



News Release

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SBA Increases Small Business Size Standards To Account for Inflation

WASHINGTON – The U.S. Small Business Administration has increased its small business size standards to account for inflation, restoring small business eligibility to those firms that may have lost their small business status because of inflation since February 2002.

SBA has adjusted its dollar-based small business size standards, which are based on receipts, net worth and financial assets, to reflect inflation that has occurred since February 2002, when SBA last adjusted them for the same reason. Since the February 2002 inflation adjustment, prices have generally increased 8.7 percent. SBA increased the familiar “anchor” size standard from \$6.0 million to \$6.5 million. Size standards that are higher than \$6 million also reflect similar percentage increases.

“These changes to our size standards and eligibility criteria will ensure that growing small businesses whose growth has matched the inflation rate will continue to have access to SBA’s financial and contracting assistance programs,” said SBA Administrator Hector V. Barreto. “We decided to make these changes immediately, rather than wait, because of the pressing needs that so many small businesses have in the Gulf Coast and in Florida from the recent destructive hurricanes.”

SBA also changed how it determines the size of small business concerns when they apply for SBA Business Loans and for Economic Injury Disaster Loans (EIDL). Instead of looking only at the loan applicant’s primary industry, SBA now looks at both its primary industry and the primary industry of the applicant together with its affiliates. This will provide additional assistance to small businesses that have subsidiaries and affiliates.

SBA also changed procedures for determining size status for the purpose of EIDL applications for businesses located in disaster areas declared because of Hurricanes Katrina, Rita, and Wilma. For an EIDL loan, instead of having to show it was a small business when these hurricanes struck, the firm only has to fit the new small business size standard when SBA accepts its application for processing.

SBA issued an Interim Final Rule on December 6, 2005, and the revised size standards took effect the same day for its loan programs. For federal procurement, the new size standards become effective on January 5, 2006.

For more information about SBA’s increase to its small business size standards for inflation, please see <http://www.sba.gov/size/indexwhatsnew.html#inflIFR>.

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