



NEWS RELEASE

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SBA Announces Rule Change to Simplify Size Standards

Change to Help Business Owners, Reduce Categories from 37 to 10

WASHINGTON –The U.S. Small Business Administration (SBA) is proposing new rules that will simplify the standards by which the SBA determines the size of a business. Under the proposed rules, size will be determined by number of employees in almost all cases and the number of different size categories will be reduced from 37 to just 10.

“The rules we are proposing today will make all small business owners’ dealings with the government simpler and easier and will help the SBA reach more small businesses,” SBA Administrator Hector V. Barreto said. “Small business owners have told us that the current system is overly complex and difficult for the owners to understand. This reform is strongly needed, and I believe it is a major step in our ongoing commitment to creating an environment in which all American entrepreneurs can flourish.”

The proposed rule will be published in the *Federal Register* tomorrow with public comments due by May 18, 2004. For public comments on the proposed rule change, e-mail your comments to restructure.sizestandards@sba.gov.

SBA’s size standards define whether a business entity qualifies as small and whether it is eligible for government programs and assistance reserved for small businesses, including some programs in other agencies. Under the new rule, more small businesses will be eligible to apply for SBA’s financing and loan programs as well as contracting and business development programs such as the 8(a) Business Development program, the HUBZone Empowerment Contracting program, and small business set-asides.

If the rule is adopted, the SBA’s size standards will undergo a major restructuring. The 37 current size standards will be reduced to 10, which will be employee-based with the exception of the agriculture industry, which is required by law to be measured by receipts. The size standards for small businesses will range between 50 and 1,500 employees, depending upon the industry and the relevant SBA program. Small businesses that meet the standard can obtain small business status and become eligible for SBA’s programs and services.

The SBA also proposes to establish an annual average receipts cap for some industries. There are 31 industries under the receipts cap. Some of these industries include construction, computer services, engineering, consulting and facilities support services. Small businesses in these industries that meet the employee-based size standard will not be able to exceed a specific receipts cap if they wish to qualify as an eligible small business.

For additional information on the new rule change, visit the SBA’s Office of Size Standards Webpage at www.sba.gov/size, and click on “What’s New?”

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