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September 19, 2026

[redacted]
U.S. Small Business Administration
Office of Government Contracting and Business Development

**RE: Testimony in Opposition to the Revised Size Standards Methodology and Small Business Size Standards (13 CFR Part 121)**

Dear [redacted] and Esteemed Members of the SBA:

Greetings. We are forwarding this correspondence regarding the above referenced item. We appreciate the opportunity to provide testimony on the proposed revisions to the Small Business Administration's (SBA) Size Standards Methodology. This initiative represents a critical step toward aligning regulatory definitions with the dynamic economic landscape, thereby fostering a more equitable and robust small business ecosystem. While the intent behind updating the standards may be to reflect current economic realities, Zen Corp Federation is deeply concerned that these changes may inadvertently undermine the very purpose of small business programs and the integrity of classifications designed to support truly small enterprises.

ZenCorp Federation is a small business consulting firm located in Maryland currently associated with the following North American Industry Classification System (NAICS) Codes:

- 541611
- 541612
- 541820
- 561320

Our firm has been instrumental with assisting small businesses to anchor their mission and develop sustainable goals that foster continued success. We understand the invaluable contribution that small businesses devote to the overall workforce, which is the reason the

SBA's constant effort to improve size standards is imperative as a way to ensure equitable leverage within various industries/industry groups.

The foundational principle underpinning small business designation is predicated on fostering impartial access to federal procurement opportunities, cultivating entrepreneurial innovation, and ensuring economic diversification. The primary issue with expanding the size standards is the potential for larger businesses/corporations to qualify as small, thereby diluting the distinction that ensures targeted support for genuinely small firms. Historically, the small business designation has served as a critical policy tool to promote entrepreneurship, innovation, and local economic development. If the standards are loosened, the following risks emerge such as:

A. Erosion of Program Effectiveness: Larger firms may exploit the expanded thresholds, gaining access to set-aside contracts, grants, and support mechanisms intended solely for small businesses. This can lead to reduced opportunities for small, locally owned companies that rely heavily on SBA programs for survival and growth.

B. Market Marginalization: Small businesses that have historically benefited from tailored programs may face increased competition from larger, more resource-rich firms that now qualify as small, thereby marginalizing the original intended beneficiaries.

C. Undermining Policy Objectives: The core policy goal of fostering a vibrant, diverse small business sector risks being compromised if the classification becomes overly inclusive. It diminishes the distinction that small businesses are often more agile, innovative, and community-oriented.

Zen Corp Federation's team has conducted base research surrounding the SBA policies and we identified some policy instances that highlight how broadening size standards can work contrary to small business priorities:

A. The 2010 SBA Size Standard Rule: During that revision, concerns were raised that raising size thresholds in certain industries allowed large firms to qualify as small, reducing the competitive advantage that small business programs aimed to provide. Several critics argued that this shift undermined the primary goal of supporting entrepreneurial firms. We support a considerable number of SBA/Federal certified small businesses that very likely will be underscored with the procurement process. This results is a loss of significant opportunity.

B. Federal Contracting Goals: The Federal Acquisition Regulation (FAR) and executive policies emphasize that small business programs are designed to promote small, disadvantaged, and women-owned businesses. Expanding size standards risks diluting these goals by allowing larger firms to qualify, thereby jeopardizing set-aside and sole-source opportunities. While we acknowledge that the DBE Interim Final Rule issued in October 2025 was designed to eradicate gender and race from the business classification process, we realize that the proposed SBA size standard changes can be another mechanism to ultimately outcast minority owned firms from the overall competition. Especially given that minority owned businesses account for roughly 23% (firms with paid employees) and 38% (independent/nonemployer firms) of the small business population as published by the Census Bureau. This averages a 61% total of minorities that constitute the small business sector and the demographic that could inadvertently become obsolete due to the competition from larger firms.

C. Small Business Act Principles: The Small Business Act emphasizes the importance of accurately defining small businesses to support "small business concerns in order to foster their growth and development." Overly broad standards may contradict this principle by including firms that are not truly small or in need of targeted support.

According to the SBA 13 CFR Part 121 (2.2), *The Banking and Currency Committee recognized the "impossibility of attempting to write into law a rigid definition of small business." [2] Therefore, section 3 of the bill defines a small business concern in a flexible and realistic manner. The Committee did this "because it has become universally recognized that it is utterly impossible to define small business rigidly in terms of number of employees, amount of capitalization, or dollar volume of business."* Zen Corp Federation disagrees with this justification. Failure to rigidly define what constitutes a small business allows for ambiguity to lead the manner in which a small business is classified and designated. Neglecting to outline a concise parameter by definition can increase the advantage for large businesses/corporations to dominate the competition within an industry/industry group. Thus, it lessens the opportunity for a genuine small business that demonstrates a viable need for SBA supported programs.

While the intention to adapt to changing economic conditions is understandable, the potential consequences of expanding size standards must be carefully weighed. The risk of diluting support for small, innovative, and community-focused businesses outweighs the purported benefits of aligning classifications with current industry metrics. Maintaining clear, accurate, and meaningful standards is essential to preserving the integrity and effectiveness of small business programs.

Thank you for taking time to review our testimony as we look forward to the final determinations of the proposed modifications. We trust that ever testimony, concern, and expression will be taken into consideration.

Respectfully,

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