ode: 8026-09

SMALL BUSINESS ADMINISTRATION

13 CFR Part 121

Small Business Size Standards: Revised Size Standards Methodology

AGENCY: U.S. Small Business Administration.

ACTION: Notice of availability of Revised Size Standards Methodology for comments.

SUMMARY: The U.S. Small Business Administration (SBA or Agency) advises the public that it has revised its white paper explaining how it establishes, reviews, and modifies small business size standards. The revised white paper provides a detailed description of SBA's size standards methodology, including changes from SBA's 2024 Revised Size Standards Methodology (2024 Methodology, available at *www.sba.gov/size*). SBA welcomes comments and feedback on the 2026 Revised Methodology, which SBA has applied to the proposed review of size standards filed concurrently in the Federal Register.

DATES: SBA must receive comments on the 2026 Revised Methodology on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments identified Docket No. SBA-2026-0265 by one of the following methods:

(1) Federal eRulemaking Portal: www.regulations.gov. Follow the instructions for submitting comments; or

(2) Mail/Hand Delivery/Courier: Ryan Lambert, Associate Administrator, Office of Government Contracting and Business Development 409 Third Street, SW, Mail Code 6530, Washington, DC 20416.

SBA will post all comments on this Revised Methodology on www.regulations.gov. If you wish to submit confidential business information (CBI) as defined in the User Notice at www.regulations.gov, you must submit such information to GCBDregs@sba.gov with "2026 Revised Methodology" in the subject heading. Highlight the information that you consider to be CBI, and explain why you believe SBA should hold this information as confidential. SBA will review your information and determine whether it will make the information public.

FOR FURTHER INFORMATION CONTACT: Ryan Lambert, Associate Administrator, Office of Government Contracting and Business Development, GCBDregs@sba.gov.

SUPPLEMENTARY INFORMATION:

1. Introduction

This document describes the U. S. Small Business Administration's (SBA or Agency) proposed methodology for establishing, reviewing, or adjusting its small business size standards pursuant to the Small Business Act, 15 U.S.C 631 *et seq.* (the "Act"). Under the Act (15 U.S.C. 632(a)(2)(A)), the SBA Administrator (Administrator) has the authority to establish small business size standards for federal government programs. This document provides a detailed description of SBA's proposed revised size standards methodology.

SBA sets the standard for what most agencies consider a small business for myriad government programs. From their inception, small business size standards were intended as the mechanism to allow small firms to compete for government contracts, obtain small business loans, obtain relief from regulatory burdens, and participate in other agency small business programs—thereby leading to their financial and economic success. However, over the years the SBA methodology turned into a ceiling in which firms forewent business growth to remain small under a seemingly unresponsive size cap. The proposed SBA methodology adjusts the prior standards that restricted such economic growth. The new standards strengthen American entrepreneurs by ensuring they are not punished for their success, resulting in lost access to capital or contracting opportunities.

The Act sets out a number of requirements for establishing size standards. For example, no concern shall be considered a small business concern unless it is independently owned and operated and is not dominant in its field of operation. *See*15 U.S.C. 632(a)(1). In promulgating size standards, the Administration is required to vary size standards from industry to industry to reflect the differing characteristics of industries. *See*15 U.S.C. 632(a)(3). Further, and generally, the policy decisions of the Agency should assist small businesses as a means of encouraging and strengthening their competitive position in the economy. *See* 15 U.S.C. 631(a). These considerations, along with other statutory requirements, serve as the principal basis for SBA's size standards methodology for establishing, reviewing, or modifying small business size standards.

SBA's proposed size standards methodology examines the structural characteristics of an industry or industry group as a basis to assess differences and the overall degree of competitiveness within the industry or industry group. To ensure its size standards offer complete coverage of all areas of the economy where small businesses may compete, SBA uses the most recent revision of the North American Industry Classification System (NAICS), as a method to group similar firms. As used herein, SBA considers an industry to be a 5- or 6- digit NAICS code and an industry group to be a 4-digit NAICS code. As described more fully later in this document, SBA is examining industry structure by analyzing average market size. Average market size can be broken down into three components: first the total size of all participants in the industry group or industry, including for-profit businesses, not-for-profit entities, and government owned entities, which is referred to as the national industry size; second, the number of distinct geographic markets in which competition takes place; and finally an adjustment for imports and exports to account for international competition faced by domestic firms.

Industry groups or industries with smaller average market sizes are given smaller size standards as less scale (as a matter of economics) is required in those industries for a firm to be dominant, while industries or industry groups with larger average market sizes are given larger size standards as a greater level of scale is required for a firm to be dominant. If SBA's proposed or revised size standards deviate from the analytical results based on these factors, the Agency will provide a detailed explanation in the final rulemaking.

In addition to reviewing all size standards and adjusting them, as necessary, every five years based on the analysis of industry structure in accordance with the Small Business Jobs Act of 2010 ("Jobs Act") (Pub. L. 111-240, 124 Stat. 2504, September 27, 2010), SBA also adjusts all receipt based standards for inflation at the same time. SBA has also adjusted receipt based standards for inflation between such reviews as necessary. SBA most recently adjusted size standards for inflation on November 17, 2022 (87 FR 69118). As laid out further herein, SBA is also proposing to adjust receipt-based size standards for productivity growth, and may do so between five-year reviews as necessary. SBA also updates its size standards every five years to adopt the Office of Management and Budget's (OMB) quinquennial NAICS revisions to its table of small business size standards. Effective October 1, 2022, SBA adopted the OMB's 2022 NAICS revisions (86 FR 72277; December 21, 2021) for its table of small business size standards (87 FR 59240; September 29, 2022).

2. Background on SBA's Size Standards Methodology

There is a long history of the U.S. Federal Government establishing small business size standards that predates the establishment of SBA. This section documents the statutory authority for SBA to establish small business size standards and the historical background from the original establishment of a 500-employee size standard by the Small War Plants Corporation in World War II through the most recent size standards methodology revision in 2024. This section is broken down into four parts. First is an overview of the statutory authority for SBA's establishment of small business size standards. Second is the legislative history of that statutory authority. Third is the regulatory history of SBA's implementation of that statutory authority. Last is a summary of the most recent size standards methodology from 2024, which this document is modifying. SBA requests comment on its new methodology, including on any reliance interests implicated by such methodology.

2.1 Statutory Authority

Authority for the Administrator to establish small business size standards for Federal Government programs is the Small Business Act, 15 U.S.C 632 *et seq.* (the Act). Congress has periodically modified the Act, but has not provided specific values for size standards for Federal Government purposes, other than previously for agricultural enterprises. With respect to general directions on how SBA should establish small business size standards, the Act provides the following:

15 U.SC. 632

(a) Small Business Concerns

(1) In General - For the purposes of this Act, a small-business concern, including but not limited to enterprises that are engaged in the business of production of food and fiber, ranching and raising of livestock, aquaculture, and all other farming and agricultural related industries, shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation.

(2) ESTABLISHMENT OF SIZE STANDARDS. –

(A) IN GENERAL. – In addition to the criteria specified in paragraph (1), the Administrator may specify detailed definitions or standards by which a business concern may be determined to be a small business concern for the purposes of this Act or any other Act.

(B) ADDITIONAL CRITERIA. – The standards described in paragraph (1) may utilize number of employees, dollar volume of business, net worth, net income, a combination thereof, or other appropriate factors.

(C) REQUIREMENTS. – Unless specifically authorized by statute, no Federal department or agency (including the Administration when acting pursuant to subparagraph (A)) may prescribe a size standard for categorizing a business concern as a small business concern, unless such proposed size standard –

(i) is proposed after an opportunity for public notice and comment;

(ii) provides for determining –

(I) the size of a manufacturing concern as measured by the manufacturing concern's average employment based upon employment during each of the manufacturing concern's pay periods for the preceding 24 months;

(II) the size of a business concern providing services on the basis of the annual average gross receipts of the business concern over a period of not less than 5 years;

(III) the size of other business concerns on the basis of data over a period of not less than 3 years; or

(IV) other appropriate factors; and

(iii) is approved by the Administrator.

(3) VARIATION BY INDUSTRY AND CONSIDERATION OF OTHER FACTORS.— When establishing or approving any size standard pursuant to paragraph (2), the Administrator shall ensure that the size standard varies from industry to industry to the extent necessary to reflect the differing characteristics of the various industries and consider other factors deemed to be relevant by the Administrator.

(6) PROPOSED RULEMAKING. —In conducting rulemaking to revise, modify or establish size standards pursuant to this section, the Administrator shall consider, and address, and make publicly available as part of the notice of proposed rulemaking and notice of final rule each of the following:

(A) a detailed description of the industry for which the new size standard is proposed;

(B) an analysis of the competitive environment for that industry;

(C) the approach the Administrator used to develop the proposed standard including the source of all data used to develop the proposed rulemaking; and

(D) the anticipated effect of the proposed rulemaking on the industry, including the number of concerns not currently considered small that would be considered small under the proposed rulemaking and the number of concerns currently considered small that would be deemed other than small under the proposed rulemaking.

(7) COMMON SIZE STANDARDS.—In carrying out this subsection, the Administrator may establish or approve a single size standard for a grouping of four-digit North American Industry Classification System codes only if the Administrator makes publicly available, not later than the date on which such size standard is established or approved, a justification demonstrating that such size standard is appropriate for each individual industry classification included in the grouping.

(8) NUMBER OF SIZE STANDARDS. —The Administrator shall not limit the number of size standards established pursuant to paragraph (2) and shall assign the appropriate size standard to each North American Industry Classification System Code.

15 U.S.C. 632(a)(2)(A) and *id.* 632(a)(2)(B) of the Act says "the Administrator may specify detailed definitions or standards by which a business concern may be determined to be a small business concern" and may utilize factors such as "number of employees, dollar volume of business, net worth, net income, a combination thereof, or other appropriate factors." 15 U.S.C. 632(a)(2)(C) refers to the procedures for the setting of size standards by federal agencies (including SBA) and *id.* 632(a)(3) provides that the Administrator "shall ensure that the size standard varies from industry to industry to the extent necessary to reflect the differing characteristics of the various industries and consider other factors deemed to be relevant". This authorizes the Administrator to consider, in addition to industry data, other relevant factors, such as current economic conditions, impacts size standards changes would have on small businesses, and public comments when determining size standards.

The requirements for conducting rulemaking to establish, revise or modify size standards are stated in 15 U.S.C. 632(a)(6). The requirements for establishing a common size standard for a grouping of industries are provided in 15 U.S.C. 632(a)(7). Finally, 15 U.S.C. 632(a)(8) directs the Administrator "not limit the number of size standards established … and shall assign the appropriate size standard to each [NAICS] Code". Along with the above broad statutory requirements, the Act also directs the Agency to encourage competition and to ensure that a fair proportion of total Federal purchases, contracts, and property sales be placed with small business enterprises (15 U.S.C. 631(a)). Congress went on to state that "the preservation and expansion of such competition is basic not only to the economic well-being but to the security of this Nation." *Id.*

Additionally, the National Defense Authorization Act for Fiscal Year 2017 (Pub. L. 114-328), authorized the Administrator to establish size standards for agricultural enterprises in the same manner as for other industries and requires a rolling review of periodic updates. Historically, the size standards for most agricultural industries were established by statute.

2.2 Legislative History

The above statutory language provides the Administrator with broad discretion in establishing, reviewing, or revising size standards. Reading the legislative history of the Act provides further insight. The requirement that a small business concern be "independently owned and operated" requires SBA to define the size of a firm together with its affiliates when calculating its size.[1] Therefore, SBA must consider not only the size of a firm but also the size of all of its affiliates (both domestic and foreign) when establishing, reviewing, or revising size standards and when determining its small business eligibility for Federal Government programs.

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." *Id.*

In 1957, the House Committee on Banking and Currency addressed how to characterize a small business and stated that "no single definition may be expected to meet all requirements." Recognition of varying situations motivated the Committee in drafting the present Small Business Act to depart from rigid standards and leave the definition of small business to administrative determination.[3] That same report explains that the origins of the present statutory requirement that the Agency vary the size

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[1] *See* Hearings on H.R. 4090 and H.R. 5141 before the Committee on Banking and Currency of the U.S. House of Representatives, 83rd Congress, 1st Session (1953), page 17.

[2] *See* House Report No. 494, 83rd Congress, 1st Session (1953), page 20.

[3] *See* House Report No. 555, 85th Congress, 1st Session, page 6.

standards from industry to industry where number of employees is used as the criteria was the result of the Agency's then existing flat 500-employee rule for all government contracts.

In September 2010, Congress passed the Jobs Act ("Jobs Act") (Pub. L. 111–240, 124 Stat. 2504; September 27, 2010), requiring SBA to review all size standards every five years and make necessary adjustments to reflect current industry and market conditions. Specifically, the Jobs Act requires SBA to conduct a detailed review of not less than one-third of the size standards during the 18-month period beginning on the date of enactment of this Act and during every 18-month period thereafter, which shall include holding not less than two public forums located in different geographic regions of the United States.

In accordance with section 1661 for the National Defense Authorization Act of Fiscal Year 2013 ("NDAA 2013") (Pub. L. 112-239; Jan. 2, 2013), SBA has relaxed the limitation on the number of small business size standards. Specifically, section 1661 of NDAA 2013 states "SBA cannot limit the number of size standards, and shall assign the appropriate size standard to each industry identified by NAICS."

Under section 1831 of the National Defense Authorization Act for Fiscal Year 2017 (NDAA 2017) (Pub. L. 114-328; December 23, 2016), Congress amended paragraph 3(a)(1) of the Act authorizing the Administrator to establish size standards for agricultural enterprises in the same manner as for other industries. The amendment also subjects size standards for agricultural enterprises to the rolling review procedures established under section 1344(a) of the Jobs Act. Historically, the size standards for most agricultural industries were established by statute.

The Small Business Runway Extension Act of 2018 (SBREA) (Pub. L. 115–324; December 17, 2018) amended section 3(a)(2)(C)(ii)(II) of the Act, 15 U.S.C. 632(a)(2)(C)(ii)(II), to modify the requirements for proposed small business size standards prescribed by an agency without separate statutory authority to issue size standards. Specifically, the SBREA changed the averaging period for calculating average annual gross receipts for size standards of services firms from three years to five years.

Section 863 of the National Defense Authorization Act for Fiscal Year 2021 (NDAA 2021) (Pub. L. 116–283; January 1, 2021) changed the averaging period for SBA's employee based size standards from 12 months to 24 months. Section 863 of the NDAA 2021 amended two provisions of section 3(a)(2) of the Act, which sets forth requirements for an agency that would prescribe a proposed size standard. First, the NDAA 2021 provides that those requirements also apply to SBA when the agency acts pursuant to the authority in section 3(a)(2)(A) for SBA to specify small business definitions or size standards. Second, the NDAA 2021 amended section 3(a)(2)(C)(ii)(I) such that a proposed size standard for a manufacturing concern must provide for determining the size of the concern based on the employment during each of the concern's pay periods for the preceding 24 months. Previously, the statute specified the use of a 12-month period.

2.3 Regulatory History

Current small business size standards evolved from a limited number of general size standards for broad industry groups or sectors to a larger number of specific size standards based on individual industries. This transition was recognition that different industries had different characteristics, and thus warranted appropriate industry specific size standards. Many of today's size standards continue at levels established right after the SBA's inception, except that receipts-based size standards have been increased for inflation over the years.

Over the years, SBA has adopted a broad range of size standards – manufacturing industry standards ranged from 250 employees to 1,500 employees; other industry size standards ranged from $0.10 million to $47 million in average annual receipts. SBA establishes its size standards for industries using the latest NAICS industry definitions, developed by the Office of Management and Budget (OMB) in collaboration with U.S. Census Bureau, other U.S. Federal Statistical Agencies, and Statistical Agencies of Canada and Mexico. NAICS replaced the Standard Industrial Classification (SIC) system, effective January 1, 1997. SBA adopted NAICS as the basis for its table of size standards, effective October 1, 2000 (65 FR 30836; May 15, 2000). OMB modifies or updates NAICS every five years and SBA adopts the NAICS updates for its table of size standards, effective October 1 of the same year. SBA has opted to use October 1 because that is the start of the Federal Government's fiscal year.

The 500-employee size standard for Federal contracting predates SBA; it was used by the Reconstruction Finance Corporation and the earlier Small War Plants Corporation, which was a World War II Government contracting agency channeling Federal contracts to small manufacturers. In 1957, the House Committee on Banking and Currency observed that "the standard of 500 or less employees originated in World War II with several variations. For the want of a better definition, the 500-employee rule generally gained acceptance in the Government, although in many instances there was considerable reluctance by many Government officials and members of Congress to accept such a rigid formula." (*See* Senate Report No. 555, 85th Congress, 1st Session, page 6.)

SBA adopted 500 employees as the size standard for manufacturing industries at its 1953 inception; it has remained a size standard for many industries until today and had long been considered the "anchor" size standard for employee-based size standards. In 1959, SBA's size regulations distinguished between manufacturing and financial industries. Specifically, the Agency adopted 250-employee, 500-employee, and 1,000-employee size standards for its financial assistance programs, but maintained the 500-employee size standard for Federal contracting programs.

Generally, the Agency has used annual receipts as the measure of size standards for nonmanufacturing industries. Soon after its inception, SBA created size standards for nonmanufacturing based on annual receipts rather than employees. In 1954, SBA established $1 million in average annual receipts as the size standard for nonmanufacturing industries. Receipts based size standards were established subsequently for other industries. They varied between $0.30 million and $1 million for retail trade and services industries, between $2 million and $5 million for wholesale trade industries, and $5 million for construction industries. SBA has periodically increased all receipts based size standards for inflation. With the periodic inflation adjustments, the most common receipts based size standard of $1 million has increased to $9 million today. The $1 million level and its inflation-adjusted equivalents had long been considered the "anchor" size standard for industries with receipts based size standards.

By 1963, SBA receipts based size standards were as follows: $1 million for retail trade industries; $1 million for services industries; $5 million for wholesale trade industries; and $7.5 million for construction industries. SBA continued using two sets of size standards for manufacturing industries – 250 employees to 1,000 employees for SBA financial programs, but generally 500 employees for Federal contracting programs.

From 1963 to 1975, many manufacturing size standards were increased from 500 employees to 750 employees or 1,000 employees. Similarly, some services industries, such as engineering and janitorial services were broken into separate industries, with size standards of $5 million and $3 million, respectively.

In 1975, SBA adopted a general increase to its monetary based size standards for inflation (40 FR 32824; August 5, 1975). As a result, the new size standards were $2 million for retail trade and services industries, $12 million for general construction, and $5 million for specialty trade construction. Employee based standards remained unchanged.

After a series of public notices in the *Federal Register* from 1980 to 1983 with an intent to comprehensively revise its size standards,[4] the Agency adopted in a final rule a detailed list of size standards for industries as defined under the SIC system (49 FR 5024; February 9, 1984). Generally speaking, the size standards framework the Agency followed until the first five-year comprehensive size standards review under the Jobs Act was put in place in 1984.

In 1984, to simplify procurement procedures, SBA adopted a single size standard of 500 employees for all wholesale trade industries, for both procurement and SBA financial programs (49 FR 5024; February 9, 1984). Before that, the wholesale trade industries had a 500- employee size standard for Federal procurement and three levels of receipts based standards ($9.5 million, $14.5 million, and $22 million) for SBA's financial programs. In 1986, SBA amended its size standards for the wholesale trade industries from 500 employees to 100 employees for all SBA financial programs (51 FR 25189; July 11, 1986), while it retained 500-employee size standard for Federal procurement.

In 1992, SBA proposed, along with an inflation adjustment, a reduction in the number of size standard levels from more than forty different levels to nine receipts based size standards and five employee based size standards (57 FR 62515; December 31, 1992). SBA withdrew the proposed rule on February 19, 1993 (58 FR 9131) and re-published it on September 2, 1993 (58 FR 46573). Although public comments overwhelmingly accepted the fixed size standards approach, the proposed levels seemed arbitrary and produced large variations in changes to standards. SBA believed it could not

[4] These include: (1) Advance Notice, 45 FR 15442; March 10, 1980; (2) Notice of Public Hearings, 45 FR 23704; April 8, 1980; (3) Public Notice, 45 FR 59587; September 10, 1980; (4) Second Advance Notice, 47 FR 18992; May 3, 1982; (5) Proposed rule, 48 FR 20560; May 6, 1983.

justify such large variations, and therefore, limited the final rule to adjusting the then existing receipts based size standards for inflation (59 FR 16513; April 7, 1994).

In March 2004, SBA proposed to simplify and restructure size standards by establishing all size standards based on number of employees (69 FR 13130; March 19, 2004). For a number of industries, however, an employee based size standard could result in businesses with very high receipts but few employees to qualify as small. There were other skewed outcomes as well, and SBA, therefore, also proposed a maximum receipts size standard along with an employee size standard for certain industries. Public comments showed that for some industries the proposed employee based standards were either too low or did not serve as a suitable measure of business size. Rather than issuing a revised proposed rule with adjusted size standards, SBA decided to seek additional input from the public.

Accordingly, in December 2004, the Agency issued an Advance Notice of Proposed Rulemaking (ANPRM) (69 FR 70197; December 3, 2004). It sought comments on ten specific issues that the public had raised in response to the March 2004 proposed rule. SBA did not make further proposals, but only sought public comment on whether and how it should consider the following: 1) Approaches to simplification of size standards; 2) Calculation of number of employees; 3) Use of receipts based size standards; 4) Designation of size standards for Federal procurements; 5) Establishment of size standards solely for Federal procurement; 6) Establishment of tiered size standards; 7) Simplification of small business status and affiliation with other businesses; 8) Joint ventures and small business eligibility; 9) Grandfathering of currently eligible small businesses; and 10) Impact of SBA size standards on the regulations of other Federal agencies. SBA received several thousand comments on these issues, but no consensus.

In 2007, SBA began a comprehensive review of all size standards to determine whether the existing size standards were consistent with current data, and to revise them, when necessary. In addition, on September 27, 2010, the President of the United States signed the Small Business Jobs Act of 2010 (Jobs Act), Pub. L 111-240, 124 Stat. 2504, Sept. 27, 2010. The Jobs Act directs SBA to conduct, at least every five years, a detailed review of all size standards and to make appropriate adjustments to reflect market conditions. SBA completed the first five-year review of size standards in early 2016 and the second five-year review of size standards in early 2023. SBA is currently int the midst of the next (third) five-year review. Across the first two reviews, SBA only decreased three size standards out of more than 1,000, in order to exclude potentially dominant firms from being considered small. The rest were either raised based on an analysis of industry features or maintained because of SBA policy decisions of not lowering size standards in both reviews.[5]

SBA modified its method for calculating average annual receipts used to prescribe size standards for small businesses (84 FR 66561; December 5, 2019). Specifically, in accordance with the Small Business Runway Extension Act of 2018, SBA changed its regulations on the calculation of average annual receipts for all of SBA's receipts based size standards, and for other agencies' proposed receipts based size standards, from a three-year averaging period to a five-year averaging period, outside of the SBA Business Loan and Disaster Loan Programs.

In accordance with NDAA 2021, SBA adopted a 24-month average to calculate a business concern's number of employees for eligibility purposes in all of SBA's programs (87 FR 34094; June 6, 2022). SBA also permitted business concerns in its Business Loan, Disaster Loan, Surety Bond, and Small Business Investment Company (SBIC) Programs to use a five-year averaging period, in addition to the existing three-year averaging period, for the purposes of calculating average annual receipts.

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[5] Size standards in the first five-year review were not lowered due to lingering impacts of the 2007-2009 Great Recession. Size standards in the second five-year review were not lowered due disruptions because of the COVID-19 Pandemic.

Currently, the most prevalent size standards are $9 million in annual receipts for Retail Trade and Services, $45 million for General Construction, $19 million for Special Trade Construction, 100 employees to 250 employees for Wholesale Trade for all Federal programs except for Federal procurement where it is 500 employees under the nonmanufacturer rule, and 500 employees for manufacturing industries. Monetary based size standards range from $2.25 million in annual receipts for some Agricultural enterprises to $47 million in annual receipts for some Retail Trade and some services industries. Similarly, employee based standards range from 100 employees for Fuel Dealers to 1,500 employees for some Manufacturing, Telecommunications, and Transportation industries. With exceptions of wholesale and retail trade industries, uniform size standards are now in place for all SBA's programs. Wholesale and retail trade industries have a singular 500-employee size standard for Federal procurement purposes under the nonmanufacturer rule and industry-specific size standards that apply to SBA's financial and other non-procurement Federal programs.

2.4 2024 Size Standards Methodology

On September 12, 2024, SBA adopted the current size standards methodology (89 FR 74109). It incorporated minor changes from the previously adopted version from 2019 (84 FR 14587; April 11, 2019), with the exception of inflation adjustments for monetary based size standards and adjustments to the federal contracting disparity calculations. The 2024 methodology used seven factors to determine size standards: the simple average firm size, weighted average firm size, average assets per firm, four firm concentration ratio, Gini coefficient of industry revenue, and two disparity measures of federal contracting for any industries with more than $20 million in federal contracts. For the first five measures, SBA compared an industry's factor to that of a reference group of other industries to arrive at a factor specific size standard. For the federal contracting disparity measures, the methodology proposed an increase if small businesses were significantly below parity in terms of the number of federal contracts or contracting dollars. Once each factor specific size standard had been calculated, all seven were averaged together to arrive at a final size standard. Most size standards corresponded to a NAICS 6-digit industry, though there were some alternative size standards for specific subindustries which are heavily used in federal contracting. Lastly, while not a part of the official size standard methodology, SBA chose not to decrease size standards even when the methodology would support it except in cases where a nationally dominant firm would be classified as small.[6]

3. Grouping Industries

Since 2000, SBA has used the North American Industrial Classification System (NAICS) 6-digit industry codes as a basis for its table of small business size standards, replacing the older Standard Industrial Classification (SIC) (65 FR 30836; May 15, 2000). Since then, the Office of Management and Budget (OMB) has issued five revisions to NAICS – NAICS 2002 (66 FR 3826; January 16, 2001), NAICS 2007 (71 FR 28532; March 16, 2006), NAICS 2012 (76 FR 51240; August 17, 2011), NAICS 2017 (81 FR 52584; August 8, 2016), and the latest 2022 (86 FR 72277; December 21, 2021) revisions. To ensure that size standards are based on latest industry definitions, SBA updates its table of size standards following the release of a new NAICS revision from OMB.

As of the most recent NAICS revision in 2022 there are 1,012 unique industries identified,[7] with small businesses operating in 980 of those.[8] With this level of disaggregation, many of the distinctions made are not relevant to businesses, except as it

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[6] Small Business Size Standards: Monetary-Based Industry Size Standards (90 FR 41168 August 22, 2025)

[7] 2022 NAICS Manual - Office of Management and Budget

[8] Small businesses cannot operate in NAICS 491110 (Postal Service), 521110 (Monetary Authorities-Central Bank), 814110 (Private Households), and 29 industries in NAICS Sector 92 (Public Administration).

relates to their small business status. For example, there are four different NAICS 6-digit codes for Restaurants: 722511 (Full-Service Restaurants), 722513 (Limited-Service Restaurants), 722514 (Cafeterias, Grill Buffets, and Buffets), and 722515 (Snack and Nonalcoholic Beverage Bars). Choosing which code is correct for most restaurants might be straightforward, but there are edge cases which could create unnecessary confusion. Some restaurants may serve customers with a buffet for lunch so that customers can eat more quickly before returning to work, but as a traditional sit-down restaurant for dinner. Under the current size standards, such a restaurant would have to determine their industry by looking at which type of service generates the majority of its revenue—a relevant distinction as buffets have a size standard that is nearly 3 times higher than full-service restaurants ($34 million in receipts vs. $11.5 million).[9]

SBA size standards are used by a wide range of practitioners, many of whom do not have a nuanced understanding of the nearly 1,000 NAICS 6-digit Industries containing small businesses. The SBA is proposing to establish certain size standards at the NAICS 4-digit Industry Group instead of at a lower 5-digit or 6-digit Industry level for industries as allowed under 15 USC § 632(a)(7), where appropriate. Grouping at the 4-digit level will allow small businesses to more easily determine where their business fits within the federal government ecosystem, in turn providing them an easier entry to federal contracting and other services that may be available to them. Additionally, grouping at the 4-digit level will help prevent the issue of contracting officers at federal agencies choosing the improper industry and corresponding size standard for contracts up for bid, which has in turn restricted opportunities for small businesses that should have been eligible to compete SBA believes setting size standards at the 4-digit level where appropriate will thus foster a more competitive environment where small businesses can earn revenue and grow.

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[9] 13 CFR 121.201

The SBA's proposed justification for grouping industries at the 4-digit level is based on two criteria with a single size standard chosen for industries if either criterion is met. In such instances, SBA believes that a single size standard is appropriate for all industries within such 4-digit level. When neither criterion is met, the SBA believes a single size standard at the 4-digit level is inappropriate and proposes to use the 5-digit Industry as the level for size standard classification. Because the NAICS framework is hierarchical, size standards proposed at the 4-digit Industry Group will continue to ensure complete coverage of small businesses as each 6-digit Industry is nested inside a single 4-digit Industry Group.[10]

The first is to see if the 4-digit NAICS Industry Group is at or below the lowest level of the hierarchy where the United States, Canada and Mexico are in agreement. Because the three countries are in agreement on these industry definitions but not the lower industries, there is an understanding that these industries are similar enough for cross-country purposes. Further delineation is therefore only used within the United States, and as such the distinctions are more nuanced. Take Oil and Gas Extraction (NAICS 2111), one of the Industry Groups where the three countries have chosen not to delineate further. The United States has chosen to further break the Industry Group down into Crude Petroleum Extraction (NAICS 211120) and Natural Gas Extraction (NAICS 211130). While the two primary commodities produced are distinct, both are often collocated in the same field, leading many firms to produce both. As such the 2022 NAICS manual includes a cross-reference for how to classify establishments.[11] Of the

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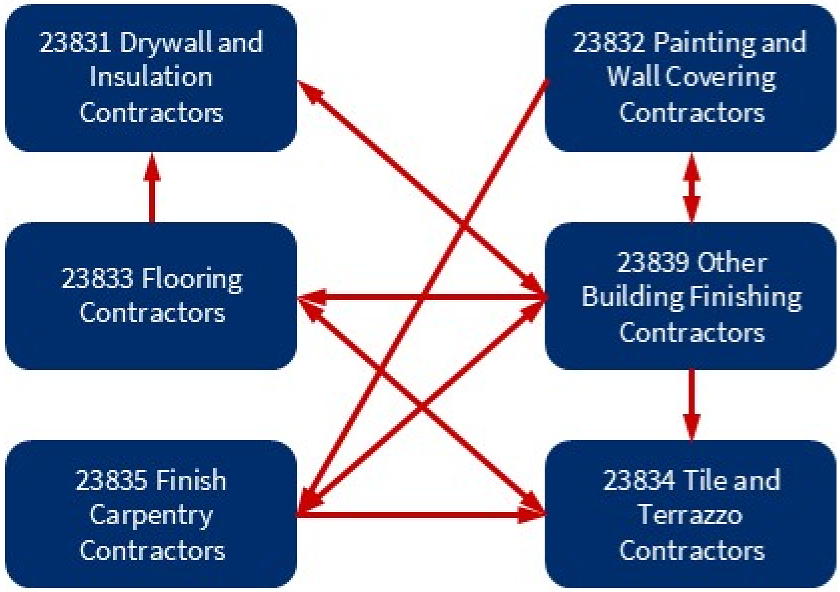
[10] For example, the NAICS Industry Group 3352 Household Appliance Manufacturing contains two 6-digit Industries: 335210 Small Electrical Appliance Manufacturing and 335220 Major Household Appliance Manufacturing. Because the SBA is proposing a unified size standard for the Industry Group it will apply to both Industries.

[11] The cross-reference is as follows: "combined activities of crude petroleum and natural gas extraction--are classified in Industry Group 2111, Oil and Gas Extraction, based on the primary activity of the establishment" 2022 NAICS Manual - Office of Management and Budget

297 Industry Groups which may include small businesses, 189 are at or below the lowest level of the NAICS hierarchy. Additionally, all 5-digit NAICS Industries satisfy this criterion.

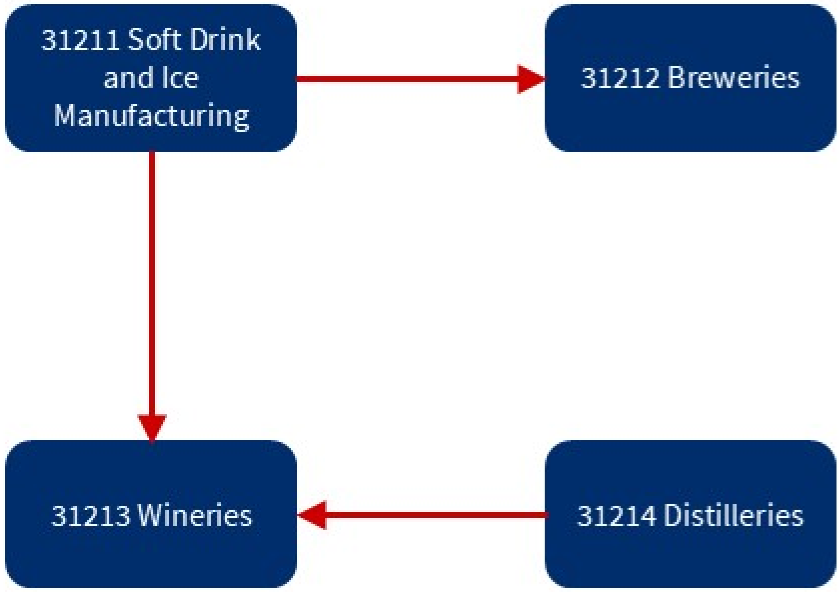
The second is to see if the cross-references in the 2022 NAICS manual create a complete graph of 5-digit industries within a 4-digit industry group. This means that every 5-digit industry is reachable, either directly or indirectly through a series of cross-references. The most common way this is achieved is by one or more 5-digit industries sharing cross-references with every other industry. Figure 1 shows such an example in Building Finishing Contractors (NAICS 2383), where the 5-digit Industry Other Building Finishing Contractors (23839) references the other five industries. For only two industry groups, Beverage Manufacturers (NAICS 3121) and Basic Chemical Manufacturers (NAICS 3251), is a longer path requiring two intermediary 5-digit industries for some pairs of industries. Figure 2 shows the cross-references for Beverage Manufacturers for reference. Of the 297 Industry Groups which include small businesses, 263 contain a complete graph of 5-digit industries.

Figure 1: Cross-References for the Building Finishing Contractors Industry Group (NAICS 2383)



Note: Cross-references were gathered from the 2022 NAICS Industry Cross-References Excel workbook available at NAICS Downloadable Files - Census Bureau. Arrows indicate the direction of the cross-reference.

Figure 2: Cross-References for the Beverage Manufacturing Industry Group (NAICS 3121)



Note: Cross-references were gathered from the 2022 NAICS Industry Cross-References Excel workbook available at NAICS Downloadable Files - Census Bureau. Arrows indicate the direction of the cross-reference.

When used in conjunction, the two proposed criteria indicate that 276 Industry Groups meet the criteria to use Industry Group, while 21 do not meet the two-part test being utilized. Of those which meet Industry Grouping criteria, 176 satisfy both criteria, 13 meet the cross-country criterion, and 87 meet the cross-reference criterion. The results for each industry group are shown in Table 1 along with the number of 6-digit NAICS industries that are contained in each. Based on these results, the SBA is proposing 338 size standards, 276 at the 4-digit Industry Group level and 62 at the 5-digit Industry level. This is a significant reduction from the current table which includes 995 size standards.

Table 1: Industry Group Criteria Results

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
1111	Oilseed and Grain Farming	8	No	Yes
1112	Vegetable and Melon Farming	2	Yes	Yes
1113	Fruit and Tree Nut Farming	9	No	Yes
1114	Greenhouse, Nursery, and Floriculture Production	4	No	No
1119	Other Crop Farming	7	No	Yes
1121	Cattle Ranching and Farming	4	No	Yes
1122	Hog and Pig Farming	1	Yes	Yes
1123	Poultry and Egg Production	5	No	No
1124	Sheep and Goat Farming	2	No	No
1125	Aquaculture	3	Yes	Yes
1129	Other Animal Production	4	No	Yes
1131	Timber Tract Operations	1	Yes	Yes
1132	Forest Nurseries and Gathering of Forest Products	1	Yes	Yes
1133	Logging	1	Yes	Yes
1141	Fishing	3	Yes	Yes
1142	Hunting and Trapping	1	Yes	Yes
1151	Support Activities for Crop Production	6	Yes	Yes
1152	Support Activities for Animal Production	1	Yes	Yes
1153	Support Activities for Forestry	1	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
2111	Oil and Gas Extraction	2	Yes	Yes
2121	Coal Mining	2	Yes	Yes
2122	Metal Ore Mining	4	No	Yes
2123	Nonmetallic Mineral Mining and Quarrying	8	No	Yes
2131	Support Activities for Mining	5	Yes	Yes
2211	Electric Power Generation, Transmission and Distribution	10	No	Yes
2212	Natural Gas Distribution	1	Yes	Yes
2213	Water, Sewage and Other Systems	3	Yes	No
2361	Residential Building Construction	4	Yes	Yes
2362	Nonresidential Building Construction	2	No	Yes
2371	Utility System Construction	3	No	No
2372	Land Subdivision	1	Yes	Yes
2373	Highway, Street, and Bridge Construction	1	Yes	Yes
2379	Other Heavy and Civil Engineering Construction	1	Yes	Yes
2381	Foundation, Structure, and Building Exterior Contractors	8	Yes	Yes
2382	Building Equipment Contractors	3	No	No
2383	Building Finishing Contractors	6	No	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
2389	Other Specialty Trade Contractors	2	No	Yes
3111	Animal Food Manufacturing	2	Yes	Yes
3112	Grain and Oilseed Milling	7	No	Yes
3113	Sugar and Confectionery Product Manufacturing	5	No	No
3114	Fruit and Vegetable Preserving and Specialty Food Manufacturing	5	No	No
3115	Dairy Product Manufacturing	5	No	Yes
3116	Animal Slaughtering and Processing	4	Yes	Yes
3117	Seafood Product Preparation and Packaging	1	Yes	Yes
3118	Bakeries and Tortilla Manufacturing	6	No	No
3119	Other Food Manufacturing	8	No	Yes
3121	Beverage Manufacturing	6	No	Yes
3122	Tobacco Manufacturing	1	Yes	Yes
3131	Fiber, Yarn, and Thread Mills	1	Yes	Yes
3132	Fabric Mills	4	No	No
3133	Textile and Fabric Finishing and Fabric Coating Mills	2	No	Yes
3141	Textile Furnishings Mills	2	No	No
3149	Other Textile Product Mills	3	No	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
3151	Apparel Knitting Mills	1	Yes	Yes
3152	Cut and Sew Apparel Manufacturing	2	Yes	Yes
3159	Apparel Accessories and Other Apparel Manufacturing	1	Yes	Yes
3161	Leather and Hide Tanning and Finishing	1	Yes	Yes
3162	Footwear Manufacturing	1	Yes	Yes
3169	Other Leather and Allied Product Manufacturing	1	Yes	Yes
3211	Sawmills and Wood Preservation	2	Yes	Yes
3212	Veneer, Plywood, and Engineered Wood Product Manufacturing	4	Yes	Yes
3219	Other Wood Product Manufacturing	7	No	Yes
3221	Pulp, Paper, and Paperboard Mills	3	No	Yes
3222	Converted Paper Product Manufacturing	7	No	Yes
3231	Printing and Related Support Activities	4	No	Yes
3241	Petroleum and Coal Products Manufacturing	5	No	Yes
3251	Basic Chemical Manufacturing	7	No	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
3252	Resin, Synthetic Rubber, and Artificial and Synthetic Fibers and Filaments Manufacturing	3	No	No
3253	Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing	5	No	Yes
3254	Pharmaceutical and Medicine Manufacturing	4	Yes	Yes
3255	Paint, Coating, and Adhesive Manufacturing	2	No	Yes
3256	Soap, Cleaning Compound, and Toilet Preparation Manufacturing	4	No	Yes
3259	Other Chemical Product and Preparation Manufacturing	5	No	Yes
3261	Plastics Product Manufacturing	11	No	Yes
3262	Rubber Product Manufacturing	5	No	Yes
3271	Clay Product and Refractory Manufacturing	2	No	Yes
3272	Glass and Glass Product Manufacturing	4	Yes	Yes
3273	Cement and Concrete Product Manufacturing	5	No	No

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
3274	Lime and Gypsum Product Manufacturing	2	No	No
3279	Other Nonmetallic Mineral Product Manufacturing	5	No	Yes
3311	Iron and Steel Mills and Ferroalloy Manufacturing	1	Yes	Yes
3312	Steel Product Manufacturing from Purchased Steel	3	No	No
3313	Alumina and Aluminum Production and Processing	4	Yes	Yes
3314	Nonferrous Metal (except Aluminum) Production and Processing	4	No	Yes
3315	Foundries	6	No	No
3321	Forging and Stamping	5	Yes	Yes
3322	Cutlery and Handtool Manufacturing	2	Yes	Yes
3323	Architectural and Structural Metals Manufacturing	6	No	Yes
3324	Boiler, Tank, and Shipping Container Manufacturing	4	No	Yes
3325	Hardware Manufacturing	1	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
3326	Spring and Wire Product Manufacturing	2	Yes	Yes
3327	Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing	3	No	Yes
3328	Coating, Engraving, Heat Treating, and Allied Activities	3	Yes	Yes
3329	Other Fabricated Metal Product Manufacturing	10	No	Yes
3331	Agriculture, Construction, and Mining Machinery Manufacturing	5	No	Yes
3332	Industrial Machinery Manufacturing	4	Yes	Yes
3333	Commercial and Service Industry Machinery Manufacturing	1	Yes	Yes
3334	Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment Manufacturing	3	Yes	Yes
3335	Metalworking Machinery Manufacturing	5	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
3336	Engine, Turbine, and Power Transmission Equipment Manufacturing	4	Yes	Yes
3339	Other General Purpose Machinery Manufacturing	13	No	Yes
3341	Computer and Peripheral Equipment Manufacturing	3	Yes	Yes
3342	Communications Equipment Manufacturing	3	No	Yes
3343	Audio and Video Equipment Manufacturing	1	Yes	Yes
3344	Semiconductor and Other Electronic Component Manufacturing	6	Yes	Yes
3345	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing	9	Yes	Yes
3346	Manufacturing and Reproducing Magnetic and Optical Media	1	Yes	Yes
3351	Electric Lighting Equipment Manufacturing	3	Yes	Yes
3352	Household Appliance Manufacturing	2	No	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
3353	Electrical Equipment Manufacturing	4	Yes	Yes
3359	Other Electrical Equipment and Component Manufacturing	7	No	Yes
3361	Motor Vehicle Manufacturing	2	No	Yes
3362	Motor Vehicle Body and Trailer Manufacturing	4	Yes	Yes
3363	Motor Vehicle Parts Manufacturing	8	No	Yes
3364	Aerospace Product and Parts Manufacturing	6	Yes	Yes
3365	Railroad Rolling Stock Manufacturing	1	Yes	Yes
3366	Ship and Boat Building	2	Yes	Yes
3369	Other Transportation Equipment Manufacturing	3	Yes	Yes
3371	Household and Institutional Furniture and Kitchen Cabinet Manufacturing	5	No	Yes
3372	Office Furniture (including Fixtures) Manufacturing	4	Yes	Yes
3379	Other Furniture Related Product Manufacturing	2	No	No

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
3391	Medical Equipment and Supplies Manufacturing	5	Yes	Yes
3399	Other Miscellaneous Manufacturing	11	No	Yes
4231	Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers	4	Yes	No
4232	Furniture and Home Furnishing Merchant Wholesalers	2	Yes	No
4233	Lumber and Other Construction Materials Merchant Wholesalers	4	Yes	Yes
4234	Professional and Commercial Equipment and Supplies Merchant Wholesalers	7	Yes	No
4235	Metal and Mineral (except Petroleum) Merchant Wholesalers	2	Yes	No
4236	Household Appliances and Electrical and Electronic Goods Merchant Wholesalers	3	Yes	Yes
4237	Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers	4	Yes	No

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
4238	Machinery, Equipment, and Supplies Merchant Wholesalers	6	Yes	No
4239	Miscellaneous Durable Goods Merchant Wholesalers	5	Yes	Yes
4241	Paper and Paper Product Merchant Wholesalers	3	Yes	Yes
4242	Drugs and Druggists' Sundries Merchant Wholesalers	1	Yes	Yes
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers	3	Yes	No
4244	Grocery and Related Product Merchant Wholesalers	9	Yes	Yes
4245	Farm Product Raw Material Merchant Wholesalers	3	Yes	Yes
4246	Chemical and Allied Products Merchant Wholesalers	2	Yes	Yes
4247	Petroleum and Petroleum Products Merchant Wholesalers	2	Yes	Yes
4248	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers	2	Yes	No
4249	Miscellaneous Nondurable Goods Merchant Wholesalers	6	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
4251	Wholesale Trade Agents and Brokers	1	Yes	Yes
4411	Automobile Dealers	2	Yes	Yes
4412	Other Motor Vehicle Dealers	3	Yes	Yes
4413	Automotive Parts, Accessories, and Tire Retailers	2	Yes	Yes
4441	Building Material and Supplies Dealers	4	Yes	Yes
4442	Lawn and Garden Equipment and Supplies Retailers	2	Yes	No
4451	Grocery and Convenience Retailers	3	Yes	Yes
4452	Specialty Food Retailers	6	Yes	Yes
4453	Beer, Wine, and Liquor Retailers	1	Yes	Yes
4491	Furniture and Home Furnishings Retailers	4	Yes	Yes
4492	Electronics and Appliance Retailers	1	Yes	Yes
4551	Department Stores	1	Yes	Yes
4552	Warehouse Clubs, Supercenters, and Other General Merchandise Retailers	2	Yes	Yes
4561	Health and Personal Care Retailers	5	Yes	Yes
4571	Gasoline Stations	2	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
4572	Fuel Dealers	1	Yes	Yes
4581	Clothing and Clothing Accessories Retailers	1	Yes	Yes
4582	Shoe Retailers	1	Yes	Yes
4583	Jewelry, Luggage, and Leather Goods Retailers	2	Yes	No
4591	Sporting Goods, Hobby, and Musical Instrument Retailers	4	Yes	No
4592	Book Retailers and News Dealers	1	Yes	Yes
4593	Florists	1	Yes	Yes
4594	Office Supplies, Stationery, and Gift Retailers	2	Yes	Yes
4595	Used Merchandise Retailers	1	Yes	Yes
4599	Other Miscellaneous Retailers	5	Yes	Yes
4811	Scheduled Air Transportation	2	Yes	Yes
4812	Nonscheduled Air Transportation	3	Yes	Yes
4821	Rail Transportation	2	Yes	Yes
4831	Deep Sea, Coastal, and Great Lakes Water Transportation	4	Yes	Yes
4832	Inland Water Transportation	2	Yes	Yes
4841	General Freight Trucking	3	No	Yes
4842	Specialized Freight Trucking	3	No	Yes
4851	Urban Transit Systems	4	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
4852	Interurban and Rural Bus Transportation	1	Yes	Yes
4853	Taxi and Limousine Service	2	No	Yes
4854	School and Employee Bus Transportation	1	Yes	Yes
4855	Charter Bus Industry	1	Yes	Yes
4859	Other Transit and Ground Passenger Transportation	2	Yes	Yes
4861	Pipeline Transportation of Crude Oil	1	Yes	Yes
4862	Pipeline Transportation of Natural Gas	1	Yes	Yes
4869	Other Pipeline Transportation	2	No	Yes
4871	Scenic and Sightseeing Transportation, Land	1	Yes	Yes
4872	Scenic and Sightseeing Transportation, Water	1	Yes	Yes
4879	Scenic and Sightseeing Transportation, Other	1	Yes	Yes
4881	Support Activities for Air Transportation	3	No	Yes
4882	Support Activities for Rail Transportation	1	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
4883	Support Activities for Water Transportation	4	No	Yes
4884	Support Activities for Road Transportation	2	No	Yes
4885	Freight Transportation Arrangement	1	Yes	Yes
4889	Other Support Activities for Transportation	2	Yes	Yes
4921	Couriers and Express Delivery Services	1	Yes	Yes
4922	Local Messengers and Local Delivery	1	Yes	Yes
4931	Warehousing and Storage	4	No	Yes
5121	Motion Picture and Video Industries	6	No	Yes
5122	Sound Recording Industries	4	No	Yes
5131	Newspaper, Periodical, Book, and Directory Publishers	6	No	Yes
5132	Software Publishers	1	Yes	Yes
5161	Radio and Television Broadcasting Stations	2	No	No
5162	Media Streaming Distribution Services, Social Networks, and	1	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
	Other Media Networks and Content Providers			
5171	Wired and Wireless Telecommunications (except Satellite)	4	Yes	Yes
5174	Satellite Telecommunications	1	Yes	Yes
5178	All Other Telecommunications	1	Yes	Yes
5182	Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	1	Yes	Yes
5192	Web Search Portals, Libraries, Archives, and Other Information Services	2	No	Yes
5221	Depository Credit Intermediation	3	Yes	Yes
5222	Nondepository Credit Intermediation	5	Yes	Yes
5223	Activities Related to Credit Intermediation	3	Yes	Yes
5231	Securities and Commodity Contracts Intermediation and Brokerage	2	Yes	No
5232	Securities and Commodity Exchanges	1	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
5239	Other Financial Investment Activities	4	Yes	Yes
5241	Insurance Carriers	6	Yes	Yes
5242	Agencies, Brokerages, and Other Insurance Related Activities	4	Yes	Yes
5251	Insurance and Employee Benefit Funds	3	Yes	Yes
5259	Other Investment Pools and Funds	3	Yes	Yes
5311	Lessors of Real Estate	4	Yes	Yes
5312	Offices of Real Estate Agents and Brokers	1	Yes	Yes
5313	Activities Related to Real Estate	4	Yes	Yes
5321	Automotive Equipment Rental and Leasing	3	No	Yes
5322	Consumer Goods Rental	6	No	Yes
5323	General Rental Centers	1	Yes	Yes
5324	Commercial and Industrial Machinery and Equipment Rental and Leasing	4	No	Yes
5331	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	1	Yes	Yes
5411	Legal Services	4	No	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
5412	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	4	Yes	Yes
5413	Architectural, Engineering, and Related Services	8	No	No
5414	Specialized Design Services	4	No	Yes
5415	Computer Systems Design and Related Services	4	Yes	Yes
5416	Management, Scientific, and Technical Consulting Services	7	No	Yes
5417	Scientific Research and Development Services	4	No	No
5418	Advertising, Public Relations, and Related Services	8	No	Yes
5419	Other Professional, Scientific, and Technical Services	6	No	Yes
5511	Management of Companies and Enterprises	3	Yes	Yes
5611	Office Administrative Services	1	Yes	Yes
5612	Facilities Support Services	1	Yes	Yes
5613	Employment Services	4	No	Yes
5614	Business Support Services	10	No	Yes
5615	Travel Arrangement and Reservation Services	4	No	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
5616	Investigation and Security Services	5	No	Yes
5617	Services to Buildings and Dwellings	5	No	Yes
5619	Other Support Services	3	No	Yes
5621	Waste Collection	3	Yes	Yes
5622	Waste Treatment and Disposal	4	Yes	Yes
5629	Remediation and Other Waste Management Services	4	Yes	Yes
6111	Elementary and Secondary Schools	1	Yes	Yes
6112	Junior Colleges	1	Yes	Yes
6113	Colleges, Universities, and Professional Schools	1	Yes	Yes
6114	Business Schools and Computer and Management Training	3	No	Yes
6115	Technical and Trade Schools	4	Yes	Yes
6116	Other Schools and Instruction	6	No	Yes
6117	Educational Support Services	1	Yes	Yes
6211	Offices of Physicians	2	Yes	Yes
6212	Offices of Dentists	1	Yes	Yes
6213	Offices of Other Health Practitioners	6	No	Yes
6214	Outpatient Care Centers	6	No	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
6215	Medical and Diagnostic Laboratories	2	Yes	Yes
6216	Home Health Care Services	1	Yes	Yes
6219	Other Ambulatory Health Care Services	3	No	Yes
6221	General Medical and Surgical Hospitals	1	Yes	Yes
6222	Psychiatric and Substance Abuse Hospitals	1	Yes	Yes
6223	Specialty (except Psychiatric and Substance Abuse) Hospitals	1	Yes	Yes
6231	Nursing Care Facilities (Skilled Nursing Facilities)	1	Yes	Yes
6232	Residential Intellectual and Developmental Disability, Mental Health, and Substance Abuse Facilities	2	No	Yes
6233	Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly	2	Yes	Yes
6239	Other Residential Care Facilities	1	Yes	Yes
6241	Individual and Family Services	3	No	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
6242	Community Food and Housing, and Emergency and Other Relief Services	4	No	No
6243	Vocational Rehabilitation Services	1	Yes	Yes
6244	Child Care Services	1	Yes	Yes
7111	Performing Arts Companies	4	No	Yes
7112	Spectator Sports	3	Yes	Yes
7113	Promoters of Performing Arts, Sports, and Similar Events	2	No	Yes
7114	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures	1	Yes	Yes
7115	Independent Artists, Writers, and Performers	1	Yes	Yes
7121	Museums, Historical Sites, and Similar Institutions	4	No	No
7131	Amusement Parks and Arcades	2	No	Yes
7132	Gambling Industries	2	No	Yes
7139	Other Amusement and Recreation Industries	6	No	Yes
7211	Traveler Accommodation	4	No	Yes
7212	RV (Recreational Vehicle) Parks and Recreational Camps	2	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
7213	Rooming and Boarding Houses, Dormitories, and Workers' Camps	1	Yes	Yes
7223	Special Food Services	3	No	Yes
7224	Drinking Places (Alcoholic Beverages)	1	Yes	Yes
7225	Restaurants and Other Eating Places	4	Yes	Yes
8111	Automotive Repair and Maintenance	7	No	Yes
8112	Electronic and Precision Equipment Repair and Maintenance	1	Yes	Yes
8113	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	1	Yes	Yes
8114	Personal and Household Goods Repair and Maintenance	5	No	Yes
8121	Personal Care Services	5	Yes	Yes
8122	Death Care Services	2	Yes	Yes
8123	Drycleaning and Laundry Services	4	Yes	Yes
8129	Other Personal Services	5	Yes	Yes
8131	Religious Organizations	1	Yes	Yes

NAICS	Description	Number of 6-digit Industries	Cross-Country Test	Cross-Reference Test
8132	Grantmaking and Giving Services	3	Yes	Yes
8133	Social Advocacy Organizations	3	Yes	Yes
8134	Civic and Social Organizations	1	Yes	Yes
8139	Business, Professional, Labor, Political, and Similar Organizations	5	Yes	Yes

As OMB issues new updates to NAICS, SBA will continue to match its size standards definition to the latest version. When SBA proposed to replace SIC with NAICS 1997 as the basis of industry definitions for its table of small business size standards, it established a set of guidelines or rules to convert the size standards from industries under SIC to those under NAICS (64 FR 57188; October 22, 1999). The guidelines aimed to minimize the impact of applying a new industry classification system on SBA's size standards and on small businesses that qualified as small under the SIC based size standards. SBA received no negative comments against the proposed guidelines. SBA published the final rule on May 15, 2000 (65 FR 30386) (corrected on September 5, 2000 (65 FR 53533)) adopting the resulting table of size standards based on NAICS 1997, as proposed. To be consistent, SBA also applied the same guidelines when it updated its table of size standards to adopt NAICS 2002 (67 FR 52597; August 13, 2002), NAICS 2007 (72 FR 49639; August 29, 2007), NAICS 2012 (77 FR 49991; August 20, 2012), NAICS 2017 (82 FR 44886; September 27, 2017), and NAICS 2022 revisions (87 FR 59240; September 29, 2022). In all those updates, SBA received no adverse comments on using those guidelines, or on the resulting changes to the size standards. Those guidelines are shown below in Table 1, General Guidelines to Convert Size Standards from Old NAICS to New NAICS Industries.

Table 2: General Guidelines to Convert Size Standards from Old NAICS to New NAICS Categories

	If new NAICS industry is composed of:	The size standard for the new industry will be:
1	A single old NAICS industry (ex. 5-digit and 6-digit NAICs) or part of a single old NAICS industry	The same size standard as for the old NAICS industry or part.
2	Two or more old NAICS industries; two or more parts of an old industry; parts of two or more old NAICS industries; or one or more old NAICS industries and part(s) of one or more old NAICS industries	
2a	they all have the same size standard	The same size standard as for the old NAICS industries or parts.
2b	they all have the same size measure (e.g., receipts, employees, etc.) but do not all have the same size standard	The same size standard as for the old NAICS industry or part that most closely matches the economic activity described by the new NAICS industry, or The highest size standard among the old NAICS industries and part(s) that comprise the new NAICS industry,

		provided that the highest size standard does not include dominant or potentially dominant firms.
2c	they have different size measures (i.e., for example, some are based on receipts and others on employees) and hence do not all have the same size standard	The same size standard as for the old NAICS industry or part that most closely matches the economic activity described by the new NAICS industry, or The highest size standard among the old NAICS industries and part(s) that comprise the new NAICS industry, provided that the highest size standard does not include dominant or potentially dominant firms. To apply this rule, SBA converts all size standards to a single measure (e.g., receipts, employees, etc.) using the size measure for the old NAICS industry or part(s) that most closely match the economic activity described by the new NAICS industry or using the size measure that applies to most of the old NAICS industries or parts comprising the new NAICS industry.

In addition to the above general guidelines, in cases where a new industry group or industry is formed by merging multiple industry groups or industries or their parts with substantially different levels or different measures of size standards, SBA also examines the relevant latest industry and Federal procurement data to determine an appropriate size standard for the new industry group or industry.

4. Selection of Size Measure

SBA has primarily used two measures of business size for its size standards – receipts and number of employees.[12] Both are statutorily required for businesses depending on business activity. Businesses providing services are required to have a receipts based size standard,[13] and those in manufacturing are required to have an employment based size standard.[14] In addition, the SBA is afforded the authority to use additional factors as appropriate. For all but one industry, Fishing (NAICS 1141), where Congress has delegated the determination to SBA, SBA proposes to use an employment based size standard. SBA's choice is intended to minimize the number of businesses that fluctuate between small and large each year, as such fluctuation makes it more difficult for businesses to strategically plan, for example, their capital and contracting opportunities, and for federal agencies to likewise evaluate what businesses may be eligible to bid on small business contracts on a year-over-year basis. SBA believes this goal is achievable by deferring to employment-based size standards over receipts where possible because of the lower volatility in employment year to year as compared to receipts.[15] The Act itself reflects the greater stability of employment relative to receipts,

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[12] Besides receipts and employees, the current size standards include two other measures for determining size standards. For Commercial Banking (NAICS 522110), Credit Unions (NAICS 522130), Credit Card Issuing (NAICS 522210), and Savings Institutions and Other Depository Credit Intermediation (NAICS 522180) the size standard is defined as $850 million in total assets, and was chosen because it was "the most commonly accepted measure of bank size" in 1984 (49 FR 40399). For Petroleum Refineries (NAICS 324110) the size standard is defined both in terms of employees and barrels of oil refined per day, again because it was considered a better indicator of size for a single petroleum refinery (57 FR 542). SBA is proposing to replace this standard with just an employment number because employment requires less adjustment as productivity improves. For example, 1992 SBA has raised the barrels of oil part of the size standard 3 times (57 FR 18808; May 1, 1992, 68 FR 15047; March 28, 2003, and 81 FR 4469; January 26, 2016).

[13] 15 U.S.C. § 632(a)(2)(C)(ii)(II)

[14] 15 U.S.C. § 632(a)(2)(C)(ii)(I)

[15] Across the entire economy, the variation in total employment is just 44 percent of the variation in total real output (Federal Reserve Economic Data - St. Louis Federal Reserve Bank)

as receipt based size standard determinations are based on the average receipts over five years, while employment based size on average employment over two years.

There are other additional benefits to deferring to employment-based size standards where available. First, greater use of employment-based size standards should also benefit small Federal contractors, as the act of winning a contract will not by itself force a firm to transition into a large business. Second, it will put businesses in high cost of living areas on equal footing with those in low cost of living areas, as high input costs create greater disparities in receipts across the country than employment. For example, restaurants in Manhattan, New York earn $120 thousand in receipts per employee, while those in Manhattan, Kansas earn just $49 thousand.[16] Lastly, employment-based size standards are robust to both inflation and productivity growth and thus require less frequent updating by SBA. During the periods between adjustments, some businesses lose their small business status only to regain it upon the adjustment. In its most recent rule increasing monetary size standards for inflation, for example, 17,713 firms were expected to regain small businesses status as a result of the rule.[17]

SBA considered leaving size standards receipts-based where SBA has the discretion to choose the appropriate size standard, but elected not to do so for the reasons discussed above. In deciding whether to shift such size standards from receipts-based to employment-based, SBA considered the potential costs of doing so, including regulatory familiarization. SBA determined that the benefits outweighed the costs and is thus proposing such shifts.

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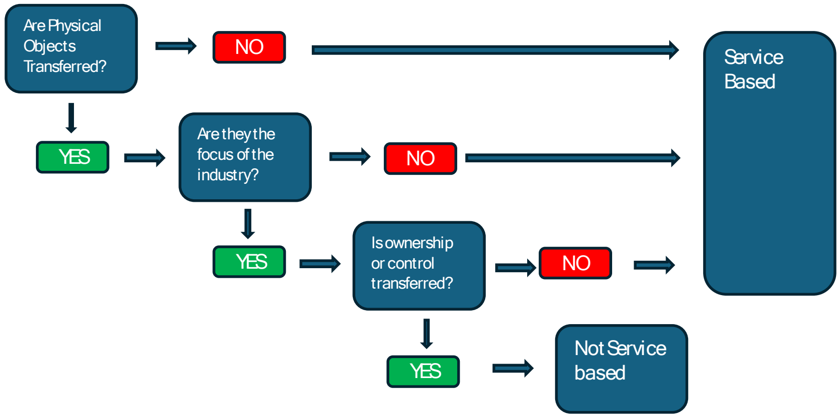
[16] According to the 2022 Statistics of U.S. Businesses. Manhattan, New York number is taken from the receipts and employment in the Food Services and Drinking Places Subsector (NAICS 722) for New York County, New York, while the Manhattan, Kansas number is taken from the receipts and employment in the same subsector for Riley County, Kansas.

[17] 88 FR 46048

SBA also proposes to end all 18 size standards exceptions for Federal contracting. SBA believes that the other changes made to this document serve to ameliorate the issues these exceptions attempted to address in a patchwork manner. In particular, for all but one exception, the proposed size standards outlined in the accompanying Notice of Proposed Rulemaking for each industry are larger than the exception under that industry. None of the firms using these exemptions are expected to lose small business status as a result of the proposed changes, other than potentially Environmental Remediation Services an exception to NAICS 56291 which currently has an employee based size standard. The proposed methodology would result in a size standard for NAICS 5629 and subsequent NAICS at the 5 and 6 digit level at $113 million in receipts. SBA requests comment on any impact in that exception, as well as on whether any other exceptions for federal contracting are needed under the new methodology and should remain.

To identify industry groups and industries appropriate to transition to employment based size standards, the SBA must first determine whether receipts-based size standards are required under 15 US.C. 632(a)(2)(C)(ii)(II). The SBA proposes to do this by considering whether the industry group or industry is predominantly service-oriented by, in turn, considering whether the industry group or industry is focused on the transfer of ownership or practical control of a tangible item. Regardless of the magnitude of the labor investment in the industry, the focus here is on the contract and the product provided to the customer. To make this determination, SBA is using a three-step process for each industry group or industry considered. First, is to identify what kind of physical objects are being transferred by an industry group or industry. Second is to determine if the industry group or industry primarily exists to transfer such objects. Third is to determine if ownership or long-term practical control of the object is being transferred. Only if all three components of the test are satisfied is an industry group or industry considered a non-service. The test is laid out in Figure 3 below.

Figure 3: Test for Identifying Service-based Industry Groups



To illustrate how the test works, the SBA has provided examples of industry groups which fail each specific part of the test and one which satisfies all three to be considered other than service. An industry group which would fail the first test (are physical objects transferred) is Elementary and Secondary Schools (NAICS 6111). The industry group provides knowledge to children with little to no physical objects given. An industry group which would fail the second test (are physical objects the focus of business) is Legal Services (NAICS 5411). The industry group does provide physical objects such as contract documents, but legal firms primarily offer their legal expertise which is intangible. An industry group which would fail the final test (is ownership or control transferred) is General Freight Trucking (NAICS 4841). This industry is primarily focused on moving objects around, however it does so without a change in ownership. Trucking firms do not typically purchase what they are hauling to then resell it upon arriving at their destination, but instead move goods on a contract basis. Finally, an industry group which satisfies all three parts is Oil and Gas Extraction (NAICS 2111). In it, oil and gas is brought up out of the ground after which it is sold and ownership is transferred.

As the SBA has not previously made a systematic determination of whether an industry group or industry can be classified as other than service, it evaluated all 192 industry groups and industries which currently have a receipts based size standard and 2 NAICS industry groups with a mix of employment and receipts based size standards where the industries with an employment based size standard generated a minority of total receipts.[18] Of these, the SBA is proposing that 66 can be classified as other than service, and proposes that 65 to transition to employment based on the test described above. Regarding the one remaining industry group, Fishing (NAICS 1141), the SBA is proposing to keep as receipts based due to the heavy use of independent contractors rather than employees to work on commercial fishing boats. Based on a combination of data from the Statistics of U.S. Businesses and the Nonemployer Statistics, the SBA found that 57 percent of receipts in the industry group were generated by nonemployers, far higher than any other industry group with a proposed employment based size standard. An explanation for each is provided in Table 3. SBA requests comment on such transitions, including on whether a receipts-based size standard based on the methodology herein is more appropriate for any industries or industry groups.

Table 3: Industries Suitable for Transitioning to Employment Based Size Standards

NAICS	Reasoning
111 Crop Production (includes 111110, 111120, 111130, 111140, 111150, 111160, 111191, 111199, 111211, 111219, 111310, 111320, 111331, 111332, 111333,	Industries in this subsector focus on growing various crops (soybeans, wheat, corn, etc.), which is a type of goods production. Once crops have reached maturity, they are harvested and sold at which point ownership is transferred.

[18] Five other industry groups: Automotive Dealers (NAICS 4411), Nonscheduled Air Transportation (NAICS 4812), Other Pipeline Transportation (NAICS 4869), Sound Recording Industries (NAICS 5122), and Web Search Portals, Libraries, Archives, and Other Information Services (NAICS 5192) have industries with employment based size standards currently producing the majority of receipts and are given an employment based size standard based on that criteria. Using a similar test the one industry with a mix of asset and receipt based size standards, Nondepository Credit Intermediation (NAICS 5222) is given a receipts based size standard.

NAICS	Reasoning
111334, 111335, 111336, 111339, 111411, 111419, 111421, 111422, 111910, 111920, 111930, 111940, 111991, 111992, and 111998)	**Conclusion:** Other than service
112 Animal Production and Aquaculture (includes 112111, 112112, 112120, 112130, 112210, 112310, 112320, 112330, 112340, 112390, 112410, 112420, 112511, 112512, 112519, 112910, 112920, 112930, and 112990)	Industries in this subsector focus on raising livestock (cattle, poultry, sheep, etc.) for meat or other products (milk, eggs, wool, etc.) which is a type of goods production. Animals or products they produce will eventually be sold at which point ownership is transferred. **Conclusion:** Other than service
1131 Timber Tract Operations (includes 113110)	This industry focuses on growing trees for the purpose of timber over a long-time horizon (10 years or more) which is a type of goods production. Once the trees have reached maturity, they are cut down and sold at which point ownership is transferred. **Conclusion:** Other than service
1132 Forest Nurseries and Gathering of Forest Products (includes 113210)	This industry focuses on two outcomes. The first is growing trees for reforestation. As these trees are not intended to transfer ownership this part of the industry is a service. The second is gathering products which grow naturally in the forest, such as ginseng or truffles. As these products are

NAICS	Reasoning
	intended to be sold and ownership transferred, this part of this industry is other than service. Of the 24 index entries in the NAICS manual for this industry 21 relate to gathering forest products which is therefore presumed to be the primary focus of the industry. **Conclusion:** Other than service
1141 Fishing (includes 114111, 114112, and 114119)	The industries in this industry group focus on catching wild fish or marine animals from their natural habitat. Upon capture ownership is established. The fish or other marine animals are later then sold at which point ownership is transferred. **Conclusion:** Other than service
2131 Support Activities for Mining (includes 213111, 213112, 213113, 213114, and 213115)	The industries in this industry group focus on preparing and building structures in support of mining operations but do no mining themselves. Activities include, building and demolishing well foundations, drilling holes, digging tunnels, and removing waste material. This often involves a physical change to the land. **Conclusion:** Other than Service.
2213 Water, Sewage and Other Systems	The industries in this industry group focus on delivering water, steam, hot and cold air to customers and receiving used water in the form

NAICS	Reasoning
(includes 221310, 221320, and 221330)	of sewage. During these activities ownership does change hands. **Conclusion:** Other than Service.
236 Construction of Buildings (includes 236115, 236116, 236117, 236118, 236210, and 236220)	The industries in this subsector focus on building or modifying physical structures. The work is similar to onsite manufacturing. Materials are used in the construction and upon completion a physical structure is transferred to new owners. **Conclusion:** Other than Service.
237 Heavy and Civil Engineering Construction (includes 237110, 237120, 237130, 237210, 237310, and 237990)	The industries in this subsector focus on building utility systems to include pipelines, powerlines, and sewer lines. Like manufacturing, raw materials are used to build a product. Ownership is transferred. **Conclusion:** Other than Service.
238 Specialty Trade Contractors (includes 238110, 238120, 238130, 238140, 238150, 238160, 238170, 238190, 238210, 238220, 238290, 238310, 238310, 238320, 238330, 238340, 238350, 238390, 238910, and 238990	The industries in this subsector focus on building specialized parts of larger construction projects (plumbing, electrical wiring, roofing, etc.). Like manufacturing, raw materials are used to build a product. Ownership is transferred. **Conclusion:** Other than Service
4412 Other Motor Vehicle Dealers	The industries in this industry group focus on selling new or used motor vehicles besides cars and trucks (recreational vehicles, boats, all-

NAICS	Reasoning
(includes 441110, 441120, 441210, 441222, and 441227)	terrain vehicles, etc.) to final customers. During these transactions ownership is changed. **Conclusion:** Other than Service
4413 Automotive Parts, Accessories, and Tire Retailers (includes 441330 and 441340)	The industries in this industry group focus on selling motor vehicles parts (tiers, batteries, stereos, etc.) to final customers. During these transactions ownership is changed. **Conclusion:** Other than Service
444 Building Material and Garden Equipment and Supplies Dealers (includes 444110, 444120, 444140, 444180, 444230, and 444240)	The industries in this subsector focus on selling new building materials (paint, lumber, tools, etc.) or lawn and garden equipment and supplies (seeds, plants, lawnmowers, etc.) to final customers. During these transactions ownership is changed. **Conclusion:** Other than Service
445 Food and Beverage Retailers (includes 445110, 445131, 445132, 445230, 445240, 445250, 445291, 445292, 445298, and 445320)	The industries in this subsector focus on food that will not necessarily be consumed immediately (produce, canned, frozen, etc.) to final customers. Establishments may sell specific foods (baked goods, meat, seafood, etc.) or many types (i.e. supermarket). During these transactions ownership is changed. **Conclusion:** Other than Service

NAICS	Reasoning
449 Furniture, Home Furnishings, Electronics, and Appliance Retailer (includes 449110, 449121, 449122, 449129, and 449210)	The industries in this subsector focus on selling new furniture, home furnishings (flooring or window treatments), electronics, or appliances to final customers. During these transactions ownership is changed. **Conclusion:** Other than Service
455 General Merchandise Retailers (includes 455110, 455211, and 455219)	The industries in this subsector focus on selling a wide variety of new products to final customers. During these transactions ownership is changed. **Conclusion:** Other than Service
456 Health and Personal Care Retailers (includes 456110, 456120m 456130, 456191, and 456199)	The industries in this subsector focus on selling health goods (pharmacies, eyeglasses, supplements, etc.) or personal care goods (cosmetics, perfume, haircare products, etc.) to final customers. During these transactions ownership is changed. **Conclusion:** Other than Service
4571 Gasoline Stations (includes 457110 and 457120)	The industries in this industry group focus on selling gasoline to final customers. Some gasoline stations may be collocated with convenience stores and are included in this industry group. During these transactions ownership is changed. **Conclusion:** Other than Service

NAICS	Reasoning
458 Clothing, Clothing Accessories, Shoe, and Jewelry Retailers (includes 458110, 458210, 458310, and 458320)	The industries in this subsector focus on selling new clothing, clothing accessories (handbags, hats, ties, etc.), shoes, jewelry, luggage or leather goods (i.e. briefcases) to final customers. During these transactions ownership is changed. **Conclusion:** Other than Service
459 Sporting Goods, Hobby, Musical Instrument, Book, and Miscellaneous Retailers (includes 459110, 459120, 459130, 459140, 459210, 459310, 459410, 459420, 459510, 459910, 459920, 459930, 459991, and 459999)	The industries in this subsector focus on selling new sporting goods, toys, games, craft supplies, musical instruments and supplies, books, periodicals, flowers, office supplies, gifts, souvenirs, pets and pet supplies, art mobile homes, tobacco, and other miscellaneous products to final customers. This subsector also includes used good sales except motor vehicles. During these transactions ownership is changed. **Conclusion:** Other than Service
5121 Motion Picture and Video Industries (includes 512110, 512120, 512131, 512132, 512191, and 512199)	The industries in this industry group focus on producing, distributing, and exhibiting motion pictures. It includes some industries which are service based and others which are not. Motion Picture production is not a service as it involves the creation of a product. Distributing and exhibiting motion pictures is a service as these activities focus on moving the motion picture towards consumers without transferring

NAICS	Reasoning
	ownership. Based on the 2022 Statistics of U.S. Businesses more than 80 percent of revenue in the industry group comes from motion picture production. **Conclusion:** Other than Service
5132 Software Publishers (includes 513210)	This industry focuses on the production of software. During this process a new product is created which can potentially be transferred in ownership. **Conclusion:** Other than Service
5311 Lessors of Real Estate (includes 531110, 531120, 531130, and 531190)	The industries in this industry group provide long-term leases to real estate for residential or commercial purposes. While ownership is not transferred in these transactions, it does come with a significant loss of control and legal protection for the renter. **Conclusion:** Other than Service
5322 Consumer Goods Rental (includes 532210, 532281, 532282, 5332283, 532284, and 532289)	The industries in the Group rent objects like refrigerators and televisions. These include rent to own which is substantially similar to a retail outlet. Control, and eventually ownership, is transferred. **Conclusion:** Other than Service.
722 Food Services and Drinking Places	The industries in this subsector provide food and drink to customers. Customers may eat at the

NAICS	Reasoning
(includes 722310, 722320, 722330, 722410, 722511, 522513, 722514, and 722515)	location where the food is prepared, take it away to eat, or have it brought to them. Once the food or beverage has been provided to the customers it changes ownership. **Conclusion:** Other than Service

Notes – Only industry groups for which SBA is proposing to change the size standard measure are included in the table. An industry group excluded will maintain their size standard measures. Where appropriate industry groups have been collected at the 3-digit subsector when the same reasoning is applicable to all industry groups in the hierarchy.

The effect of these changes is an increase in the number of employment based size standards. Of the 338 industry groups and industries with size standards 208 are proposed to have an employment based size standard, 129 are proposed to have a receipts based size standard, and one (NAICS 5221 Depository Institutions) has an asset based size standard as seen in Table 2. Many would transition to an employment based size standard either from a receipts based one (64 industries), or a mix of receipts and employment based (6 industries).[19] The proposed size standard determination for all industries can be found in Table A in the Appendix.

Table 4: Summary of Size Standards Determinations

		2026 Size Standards		
2023 Size Standards	2023 Totals	Employment	Receipts	Assets

[19] Industries with a mix of size standards are due to the current size standards being defined at the 6-digit NAICS level while certain proposed size standards are defined at the 4-digit NAICS level. In those cases some 6-digit industries had a receipts based size standard while others had employment based size standards.

Employment	138	138		
Receipts	191	64	127	
Assets	1			1
Receipts/Employment	7	6	1	
Receipts/Assets	1		1	
2026 Totals	338	208	129	1

5. Data Sources

Calculating small business size standards as laid out in this proposed methodology requires data from many sources. For 311 out of 338 industry groups and industries, 8 data sources were used, while for the remaining 27 a special data source is needed due to specific data needs that are not covered in the main data sources. Some of these coverage gaps are due to private firms outside of the general sources, such as farms and railroads, while for others the gaps are due to a significant government presence in industry groups such as utilities, urban transportation, and education. Because of these gaps an additional 14 data sources are used. All the data sources used are produced by Federal agencies, publicly accessible, cited, and discussed below. All are presumed to be from 2022 unless mentioned otherwise. Because of changes in size standards factors, few data sources are repeated from the 2024 Methodology.

5.1 General Industry Data

Statistics of U.S. Businesses[20] - employee counts and receipts by state and industry group or industry from this data source are used to calculate national industry size.

Nonemployer Statistics[21] - establishment counts and receipts by state and industry group or industry from this data source are used to calculate national industry size.

[20] Statistics of U.S. Businesses - Census Bureau
[21] Nonemployer Statistics - Census Bureau

Additionally, total establishment counts by county and industry group or industry from this data source in 2023 are used in the calculation of the number of geographic markets for an industry group or industry.

County Business Patterns[22] - total employee counts by county and industry group or industry from this data source in 2023 are used in the calculation of the number of geographic markets for an industry group or industry.

County Gazetteer Files[23] - county latitudes and longitudes from this data source are used in estimating the approximate location of suppressed employment and nonemployer establishments at the county-industry level using a Heckman selection model. This process is part of the calculation of the number of geographic markets for an industry group or industry.

County Population Totals[24] - 2023 county population from this data source is used the calculation of the number of geographic markets for an industry in two ways. First, in estimating the approximate location of suppressed employment and nonemployer establishments at the county-industry level using a Heckman selection model. And second, in calculating the geographic disparity of an industry group or industry.

American Community Survey Commuting Flows[25] - county to county commuting flows from this data source is used to agglomerate counties into larger areas for the purposes of calculating the number of geographic markets for an industry group or industry. This data is based on the 2016-2020 American Community Survey and is the most recently available.

County Adjacency File[26] - adjacency information from this data source is used to ensure that only contiguous geographic areas are adjoined when counties are agglomerated into

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[22] County Business Patterns - Census Bureau
[23] Gazetteer Files - Census Bureau
[24] County Population Totals - Census Bureau
[25] American Community Survey Commuting Flows - Census Bureau
[26] County Adjacency File - Census Bureau

larger areas in the process of calculating the number of geographic markets for an industry group or industry. This data is from 2023.

Use of Commodities by Industry Table[27] - exports, imports, and output by industry group or industry from this data source are used to adjust national industry size for exports and imports. This data is from 2017 and is the most recent available for the most detailed version.

5.2 Industry Specific Data

Census of Agriculture[28] - employee counts from this data source are used in place of those from the Statistics of U.S. Businesses (SUSB) and Nonemployer Statistics (NES) for 17 farming industry groups and industries. Additionally, 11 farming industry groups or industries are combined in the Census of Agriculture. Their employment is split in proportion to the amount of receipts generated in each industry group or industry as a proportion of all receipts.

Annual Electric Power Industry Report Form EIA-861[29] - total revenue and private industry revenue from this data source is used in combination with data from Form EIA-923 discussed below to adjust SUSB private sector employment for publicly owned electricity distribution in the Electric Power Generation, Transmission and Distribution industry (NAICS 2211). Around 12.1% of electricity is distributed by publicly owned sources. The two values for distribution and generation are averaged to upwardly adjust revenue and employment accordingly.

Annual Electric Power Industry Report Form EIA-923[30] - total net generation and private industry net generation from this data source is used in combination with data from Form

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[27] Use of Commodities by Industry Table - Bureau of Economic Analysis

[28] USDA - National Agricultural Statistics Service - Census of Agriculture

[29] Annual Electric Power Industry Report Form EIA-861 - Energy Information Administration

[30] Annual Electric Power Industry Report Form EIA-923 - Energy Information Administration

EIA-861 discussed above to adjust SUSB private sector employment for publicly owned electricity generation in the Electric Power Generation, Transmission and Distribution industry (NAICS 2211). Around 8.0% of electricity is generated from publicly owned sources. The two values for distribution and generation are averaged to upwardly adjust revenue and employment accordingly.

Natural Gas Summary[31] – average prices and consumption of natural gas from this data source are used to calculate the total revenue of Natural Gas Distribution (NAICS 2212) including both private and government owned entities. Natural gas delivered for electric power generation is excluded as it is primarily delivered via pipeline which is a different industry (NAICS 4861). The number of employees in the industry group from SUSB is then increased proportionally to the ratio of revenue from this source and SUSB.

Data and Information Used by WaterSense[32] - average prices for water in 2024 from this data source is used in calculating the total revenue of all water and sewage systems (NAICS 2213). It is combined with data from the United States Geological Survey discussed below to estimate the total revenue of water and sewage systems. Total employment of all water and sewage systems is estimated by multiplying the employment at privately owned water and sewage systems by the ratio of total revenue to private revenue reported in SUSB.

Estimated Use of Water in the United States 2015[33] - average daily water use by public water systems in 2015 from this data source is used in calculating the total revenue of all water and sewage systems (NAICS 2213). It is combined with data from the Environmental Protection Agency discussed above to estimate the total revenue of water and sewage systems. Total employment of all water and sewage systems is estimated by

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[31] U.S. Natural Gas Summary - Energy Information Agency
[32] Data and Information Used by WaterSense - Environmental Protection Agency
[33] Estimated Use of Water in the United States in 2015 - U.S. Geological Survey

multiplying the employment of privately owned water and sewage systems by the ratio of total revenue to private revenue reported in SUSB.

Railroad Employment and Compensation[34] - employee counts for Class I line-haul railroads, Non-Class I line-haul railroads and switching & terminal companies, and the National Railroad Passenger Corporation (Amtrack) are used to calculate the total employment for Rail Transportation (NAICS 4821). Other Commuter railroads, Car-loan companies, Labor organizations, and Miscellaneous employees are excluded as they fall outside the industry group.

Single Summary of Transit Report[35] - receipts for publicly owned Urban Transit Systems entities (NAICS 4851) from this data set are added to the privately owned numbers from SUSB to arrive at the total receipts for the entire industry group.

Quarterly Banking Profile[36] - data on assets and receipts of federally insured banks and other savings institutions from this data set are combined with similar information about credit unions from the National Credit Union Administration's Quarterly Data Summary Reports discussed below to create the asset-based size standard for Depository Credit Intermediation (NAICS 5221).

Quarterly Data Summary Report[37] - data on assets and receipts of federally insured credit unions from this data set are combined with similar information about banks and other savings institutions from the Federal Deposit Insurance Corporation's Quarterly Banking Profile discussed above to create the asset-based size standard for Depository Credit Intermediation (NAICS 5221).

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[34] Employment and Compensation - Railroad Retirement Board
[35] 2022 Single Summary of Transit Report - Federal Transit Administration
[36] Quarterly Banking Profile – Federal Deposit Insurance Corporation
[37] Quarterly Data Summary Report – National Credit Union Administration

Private Pension Plan Bulletin[38] - data on administrative expenses to pension plans from this data source is added to the contributions to group health plans discussed below to find the revenue for Insurance and Employee Benefit Funds (NAICS 5251).

Group Health Plans Report[39] - data on administrative expenses to group health plans from this data source is added to the contributions to pension plans discussed above to find the revenue for Insurance and Employee Benefit Funds (NAICS 5251).

Common Core of Data America's Public Schools[40] – data on receipts for public Elementary and Secondary Schools (NAICS 6111) from this data source are used. The public school receipts are then added to the private school receipts from SUSB.

Integrated Postsecondary Education Summary Tables[41] – – data on receipts for publicly owned Junior Colleges (NAICS 6112) and Colleges, Universities, and Professional Schools (NAICS 6113) from this data source are used. Junior Colleges are denoted by being institutions with a typical degree plan of less than 4 years, while Colleges, Universities, and Professional Schools have a typical degree plan of 4 years or more. The public school receipts are then added to the private school receipts from SUSB.

6. Calculation of SBA Size Standards

This section lays out the method by which SBA proposes to calculate size standards for each industry group or industry. First, it explains how the three inputs of average market size are calculated using the data sources cited above. These are: national industry size, number of geographic markets, and an adjustment factor for net imports. These three inputs are combined according to the following equation:

$$AverageMarketSize_i = \frac{NationalIndustrySize_i}{\#GeographicMarkets_i} \times NetImportsAdjustment_i \quad (1)$$

[38] Private Pension Plan Bulletin - Employee Benefits Security Administration

[39] Group Health Plans Report - Employee Benefits Security Administration

[40] Common Core of Data America's Public Schools - National Center for Education Statistics

[41] Integrated Postsecondary Education Summary Tables - National Center for Education Statistics

Summary statistics on average market size and its components are presented in Table 3 below. Values for all 338 industry groups or industries are provided in Table A in the Appendix. For both industry groups and industries with employment based and receipt based size standards, the average market size is sharply skewed to the right as indicated by the mean average market size exceeding the median. This is driven by a skew in national industry size and is somewhat mitigated by the effect of the number of geographic markets which is negatively correlated with national industry size. As the number of geographic markets decreases, the national industry size increases and vice versa. The net import adjustment plays only a small role in industry groups or industries with receipt based size standards, but more strongly influences those with employment based size standards.

Table 5: Summary Statistics of Size Standard Factors

Variable	Mean	Median	Standard Deviation	Minimum	Maximum
Receipt based					
National Industry Size ($ millions)	$182,197	$61,498	$367,637	$685	$3,193,949
Number of Geographic Markets	344	44	729	1	3,109
Net Import Adjustment	1.001	1.000	0.155	0.538	2.165
Average Market Size ($ millions)	$7,612	$1,352	$16,617	$13	$102,568
Employment based					
National Industry Size (employees)	306,944	114,618	829,805	829	10,901,307

Number of Geographic Markets	285	6	712	1	3,109
Net Import Adjustment	1.399	1.000	1.567	0.638	9.653
Average Market Size (employees)	52,427	12,038	112,942	23	762,423

Notes: 128 industries have a receipt based size standard and 208 industries have an employment based size standard. Values for all industry are reported in Table A in the Appendix. See the body of the paper for details on how each variable is calculated. The one group of industries with an asset based size standard is combined with the receipts based ones for this table.

For 307 out of 338 industry groups or industries, the standard data sources and methodology can be used for all inputs, while the remaining 31 require at least one deviation due to a variety of reasons, including, nonstandard data sources, government competition, mobile workplaces, or an asset based size standard. Any deviations will be noted as they become relevant. After the calculation of average market size has been explained in detail, the formula for calculating size standards from the measure will be explained.

SBA believes a geographic component is appropriate to add to the calculation of size standards because it is relative in determining whether a firm is dominant in its field of operation. For example, Software Publishers (NAICS 5132) compete in a national market with major brands such as Microsoft or Adobe and thus have the highest size standard, while Florists (NAICS 4593) compete in small local markets and as such have a much lower size standard. Average market size is chosen as the single most appropriate measure for determining small business size standards because SBA can then compare a firm's size to its industry group or industry's average market size to get the firm's approximate market share. Using average market size thus serves as the best approximation of the market average, capturing a wide array of competing firms in a given domain. Higher market shares are indicative of firms which are potentially dominant in their field.[42] Distinguishing which firms possess greater market shares helps parcel out small and nondominant firms by comparison. Because industry groups and industries range widely in their characteristics, two firms of equal size may be classified differently if they are in different industries. For example, the scale required for a firm to dominate in Child Care Services (NAICS 6244) is significantly less than Colleges, Universities and Professional Schools (NAICS 6113), and average market size reflects this difference with the former having an average market size of $27 million while the latter has an average market size of $17.6 billion.

6.1 National Industry Size

To calculate national industry size for most industry groups or industries requires data from two sources, both produced by the Census Bureau: SUSB to incorporate the contributions of businesses with employees and NES to incorporate the contributions of businesses without employees. Because of how geographic markets are calculated below, only the contributions of firms in the contiguous United States are included. Despite their exclusion to the calculations, the proposed size standards will still be applicable to firms in Alaska and Hawaii, as well as U.S. territories not covered by the data sources used.

For industry groups or industries with receipts based size standards, national industry size can be straightforwardly calculated as the sum of receipts for an industry in both SUSB and NES as follows:[43]

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[42] In their 2023 Horizontal Merger Guidelines, the Federal Trade Commission and Department of Justice, Antitrust Division look for changes in the Herfindahl-Hirschman Index, which is the square of all competing firm's market shares, when determining if potential firms are allowed to merge.

[43] For industry groups or industries with receipts based size standards, the national industry size is also adjusted for the average level of inflation and productivity growth between primary data collection in March of 2022 and the present based on the method described in the section "Adjustment to Receipts Based Size Standards for Productivity Growth and

$$NationalIndustrySize_i^{receipt} = receipts_i^{nonemployer} + receipts_i^{employer} \quad (2)$$

However, for those with an employment-based size standard there is a challenge in combining the two sources since the owners of non-employer firms are contributing the market despite not being employees, though the intensity of that contribution is generally low. The SBA considered treating each nonemployer business as equivalent to an employee but rejected this because it would place too much emphasis on nonemployers' contribution. Of the 29.8 million nonemployer firms in the 2022 NES, 11.3 million (37.9 percent) took in less than $10,000 in revenue, while the average revenue to employee in 2022 SUSB was $374,583. As such the importance of nonemployers in an industry group or industry should be lower than that of an employee. To adjust for this disparity, each industry group or industry gives different weights to account for the importance of nonemployers based on a comparison of the revenue generated per employee and per nonemployer as follows:

$$\rho_i = \frac{receipts_i^{nonemployer} / firms_i^{nonemployer}}{receipts_i^{employer} / employees_i} \quad (3)$$

Nonemployer receipts per firm vary between 1.2 percent and 83.6 percent of receipts per employee with an average value of 26.5 percent. While the individual contributions of nonemployer firms are low, their combined contributions can be significant and so the SBA choose to include them. Industry groups such as Taxi and Limousine Service (NAICS 4853) and Fishing (NAICS 1141) see more than half of all receipts generated by nonemployers. With this adjustment factor defined the national market size can then be calculated as follows:

$$NationalIndustrySize_i^{employee} = \rho_i \times firms_i^{nonemployer} + employees_i \quad (4)$$

Inflation". This adjustment raises all receipts based values in the reported data sources by 22.1%.

Not only is ρ_i used to adjust the national industry size for industry groups and industries with employment based size standards, it is also used to adjust employee numbers at the county level for calculating the geographic market definition below.

The method described above is applicable for 312 out of 338 industry groups and industries, but the remaining 26 require datasets beyond SUSB and NES. Out of those, 19 are due to the industry groups or industries being excluded from those datasets, and as such, an alternative source is needed. These are:

- Farms (17 industry groups and industries in NAICS subsectors 111 and 112) – Statistics on farm employment is collected by the National Agricultural Statistics Service in the Census of Agriculture. This data source contains employment information on 6 out of the 17 industry groups with the remaining 11 industry groups or industries are combined with one or more others.[44] The employment of the two is separated by using the ratio of aquaculture revenue to total revenue in the combined reporting.
- Rail Transportation (NAICS 4821) – Statistics on employment in the railroads and related industries is reported by the Railroad Retirement Board in their Employment and Compensation Statistical Tables. To calculate only the railroad industry group's employment, the employment of Class I line-haul railroads, non-Class I line-haul railroads, and the National Railroad Passenger Corporation (Amtrak) are combined.
- Insurance and Employee Benefit Plans (NAICS 5251) – the SBA is unaware of any data on employment or receipts in this industry group. Instead, expenses for private

[44] The industry groups which are combined are: (1) Food Crops Grown Under Cover (NAICS 11141) and Nursery and Floriculture Production (NAICS 11142), (2) Chicken Egg Production (NAICS 11231), Broilers and Other Meat Type Chicken Production (NAICS 11232), Turkey Production (NAICS 11233), Poultry Hatcheries (NAICS 11234), and Other Poultry Production (NAICS 11239), (3) Sheep Farming (NAICS 11241) and Goat Farming (NAICS 11242), and (4) Aquaculture (NAICS 1125) and Other Animal Production (NAICS 1129).

pension plans and group health plans from the Employee Benefits Security Administration are used instead of receipts in calculating size standards.

The remaining 7 industry groups do have data reported in SUSB and NES. However, these sources lack information on government owned entities which also compete on a regular basis in the industry groups.[45] These are:

- Electric Power Generation, Transmission and Distribution (NAICS 2211) – Government owned entities participate in the electricity market both in generating and distributing electricity.[46] To capture this production the employment reported in SUSB is adjusted upward to account for the fact that approximately 8.0% of electricity is generated by public sources and 12.1% is distributed by public sources as reported by the Energy Information Agency.
- Natural Gas Distribution (NAICS 2212) – Like electricity, government owned entities participate in the distribution of natural gas to end users. To capture this production the employment reported in SUSB is adjusted upward using data from the Energy Information Agency.
- Water, Sewage and Other Systems (NAICS 2213) – 90% of all water systems in the United States are operated by local governments.[47] To capture this production the

[45] Not all government owned entities are excluded from SUSB. Government owned entities in the following NAICS Codes are included: Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers (NAICS 4248), Beer, Wine, and Liquor Stores (NAICS 44532), Tobacco Stores (NAICS 459991), Book Publishers (513130), Monetary Authorities – Central Bank (NAICS 5211), Savings Institutions (NAICS 522180), Credit Unions (NAICS 522130), Hospitals (NAICS 622), Gambling Industries (NAICS 7132), and Casino Hotels (NAICS 721120). Statistics of U.S. Businesses Methodology - Census Bureau

[46] See for example US Department of Energy, "Power Market Administrations," n.d. https://www.energy.gov/ea/power-marketing-administrations.

[47] Environmental Protection Agency, "Information about Public Water Systems," last updated on March 16, 2026, https://www.epa.gov/dwreginfo/information-about-public-water-systems.

employment reported in SUSB is adjusted upward using data from the Environmental Protection Agency, and the U.S. Geological Survey.

- Urban Transit Systems (NAICS 4851) – 2,174 out of 2,922 urban transport systems in the United States are operated by governments, with virtually all operating funds being provided by state and local governments.[48] To capture this production, the employment reported in SUSB is adjusted upward using data from the Federal Transportation Administration.
- Elementary and Secondary Schools (NAICS 6111) – About 91% primary and secondary schools in the United States are operated by local governments.[49] To capture this production the employment reported in SUSB is adjusted upward using data from the National Center for Education Statistics.
- Junior Colleges (NAICS 6112) and Colleges, Universities and Professional Schools (NAICS 6113) – Around 54% of both junior colleges and 4-year universities are operated by state governments.[50] To capture this production the employment reported in SUSB is adjusted upward using data from the National Center for Education Statistics. Junior Colleges are identified as those specializing in degrees with an expected completion time of 2-years or less.

6.2 Number of Geographic Markets

Calculating the number of geographic markets for a particular industry or industry group is distinct from calculating the national industry size. For purposes of SBA's

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[48] 2022 Single Summary of Transit – Department of Transportation

[49] See National Center for Education Statistics, "Table 3. Number of operating public elementary and secondary schools, by school type, charter, and state or jurisdiction: School year 2023–24," Common Core of Data: America's Public Schools, n.d., https://nces.ed.gov/ccd/tables/202324_summary_3.asp. This figure is derived by taking the percentage of regular schools from the number of operating schools. All regular schools are operated by local school districts.

[50] According to current education statistics as of June 2026, there are 2,177 public universities out of 4,000 universities in the US.

proposed methodology, the SBA believes that the best reading of the Small Business Act's definition of a small business concern would be to read "field of operation" as equivalent to how the Federal Trade Commission and Department of Justice recently read "any line of commerce in any section of the country" from the Clayton Antitrust Act[51] in their horizontal merger guidelines.[52] Their definition has two key components: a product component, which the national industry size incorporates, and a geographic component which will vary in scope for different products. On an intuitive level, geographic market should capture the distance over which customers travel to buy the goods or services of an industry group or industry, or the distance those goods or services travel to reach customers. For example, customers are likely to only travel short distances to get their haircut, go to the grocery store, or get their car repaired. However, at the same time customers are likely to purchase food grown in California's central valley, fill their gas tank with gasoline refined on the Gulf Coast, and purchase a new car manufactured in Michigan even when they live nowhere near those places. To approximate the behavior of customers in various industries, SBA uses a modification of methodology the U.S. Department of Agriculture, Economic Research Service (USDA) uses to create commuting zones which cover the entire country.[53] Commuting zones have been widely used in the economic literature because of their complete coverage of the United States, unlike other local area market definitions such as metropolitan statistical areas.[54]

The algorithm the USDA uses to derive commuting zones works by finding the two counties with the strongest connection between them in terms of the number of

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[51] 15 U.S. Code § 18

[52] 2023 Horizontal Merger Guideline – Department of Justice

[53] Commuting Zones and Labor Market Areas - USDA, Economic Research Service The full methodology for calculating 2020 commuting zones is specified in Fowler (2024), prior 2010 commuting zones in Fowler et. al (2016), and 1990 commuting zones in Tolbert and Sizer (1996).

[54] Examples include Autor and Dorn (2013), Autor et. al (2013), Acemoglu and Restrepo (2020), and Jha et. al (2024).

workers who live in one of the counties but work in the other relative to the counties' number of workers, which is referred to as a proportional flow.[55] The data on commuting patterns comes from the American Community Survey Commuting Flows data produced by the Census Bureau. Once the two counties with the highest proportional flow have been identified they are combined into one commuting zone and the process repeats until the commuting connections between all current commuting zones falls below a predefined level of 0.023. Formally the proportional flow of commuters between commuting zone *i* and *j* is defined as follows:

$$flow_{i,j} = \frac{Commuters_{i,j} + Commuters_{j,i}}{\min(Workers_i, Workers_j)} \tag{5}$$

The modified version of the algorithm SBA uses is the same except that instead of stopping once a predefined level has been reached, each industry group or industry has the potential to stop at a different level, using a stopping rule based on its geographic disparity of employment. Disparity in employment is used for all industry groups and industries, regardless of what size standard measure is ultimately used. The SBA considered using the disparity in receipts for those industry groups and industries with a receipts based size standard, but concluded this would be inappropriate for two reasons. First, while data on receipts at the county level is available in SUSB, it is only available at the 3-digit subsector level. Second, receipts disparity would encounter problems related to differences in costs of living between different areas of the country, because it would make it look like less activity was taking place in low cost of living areas. Like commuting zones, this concept has also been used in the economics literature.[56] This

[55] The commuting zones algorithm also includes a check for if two counties are adjacent to one another. For purposes of the size standards methodology this check is of minimal importance as data from Alaska and Hawaii excluded due to the generally weak commuting patterns between these areas and the contiguous United States.
[56] Examples included Ellison and Glaeser (1997), Desmet and Fafchamps (2006), Gervais and Jensen (2019) and Mayo et al. (2025).

measure works by comparing the fraction of all industry group or industry employees and fraction of total population in an area. If the sum of all discrepancies between the two values is below a predefined level of 0.15, the agglomeration of counties for the industry is stopped.[57]

The SBA considered choosing a lower stopping value of 0.12 but rejected it as it suggested too few industry groups or industries for county level markets, excluding the likes of Offices of Dentists (NAICS 6212) and Child Care Services (NAICS 6244). The SBA also considered choosing a higher stopping value of 0.18 but rejected it as it suggested to few industry groups or industries for national level markets, excluding the likes of Aerospace Product and Parts Manufacturing (NAICS 3364) and Software Publishing (NAICS 5132). Formally, an industry group or industry's geographic disparity of employment is defined as:

$$GeoDisp_i = \frac{1}{2} \sum_{j=1}^{cluster_i} \left| \frac{empl_{i,j} + \rho_i \times firms_{i,j}^{nonemployer}}{empl_{i,\,total} + \rho_i \times firms_{i,total}^{nonemployer}} - \frac{pop_j}{pop_{total}} \right| \tag{6}$$

Data on employment and number of nonemployer firms at the county level is gathered from the CBP and NES, respectively, both of which are produced by the Census Bureau. For 11 industry groups, the geographic disparity is below the stopping value at the first check and thus have 3,109 geographic markets, one for each county in the contiguous United States. This group includes industries such as Offices of Dentists (NAICS 6212), Child Care Services (NAICS 6244), and Restaurants and Other Eating Places (NAICS 7225). On the other side, 46 industry groups and industries only have their geographic disparity fall below the stopping value when all counties have been combined together, and thus, these have just a single geographic market. This group

[57] The geographic dispersion ranges from zero to one, with zero representing a perfect match between employment and population, and one representing a complete separation of employment and population. The chosen stopping rule value of 0.15 thus represents a roughly equal distribution of employment and population across the country.

includes industry groups such as Metal Ore Mining (NAICS 2122), Aerospace Product and Parts Manufacturing (NAICS 3364), and Software Publishing (NAICS 5132).

The above method is effective for calculating the size of geographic markets for most industry groups and industries, given it builds on USDA's peer-reviewed algorithm.[58] However, there are some general challenges that must be overcome. First are the detached states of Alaska and Hawaii. The USDA's algorithm includes a check to see if two counties border one another before they can be combined. This check precludes any industry group or industries from having just a single national market. This is unlikely for products that are shipped over great distances or services that can be provided remotely. Cargo can be shipped on ocean vessels, and services can be done over the phone or the internet for which a land boarder is not relevant. The SBA considered excluding the bordering check, which would allow for a national market size, but chose to reject one because Alaska and Hawaii were the last areas to be adjoined due to their remote locations. With just 0.7 percent of U.S. Gross Domestic Product produced by these two states, this still led to relatively few industry groups or industries with national markets.[59] As such, SBA has chosen to exclude data on firms from Alaska and Hawaii when calculating all numbers related to size standards.

The second general challenge is that the Census Bureau suppresses data when it might reveal confidential business information. Whenever an observation in the CBP or NES would have fewer than three establishments, the data is suppressed, and no observation is reported.[60] This is a minor problem for industry groups such as Restaurants and other Eating Places (NAICS 7225) with many establishments spread throughout the country. A few counties with employment in the industry go unreported; but the error is

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[58] To reiterate, the USDA's commuting zones have been widely relied upon in the academic literature, specifically across labor economic studies.

[59] GDP by State - Bureau of Economic Analysis

[60] County Business Patterns Methodology - Census Bureau, Nonemployer Statistics Methodology - Census Bureau

minor. However, the problem is much greater for industry groups with very few establishments such as Forest Nurseries and Gathering of Forest Products (NAICS 1132), which possesses just 160 establishments in the entire country. For this industry, only three establishments are reported in the county data.

To address this issue, the suppressed data are placed into counties without data using a two-step Heckman process[61] for employees and a probit regression for the nonemployer firms. In the first step, the counties with the highest probability of containing an establishment but do not are found using probit regression. This is done with the following regression:

$$\Pr\left(establishmen_{i,j} \geq 3\right) = \beta_{1i} \cdot pop_j + \beta_{2i} \cdot lat_j + \beta_{3i} \cdot lon_j + \beta_{4i} \cdot lat_j^2 + \beta_{5i} \cdot lon_j^2 + \beta_{6i} \cdot lat_j \cdot lon_j + \alpha_i + \epsilon_{i,j} \tag{7}$$

where pop_j is the populations, lat_j is the latitude, and lon_j is the longitude of county j. The inclusion of latitude, longitude, their squares, and their interaction is included so that geographic concentration of an industry can be included.[62] Note that each coefficient is industry group or industry specific so each industry can have a different geographic concentration profile. For nonemployer firms the process stops here and the most likely counties are given 1.5 nonemployer firms each till all missing firms have been accounted for. For the employer firms, the second step then estimates the natural logarithm of employment in each county using ordinary least squares with the only independent variables being the population, an industry (or industry group) fixed effect and the

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[61] Heckman (1974)

[62] For ten industry groups or industries a modified version of equation 7 is used that includes only population and the industry fixed effect. This is due to these having very limited employment and establishment data at the county level (less than 10 counties in the continental U.S.). The 10 are Forest Nurseries and Gathering of Forest Products (NAICS 1132), Sugar Manufacturing (NAICS 31131), Tobacco Manufacturing (NAICS 3122), Narrow Fabric Mills and Schiffli Machine Embroidery (NAICS 31322), Knit Fabric Mills (NAICS 31324), Leather and Hide Tanning and Finishing (NAICS 3161), Artificial and Synthetic Fibers and Filaments Manufacturing (NAICS 32522), Cement Manufacturing (NAICS 32731), Lime Manufacturing (NAICS 32741), and Securities and Commodity Exchanges (NAICS 5232).

inverse mills ratio ($\lambda_{i,j}$) from equation 7 to predict employment in the most likely counties to be included:

$$\log\left(employment_{i,j}\right) = \gamma_i \cdot pop_j + \delta_i + \theta \cdot \lambda_{i,j} + \eta_{i,j} \tag{8}$$

While the above method can be used to find the number of geographic markets for most industries, 29 have issues which must be addressed. Twenty-five of these arise due to the need to bring in industry specific data which does not have county level granularity. For these an approximate geographic scope is chosen based on known industry group or industry characteristics. These are:

- Farms (NAICS 111 & 112) – the 17 farming industry groups and industries do not have useful geographic data on employment in the Census of Agriculture for this purpose. For these a single geographic market is assumed, since farming requires a lot of land and therefore tends to be located far from major population centers. SBA replaced employment with the acreage of six crops (wheat, corn, hay, soybeans, vegetables, and fruit orchards), and the number of three types of livestock (cattle, hogs, and broiler chickens) in the clustering algorithm and found that each suggested a single geographic market.
- Natural Gas Distribution (NAICS 2212) – using the CBP which only counts the private sector firms, this industry group has 12 geographic markets, which seems low given that the local nature of this industry group. Instead, the number of geographic markets is adjusted upwards to 554 to match the number of commuting zones, since most natural gas is distributed over relatively short distances.
- Water, Sewage and Other Systems(NAICS 2213) – using the CBP which only counts the private sector firms, this industry group has 21 geographic markets, which is rather low given the localized nature of this industry group. Instead, the number of geographic markets is adjusted upwards to 554 to match the number of commuting zones, since water systems are generally run by local governments.

- Railroad Transportation (NAICS 4821) – the railroad industry does not have useful geographic data from the Railroad Retirement Board. Much of the railroad industry group is scattered throughout the continental United States given the nature of long-distance transport. For this industry group, a single geographic market is assumed, since railroads transport goods and people over long distances. Similar industry groups Deep Sea, Coastal, and Great Lakes Water Transportation (NAICS 4831) and Inland Water Transportation (NAICS 4832) have a single geographic market, while Nonscheduled Air Transportation (NAICS 4812) has three.
- Urban Transit Systems (NAICS 4851) – the urban transportation industry group does not have useful geographic data from the Federal Transit Administration. For this industry group, the number of geographic markets is set at 554 which matches the number of commuting zones in the continental United States, since that level of aggregation is similar in size to the metropolitan area that many firms service.
- Insurance and Employee Benefit Funds (NAICS 5251) – this industry group does not have useful geographic data from the Employee Benefits Security Administration. For this industry group, the number of geographic markets is set at 554 which matches the number of commuting zones in the continental United States. This level of aggregation was chosen because competition in this industry group is based around the employment decisions of workers which will mirror their commuting decisions.
- Elementary and Secondary Schools (NAICS 6111) – this industry group does not have useful geographic data from the National Center of Education Statistics. For it the number of geographic markets is set at 3,109 which matches the number of

counties in the continental United States.[63] This level of aggregation was chosen because public primary and secondary schools tend to be funded with local taxes.

- Junior Colleges (NAICS 6112) and Colleges, Universities, and Professional Schools (NAICS 6113) – these industry groups do not have useful geographic data from the National Center of Education Statistics. For them, the number of geographic markets is set at 49 which matches the number of states in the contiguous United States, including the District of Columbia. This level of aggregation was chosen because public postsecondary education is partially funded through the states.

For the remaining four industry groups which use the standard data sources, the geographic market algorithm produces implausible narrow geographic scopes. SBA recognizes the flaw in the methodology as to these four industry groups and proposes an approach to those outlined below. Although SBA cannot determine the exact cause for these outliers, it notes that all four share a common feature of having a mobile workforce, which could be partially at issue.[64]

- Taxi and Limousine Service (NAICS 4853) – using the standard methodology for finding the number of geographic markets produces an implausibly small number for this industry group–ten—given that taxis and limousines are prevalent throughout most major cities in the United States. To address this potential flaw, this figure is replaced with 554, which matches the number of commuting zones in the contiguous United States. This number is chosen due to the mobile nature of this industry group.
- School and Employee Bus Transportation (NAICS 4854) – using the standard methodology for finding the number of geographic markets for this industry group

[63] The contiguous United States covers 48 states and the District of Columbia. It excludes disconnected states like Hawaii and Alaska. It also does not include US territories like Guam and Puerto Rico.
[64] The Census Bureau acknowledges this problem in the SUSB methodology for Employment Services (NAICS 5913), and thus, reports a significant proportion of the industry employment only as “statewide” rather than specifying a county.

produces an implausibly small one. Instead, this is replaced with 554 which matches the number of commuting zones in the continental United States. This number is chosen due to the mobile nature of this industry group.

- Employment Services (NAICS 5613) – using the standard methodology for finding the number of geographic markets for this industry group produces an implausibly small four. Instead, this is replaced with 554 which matches the number of commuting zones in the continental United States. This number is chosen due to the mobile nature of this industry group.
- Home Healthcare Services (NAICS 6216) – using the standard methodology for finding the number of geographic markets for this industry group produces an implausibly small four. Instead, this is replaced with 554 which matches the number of commuting zones in the continental United States. This number is chosen due to the mobile nature of this industry group.

6.3 Net Import Adjustment

The last required piece for calculating an industry group or industry's average market size is to adjust the imports and exports of the goods and services produced by it. Without this adjustment, some industry groups or industries with heavy import competition will appear too small, while others with dominant American exporters will appear too large. To do this data from the Bureau of Economic Analysis's (BEA) Use of Commodities by Industry Table is used.[65] The net imports adjustment is calculated as follows:

[65] The industry detail that the BEA uses is not the same as NAICS 4-digit industry. Some industries are combined in the BEA data while others are broken down further. For combined industries all are assumed to have the same net import adjustment. For those with a more detailed breakdown, the lower levels of industry details are first summed before the Net Import Adjustment is calculated. Additionally, the BEA reports construction by type of structure rather than type of firm. As such given the inability to transport construction output, all industries in the construction sector are given a net import adjustment of one.

$$NetImportAdjustment_i = 1 + \frac{Imports_i - Exports_i}{Output_i} \quad (9)$$

An example of an industry group that is larger than the sum of U.S. employment or receipts would suggest is Audio and Video Equipment Manufacturing (NAICS 3343). According to the BEA, the U.S. imported 8.7 times more in this industry group than it produced domestically. Given the strong foreign competition in this market, a domestic television manufacturer should be considered small at a higher level than a firm in another industry group or industry with a similar number of employees but no imports, because 90 percent of competition by revenue is located outside the United States. Other examples include: Footwear Manufacturing (NAICS 3162), Computer and Peripheral Equipment Manufacturing (NAICS 3341), and Household Appliance Manufacturing (NAICS 3352). On the other hand, an industry group such as Semiconductor Machinery Manufacturing (NAICS 3332) sees 51.5 percent of domestic output sent abroad as exports. Other examples include: Oilseed and Grain Farming (NAICS 1111), Aerospace Product and Parts Manufacturing (NAICS 3364), and Software Publishing (NAICS 5132). Given the implications of high exports for the size of the domestic market, a domestic semiconductor machinery manufacturer should be considered large at a lower level than another industry group or industry with a similar number of employees but no exports. The overall impact of the net import adjustment raises average market sizes more than it lowers them.

6.4 SBA Size Standards

With the average market size for an industry group or industry calculated, the size standard can now be calculated. Due to the broad range in average market sizes, SBA has not proposed a single fraction of average market size to be used for all size standards. Instead, the fraction slowly decreases as the average market size increases. As the average market sizes for a particular industry group or industry become larger, it increases the likelihood that niches exist within that act almost as their own markets. And a firm may be able to dominate one of those niches without operating in the others. For example, while Doctor's Offices are a single industry group (NAICS 6211 Offices of Physicians), there are multiple specialties acting as separate markets within this industry. Cardiologists compete with other Cardiologists, while Obstetricians compete with other Obstetricians, but there is no competition between the two specialties. Additionally, SBA has proposed to establish a minimum small business size which is used even when the average market size would suggest a smaller size standard would be justified. This is done so that all businesses below an absolute size level can still have access to SBA services. For employment based size standards, the minimum size standard is 500 employees, which has long been considered the anchor size standard by SBA. Outside of the Wholesale Sector (NAICS 42), which has its own special size range, only one industry Geothermal Electric Power Generation (NAICS 221116) has a size standard lower than 500 employees. Furthermore, for contracting purposes 500 employees is used as the size standard for all Wholesale (NAICS 42) and Retail (NAICS 44-45) sales. For receipt based size standards, the minimum size standard is \$30.6 million which is equivalent to the original receipts based size standard of \$1 million in 1954 after it has been adjusted for both inflation and productivity growth.[66]

For employment based size standards the equation that defines the relationship between average market size and small business size standards is as follows:

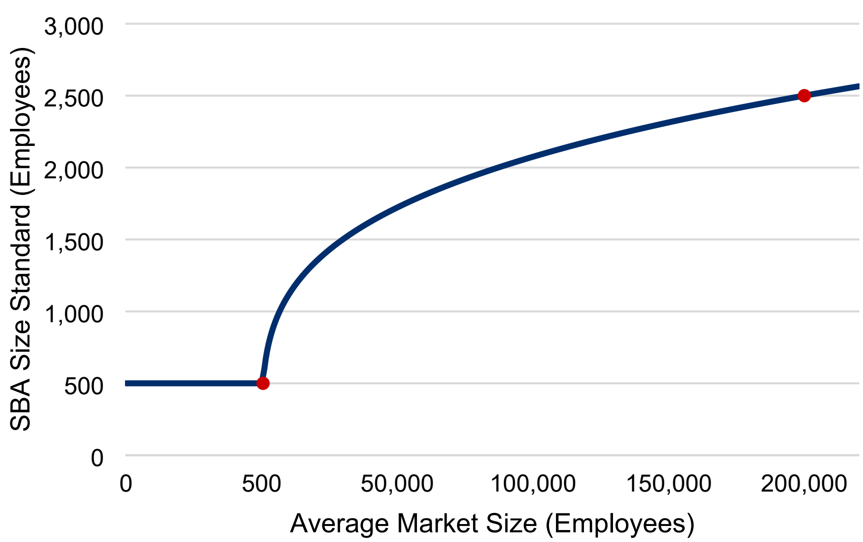
$$\begin{gathered} if\ AverageMarketSize_i < 500\ employees: SizeStandard_i = 500\ employee. \\ if\ AverageMarketSize_i \geq 500\ employees: SizeStandard_i \\ = \left(\frac{AverageMarketSize_i}{500\ employees}\right)^{0.2686} \times 500\ employees \end{gathered} \tag{10}$$

The exponent in equation 10 has been chosen such that the size standard is defined by two anchor points. The low anchor point is the minimum size standard of 500 employees

[66] See the discussion in Section 7 for further details on this calculation.

at an average market size of 500 employees, and the high anchor point is a size standard of 2,500 employees when the average market size is 200,000 employees.[67] SBA choose this high anchor point because it believes that a firm with 2,500 employees would not be dominant in a market with 200,000 employees, since it would have a low market share of 1.25 percent. Due to the formula for calculating size standards, there is no explicit maximum size standard; rather, the calculated size standard grows more slowly as the average market size gets bigger as seen below in Figure 1. When moving from an average market size of 500 to 1,000 employees the size standard increases by 102 employees, whereas when the average market size increases from 200,000 to 200,500 employees it increases by just 2 employees.

Figure 4: Relationship between Average Market Size and Employment Based Size Standards



Notes: The x-axis is not drawn to scale. The two anchor points are shown in red. The low anchor point is the minimum size standard set at 500 employees for any industry groups or industries with an

[67] The exact equation of the exponent is as follows: $\frac{\ln(2{,}500\ employees/500\ employees)}{\ln(200{,}000\ employees/500\ employees)} = 0.2686$

average market size less than that value. The high anchor point is set at 2,500 employees when the average market size is 200,000. See details in the main body for exact formula and an explanation for the chosen anchor points.

For receipt based size standards the equation that defines the relationship between average market size and small business size standards is much the same, just with employment levels replaced with receipts:

$$\begin{gathered} if\ AverageMarketSize_i < \$30.6\ million\text{: } SizeStandard_i = \$30.6\ million \\ if\ AverageMarketSize_i \geq \$30.6\ million\text{: } SizeStandard_i \\ = \left(\frac{AverageMarketSize_i}{\$30.6\ million}\right)^{0.4310} \times \$30.6\ million \end{gathered} \tag{11}$$

The exponent in equation 11 has been chosen such that the size standard is defined by two anchor points. The low anchor point is the minimum size standard of \$30.6 million when the average market size is also \$30.6 million. The high anchor point is a size standard of \$500 million when the average market size is \$20 billion.[68] SBA choose this high anchor point because it believes that a firm with \$500 million in receipts would not be dominant in a market with \$20 billion in receipts, since it would have a low market share of 2.5 percent. Due to the formula for calculating size standards there is no explicit maximum size standard, rather the calculated size standard grows more slowly as the average market size gets bigger as seen below in Figure 2. When moving from an average market size of \$30 million to \$130 million the size standard increases by \$26.5 million, whereas when the average market size increases from \$20 billion to \$20.1 billion it increases by just \$1.3 million.

Figure 5: Relationship between Average Market Size and Receipts Based Size Standards

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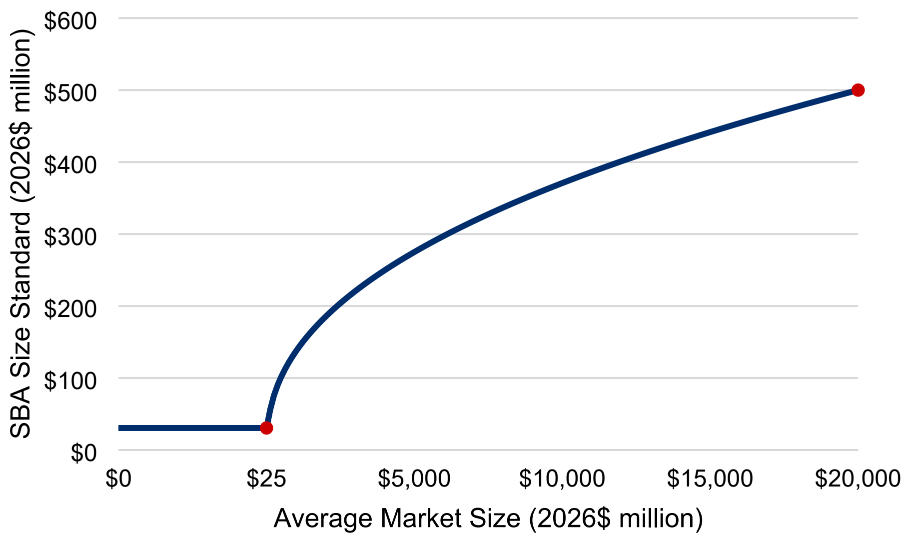
[68] The exact equation of the exponent is as follows: $\frac{\ln(\ \$500\ million/\$30.6\ million\ )}{\ln(\ \$20\ billion/\$30.6\ million\ )} = 0.4310.$



Notes: The x-axis not drawn to scale. The two anchor points are shown in red. The low anchor point is the minimum size standard set at $30.6 million in receipts for any industry groups or industries with an average market size less than $30.6 million. The high anchor point is set at $500 million in receipts when the average market size is $20 billion. See details in the main body for exact formula and an explanation for the chosen anchor points.

The final piece in calculating size standards is to round the output so that they are more easily digestible to both small businesses and those working to support them. For employment based size standards, size standards are rounded to the nearest 50 employees. This is the same degree of rounding that the 2024 methodology used for employment based size standards outside of Wholesale Trade (NAICS Sector 42), where size standards were rounded to the nearest 25 employees. For receipts based size standards, size standards are rounded to the nearest $1 million in receipts. This is not the same degree of rounding that the 2024 methodology used for receipt based size standards which instead rounded to the nearest $0.5 million for most industries and $0.25 million for farming (NAICS 111 and NAICS 112). The proposed change in rounding is because of the generally higher size standards brought about by adjusting them for productivity which raises the minimum size standard from $8 million to $31 million.

One final industry group remains which needs a size standard, Depository Credit Institutions (NAICS 5221), which the SBA is proposing to continue with an asset based size standard. Depository Institutions, such as banks and credit unions, face additional fluctuations in their receipts as compared with other industries because both their receipts and expenses are tied closely to interest rates. For example, across all federally insured depository institutions, receipts increased 19.8 percent between 2021 and 2022 while total assets remained flat and net income fell 4.0 percent due to rising interest rates.[69] As such the SBA has proposed size standards for these firms in total assets since 1984 (49 FR 40399). Total assets is the preferred measure for size standards for these firms because financial regulators also use it for classifying firms by size. To calculate the asset based size standard, the SBA first begins with receipts based size standard calculated for the industry group, of $222 million. The asset based is then determined by multiplying this by the ratio of total assets to total receipts in 2022 in the Federal Deposit Insurance Corporation's 2023 Quarterly Banking Report and the National Credit Union Administration's Quarterly Data Summary Report, which was 22.66. This gives a size standard of $5,031 million when rounded to the nearest million dollars.

SBA's objective in proposing this size standard methodology is to ensure no dominant firms are misclassified as small businesses while minimizing the number of non-dominant firms which are misclassified as large businesses. Like the current size standards, however, a number of firms that are dominant may inevitably be captured under a size standard by virtue of setting size standards at any level higher than a business-by-business level. For example, businesses such as a lone gas station for one

[69] Quarterly Banking Report - Federal Deposit Insurance Corporation and Quarterly Data Summary Report - National Credit Union Administration

hundred miles on a rural highway can have a dominant market position even with just a few employees because the market is small. SBA requests comment on potential additional avenues to ensure no dominant firms are captured.

The proposed methodology recommends increasing most size standards though there are exceptions. Under the methodology, 114 thousand businesses would be expected to be reclassified as small businesses due to the proposed changes in methodology.[70] The industry groups with the most new small businesses would be expected to be Management of Companies and Enterprises (NAICS 5511), Restaurants and Other Eating Places (NAICS 7225), Other Miscellaneous Retailers (NAICS 4599), and Building Equipment Contractors (NAICS 2382) each with more than 4,000 business that would be expected to reclassify. Amongst industry groups with at least 1,000 current small businesses, the industries which would see the largest percentage change in small businesses are Colleges, Universities, and Professional Schools (NAICS 6113) with a 54% increase, General Medical and Surgical Hospitals (NAICS 6221) with a 45% increase, and Management of Companies and Enterprises (NAICS 5511) with a 38% increase. Amongst industry groups which would lose small business status, the two with the greatest number are Wired and Wireless Telecommunications (except Satellite) (NAICS 5171) and Waste Collection (NAICS 5621) which would be expected to see 41 and 33 new large businesses respectively. All other industries would be expected to see fewer than 20 new large businesses.[71] In total 172 businesses currently classified as small would be expected to lose that status.

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[70] This number excludes any increases in the number of small businesses in the farming industries (NAICS 111 and 112), and Insurance and Employee Benefit Funds (NAICS 5251), which are not included in SUSB. There may be as many as 38 thousand farms that could gain small business status though the Census of Agriculture lacks detailed data on firm size by employment to make a confident estimate.

[71] The full list of industries with new large businesses is as follows:
Electric Power Generation, Transmission and Distribution (NAICS 2211) 14 new large businesses
Natural Gas Distribution (NAICS 2212) 17 new large businesses

7. Adjustment to Receipts Based Size Standards for Productivity Growth and Inflation

SBA makes adjustments to its receipts based size standards when necessary. Adjustments are proposed to be made for two factors the general price increases of inflation and the improving productivity of the U.S. Economy. Prior versions of SBA size standard methodology only adjusted for inflation. Without considering productivity growth in its size standards, SBA put small businesses in industries with a receipts based size standard at a disadvantage to those in industries with an employee based size standard, which have an implicit adjustment for productivity built in. Productivity growth allows small businesses with a given set of resources (time, capital, materials) to more efficiently convert them into useable goods and services. Productivity growth leads to greater output that is not captured by inflation. Without accounting for productivity, the size standards

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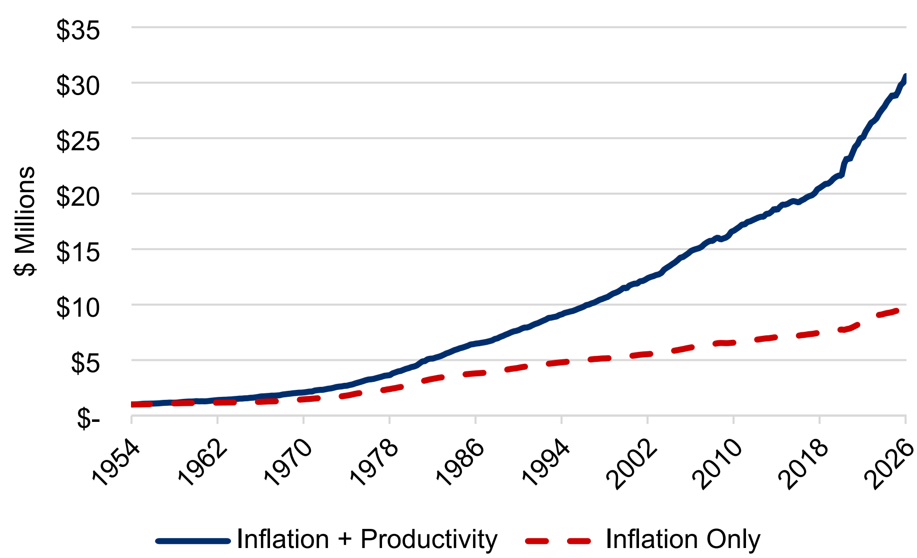
Sugar and Confectionery Products (NAICS 3113) Manufacturing 1 new large business
Bakeries and Tortilla Manufacturing (NAICS 3118) 2 new large businesses
Other Food Manufacturing (NAICS 3119) 2 new large businesses
Beverage Manufacturing (NAICS 3121) 3 new large businesses
Tobacco Manufacturing (NAICS 3122) 4 new large businesses
Other Textile Product Mills (NAICS 3149) 4 new large businesses
Petroleum and Coal Products Manufacturing (NAICS 3241) 2 new large businesses
Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing (NAICS 3253) 7 new large businesses
Soap, Cleaning Compound, and Toilet Preparation Manufacturing (NAICS 3256) 4 new large businesses
Glass and Glass Product Manufacturing (NAICS 3272) 2 new large businesses
Cement and Concrete Product Manufacturing (NAICS 3273) 3 new large business
Industrial Machinery Manufacturing (NAICS 3332) 2 new large businesses
Commercial and Service Industry Machinery Manufacturing (NAICS 3333) 10 new large businesses
Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment Manufacturing (NAICS 3334) 4 new large businesses
Engine, Turbine, and Power Transmission Equipment Manufacturing (NAICS 3336) 1 new large business
Nonscheduled Air Transportation (NAICS 4812) 2 new large businesses
Pipeline Transportation of Crude Oil (NAICS 4861) 3 new large businesses
Other Pipeline Transportation (NAICS 4869) 3 new large businesses
Wired and Wireless Telecommunications (except Satellite) (NAICS 5171) 41 new large businesses
Insurance Carriers (NAICS 5241) 3 new large businesses
Waste Collection (NAICS 5621) 33 new large businesses
Drycleaning and Laundry Services (NAICS 8123) 5 new large businesses

are left with an incomplete assessment of small business size. Over the 72 years since SBA adopted its first receipts based size standard of $1 million, the change in productivity has been substantial. As seen in 6, when only adjusting receipt based size standards for inflation as measured by the Gross Domestic Product (GDP) implicit price deflator the original $1 million size standard is the equivalent to $9.7 million in the first quarter of 2026. However, when using both inflation and productivity the equivalent size standard in 2026 is $30.6 million. Without adjusting for productivity, the SBA has presumed that businesses with receipts based size standards are operating in a similar way to their counterparts 72 years ago. The SBA has repeatedly received petitions to raise size standards or use employee-based standards so that small firms can continue to stay relevant in their industry and withstand rapid, ever-changing economic realities, additional requirements in contracts expanding what the government is procuring, changing costs of doing business, shrinking margins, and various other shifts that the prior SBA size standards were unable to swiftly react to.

***Figure* 6:** Adjusting the Original Receipts Based Size Standard for Productivity Growth and Inflation



Notes: SBA originally adopted a monetary size standard of $1 million in 1954. Inflation is measured using the implicit GDP price deflator from the Bureau of Economic Analysis. Inflation plus productivity is measured using GDP divided by total employment from the Bureau of Economic Analysis and Bureau of Labor Statistics respectively. All data is seasonally adjusted and was accessed through the Federal Reserve Bank of St. Louis (FRED.org).

To adjust receipt values for both inflation and productivity changes, SBA creates an index of the GDP per employee in the U.S. economy. Data on GDP comes from the BEA, while data on total employment comes from the Bureau of Labor Statistics. Both are accessed through the Federal Reserve Bank of St. Louis for convenience.[72] The cumulative inflation and productivity growth between any two periods is then calculated as follows:

$$Inflation + \ ProductivityGrowth\ (\%) = \left(\frac{GDPperEmployee_{EndPeriod}}{GDPperEmployee_{BasePeriod}} - 1\right) \times 100\% \tag{12}$$

where the End Period is the period that data was collected or the most recent period for which GDP per employee can be calculated when adjusting monetary size standards, and the base period is the last period for which size standards have been adjusted for inflation and productivity. Since receipt based size standards have never been adjusted for both inflation and productivity, the base period for adjusting size standards in this document is the first quarter of 1954. This puts the minimum size standard in the first quarter of 2026 at $30.6 million, while for the first quarter of 2022 when the vast majority of the data used to calculate size standards was collected the minimum size standard would be $25.1 million. These numbers are reflected in the above section on calculating size standards.

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[72] Federal Reserve Economic Data - Federal Reserve Bank of St. Louis

When SBA revises size standards in accordance with its regular review of all size standards are required under the Jobs Act (Pub. L. 111–240, 124 Stat. 2504; September 27, 2010), it will also adjust all receipt based size standards for inflation and productivity growth. Given the long gaps between the regular reviews, SBA may also adjust monetary size standards more frequently for inflation and productivity growth as it deems necessary.

8. Discussion on the Changes in Methodology

   - The proposed size standard methodology represents a significant departure from the previous version published in 2024.[73] As such a detailed discussion of the changes in methodology is warranted to inform the public on why these changes were proposed. The five most significant changes are:

- Changing the NAICS level at which size standards are calculated from the 6-digit NAICS code to a mix of 4- and 5-digit NAICS codes – In the current version of SBA size standards, there are nearly 1,000 unique size standards, with numerous exceptions for federal contracting purposes. For example, there is currently a different size standard for Ship Building (1,300 employees) than there is for Boat Building (1,000 employees). While Ships are larger than boats and are more likely to be used for commercial purposes, there is gray area where a firm could be uncertain which standard applied to them. This uncertainty can be resolved as both NAICS 6-digit industries are combined into a single 4-digit industry group. Along with change in aggregation, SBA has also chosen to remove all size standard exceptions.
- Converting numerous industry groups and industries from receipt based size standards to an employment based one – In the current version of SBA size standards, it is the default to assume that outside of manufacturing and services where Congress

[73] SBA'S SIZE STANDARDS METHODOLOGY

specified the measure for size standards, an industry should have a receipts-based size standard unless certain conditions are met including highly capital intensive industries and low operational costs. This method had 51.6% of size standard be receipts based and 88.8% of all employer firms being in those industries. The proposed methodology takes the opposite approach and defaults to an employment based size standard for all industry groups and industries except service based ones where Congress specified that a receipts based size standard must be used.[74] As discussed above, this new method is intended to decrease the fluctuations of firms between small and large business status, especially for Federal contractors. The proposed change also would lower the percentage of size standards with a receipts based size standard to 37.9%, and the number of firms with one to 58.2%.

- Updated factors determining small business size standards – In the current version of SBA's methodology there are seven factors that are used to determine small business size standards: simple average firm size, weighted average firm size, average assets per firm, national four firm concentration ratio, national Gini coefficient, and two disparity measures of federal contracts when an industry receives more than $20 million in federal contracts. These factors, while often associated with a firm's dominance in its field of operation, did not directly relate and in some cases led size standards astray. For example, the small size of farms led SBA to giving them size standards far below firms in other sectors of the economy despite the fact that the markets they competed in are national in scope. The proposed method uses just three measures: national industry size, number of geographic markets, and an adjustment for net imports which are combined into an average market size measure. The change in factors is intended to more closely align the size standards methodology with the statutory language of the Small Business Act that a small business is one which is

[74] 15 U.S.C. § 632(a)(2)(C)(ii)(II)

"not dominant in its field of operation." A field of operations should include both the goods or services and business provides but also the geographic area in which they compete, similar to the way the Federal Trade Commission (FTC) and Antitrust Division of the Department of Justice (DOJ) define a market in their Horizontal Merger Guidelines.[75] A firm may be relatively small nationally but be dominant in a small market as is the case with hospitals which are among the most challenged industry group by the FTC and DOJ despite a very low national concentration.[76] On the other hand, a firm could be much larger nationally but not be dominant because it competes in a national or even international market. Such is the case with Oil and Gas extraction where the FTC has implemented regulations to exempt acquisitions of mineral rights from the ordinary requirements of premerger notification (16 CFR 802.3 last amended 70 FR 4994, January 31, 2005).

- Updated the formula for how factors translate to size standards – The current size standard methodology creates a size standard for each of the seven factors discussed above and then averages those together. In selecting size standards, SBA compares an industry's factor to its relative position among a comparison group of industries. This can lead to unintended consequences if an industry's factor suggests in the absolute case that a size standard should be raised, but the comparison group's factors rose faster leading instead to a recommendation that size standards be lowered. Many of the factors also have a significant skew which led to very high recommended size standards, or, in the case of Gini coefficient size standards less than zero which required the imposition of minimums and maximums to be imposed at early stages in the size standard setting process. The proposed methodology instead uses a different approach of combining its three factors into a single measure, average market size,

[75] 2023 Merger Guidelines - Antitrust Division, Department of Justice
[76] Annual Competition Reports - Federal Trade Commission

from which size standards are calculated. Like the factors of the current methodology this measure is skewed but that skew is addressed differently. As average market size grows larger so to do size standards, but at a decreasing rate. This means that there is no maximum size standard. A minimum size standard is kept to ensure that all businesses that are small in absolute size can still access SBA programs.

- Added in a productivity growth adjustment for monetary based size standards –SBA has since 1975 (40 FR 32824; August 5, 1975) periodically adjusted receipt based size standards upwards to account for inflation; however, it has to date never adjusted size standards for productivity growth. Without a productivity growth adjustment, receipt based size standards have fallen out of step with employment based ones which have a natural productivity adjustment built in since a business is free to invest in productivity enhancing technology or training without risk of losing its small business status. By adopting this change small businesses will not lose their small business status due to the general productivity growth of the entire U.S. economy.

9. Public Comments

Public comments on proposed size standard rules provide additional important information. These comments can supplement SBA's analysis of industry structure or the data it used, thereby enabling it to consider other relevant information, where appropriate, in the final decision on a size standard. SBA welcomes and thoroughly reviews all public comments before making final decisions on proposed changes to size standards methodology. While SBA welcomes comments on any aspect of its proposed methodology, including reliance interests implicated by using such methodology to update size standards, in particular SBA is interested in the following questions:

- Has SBA chosen the appropriate level of aggregation? Are there markets where the 4-digit NAICS code is too general and a more granular 5-digit NAICS code would be more appropriate? Conversely are some of the industries for which the SBA is proposing a size standard at the 5-digit level too narrow and should be aggregated to the 4-digit level?

- Has SBA chosen the appropriate size measure for all industry groups and industries? Should some with employment based size standards have a receipt based one or vis versa? Should some have their size standard defined in terms of some other measure besides employment or receipts?
- Has SBA used the most appropriate data sources for incorporating industry groups and industries not included in SUSB, NES, and CBP? Are there more industry groups and industries which have a significant presence of government owned entities which should be incorporated? If so, what publicly accessible data sources produced by Federal agencies are most appropriate to use?
- Does the algorithm for calculating the number of geographic markets produce reasonably sized markets for industry groups and industries in general? If not are the geographic markets systematically too large or too small? Are the deviations SBA proposes appropriate? Are there more industry groups or industries where the general method produces inconsistent results and requires adjustment?
- Has SBA chosen the proper anchor points in its formula for calculating size standards from an industry's average market size? Are the current minimum size standards too low or too high? Are the current high anchor points too low or too high?
- Has SBA chosen the most appropriate measure to increase receipts based size standards for both inflation and productivity growth?

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Appendix

Table A: Proposed Size Standards and Factors for All Industry Groups and Industries

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
1111	Oilseed and Grain Farming	323,438 employees	1	0.807	261,035 employees	2,700 employees	1
1112	Vegetable and Melon Farming	209,029 employees	1	1.322	276,264 employees	2,750 employees	1
1113	Fruit and Tree Nut Farming	483,342 employees	1	1.457	704,017 employees	3,500 employees	1
11141	Food Crops Grown Under Cover	30,784 employees	1	1.010	33,849 employees	1,550 employees	1
11142	Nursery and Floriculture Production	253,234 employees	1	1.010	278,445 employees	2,750 employees	1
1119	Other Crop Farming	227,173 employees	1	0.828	188,159 employees	2,450 employees	1
1121	Cattle Ranching and Farming	394,617 employees	1	1.012	399,187 employees	3,000 employees	1

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
1122	Hog and Pig Farming	46,054 employees	1	1.107	50,973 employees	1,750 employees	1
11231	Chicken Egg Production	14,647 employees	1	0.987	14,460 employees	1,250 employees	1
11232	Broilers and Other Meat Type Chicken Production	48,438 employees	1	0.987	47,821 employees	1,700 employees	1
11233	Turkey Production	8,542 employees	1	0.987	8,433 employees	1,050 employees	1
11234	Poultry Hatcheries	3,957 employees	1	0.987	3,907 employees	850 employees	1
11239	Other Poultry Production	829 employees	1	0.987	818 employees	550 employees	1
11241	Sheep Farming	13,109 employees	1	1.107	14,509 employees	1,250 employees	1
11242	Goat Farming	7,497 employees	1	1.107	8,298 employees	1,050 employees	1

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
1125	Aquaculture	87,656 employees	1	1.107	97,018 employees	2,050 employees	1
1129	Other Animal Production	32,147 employees	1	1.107	35,581 employees	1,550 employees	1
1131	Timber Tract Operations	3,769 employees	1	1.027	3,872 employees	850 employees	
1132	Forest Nurseries and Gathering of Forest Products	983 employees	33	1.027	31 employees	500 employees	4
1133	Logging	44,839 employees	2	1.027	23,031 employees	1,400 employees	
1141	Fishing	$6,916 million in receipts	2	2.165	$7,488 million in receipts	$327 million in receipts	
1142	Hunting and Trapping	$1,288 million in receipts	2	2.165	$1,394 million in receipts	$159 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
1151	Support Activities for Crop Production	$33,324 million in receipts	1	1.002	$33,386 million in receipts	$624 million in receipts	
1152	Support Activities for Animal Production	$9,843 million in receipts	46	1.002	$214 million in receipts	$71 million in receipts	
1153	Support Activities for Forestry	$4,285 million in receipts	2	1.002	$2,147 million in receipts	$191 million in receipts	
2111	Oil and Gas Extraction	83,785 employees	1	1.547	129,581 employees	2,200 employees	
2121	Coal Mining	39,892 employees	1	0.852	33,997 employees	1,550 employees	
2122	Metal Ore Mining	37,310 employees	1	0.720	26,879 employees	1,450 employees	
2123	Nonmetallic Mineral Mining and Quarrying	88,444 employees	17	1.035	5,382 employees	950 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
2131	Support Activities for Mining	256,517 employees	1	0.983	252,186 employees	2,650 employees	
2211	Electric Power Generation, Transmission and Distribution	500,340 employees	251	0.999	1,992 employees	700 employees	1
2212	Natural Gas Distribution	91,315 employees	554	0.993	164 employees	500 employees	1 4
2213	Water, Sewage and Other Systems	48,022 employees	554	0.991	86 employees	500 employees	1 4
2361	Residential Building Construction	998,511 employees	1195	1	836 employees	550 employees	3
2362	Nonresidential Building Construction	702,604 employees	707	1	994 employees	600 employees	3
23711	Water and Sewer Line and Related Structures Construction	163,398 employees	101	1	1,618 employees	700 employees	3
23712	Oil and Gas Pipeline and Related Structures Construction	174,940 employees	2	1	87,470 employees	2,000 employees	3

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
23713	Power and Communication Line and Related Structures Construction	259,541 employees	9	1	28,838 employees	1,500 employees	3
2372	Land Subdivision	26,125 employees	7	1	3,732 employees	850 employees	3
2373	Highway, Street, and Bridge Construction	305,447 employees	172	1	1,776 employees	700 employees	3
2379	Other Heavy and Civil Engineering Construction	84,647 employees	21	1	4,031 employees	900 employees	3
2381	Foundation, Structure, and Building Exterior Contractors	1,005,066 employees	725	1	1,386 employees	650 employees	3
23821	Electrical Contractors and Other Wiring Installation Contractors	978,786 employees	1328	1	737 employees	550 employees	3
23822	Plumbing, Heating, and Air-Conditioning Contractors	1,222,398 employees	1920	1	637 employees	550 employees	3
23829	Other Building Equipment Contractors	148,350 employees	205	1	724 employees	550 employees	3

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
2383	Building Finishing Contractors	1,032,285 employees	1114	1	927 employees	600 employees	3
2389	Other Specialty Trade Contractors	858,283 employees	1157	1	742 employees	550 employees	3
3111	Animal Food Manufacturing	60,566 employees	1	0.969	58,697 employees	1,800 employees	
3112	Grain and Oilseed Milling	59,299 employees	1	1.025	60,801 employees	1,800 employees	
31131	Sugar Manufacturing	14,469 employees	9	1.138	1,830 employees	700 employees	
31134	Nonchocolate Confectionery Manufacturing	27,810 employees	7	1.138	4,522 employees	900 employees	
31135	Chocolate and Confectionery Manufacturing	44,139 employees	3	1.138	16,747 employees	1,300 employees	
31141	Frozen Food Manufacturing	88,985 employees	1	1.057	94,062 employees	2,050 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
31142	Fruit and Vegetable Canning, Pickling, and Drying	74,220 employees	1	1.098	81,472 employees	1,950 employees	
3115	Dairy Product Manufacturing	162,270 employees	1	0.982	159,271 employees	2,350 employees	
3116	Animal Slaughtering and Processing	534,042 employees	6	0.958	85,259 employees	2,000 employees	
3117	Seafood Product Preparation and Packaging	23,302 employees	2	1.302	15,165 employees	1,250 employees	
31181	Bread and Bakery Product Manufacturing	227,516 employees	60	1.063	4,030 employees	900 employees	
31182	Cookie, Cracker, and Pasta Manufacturing	54,591 employees	8	1.017	6,943 employees	1,000 employees	
31183	Tortilla Manufacturing	20,644 employees	1	1.017	21,005 employees	1,350 employees	
3119	Other Food Manufacturing	251,779 employees	30	1.019	8,550 employees	1,050 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
3121	Beverage Manufacturing	266,947 employees	27	1.170	11,566 employees	1,150 employees	
3122	Tobacco Manufacturing	11,784 employees	1	0.999	11,769 employees	1,150 employees	
3131	Fiber, Yarn, and Thread Mills	20,713 employees	1	0.715	14,800 employees	1,250 employees	
31321	Broadwoven Fabric Mills	13,806 employees	1	1.265	17,469 employees	1,300 employees	
31322	Narrow Fabric Mills and Schiffli Machine Embroidery	5,173 employees	3	1.265	2,182 employees	750 employees	
31323	Nonwoven Fabric Mills	16,609 employees	1	1.265	21,016 employees	1,350 employees	
31324	Knit Fabric Mills	5,278 employees	3	1.265	2,226 employees	750 employees	
3133	Textile and Fabric Finishing and Fabric Coating Mills	22,161 employees	1	1.072	23,764 employees	1,400 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
31411	Carpet and Rug Mills	27,178 employees	1	1.226	33,311 employees	1,550 employees	
31412	Curtain and Linen Mills	20,750 employees	32	4.234	2,746 employees	800 employees	
3149	Other Textile Product Mills	57,614 employees	91	1.614	1,022 employees	600 employees	
3151	Apparel Knitting Mills	8,915 employees	1	9.306	82,964 employees	1,950 employees	
3152	Cut and Sew Apparel Manufacturing	52,089 employees	2	9.306	242,372 employees	2,650 employees	
3159	Apparel Accessories and Other Apparel Manufacturing	9,093 employees	11	9.306	7,693 employees	1,050 employees	
3161	Leather and Hide Tanning and Finishing	3,276 employees	7	9.415	4,407 employees	900 employees	
3162	Footwear Manufacturing	10,154 employees	3	9.415	31,866 employees	1,550 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
3169	Other Leather and Allied Product Manufacturing	12,886 employees	8	9.415	15,165 employees	1,250 employees	
3211	Sawmills and Wood Preservation	89,655 employees	1	1.114	99,839 employees	2,050 employees	
3212	Veneer, Plywood, and Engineered Wood Product Manufacturing	84,736 employees	11	1.262	9,719 employees	1,100 employees	
3219	Other Wood Product Manufacturing	270,957 employees	10	1.111	30,097 employees	1,500 employees	
3221	Pulp, Paper, and Paperboard Mills	91,740 employees	3	0.990	30,284 employees	1,500 employees	
3222	Converted Paper Product Manufacturing	263,583 employees	4	1.025	67,568 employees	1,850 employees	
3231	Printing and Related Support Activities	394,782 employees	28	1.009	14,224 employees	1,250 employees	
3241	Petroleum and Coal Products Manufacturing	99,875 employees	6	0.936	15,581 employees	1,250 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
3251	Basic Chemical Manufacturing	163,843 employees	7	1.010	23,631 employees	1,400 employees	
32521	Resin and Synthetic Rubber Manufacturing	97,215 employees	6	0.888	14,390 employees	1,250 employees	
32522	Artificial and Synthetic Fibers and Filaments Manufacturing	14,565 employees	1	0.974	14,188 employees	1,250 employees	
3253	Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing	34,455 employees	44	1.112	871 employees	600 employees	
3254	Pharmaceutical and Medicine Manufacturing	314,474 employees	3	1.502	157,410 employees	2,350 employees	
3255	Paint, Coating, and Adhesive Manufacturing	72,712 employees	5	0.947	13,771 employees	1,200 employees	
3256	Soap, Cleaning Compound, and Toilet Preparation Manufacturing	111,257 employees	13	0.968	8,287 employees	1,050 employees	
3259	Other Chemical Product and Preparation Manufacturing	88,056 employees	17	0.968	5,012 employees	950 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
3261	Plastics Product Manufacturing	671,909 employees	4	1.072	180,023 employees	2,450 employees	
3262	Rubber Product Manufacturing	140,610 employees	4	1.332	46,838 employees	1,700 employees	
3271	Clay Product and Refractory Manufacturing	36,095 employees	18	1.706	3,421 employees	850 employees	
3272	Glass and Glass Product Manufacturing	89,004 employees	12	1.164	8,633 employees	1,050 employees	
32731	Cement Manufacturing	13,978 employees	7	1.125	2,247 employees	750 employees	
32732	Ready-Mix Concrete Manufacturing	88,584 employees	124	0.997	712 employees	550 employees	
32733	Concrete Pipe, Brick, and Block Manufacturing	22,051 employees	90	1.001	245 employees	500 employees	4
32739	Other Concrete Product Manufacturing	60,056 employees	91	1.150	759 employees	550 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
32741	Lime Manufacturing	3,986 employees	3	0.997	1,325 employees	650 employees	
32742	Gypsum Product Manufacturing	11,865 employees	7	0.997	1,691 employees	700 employees	
3279	Other Nonmetallic Mineral Product Manufacturing	82,142 employees	21	1.184	4,631 employees	900 employees	
3311	Iron and Steel Mills and Ferroalloy Manufacturing	79,317 employees	2	1.218	48,291 employees	1,700 employees	
33121	Iron and Steel Pipe and Tube Manufacturing from Purchased Steel	24,835 employees	2	1.323	16,430 employees	1,300 employees	
33122	Rolling and Drawing of Purchased Steel	27,905 employees	3	1.323	12,307 employees	1,200 employees	
3313	Alumina and Aluminum Production and Processing	58,231 employees	3	1.345	26,117 employees	1,450 employees	
3314	Nonferrous Metal (except Aluminum) Production and Processing	55,042 employees	1	1.301	71,592 employees	1,900 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
33151	Ferrous Metal Foundries	56,611 employees	4	0.988	13,983 employees	1,200 employees	
33152	Nonferrous Metal Foundries	49,781 employees	4	1.001	12,460 employees	1,200 employees	
3321	Forging and Stamping	93,952 employees	3	1.006	31,519 employees	1,500 employees	
3322	Cutlery and Handtool Manufacturing	33,171 employees	4	1.769	14,671 employees	1,250 employees	
3323	Architectural and Structural Metals Manufacturing	403,726 employees	75	1.045	5,626 employees	950 employees	
3324	Boiler, Tank, and Shipping Container Manufacturing	88,670 employees	5	1.038	18,407 employees	1,300 employees	
3325	Hardware Manufacturing	30,575 employees	4	1.729	13,213 employees	1,200 employees	
3326	Spring and Wire Product Manufacturing	34,855 employees	3	1.150	13,366 employees	1,200 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
3327	Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing	355,579 employees	5	1.032	73,384 employees	1,900 employees	
3328	Coating, Engraving, Heat Treating, and Allied Activities	118,006 employees	4	0.993	29,299 employees	1,500 employees	
3329	Other Fabricated Metal Product Manufacturing	253,270 employees	21	1.213	14,629 employees	1,250 employees	
3331	Agriculture, Construction, and Mining Machinery Manufacturing	190,488 employees	1	1.131	215,413 employees	2,550 employees	
3332	Industrial Machinery Manufacturing	114,019 employees	7	0.997	16,236 employees	1,250 employees	
3333	Commercial and Service Industry Machinery Manufacturing	77,047 employees	27	1.351	3,854 employees	850 employees	
3334	Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment Manufacturing	145,052 employees	22	1.237	8,154 employees	1,050 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
3335	Metalworking Machinery Manufacturing	136,227 employees	3	1.264	57,408 employees	1,800 employees	
3336	Engine, Turbine, and Power Transmission Equipment Manufacturing	95,564 employees	4	1.070	25,568 employees	1,450 employees	
3339	Other General Purpose Machinery Manufacturing	306,936 employees	3	1.185	121,221 employees	2,200 employees	
3341	Computer and Peripheral Equipment Manufacturing	36,315 employees	1	5.366	194,869 employees	2,500 employees	
3342	Communications Equipment Manufacturing	71,548 employees	2	3.689	131,954 employees	2,250 employees	
3343	Audio and Video Equipment Manufacturing	10,487 employees	1	9.653	101,226 employees	2,100 employees	
3344	Semiconductor and Other Electronic Component Manufacturing	269,521 employees	1	1.130	304,607 employees	2,800 employees	
3345	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing	403,371 employees	5	1.074	86,640 employees	2,000 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
3346	Manufacturing and Reproducing Magnetic and Optical Media	5,481 employees	3	1.131	2,067 employees	750 employees	
3351	Electric Lighting Equipment Manufacturing	35,030 employees	8	2.133	9,340 employees	1,100 employees	
3352	Household Appliance Manufacturing	59,746 employees	5	2.102	25,114 employees	1,450 employees	
3353	Electrical Equipment Manufacturing	119,362 employees	5	1.453	34,679 employees	1,550 employees	
3359	Other Electrical Equipment and Component Manufacturing	139,925 employees	13	1.295	13,941 employees	1,200 employees	
3361	Motor Vehicle Manufacturing	271,838 employees	1	1.573	427,485 employees	3,050 employees	
3362	Motor Vehicle Body and Trailer Manufacturing	178,268 employees	4	1.000	44,586 employees	1,650 employees	
3363	Motor Vehicle Parts Manufacturing	572,851 employees	1	1.250	716,012 employees	3,500 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
3364	Aerospace Product and Parts Manufacturing	421,369 employees	1	0.709	298,796 employees	2,800 employees	
3365	Railroad Rolling Stock Manufacturing	24,409 employees	2	1.088	13,276 employees	1,200 employees	
3366	Ship and Boat Building	145,561 employees	1	0.995	144,765 employees	2,300 employees	
3369	Other Transportation Equipment Manufacturing	39,881 employees	4	1.094	10,911 employees	1,150 employees	
3371	Household and Institutional Furniture and Kitchen Cabinet Manufacturing	229,879 employees	9	1.809	46,212 employees	1,700 employees	
3372	Office Furniture (including Fixtures) Manufacturing	105,890 employees	4	1.270	33,615 employees	1,550 employees	
33791	Mattress Manufacturing	23,676 employees	11	1.210	2,604 employees	800 employees	
33792	Blind and Shade Manufacturing	11,557 employees	4	1.210	3,495 employees	850 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
3391	Medical Equipment and Supplies Manufacturing	306,602 employees	10	1.202	36,867 employees	1,600 employees	
3399	Other Miscellaneous Manufacturing	265,255 employees	70	1.748	6,624 employees	1,000 employees	
4231	Motor Vehicle and Motor Vehicle Parts and Supplies Merchant Wholesalers	417,408 employees	90	0.876	4,061 employees	900 employees	
4232	Furniture and Home Furnishing Merchant Wholesalers	167,056 employees	36	0.892	4,139 employees	900 employees	
4233	Lumber and Other Construction Materials Merchant Wholesalers	266,394 employees	350	0.892	679 employees	550 employees	
4234	Professional and Commercial Equipment and Supplies Merchant Wholesalers	667,983 employees	97	0.881	6,065 employees	1,000 employees	
4235	Metal and Mineral (except Petroleum) Merchant Wholesalers	143,707 employees	17	0.892	7,539 employees	1,050 employees	
4236	Household Appliances and Electrical and Electronic Goods Merchant Wholesalers	517,154 employees	66	0.877	6,874 employees	1,000 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
4237	Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers	275,892 employees	349	0.892	705 employees	550 employees	
4238	Machinery, Equipment, and Supplies Merchant Wholesalers	768,223 employees	50	0.849	13,045 employees	1,200 employees	
4239	Miscellaneous Durable Goods Merchant Wholesalers	351,098 employees	163	0.892	1,921 employees	700 employees	
4241	Paper and Paper Product Merchant Wholesalers	130,890 employees	12	0.908	9,904 employees	1,100 employees	
4242	Drugs and Druggists' Sundries Merchant Wholesalers	310,880 employees	5	0.902	56,087 employees	1,800 employees	
4243	Apparel, Piece Goods, and Notions Merchant Wholesalers	174,809 employees	3	0.908	52,906 employees	1,750 employees	
4244	Grocery and Related Product Merchant Wholesalers	843,279 employees	423	0.935	1,863 employees	700 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
4245	Farm Product Raw Material Merchant Wholesalers	65,745 employees	1	0.908	59,693 employees	1,800 employees	
4246	Chemical and Allied Products Merchant Wholesalers	162,949 employees	62	0.908	2,386 employees	750 employees	
4247	Petroleum and Petroleum Products Merchant Wholesalers	98,762 employees	14	0.937	6,613 employees	1,000 employees	
4248	Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers	209,848 employees	347	0.908	549 employees	500 employees	4
4249	Miscellaneous Nondurable Goods Merchant Wholesalers	338,413 employees	61	0.908	5,037 employees	950 employees	
4251	Wholesale Trade Agents and Brokers	252,511 employees	119	0.925	1,962 employees	700 employees	
4411	Automobile Dealers	1,311,964 employees	2886	1	455 employees	500 employees	4
4412	Other Motor Vehicle Dealers	175,190 employees	75	1	2,336 employees	750 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
4413	Automotive Parts, Accessories, and Tire Retailers	580,045 employees	3109	1	187 employees	500 employees	4
4441	Building Material and Supplies Dealers	1,268,212 employees	3109	1	408 employees	500 employees	4
4442	Lawn and Garden Equipment and Supplies Retailers	182,248 employees	77	1	2,367 employees	750 employees	
4451	Grocery and Convenience Retailers	3,012,507 employees	3109	1	969 employees	600 employees	
4452	Specialty Food Retailers	195,136 employees	1160	1	168 employees	500 employees	4
4453	Beer, Wine, and Liquor Retailers	199,079 employees	27	1	7,373 employees	1,050 employees	
4491	Furniture and Home Furnishings Retailers	456,496 employees	2169	1	210 employees	500 employees	4
4492	Electronics and Appliance Retailers	227,166 employees	1575	1	144 employees	500 employees	4

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
4551	Department Stores	247,907 employees	913	1	272 employees	500 employees	4
4552	Warehouse Clubs, Supercenters, and Other General Merchandise Retailers	2,430,729 employees	3109	1	782 employees	550 employees	
4561	Health and Personal Care Retailers	1,061,431 employees	3109	1	341 employees	500 employees	4
4571	Gasoline Stations	987,634 employees	89	1	11,097 employees	1,150 employees	
4572	Fuel Dealers	74,116 employees	1	1	74,116 employees	1,900 employees	
4581	Clothing and Clothing Accessories Retailers	1,190,357 employees	1480	1	804 employees	550 employees	
4582	Shoe Retailers	204,632 employees	809	1	253 employees	500 employees	4
4583	Jewelry, Luggage, and Leather Goods Retailers	115,216 employees	1160	1	99 employees	500 employees	4

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
4591	Sporting Goods, Hobby, and Musical Instrument Retailers	447,510 employees	1384	1	323 employees	500 employees	4
4592	Book Retailers and News Dealers	54,121 employees	569	1	95 employees	500 employees	4
4593	Florists	68,883 employees	3024	1	23 employees	500 employees	4
4594	Office Supplies, Stationery, and Gift Retailers	191,941 employees	2275	1	84 employees	500 employees	4
4595	Used Merchandise Retailers	257,267 employees	853	1	302 employees	500 employees	4
4599	Other Miscellaneous Retailers	547,688 employees	3109	1	176 employees	500 employees	4
4811	Scheduled Air Transportation	428,405 employees	11	1.009	39,286 employees	1,600 employees	
4812	Nonscheduled Air Transportation	51,323 employees	3	1.009	17,257 employees	1,300 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
4821	Rail Transportation	179,307 employees	1	0.812	145,592 employees	2,300 employees	1
4831	Deep Sea, Coastal, and Great Lakes Water Transportation	38,646 employees	1	0.638	24,646 employees	1,400 employees	
4832	Inland Water Transportation	19,407 employees	1	0.638	12,376 employees	1,200 employees	
4841	General Freight Trucking	$496,623 million in receipts	116	0.896	$3,835 million in receipts	$245 million in receipts	
4842	Specialized Freight Trucking	$190,127 million in receipts	261	0.896	$653 million in receipts	$114 million in receipts	
4851	Urban Transit Systems	$121,038 million in receipts	554	1	$218 million in receipts	$71 million in receipts	1

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
4852	Interurban and Rural Bus Transportation	$1,982 million in receipts	5	1	$396 million in receipts	$92 million in receipts	
4853	Taxi and Limousine Service	$60,765 million in receipts	554	1	$110 million in receipts	$53 million in receipts	2
4854	School and Employee Bus Transportation	$15,408 million in receipts	554	1	$28 million in receipts	$31 million in receipts	2 4
4855	Charter Bus Industry	$4,941 million in receipts	17	1	$291 million in receipts	$81 million in receipts	
4859	Other Transit and Ground Passenger Transportation	$16,318 million in receipts	22	1	$742 million in receipts	$121 million in receipts	
4861	Pipeline Transportation of Crude Oil	9,703 employees	1	0.773	7,498 employees	1,050 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
4862	Pipeline Transportation of Natural Gas	$46,414 million in receipts	2	0.773	$17,932 million in receipts	$477 million in receipts	
4869	Other Pipeline Transportation	8,985 employees	1	0.773	6,943 employees	1,000 employees	
4871	Scenic and Sightseeing Transportation, Land	$1,314 million in receipts	4	0.996	$327 million in receipts	$85 million in receipts	
4872	Scenic and Sightseeing Transportation, Water	$2,751 million in receipts	2	0.996	$1,370 million in receipts	$157 million in receipts	
4879	Scenic and Sightseeing Transportation, Other	$685 million in receipts	1	0.996	$682 million in receipts	$117 million in receipts	
4881	Support Activities for Air Transportation	$48,953 million in receipts	9	0.996	$5,415 million in receipts	$285 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
4882	Support Activities for Rail Transportation	$10,435 million in receipts	5	0.996	$2,078 million in receipts	$188 million in receipts	
4883	Support Activities for Water Transportation	$39,768 million in receipts	1	0.996	$39,593 million in receipts	$671 million in receipts	
4884	Support Activities for Road Transportation	$22,832 million in receipts	424	0.996	$54 million in receipts	$39 million in receipts	
4885	Freight Transportation Arrangement	$157,340 million in receipts	36	0.996	$4,351 million in receipts	$259 million in receipts	
4889	Other Support Activities for Transportation	$32,600 million in receipts	40	0.996	$811 million in receipts	$126 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
4921	Couriers and Express Delivery Services	1,043,427 employees	101	0.887	9,164 employees	1,100 employees	
4922	Local Messengers and Local Delivery	$24,426 million in receipts	17	0.887	$1,274 million in receipts	$153 million in receipts	
4931	Warehousing and Storage	$88,687 million in receipts	51	0.999	$1,737 million in receipts	$174 million in receipts	
5121	Motion Picture and Video Industries	296,067 employees	1	0.916	271,131 employees	2,700 employees	
5122	Sound Recording Industries	27,136 employees	2	0.927	12,579 employees	1,200 employees	
5131	Newspaper, Periodical, Book, and Directory Publishers	282,981 employees	3	0.977	92,117 employees	2,050 employees	
5132	Software Publishers	874,323 employees	1	0.872	762,423 employees	3,600 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
51611	Radio Broadcasting Stations	$26,510 million in receipts	166	1.000	$160 million in receipts	$62 million in receipts	
51612	Television Broadcasting Stations	$91,820 million in receipts	5	1	$18,364 million in receipts	$482 million in receipts	
5162	Media Streaming Distribution Services, Social Networks, and Other Media Networks and Content Providers	$92,984 million in receipts	1	1	$92,984 million in receipts	$970 million in receipts	
5171	Wired and Wireless Telecommunications (except Satellite)	891,505 employees	389	0.980	2,245 employees	750 employees	
5174	Satellite Telecommunications	$8,553 million in receipts	5	0.979	$1,675 million in receipts	$172 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
5178	All Other Telecommunications	$27,799 million in receipts	9	0.979	$3,024 million in receipts	$221 million in receipts	
5182	Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	$400,149 million in receipts	33	0.996	$12,080 million in receipts	$402 million in receipts	
5192	Web Search Portals, Libraries, Archives, and Other Information Services	388,048 employees	1	0.940	364,614 employees	2,950 employees	
5221	Depository Credit Intermediation	$866,292 million in receipts	261	0.916	$3,039 million in receipts	$5,031 million in total assets	5
5222	Nondepository Credit Intermediation	$864,104 million in receipts	30	0.962	$27,706 million in receipts	$575 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
5223	Activities Related to Credit Intermediation	$214,015 million in receipts	9	0.962	$22,874 million in receipts	$530 million in receipts	
5231	Securities and Commodity Contracts Intermediation and Brokerage	$390,235 million in receipts	5	0.918	$71,675 million in receipts	$867 million in receipts	
5232	Securities and Commodity Exchanges	$21,853 million in receipts	2	0.918	$10,034 million in receipts	$371 million in receipts	
5239	Other Financial Investment Activities	$603,613 million in receipts	5	0.850	$102,568 million in receipts	$1,011 million in receipts	
5241	Insurance Carriers	$3,193,949 million in receipts	50	1.049	$67,019 million in receipts	$842 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
5242	Agencies, Brokerages, and Other Insurance Related Activities	$722,042 million in receipts	259	1	$2,788 million in receipts	$214 million in receipts	
5251	Insurance and Employee Benefit Funds	$39,649 million in receipts	554	1	$72 million in receipts	$44 million in receipts	1
5259	Other Investment Pools and Funds	$6,558 million in receipts	5	1	$1,312 million in receipts	$155 million in receipts	
5311	Lessors of Real Estate	947,692 employees	1457	1	650 employees	550 employees	
5312	Offices of Real Estate Agents and Brokers	$292,534 million in receipts	197	0.997	$1,481 million in receipts	$163 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
5313	Activities Related to Real Estate	$287,763 million in receipts	159	0.997	$1,805 million in receipts	$177 million in receipts	
5321	Automotive Equipment Rental and Leasing	$107,390 million in receipts	334	0.984	$317 million in receipts	$84 million in receipts	
5322	Consumer Goods Rental	116,556 employees	818	0.971	138 employees	500 employees	4
5323	General Rental Centers	$6,459 million in receipts	500	0.971	$13 million in receipts	$31 million in receipts	4
5324	Commercial and Industrial Machinery and Equipment Rental and Leasing	$119,533 million in receipts	19	0.965	$6,072 million in receipts	$299 million in receipts	
5331	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	$63,471 million in receipts	17	0.538	$2,010 million in receipts	$186 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
5411	Legal Services	$485,818 million in receipts	120	0.971	$3,930 million in receipts	$248 million in receipts	
5412	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	$278,400 million in receipts	634	1.004	$441 million in receipts	$97 million in receipts	
54131	Architectural Services	$62,230 million in receipts	61	0.945	$964 million in receipts	$135 million in receipts	
54132	Landscape Architectural Services	$9,419 million in receipts	64	0.945	$139 million in receipts	$59 million in receipts	
54133	Engineering Services	$385,791 million in receipts	89	0.945	$4,097 million in receipts	$252 million in receipts	
54134	Drafting Services	$2,938 million in receipts	108	0.945	$26 million in receipts	$31 million in receipts	4

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
54135	Building Inspection Services	$6,069 million in receipts	125	0.945	$46 million in receipts	$36 million in receipts	
54136	Geophysical Surveying and Mapping Services	$2,648 million in receipts	1	0.945	$2,503 million in receipts	$204 million in receipts	
54137	Surveying and Mapping (except Geophysical) Services	$11,358 million in receipts	27	0.945	$398 million in receipts	$92 million in receipts	
54138	Testing Laboratories and Services	$32,556 million in receipts	23	0.945	$1,338 million in receipts	$156 million in receipts	
5414	Specialized Design Services	$58,063 million in receipts	42	1.004	$1,389 million in receipts	$158 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
5415	Computer Systems Design and Related Services	$823,947 million in receipts	36	1.007	$23,045 million in receipts	$531 million in receipts	
5416	Management, Scientific, and Technical Consulting Services	$581,397 million in receipts	91	0.923	$5,896 million in receipts	$295 million in receipts	
54171	Research and Development in the Physical, Engineering, and Life Sciences	901,205 employees	3	0.986	296,223 employees	2,800 employees	
54172	Research and Development in the Social Sciences and Humanities	$11,726 million in receipts	3	0.986	$3,854 million in receipts	$246 million in receipts	
5418	Advertising, Public Relations, and Related Services	$175,109 million in receipts	7	0.968	$24,223 million in receipts	$543 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
5419	Other Professional, Scientific, and Technical Services	$252,327 million in receipts	1654	0.986	$150 million in receipts	$61 million in receipts	
5511	Management of Companies and Enterprises	$281,823 million in receipts	61	0.992	$4,584 million in receipts	$265 million in receipts	
5611	Office Administrative Services	$132,547 million in receipts	158	1	$839 million in receipts	$127 million in receipts	
5612	Facilities Support Services	$46,931 million in receipts	35	1	$1,341 million in receipts	$156 million in receipts	
5613	Employment Services	$677,509 million in receipts	554	1.002	$1,225 million in receipts	$150 million in receipts	2

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
5614	Business Support Services	$145,936 million in receipts	57	0.999	$2,557 million in receipts	$206 million in receipts	
5615	Travel Arrangement and Reservation Services	$87,990 million in receipts	21	0.991	$4,151 million in receipts	$254 million in receipts	
5616	Investigation and Security Services	$100,705 million in receipts	50	1.000	$2,014 million in receipts	$186 million in receipts	
5617	Services to Buildings and Dwellings	$335,415 million in receipts	2456	1.000	$137 million in receipts	$58 million in receipts	
5619	Other Support Services	$77,898 million in receipts	147	0.989	$524 million in receipts	$104 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
5621	Waste Collection	$86,813 million in receipts	1720	1.001	$51 million in receipts	$38 million in receipts	
5622	Waste Treatment and Disposal	$30,771 million in receipts	17	1.001	$1,811 million in receipts	$178 million in receipts	
5629	Remediation and Other Waste Management Services	$49,780 million in receipts	79	1.001	$630 million in receipts	$113 million in receipts	
6111	Elementary and Secondary Schools	$1,244,643 million in receipts	3109	1	$400 million in receipts	$93 million in receipts	1
6112	Junior Colleges	$81,972 million in receipts	49	0.997	$1,667 million in receipts	$171 million in receipts	1

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
6113	Colleges, Universities, and Professional Schools	$866,188 million in receipts	49	0.997	$17,616 million in receipts	$473 million in receipts	1
6114	Business Schools and Computer and Management Training	$21,797 million in receipts	16	1.000	$1,363 million in receipts	$157 million in receipts	
6115	Technical and Trade Schools	$20,371 million in receipts	161	1.000	$127 million in receipts	$56 million in receipts	
6116	Other Schools and Instruction	$43,723 million in receipts	33	1.000	$1,325 million in receipts	$155 million in receipts	
6117	Educational Support Services	$29,145 million in receipts	5	1.000	$5,830 million in receipts	$294 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
6211	Offices of Physicians	$805,692 million in receipts	1655	1.000	$487 million in receipts	$101 million in receipts	
6212	Offices of Dentists	$199,546 million in receipts	3109	0.999	$64 million in receipts	$42 million in receipts	
6213	Offices of Other Health Practitioners	$190,497 million in receipts	2934	0.999	$65 million in receipts	$42 million in receipts	
6214	Outpatient Care Centers	$275,046 million in receipts	169	0.999	$1,627 million in receipts	$170 million in receipts	
6215	Medical and Diagnostic Laboratories	$95,053 million in receipts	91	0.998	$1,043 million in receipts	$140 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
6216	Home Health Care Services	$148,391 million in receipts	554	0.999	$268 million in receipts	$78 million in receipts	2
6219	Other Ambulatory Health Care Services	$80,366 million in receipts	641	0.998	$125 million in receipts	$56 million in receipts	
6221	General Medical and Surgical Hospitals	$1,530,696 million in receipts	1385	1.002	$1,107 million in receipts	$144 million in receipts	
6222	Psychiatric and Substance Abuse Hospitals	$38,963 million in receipts	93	1.002	$420 million in receipts	$95 million in receipts	
6223	Specialty (except Psychiatric and Substance Abuse) Hospitals	$72,239 million in receipts	7	1.002	$10,336 million in receipts	$376 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
6231	Nursing Care Facilities (Skilled Nursing Facilities)	$166,623 million in receipts	1125	1.000	$148 million in receipts	$60 million in receipts	
6232	Residential Intellectual and Developmental Disability, Mental Health, and Substance Abuse Facilities	$73,101 million in receipts	4	0.998	$18,247 million in receipts	$481 million in receipts	
6233	Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly	$98,379 million in receipts	174	1.000	$565 million in receipts	$108 million in receipts	
6239	Other Residential Care Facilities	$12,381 million in receipts	58	0.998	$213 million in receipts	$71 million in receipts	
6241	Individual and Family Services	$187,820 million in receipts	7	1	$26,831 million in receipts	$568 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
62421	Community Food Services	$21,712 million in receipts	219	1	$99 million in receipts	$51 million in receipts	
62422	Community Housing Services	$25,148 million in receipts	48	1	$524 million in receipts	$104 million in receipts	
62423	Emergency and Other Relief Services	$17,294 million in receipts	1	1	$17,294 million in receipts	$470 million in receipts	
6243	Vocational Rehabilitation Services	$18,106 million in receipts	37	1	$489 million in receipts	$101 million in receipts	
6244	Child Care Services	$83,373 million in receipts	3109	1	$27 million in receipts	$31 million in receipts	4

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
7111	Performing Arts Companies	$26,740 million in receipts	12	1.002	$2,232 million in receipts	$194 million in receipts	
7112	Spectator Sports	$76,969 million in receipts	46	1.005	$1,682 million in receipts	$172 million in receipts	
7113	Promoters of Performing Arts, Sports, and Similar Events	$56,863 million in receipts	18	0.994	$3,141 million in receipts	$225 million in receipts	
7114	Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures	$16,891 million in receipts	2	0.994	$8,397 million in receipts	$344 million in receipts	
7115	Independent Artists, Writers, and Performers	$74,457 million in receipts	2	0.991	$36,878 million in receipts	$651 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
71211	Museums	$16,356 million in receipts	27	1.000	$606 million in receipts	$111 million in receipts	
71212	Historical Sites	$1,555 million in receipts	1	1.000	$1,555 million in receipts	$166 million in receipts	
71213	Zoos and Botanical Gardens	$6,718 million in receipts	21	1.000	$320 million in receipts	$84 million in receipts	
71219	Nature Parks and Other Similar Institutions	$1,379 million in receipts	3	1.000	$459 million in receipts	$98 million in receipts	
7131	Amusement Parks and Arcades	$30,681 million in receipts	3	1.000	$10,227 million in receipts	$374 million in receipts	
7132	Gambling Industries	$50,241 million in receipts	1	1.000	$50,241 million in receipts	$744 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
7139	Other Amusement and Recreation Industries	$131,164 million in receipts	1267	1.000	$104 million in receipts	$52 million in receipts	
7211	Traveler Accommodation	$344,327 million in receipts	17	1	$20,255 million in receipts	$503 million in receipts	
7212	RV (Recreational Vehicle) Parks and Recreational Camps	$10,812 million in receipts	41	1	$264 million in receipts	$77 million in receipts	
7213	Rooming and Boarding Houses, Dormitories, and Workers' Camps	$3,374 million in receipts	61	1	$55 million in receipts	$39 million in receipts	
7223	Special Food Services	831,588 employees	418	0.998	1,985 employees	700 employees	
7224	Drinking Places (Alcoholic Beverages)	419,230 employees	261	0.998	1,603 employees	700 employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
7225	Restaurants and Other Eating Places	10901307 employees	3109	0.997	3,496 employees	850 employees	
8111	Automotive Repair and Maintenance	$221,191 million in receipts	3109	1.000	$71 million in receipts	$44 million in receipts	
8112	Electronic and Precision Equipment Repair and Maintenance	$28,898 million in receipts	84	1.000	$344 million in receipts	$87 million in receipts	
8113	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance	$68,754 million in receipts	6	1.000	$11,456 million in receipts	$393 million in receipts	
8114	Personal and Household Goods Repair and Maintenance	$23,212 million in receipts	1283	1.087	$20 million in receipts	$31 million in receipts	4

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
8121	Personal Care Services	$124,426 million in receipts	3109	1	$40 million in receipts	$34 million in receipts	
8122	Death Care Services	$30,032 million in receipts	551	1	$55 million in receipts	$39 million in receipts	
8123	Drycleaning and Laundry Services	$39,484 million in receipts	929	1	$43 million in receipts	$35 million in receipts	
8129	Other Personal Services	$78,421 million in receipts	688	1	$114 million in receipts	$54 million in receipts	
8131	Religious Organizations	$209,334 million in receipts	825	1	$254 million in receipts	$76 million in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
8132	Grantmaking and Giving Services	$223,314 million in receipts	15	1	$14,888 million in receipts	$440 million in receipts	
8133	Social Advocacy Organizations	$57,523 million in receipts	5	1	$11,505 million in receipts	$394 million in receipts	
8134	Civic and Social Organizations	$25,965 million in receipts	7	1	$3,709 million in receipts	$242 million in receipts	
8139	Business, Professional, Labor, Political, and Similar Organizations	$137,991 million in receipts	4	1	$34,498 million in receipts	$632 million in receipts	

Notes: Average Market Size is calculated as National Industry Size divided by number of geographic markets multiplied by the net import adjustment. Values reported may not match exactly due to rounding. Small Business size standards are a function of average market size. See the main body for details on the formula.

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes

1 For this industry group or industry a nonstandard data source was used to calculate the national industry size. Additionally, due to this nonstandard data source the geographic market is assumed based on known characteristics. See the main body for further details.

2 For this industry group the calculated number of geographic markets has been overwritten. The discrepancy is caused by the mobile nature of the workers in the industry. See the main body for further details.

3 The BEA uses a different categorization of construction than NAICS, so there is not a one-to-one correspondence. Given the immovable nature of most construction projects, the net import adjustment is set to one for all industry groups and industries in the construction sector.

4 This industry group or industry has been given the minimum size standard due to its small average market size.

5 Depository Institutions have been given an asset based size standard. See the main body for further details on its calculation.

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