture firms lead a building construction industry representing approximately \$1 trillion in annual activity in the United States, making policies that support competition, job growth, and a strong architecture profession critical to AIA's mission.

Architecture is overwhelmingly a small-business profession. According to AIA's 2024 Firm Survey, there are more than 19,000 architecture firms in the United States. Twenty-eight percent are sole practitioners, 32 percent have two to four employees, and another 15 percent have five to nine employees. Thus, a substantial majority of architecture firms have fewer than ten employees. These figures have remained relatively consistent over several AIA reporting cycles.

AIA supports reasonable and predictable adjustments to small-business size standards that account for inflation and allow successful firms to grow without confronting an abrupt "graduation cliff." However, AIA is concerned that the proposed increase for Architectural Services would go substantially beyond such an adjustment and fundamentally reshape competition within the federal small-business marketplace.

Under NAICS 541310, Architectural Services, the current receipts-based size standard is \$12.5 million. SBA proposes a \$135 million standard for Architectural Services under

The American
Institute of
Architects

1735 New York
Avenue NW
Washington, DC
20006

T (800) 242 3837
F (202) 626 7547

aia.org

its revised methodology. That represents a **980 percent increase and would produce a threshold 10.8 times the current standard**. SBA’s August 2025 proposal, by comparison, contemplated increasing the Architectural Services standard to \$16 million.

AIA respectfully recommends that SBA **not finalize the proposed \$135 million size standard for Architectural Services**. Instead, SBA should retain the existing standard subject to an appropriate inflationary or other measured adjustment, or adopt a substantially more moderate increase supported by architecture-specific industry and federal contracting data. Before adopting an increase of this magnitude, SBA should more fully evaluate the effect on architecture firms that currently qualify as small businesses and rely on federal small-business programs to develop as prime contractors.

The Revised Methodology Does Not Adequately Capture the Competitive Structure of Architectural Services

AIA’s concern extends beyond the numerical result of \$135 million to the revised methodology producing that result.

Under SBA’s previous methodology, the Agency considered several measures of industry structure, including average firm size, industry concentration, distribution of firms by size, and—where federal contracting was significant—measures comparing small-business participation in federal contracting with small businesses’ representation in the relevant industry. SBA’s proposed Revised Methodology substantially changes this approach. It instead calculates standards principally from three factors: national industry size, the number of geographic markets, and an adjustment for imports and exports.

For Architectural Services, SBA identifies:

Factor	SBA calculation
National industry size	\$62.230 billion in receipts
Geographic markets	61
Net import adjustment	0.945
Calculated average market size	\$964 million
Proposed size standard	\$135 million

These figures are drawn directly from SBA’s Revised Size Standards Methodology.

AIA respectfully requests that SBA more fully explain why 61 geographic markets appropriately reflects the markets in which architectural firms actually compete and why a calculated average market size of \$964 million provides an appropriate basis for determining whether an individual architecture firm should qualify as a small business.

Architecture presents characteristics that merit industry-specific analysis. Architectural services are professional services requiring licensed individuals, specialized technical expertise, professional liability coverage, substantial investment in technology and software, and demonstrated project experience. Federal architectural services are also procured through a distinctive statutory qualifications-based selection process. These features affect how firms compete and how differences in firm size translate into practical competitive advantages.

Section 3(a)(6) of the Small Business Act requires SBA, when revising size standards, to consider and make publicly available a detailed description of the affected industry, an analysis of its competitive environment, the approach and data used to develop the proposed standard, and the anticipated effect of the change on the industry. 15 U.S.C. § 632(a)(6). The statute also directs SBA to ensure that standards vary among industries to the extent necessary to reflect their differing characteristics. 15 U.S.C. § 632(a)(3).

Given the scale of the proposed change for Architectural Services, AIA recommends that SBA supplement its analysis with architecture-specific information concerning federal contracting participation and firm-size distribution before finalizing the standard.

At a minimum, SBA should examine:

- the distribution of federal architectural-services contract dollars among firms at different revenue levels;
- the proportion of prime contract and task-order awards currently received by firms below the \$12.5 million standard;
- the number, revenue profile, and federal market share of firms that would become newly eligible between the current standard and the proposed \$135 million standard;
- the expected competitive effect on existing small-business prime contractors; and
- whether a substantially more moderate size standard would address the graduation cliff without materially changing the competitive purpose of small-business set-asides.

Competition: The Proposed Threshold Could Materially Affect the Ability of Small Architectural Firms to Compete for Federal Contracts

Small architectural firms frequently depend on small-business set-asides as an important avenue to compete for federal work against firms with much greater financial resources, staffing depth, marketing capacity, proposal infrastructure, and established past performance.

These set-aside programs provide small firms an opportunity to compete for work as prime contractors and to develop the federal experience and past performance necessary for future growth.

AIA strongly supports Qualifications-Based Selection (QBS) as the appropriate standard for federal architecture and engineering procurement. Under the Brooks Act, federal agencies select A/E firms based on demonstrated competence and qualifications before negotiating compensation with the most highly qualified firm.

However, dramatically expanding the range of firms treated as “small” could undermine the peer-level competition that small-business set-asides are intended to foster. When a firm with annual receipts near \$10 million competes within the same small-business pool as a firm approaching \$135 million in annual receipts, differences in staffing depth, specialized experience, proposal infrastructure, and the volume of available past-performance examples can materially affect competitive positioning even where both firms are technically qualified to perform the work.

For example, when competing for the design of a military dormitory or barracks, a genuinely small practice may have one highly successful comparable facility completed within the previous decade. A substantially larger enterprise may be able to present numerous recent comparable projects and a much deeper library of specialized personnel and project experience. Small AIA firms report seeing similar dynamics on shared Multiple Award Task Order Contracts (MATOCs), where differences in staff and past-performance depth can significantly affect task-order competition.

AIA therefore urges SBA to evaluate not simply whether additional firms technically qualify as “small” under the proposed standard, but how the proposed standard would change competition **within the small-business pool itself**.

One AIA member summarized the challenge as follows:

“Small firms cannot have dedicated pursuit staff that focus on connecting with federal clients nor have large dedicated marketing teams to produce RFPs. We have to divert billable staff to do proposals and business development.”

Proposed and Current Size Standards

Table 1. Current and Proposed Size Standards

NAICS Code	Industry	Current Standard	August 2025 Proposal	August 2026 Proposal
541310	Architectural Services	\$12.5 million	\$16 million	\$135 million
541320	Landscape Architectural Services	\$9.0 million	\$11 million	\$59 million
541330	Engineering Services	\$25.5 million	\$29 million	\$252 million
541350	Building Inspection Services	\$11.5 million	\$12 million	\$36 million
541360	Geophysical Surveying and Mapping Services	\$28.5 million	\$29 million	\$204 million
541370	Surveying and Mapping (except Geophysical) Services	\$19.0 million	\$19.0 million	\$92 million
541410	Interior Design Services	\$9.0 million	\$11.5 million	\$158 million
541420	Industrial Design Services	\$17.0 million	\$19.5 million	\$158 million
541620	Environmental Consulting Services	\$19.0 million	\$19.0 million	\$295 million

SBA's Revised Methodology calculates standards at a combination of the four- and five-digit NAICS levels rather than exclusively at the six-digit level used previously, while the table above retains the familiar six-digit codes to show the affected architectural and related industries.

Prime Contractor Status: AIA Is Concerned That Larger Newly Eligible Firms Could Reduce Opportunities for Existing Small Firms to Serve as Primes

One of AIA's principal concerns is the effect of the proposed standard on the ability of genuinely small architectural practices to develop and remain viable as federal prime contractors.

Prime-contract experience is particularly valuable in architectural services. It allows firms to build agency relationships, establish relevant past performance, develop contract-management capabilities, train younger professionals, invest in specialized technologies, and develop the experience necessary to compete for progressively more complex federal work.

If the competitive pool for small-business procurements is expanded from firms below \$12.5 million in average receipts to firms with receipts approaching \$135 million,

existing small businesses may face substantially greater competition for these prime opportunities.

SBA itself acknowledges in its Regulatory Flexibility Act analysis that increasing the number of firms eligible to compete for set-asides **may reduce an individual small firm's chances of securing a government contract.**

A Maryland architectural-firm executive described the potential effect:

“In our 45-year history, we have worked on more than 700 federal task orders, of which we have been prime contractor on 92% of those. If the proposed size standards are approved, we expect not to be prime on ANY awards, and likely lack the ability to even compete on a proposal. 85–90% of our business is dedicated to successfully serving Federal agencies. Changes to the size standards could be catastrophic for our organization and challenge our ability to continue as a going concern, especially without adequate time to adapt to such drastic changes.”

AIA recommends that SBA specifically examine the potential effect of the proposed standard on the distribution of prime awards and task orders, rather than relying solely on the total number of businesses that would qualify as small.

Agency Small-Business Goals: Changes in Classification Should Not Be Mistaken for Increased Opportunity

The proposed rule could also materially change the way federal small-business contracting performance is measured.

SBA explains that firms newly classified as small would be permitted to compete for small-business-restricted contracts. Importantly, SBA also states that agencies would be able to count awards to newly classified small businesses toward their small-business contracting goals regardless of whether the underlying procurement was restricted to small businesses. SBA estimates that, across industries, approximately 37,002 firms holding FY2025 contracts would become newly eligible as small businesses under the proposed standards.

For Architectural Services specifically, SBA identifies 530 firms with existing FY2025 federal contracts that would qualify under the proposed standard and whose awards could count toward agency small-business goals.

AIA recommends that SBA evaluate whether this change could increase reported small-business contracting performance without producing a corresponding increase

in contracting opportunities for the much smaller firms that qualify under today's \$12.5 million standard.

An increase in the percentage of federal dollars statistically attributed to “small businesses” should not, standing alone, be viewed as evidence that federal contracting opportunities have expanded for traditionally small architectural practices.

Contract Size and Consolidation: The Proposed Standard Could Reinforce Existing Trends Toward Larger Procurement Vehicles

Current federal procurement practices already create challenges for smaller architectural firms when multiple projects or requirements are consolidated into large contract vehicles.

AIA recognizes that the proposed size-standard rule does not itself authorize contract bundling or consolidation. Nevertheless, substantially increasing the size of firms capable of satisfying small-business competition requirements could have downstream effects on how agencies structure procurements.

If agencies can satisfy small-business participation objectives through firms with annual receipts approaching \$135 million, agencies may have less incentive to structure opportunities at a scale accessible to smaller architectural practices.

AIA therefore recommends that SBA examine whether the proposed increase could unintentionally reinforce the use of larger contract vehicles and reduce the availability of appropriately scaled prime-contract opportunities for smaller A/E firms.

SBA should also coordinate with federal procurement agencies to ensure that revisions to size standards do not inadvertently encourage procurement structures that technically qualify as small-business opportunities but are, as a practical matter, beyond the staffing, bonding, proposal, or performance capacity of the smaller firms these programs are intended to serve.

Graduation Cliff: AIA Supports a More Balanced and Predictable Pathway for Growing Firms

AIA recognizes the legitimate concern underlying SBA's proposal: successful firms can face a difficult transition when they exceed the small-business size standard and must compete immediately in the unrestricted federal marketplace.

AIA supports addressing that “graduation cliff.”

However, increasing the Architectural Services standard from \$12.5 million to \$135 million does not eliminate the cliff. It primarily moves the cliff, while dramatically expanding the range of firms treated as small businesses and placing businesses of materially different scale into the same competitive category.

A more balanced approach would provide growing firms additional opportunity to transition without redefining firms many times larger than the current threshold as small businesses.

AIA therefore encourages SBA to consider a combination of:

- regular, predictable adjustments to the Architectural Services threshold based on appropriate economic conditions;
- a substantially more moderate increase supported by architecture-specific data;
- appropriate transition mechanisms within SBA's statutory authority for firms approaching or exceeding the standard; and
- further examination of policies that help emerging mid-sized contractors successfully transition into unrestricted federal competition.

The current five-year averaging period for receipts already helps reduce the effect of unusually strong individual years on a firm's size determination. AIA believes the central issue presented by this rule is therefore not the averaging period, but whether the underlying threshold appropriately distinguishes genuinely small architecture businesses from substantially larger enterprises.

The Magnitude of the Proposed Change Is Unprecedented for Architectural Services

Historical adjustments to the Architectural Services size standard have generally been measured and incremental.

Table 2. History of SBA Size Standards for Architectural Services

Time Period	Size Standard	Notes
2008–2014	\$4.5 million	Baseline established under earlier SBA rolling reviews.
2014–Early 2022	\$7.5 million	Longstanding baseline threshold tracking.
April 2022	\$11.0 million	Final rule resulting from the Comprehensive Size Standards Review standard market metrics.
December 2022	\$12.5 million	Routine adjustment to account for compounding multi-year price inflation.
August 2025 (Proposed)	\$16.0 million	Proposed routine five-year rolling receipts-based review.

August 2026 (Proposed)	\$135.0 million	Proposed programmatic overhaul based on a newly designed “not dominant” industry framework.
---------------------------	--------------------	---

NOTE: Effective Jan 2020, the average gross receipts moved from a 3-year average to a 5-year average.

The comparison illustrates the magnitude of the current proposal. The shift from \$12.5 million to \$135 million is fundamentally different in scale from the periodic adjustments architecture firms have previously experienced.

For small firms, a change of this magnitude cannot readily be accommodated through ordinary business planning. Decisions concerning staffing, federal business development, investments in technology, teaming relationships, and market positioning are generally made over multiple years.

AIA's Recommended Approach

AIA respectfully recommends that SBA:

1. Not finalize the proposed \$135 million size standard for Architectural Services.
2. Retain the existing standard subject to an appropriate adjustment, or adopt a substantially more moderate increase supported by architecture-specific industry data.
3. Conduct additional analysis of federal Architectural Services contracting, including contract dollars, prime awards, task orders, and past-performance opportunities by firm revenue level.
4. Evaluate the 61-geographic-market assumption and resulting \$964 million average-market calculation to determine whether they accurately reflect competition within the architecture profession.
5. Evaluate the effect of the proposal on firms that currently qualify as small, rather than measuring benefits primarily through the number of newly eligible firms.
6. Assess whether the proposed change could increase agency small-business-goal attainment without increasing opportunities for traditionally small firms.
7. Examine the relationship between higher size standards and contract consolidation, particularly whether agencies would have less incentive to structure federal A/E opportunities at a scale accessible to smaller firms.
8. Address the graduation cliff through measured and predictable policies rather than an abrupt increase that places firms with substantially different resources and market positions in the same small-business category.

Conclusion

AIA supports SBA's goal of ensuring that small-business size standards keep pace with changing economic conditions and do not unnecessarily discourage successful firms

from growing. At the same time, the fundamental purpose of small-business policy must include preserving meaningful opportunities for genuinely small businesses to enter the federal marketplace, compete as prime contractors, build past performance, and develop into stronger firms.

The proposed increase for Architectural Services from \$12.5 million to \$135 million warrants additional scrutiny because of both its extraordinary magnitude and the significant methodological changes underlying it.

AIA therefore respectfully urges SBA to reconsider the proposed \$135 million Architectural Services standard and adopt a more measured, industry-specific approach that addresses the graduation cliff while preserving meaningful federal contracting opportunities for small architectural practices.

AIA stands ready to work with SBA to develop an approach that supports firm growth, strong federal competition, and a diverse and resilient architecture small-business industrial base.

Thank you for the opportunity to comment on this proposed rule. For additional information or to discuss these recommendations further, please contact:

Haley Nicholson

haleynicholson@aia.org

Michael Donovan

michaeldonovan@aia.org