



August 25, 2026

Overhaul and Expansion of SBA for Electrical Contractors

On August 20, 2026, the Small Business Administration [proposed](#) a complete overhaul of the U.S. small business classification system. This system sets industry-specific standards on which firms can qualify as a federally recognized small business.

Historically, small business qualification has operated on a revenue threshold model, with electrical and wiring contractors earning less than \$19,000,000 in annual gross receipts over the past 5 calendar years qualifying as a small business. The SBA only adjusts size standards for inflation every five years, with the last update occurring in 2023.

For electrical contractors, SBA is proposing to replace the revenue threshold model with an employee threshold model. **NECA contractors with less than 550 employees would now qualify as a small business, with no revenue-based limits.** SBA estimates an additional 1804 electrical and wiring installation contractors will now qualify as small businesses.

Federal Contracting

Small business designation opens up additional resources and contracting opportunities.

At the federal level, all contracts less than \$350,000 are automatically reserved for small businesses under Federal Acquisition Regulation. But perhaps the most important policy as it relates to construction is the “Rule of Two”, which states that a contracting office overseeing an award of any size must award a contract to a small business if there are at least two SBA registered applicants who can complete the work at market rate.

The federal government sets government-wide goals for contracting to small businesses, which currently sits at 23% of the total amount of contract awards, and Congress and federal agencies conduct rigorous oversight of small business contracting goals.

For federal contracts over \$900,000 and federal construction contracts over \$2,000,000 awarded to companies that are not small businesses, prime awardees are required to submit a Small Business Subcontracting Plan. These plans are strictly enforced and incentivize awardees on large federal capital projects to work with small contractors. A small business designation does not just help contractors compete for prime contracts, but also for subawards on all federally funded opportunities.

Access to Resources

SBA offers a number of [resources](#) to registered small businesses, including favorable financing opportunities, education, and counseling. In order to register as a small business, employers will need to log in to the System for Award Management (SAM.gov) site [here](#).

SBA provided loan guarantees allow small businesses to access credit at lower interest rates from financial institutions like community banks, since the SBA is “backing” the loan and therefore taking some of the risk off of the lender. This has proven a critical resource to small businesses trying to scale up quickly to take advantage of favorable market opportunities.

Small businesses also can qualify for disaster assistance loans and grants following a federally recognized natural disaster. These funds can cover everything from property damage to paying the bills because of a temporary loss in revenue.

Lastly, SBA has a number of additional resources available to small businesses. There are offices and non-profit institutions across the country whose entire purpose is to provide counseling and financing to small businesses. A small business designation allows a contractor to access this network.

What's Next?

The comment period for the proposal is open until September 21, 2026. NECA will compile and submit comments based on input from contractors, chapters, staff, and industry partners. If you have any questions or comments, please contact us [here](#) before September 21st and a member of staff will reach out.

Following the comment period, SBA may issue a final ruling as soon as the end of November. However, this proposal impacts every industry across the country and feedback provided to SBA by stakeholders, Congress, and federal agencies will likely be substantial and could delay this change.

Representatives from the Small Business Administration, Rocky Mountain Regional Office will be presenting at the NECA Convention in Las Vegas the morning of [Tuesday, October 6th](#) on what resources are available through SBA, how to engage with your local SBA office, and what this proposed expansion means for your business. They will also be available to answer any questions.

We will endeavor to keep on top of these sweeping changes as they emerge and will issue additional guidance should additional information become available.

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