

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 September 21, 2026.

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 GCBDRags@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, GCBDRags@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.S.C. 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 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

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.

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).

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.

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 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), Public Law 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 in 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.

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 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 U.S.C. 632(a)(7), where appropriate. Grouping

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).

⁹ 13 CFR 121.201.

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 to disruptions because of the COVID–19 Pandemic.

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

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.

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 297 Industry

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.

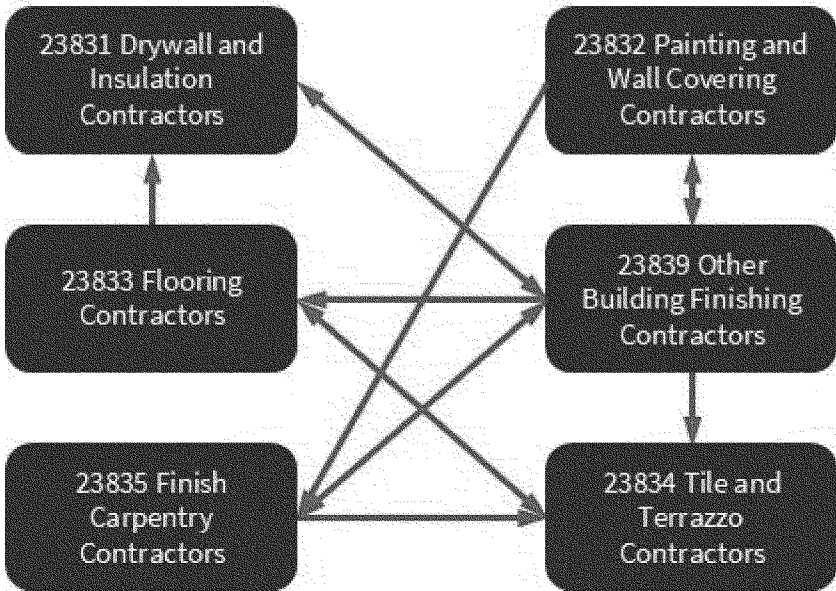
¹¹ The cross-reference is as follows: "combined activities of crude petroleum and natural gas

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.

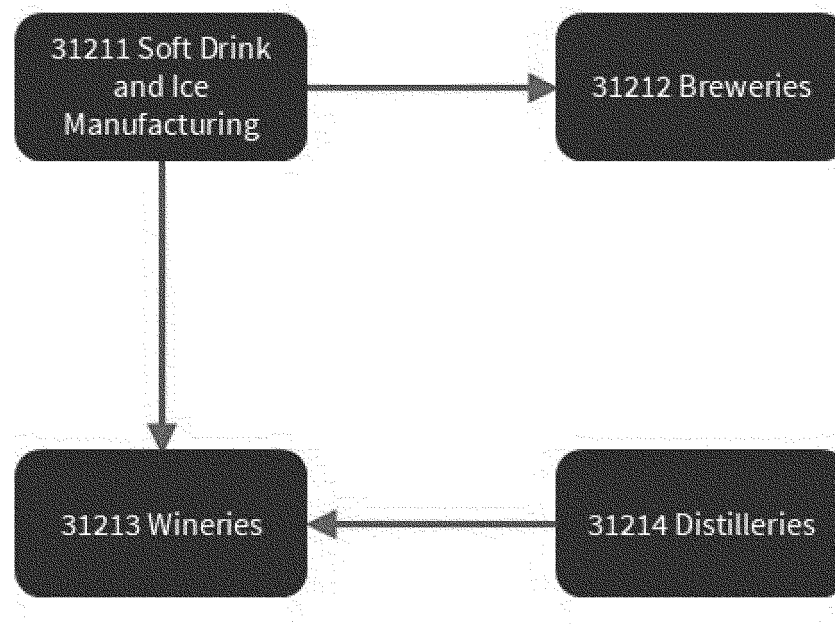
extraction—are classified in Industry Group 2111, Oil and Gas Extraction, based on the primary activity of the establishment" 2022 NAICS Manual—Office of Management and Budget.

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.

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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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
1152	Support Activities for Animal Production	1	Yes	Yes
1153	Support Activities for Forestry	1	Yes	Yes
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
2381	Foundation, Structure, and Building Exterior Contractors	8	Yes	Yes
2382	Building Equipment Contractors	3	No	No
2383	Building Finishing Contractors	6	No	Yes
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

		Number of 6-digit Industries	Cross- Country Test	Cross- Reference Test
NAICS	Description			
3334	Ventilation, Heating, Air- Conditioning, and Commercial Refrigeration Equipment Manufacturing	3	Yes	Yes
3335	Metalworking Machinery Manufacturing	5	Yes	Yes
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
4883	Support Activities for Water Transportation	4	No	Yes
4884	Support Activities for Road Transportation	2	No	Yes

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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 Other Media Networks and Content Providers	1	Yes	Yes

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	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	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
5615	Travel Arrangement and Reservation Services	4	No	Yes
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
6213	Offices of Other Health Practitioners	6	No	Yes
6214	Outpatient Care Centers	6	No	Yes
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
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
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

NAICS	Description	Number of	Cross-	Cross-
		6-digit	Country	Reference
		Industries	Test	Test
8114	Personal and Household Goods	5	No	Yes
	Repair and Maintenance			
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
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,	5	Yes	Yes
	Political, and Similar			
	Organizations			

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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.

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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 (cx. 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.

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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

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)

Both are statutorily required for businesses depending on business activity. Businesses providing services are required to have a receipts based

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).

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, 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.

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 U.S.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.

¹³ 15 U.S.C. 632(a)(2)(C)(ii)(II).

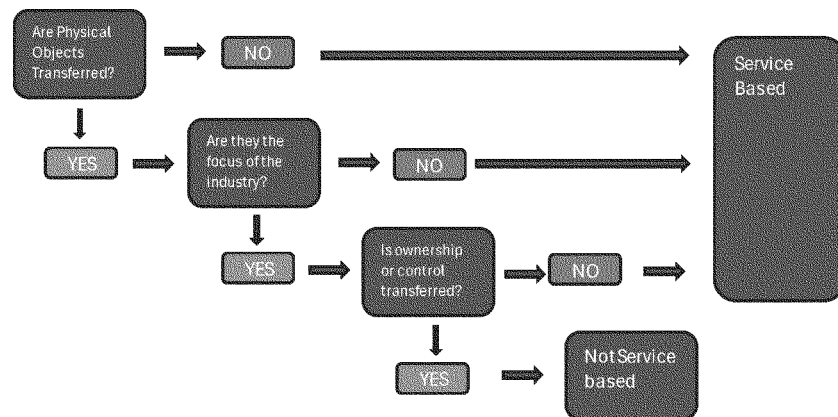
¹⁴ 15 U.S.C. 632(a)(2)(C)(ii)(I).

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)

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.

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.

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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.

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, 111334, 111335, 111336, 111339, 111411, 111419, 111421, 111422, 111910, 111920, 111930, 111940, 111991, 111992, and 111998)	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. 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.

NAICS	Reasoning
1132 Forest Nurseries and Gathering of Forest Products (includes 113210)	Conclusion: Other than service 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 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	The industries in this industry group focus on preparing and building structures in support of mining operations but do no mining themselves.

NAICS	Reasoning
(includes 213111, 213112, 213113, 213114, and 213115)	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 (includes 221310, 221320, and 221330)	The industries in this industry group focus on delivering water, steam, hot and cold air to customers and receiving used water in the form 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.

NAICS	Reasoning
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 (includes 441110, 441120, 441210, 441222, and 441227)	The industries in this industry group focus on selling new or used motor vehicles besides cars and trucks (recreational vehicles, boats, all-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 (tires, 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.

NAICS	Reasoning
445 Food and Beverage Retailers (includes 445110, 445131, 445132, 445230, 445240, 445250, 445291, 445292, 445298, and 445320)	Conclusion: Other than Service 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
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

NAICS	Reasoning
4571 Gasoline Stations (includes 457110 and 457120)	final customers. During these transactions ownership is changed. Conclusion: Other than Service 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
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

NAICS	Reasoning
	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 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	The industries in this industry group provide long-term leases to real estate for residential or

NAICS	Reasoning
(includes 531110, 531120, 531130, and 531190)	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 (includes 722310, 722320, 722330, 722410, 722511, 522513, 722514, and 722515)	The industries in this subsector provide food and drink to customers. Customers may eat at the 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.

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

2023 Size Standards	2023 Totals	2026 Size Standards		
		Employment	Receipts	Assets
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. Businesses²⁰—employee counts and receipts by state and industry group or industry from this data source are used to calculate national industry size.

Nonemployer Statistics²¹—establishment counts and receipts by state and industry group or industry from this data source are used to calculate national industry size. 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 Patterns²²—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 Files²³—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 Totals²⁴—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 Flows²⁵—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.

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.

²⁰ Statistics of U.S. Businesses—Census Bureau.

²¹ Nonemployer Statistics—Census Bureau.

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.

County Adjacency File²⁶—adjacency information from this data source is used to ensure that only contiguous geographic areas are adjoined when counties are agglomerated into 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 Table²⁷—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 Agriculture²⁸—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-861²⁹—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-923³⁰—total net generation and private industry net generation from this data source is used in combination with data from Form 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 Summary³¹—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 WaterSense³²—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 2015³³—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 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 Compensation³⁴—employee counts for Class I line-haul railroads, Non-Class I line-haul railroads and switching & terminal companies, and the National Railroad Passenger Corporation (Amtrak) 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 Report³⁵—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 Profile³⁶—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 Report³⁷—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).

Private Pension Plan Bulletin³⁸—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 Report³⁹—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 Schools⁴⁰—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 Tables⁴¹—data on receipts for publicly owned Junior Colleges (NAICS 6112) and Colleges, Universities, and

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.

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.

²⁶ County Adjacency File—Census Bureau.

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.

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.

³⁴ Employment and Compensation—Railroad Retirement Board.

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:

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

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.

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Table 5: Summary Statistics of Size Standard Factors

Variable	Standard				
	Mean	Median	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.

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

$$\text{NationalIndustrySize}_i^{\text{receipt}} = \text{receipts}_i^{\text{nonemployer}} + \text{receipts}_i^{\text{employer}} \quad (2)$$

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:

$$\rho_i = \frac{\text{receipts}_i^{\text{nonemployer}} / \text{firms}_i^{\text{nonemployer}}}{\text{receipts}_i^{\text{employer}} / \text{employees}_i} \quad (3)$$

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:

$$\text{NationalIndustrySize}_i^{\text{employee}} = \rho_i \times \text{firms}_i^{\text{nonemployer}} + \text{employees}_i \quad (4)$$

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

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

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 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 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 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 Act⁵¹ 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

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).

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>.

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/ipeds/data/ipeds202324/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 U.S.

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).

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 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:

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

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 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 too 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:

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

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 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

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

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).

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.

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.

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 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 process⁶¹ 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:

$$\begin{aligned} \Pr(\text{establishment}_{i,j} \geq 3) \\ = \beta_{1i} \cdot \text{pop}_j + \beta_{2i} \cdot \text{lat}_j + \beta_{3i} \cdot \text{lon}_j + \beta_{4i} \cdot \text{lat}_j^2 \\ + \beta_{5i} \cdot \text{lon}_j^2 + \beta_{6i} \cdot \text{lat}_j \cdot \text{lon}_j + \alpha_i + \epsilon_{i,j} \end{aligned} \quad (7)$$

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

$$\log(\text{employment}_{i,j}) = \gamma_i \cdot \text{pop}_j + \delta_i + \theta \cdot \lambda_{i,j} + \eta_{i,j} \quad (8)$$

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

⁶⁰ County Business Patterns Methodology—Census Bureau, Nonemployer Statistics Methodology—Census Bureau.

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).

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 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:

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

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

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 SUBS methodology for Employment Services (NAICS 5913), and thus, reports a significant

proportion of the industry employment only as "statewide" rather than specifying a county.

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.

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:

$$\begin{aligned} & \text{if } \text{AverageMarketSize}_i < 500 \text{ employees: } \text{SizeStandard}_i \\ & \quad = 500 \text{ employees} \\ & \text{if } \text{AverageMarketSize}_i \geq 500 \text{ employees: } \text{SizeStandard}_i \\ & \quad = \left(\frac{\text{AverageMarketSize}_i}{500 \text{ employees}} \right)^{0.2686} \times 500 \text{ employees} \end{aligned} \quad (10)$$

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 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

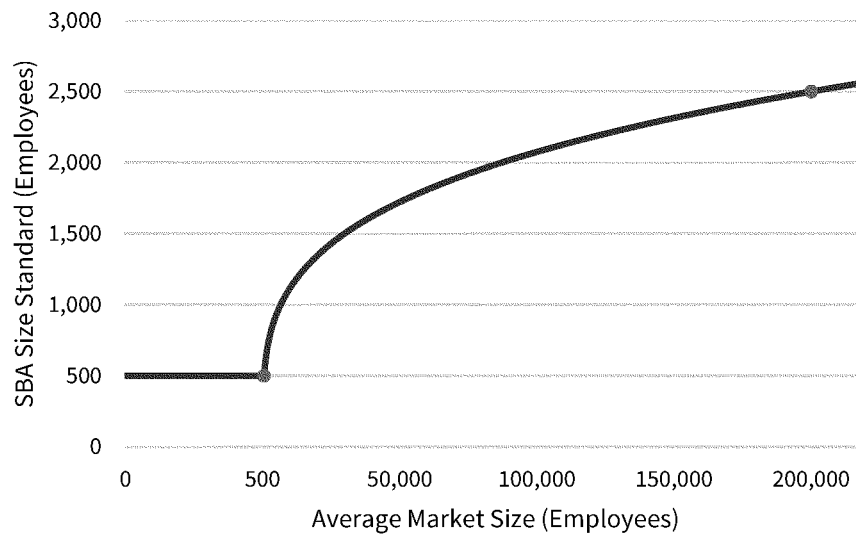
SBA choose this high anchor point because it believes that a firm with 2,500 employees would not be dominant in a market with 200,000 employees, since it would have a low market share of 1.25 percent. Due to the formula for calculating size standards, there is no explicit maximum size standard; rather, 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.

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

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

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 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:

$$\begin{aligned}
 & \text{if } \text{AverageMarketSize}_i < \$30.6 \text{ million: } \text{SizeStandard}_i = \$30.6 \text{ million} \\
 & \text{if } \text{AverageMarketSize}_i \geq \$30.6 \text{ million: } \text{SizeStandard}_i \\
 & \qquad = \left(\frac{\text{AverageMarketSize}_i}{\$30.6 \text{ million}} \right)^{0.4310} \times \$30.6 \text{ million}
 \end{aligned} \tag{11}$$

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

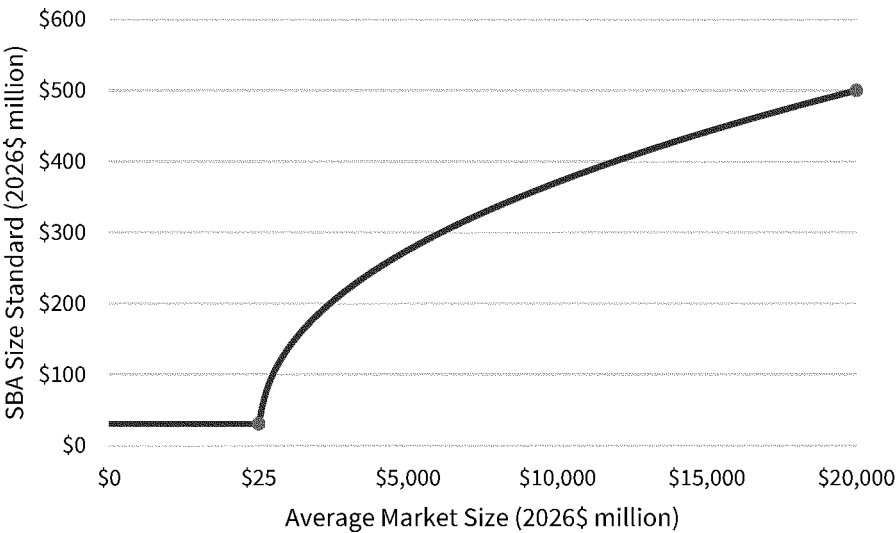
⁶⁸ The exact equation of the exponent is as follows: $\ln(\$500 \text{ million}/\$30.6 \text{ million}) \div \ln(\$20 \text{ billion}/\$30.6 \text{ million}) = 0.4310$.

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



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

⁶⁹ Quarterly Banking Report—Federal Deposit Insurance Corporation and Quarterly Data Summary Report—National Credit Union Administration.

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 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.

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.

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.

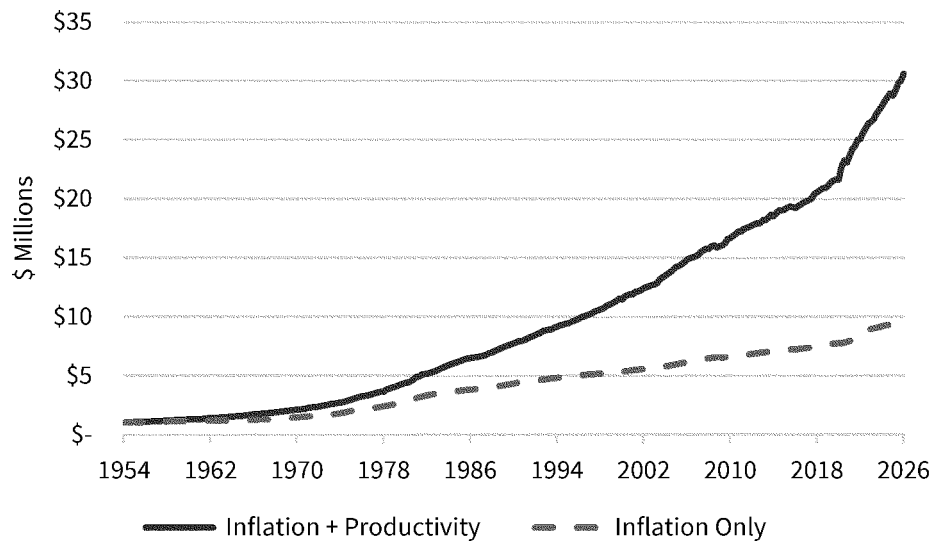
Drycleaning and Laundry Services (NAICS 8123) 5 new large businesses.

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 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.

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 SUBS. 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.

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:

$$\begin{aligned} & \text{Inflation} + \text{Productivity Growth (\%)} \\ &= \left(\frac{\text{GDPperEmployee}_{\text{EndPeriod}}}{\text{GDPperEmployee}_{\text{BasePeriod}}} - 1 \right) \times 100\% \end{aligned} \quad (12)$$

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

⁷² Federal Reserve Economic Data—Federal Reserve Bank of St. Louis.

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.

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 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 "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, 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

⁷⁵ 2023 Merger Guidelines—Antitrust Division, Department of Justice.

⁷⁶ Annual Competition Reports—Federal Trade Commission.

⁷³ SBA'S Size Standards Methodology.

⁷⁴ 15 U.S.C. 632(a)(2)(C)(ii)(II).

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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11. Appendix

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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
		323,438			261,035	2,700	
1111	Oilseed and Grain Farming	employees	1	0.807	employees	employees	1
		209,029			276,264	2,750	
1112	Vegetable and Melon Farming	employees	1	1.322	employees	employees	1
		483,342			704,017	3,500	
1113	Fruit and Tree Nut Farming	employees	1	1.457	employees	employees	1
		30,784			33,849	1,550	
11141	Food Crops Grown Under Cover	employees	1	1.010	employees	employees	1
		253,234			278,445	2,750	
11142	Nursery and Floriculture Production	employees	1	1.010	employees	employees	1
		227,173			188,159	2,450	
1119	Other Crop Farming	employees	1	0.828	employees	employees	1
NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		394,617			399,187	3,000	
1121	Cattle Ranching and Farming	employees	1	1.012	employees	employees	1
		46,054			50,973	1,750	
1122	Hog and Pig Farming	employees	1	1.107	employees	employees	1
		14,647			14,460	1,250	
11231	Chicken Egg Production	employees	1	0.987	employees	employees	1
	Broilers and Other Meat Type Chicken	48,438			47,821	1,700	
11232	Production	employees	1	0.987	employees	employees	1
		8,542			8,433	1,050	
11233	Turkey Production	employees	1	0.987	employees	employees	1
		3,957			3,907	850	
11234	Poultry Hatcheries	employees	1	0.987	employees	employees	1
					818	550	
11239	Other Poultry Production	829 employees	1	0.987	employees	employees	1

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		13,109			14,509	1,250	
11241	Sheep Farming	employees	1	1.107	employees	employees	1
		7,497			8,298	1,050	
11242	Goat Farming	employccs	1	1.107	employccs	employccs	1
		87,656			97,018	2,050	
1125	Aquaculture	employees	1	1.107	employees	employees	1
		32,147			35,581	1,550	
1129	Other Animal Production	employees	1	1.107	employees	employees	1
		3,769			3,872	850	
1131	Timber Tract Operations	employees	1	1.027	employees	employees	
	Forest Nurseries and Gathering of Forest					500	
1132	Products	983 employees	33	1.027	31 employees	employees	4
		44,839			23,031	1,400	
1133	Logging	employccs	2	1.027	employccs	employccs	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
					\$7,488	\$327	
1141	Fishing	\$6,916 million in receipts	2	2.165	million in receipts	million in receipts	
					\$1,394	\$159	
1142	Hunting and Trapping	\$1,288 million in receipts	2	2.165	million in receipts	million in receipts	
		\$33,324 million in			\$33,386 million in	\$624 million in	
1151	Support Activities for Crop Production	receipts	1	1.002	receipts	receipts	
		\$9,843 million			\$214 million	\$71 million	
1152	Support Activities for Animal Production	in receipts	46	1.002	in receipts	in receipts	
					\$2,147	\$191	
		\$4,285 million			million in	million in	
1153	Support Activities for Forestry	in receipts	2	1.002	receipts	receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		83,785			129,581	2,200	
2111	Oil and Gas Extraction	employees	1	1.547	employees	employees	
		39,892			33,997	1,550	
2121	Coal Mining	employccs	1	0.852	employccs	employccs	
		37,310			26,879	1,450	
2122	Metal Ore Mining	employees	1	0.720	employees	employees	
		88,444			5,382	950	
2123	Nonmetallic Mineral Mining and Quarrying	employees	17	1.035	employees	employees	
		256,517			252,186	2,650	
2131	Support Activities for Mining	employees	1	0.983	employees	employees	
	Electric Power Generation, Transmission and	500,340			1,992	700	
2211	Distribution	employees	251	0.999	employees	employees	1
		91,315			164	500	
2212	Natural Gas Distribution	employccs	554	0.993	employccs	employccs	1 4

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		48,022				500	
2213	Water, Sewage and Other Systems	employees	554	0.991	86 employees	employees	1 4
		998,511			836	550	
2361	Residential Building Construction	employees	1195	1	employees	employees	3
		702,604			994	600	
2362	Nonresidential Building Construction	employees	707	1	employees	employees	3
	Water and Sewer Line and Related Structures	163,398			1,618	700	
23711	Construction	employees	101	1	employees	employees	3
	Oil and Gas Pipeline and Related Structures	174,940			87,470	2,000	
23712	Construction	employees	2	1	employees	employees	3
	Power and Communication Line and Related	259,541			28,838	1,500	
23713	Structures Construction	employees	9	1	employees	employees	3
		26,125			3,732	850	
2372	Land Subdivision	employees	7	1	employees	employees	3

NAICS	Description	National	Geographic	Net Import	Average	Size	Notes
		Industry Size	Markets	Adjustment	Market Size	Standard	
		305,447			1,776	700	
2373	Highway, Street, and Bridge Construction	employees	172	1	employees	employees	3
	Other Heavy and Civil Engineering	84,647			4,031	900	
2379	Construction	employecs	21	1	employecs	employecs	3
	Foundation, Structure, and Building Exterior	1,005,066			1,386	650	
2381	Contractors	employees	725	1	employees	employees	3
	Electrical Contractors and Other Wiring	978,786			737	550	
23821	Installation Contractors	employees	1328	1	employees	employees	3
	Plumbing, Heating, and Air-Conditioning	1,222,398			637	550	
23822	Contractors	employees	1920	1	employees	employees	3
		148,350			724	550	
23829	Other Building Equipment Contractors	employees	205	1	employees	employees	3
		1,032,285			927	600	
2383	Building Finishing Contractors	employecs	1114	1	employecs	employecs	3

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

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

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		251,779			8,550	1,050	
3119	Other Food Manufacturing	employees	30	1.019	employees	employees	
		266,947			11,566	1,150	
3121	Beverage Manufacturing	employccs	27	1.170	employccs	employccs	
		11,784			11,769	1,150	
3122	Tobacco Manufacturing	employees	1	0.999	employees	employees	
		20,713			14,800	1,250	
3131	Fiber, Yarn, and Thread Mills	employees	1	0.715	employees	employees	
		13,806			17,469	1,300	
31321	Broadwoven Fabric Mills	employees	1	1.265	employees	employees	
	Narrow Fabric Mills and Schiffli Machine	5,173			2,182	750	
31322	Embroidery	employees	3	1.265	employees	employees	
		16,609			21,016	1,350	
31323	Nonwoven Fabric Mills	employccs	1	1.265	employccs	employccs	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		5,278			2,226	750	
31324	Knit Fabric Mills	employees	3	1.265	employees	employees	
	Textile and Fabric Finishing and Fabric	22,161			23,764	1,400	
3133	Coating Mills	employecs	1	1.072	employecs	employecs	
		27,178			33,311	1,550	
31411	Carpet and Rug Mills	employees	1	1.226	employees	employees	
		20,750			2,746	800	
31412	Curtain and Linen Mills	employees	32	4.234	employees	employees	
		57,614			1,022	600	
3149	Other Textile Product Mills	employecs	91	1.614	employecs	employecs	
		8,915			82,964	1,950	
3151	Apparel Knitting Mills	employees	1	9.306	employees	employees	
		52,089			242,372	2,650	
3152	Cut and Sew Apparel Manufacturing	employecs	2	9.306	employecs	employecs	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
	Apparel Accessories and Other Apparel	9,093			7,693	1,050	
3159	Manufacturing	employees	11	9.306	employees	employees	
		3,276			4,407	900	
3161	Leather and Hide Tanning and Finishing	employecs	7	9.415	employecs	employecs	
		10,154			31,866	1,550	
3162	Footwear Manufacturing	employees	3	9.415	employees	employees	
	Other Leather and Allied Product	12,886			15,165	1,250	
3169	Manufacturing	employees	8	9.415	employees	employees	
		89,655			99,839	2,050	
3211	Sawmills and Wood Preservation	employees	1	1.114	employees	employees	
	Veneer, Plywood, and Engineered Wood	84,736			9,719	1,100	
3212	Product Manufacturing	employees	11	1.262	employees	employees	
		270,957			30,097	1,500	
3219	Other Wood Product Manufacturing	employecs	10	1.111	employecs	employecs	

NAICS	Description	National	Geographic	Net Import	Average	Size	Notes
		Industry Size	Markets	Adjustment	Market Size	Standard	
		91,740			30,284	1,500	
3221	Pulp, Paper, and Paperboard Mills	employees	3	0.990	employees	employees	
		263,583			67,568	1,850	
3222	Converted Paper Product Manufacturing	employccs	4	1.025	employccs	employccs	
		394,782			14,224	1,250	
3231	Printing and Related Support Activities	employees	28	1.009	employees	employees	
		99,875			15,581	1,250	
3241	Petroleum and Coal Products Manufacturing	employees	6	0.936	employees	employees	
		163,843			23,631	1,400	
3251	Basic Chemical Manufacturing	employees	7	1.010	employees	employees	
		97,215			14,390	1,250	
32521	Resin and Synthetic Rubber Manufacturing	employees	6	0.888	employees	employees	
	Artificial and Synthetic Fibers and Filaments	14,565			14,188	1,250	
32522	Manufacturing	employccs	1	0.974	employccs	employccs	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
	Pesticide, Fertilizer, and Other Agricultural	34,455			871	600	
3253	Chemical Manufacturing	employees	44	1.112	employees	employees	
		314,474			157,410	2,350	
3254	Pharmaceutical and Medicine Manufacturing	employees	3	1.502	employees	employees	
		72,712			13,771	1,200	
3255	Paint, Coating, and Adhesive Manufacturing	employees	5	0.947	employees	employees	
	Soap, Cleaning Compound, and Toilet	111,257			8,287	1,050	
3256	Preparation Manufacturing	employees	13	0.968	employees	employees	
	Other Chemical Product and Preparation	88,056			5,012	950	
3259	Manufacturing	employees	17	0.968	employees	employees	
		671,909			180,023	2,450	
3261	Plastics Product Manufacturing	employees	4	1.072	employees	employees	
		140,610			46,838	1,700	
3262	Rubber Product Manufacturing	employees	4	1.332	employees	employees	

NAICS	Description	National	Geographic	Net Import	Average	Size	Notes
		Industry Size	Markets	Adjustment	Market Size	Standard	
		36,095			3,421	850	
3271	Clay Product and Refractory Manufacturing	employees	18	1.706	employees	employees	
		89,004			8,633	1,050	
3272	Glass and Glass Product Manufacturing	employccs	12	1.164	employccs	employccs	
		13,978			2,247	750	
32731	Cement Manufacturing	employees	7	1.125	employees	employees	
		88,584			712	550	
32732	Ready-Mix Concrete Manufacturing	employees	124	0.997	employees	employees	
	Concrete Pipe, Brick, and Block	22,051			245	500	
32733	Manufacturing	employees	90	1.001	employees	employees	4
		60,056			759	550	
32739	Other Concrete Product Manufacturing	employees	91	1.150	employees	employees	
		3,986			1,325	650	
32741	Lime Manufacturing	employccs	3	0.997	employccs	employccs	

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

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

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		34,855			13,366	1,200	
3326	Spring and Wire Product Manufacturing	employees	3	1.150	employees	employees	
	Machine Shops; Turned Product; and Screw,	355,579			73,384	1,900	
3327	Nut, and Bolt Manufacturing	employees	5	1.032	employees	employees	
	Coating, Engraving, Heat Treating, and Allied	118,006			29,299	1,500	
3328	Activities	employees	4	0.993	employees	employees	
		253,270			14,629	1,250	
3329	Other Fabricated Metal Product Manufacturing	employees	21	1.213	employees	employees	
	Agriculture, Construction, and Mining	190,488			215,413	2,550	
3331	Machinery Manufacturing	employees	1	1.131	employees	employees	
		114,019			16,236	1,250	
3332	Industrial Machinery Manufacturing	employees	7	0.997	employees	employees	
	Commercial and Service Industry Machinery	77,047			3,854	850	
3333	Manufacturing	employees	27	1.351	employees	employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
	Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment	145,052			8,154	1,050	
3334	Manufacturing	employees	22	1.237	employees	employees	
		136,227			57,408	1,800	
3335	Metalworking Machinery Manufacturing	employees	3	1.264	employees	employees	
	Engine, Turbine, and Power Transmission	95,564			25,568	1,450	
3336	Equipment Manufacturing	employees	4	1.070	employees	employees	
	Other General Purpose Machinery	306,936			121,221	2,200	
3339	Manufacturing	employees	3	1.185	employees	employees	
	Computer and Peripheral Equipment	36,315			194,869	2,500	
3341	Manufacturing	employees	1	5.366	employees	employees	
		71,548			131,954	2,250	
3342	Communications Equipment Manufacturing	employees	2	3.689	employees	employees	
		10,487			101,226	2,100	
3343	Audio and Video Equipment Manufacturing	employees	1	9.653	employees	employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
	Semiconductor and Other Electronic	269,521			304,607	2,800	
3344	Component Manufacturing	employees	1	1.130	employees	employees	
	Navigational, Measuring, Electromedical, and	403,371			86,640	2,000	
3345	Control Instruments Manufacturing	employees	5	1.074	employees	employees	
	Manufacturing and Reproducing Magnetic and	5,481			2,067	750	
3346	Optical Media	employees	3	1.131	employees	employees	
		35,030			9,340	1,100	
3351	Electric Lighting Equipment Manufacturing	employees	8	2.133	employees	employees	
		59,746			25,114	1,450	
3352	Household Appliance Manufacturing	employees	5	2.102	employees	employees	
		119,362			34,679	1,550	
3353	Electrical Equipment Manufacturing	employees	5	1.453	employees	employees	
	Other Electrical Equipment and Component	139,925			13,941	1,200	
3359	Manufacturing	employees	13	1.295	employees	employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		271,838			427,485	3,050	
3361	Motor Vehicle Manufacturing	employees	1	1.573	employees	employees	
		178,268			44,586	1,650	
3362	Motor Vehicle Body and Trailer Manufacturing	employees	4	1.000	employees	employees	
		572,851			716,012	3,500	
3363	Motor Vehicle Parts Manufacturing	employees	1	1.250	employees	employees	
		421,369			298,796	2,800	
3364	Aerospace Product and Parts Manufacturing	employees	1	0.709	employees	employees	
		24,409			13,276	1,200	
3365	Railroad Rolling Stock Manufacturing	employees	2	1.088	employees	employees	
		145,561			144,765	2,300	
3366	Ship and Boat Building	employees	1	0.995	employees	employees	
	Other Transportation Equipment	39,881			10,911	1,150	
3369	Manufacturing	employees	4	1.094	employees	employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
	Household and Institutional Furniture and	229,879			46,212	1,700	
3371	Kitchen Cabinet Manufacturing	employees	9	1.809	employees	employees	
	Office Furniture (including Fixtures)	105,890			33,615	1,550	
3372	Manufacturing	employees	4	1.270	employees	employees	
		23,676			2,604	800	
33791	Mattress Manufacturing	employccs	11	1.210	employccs	employccs	
		11,557			3,495	850	
33792	Blind and Shade Manufacturing	employees	4	1.210	employees	employees	
	Medical Equipment and Supplies	306,602			36,867	1,600	
3391	Manufacturing	employees	10	1.202	employees	employees	
		265,255			6,624	1,000	
3399	Other Miscellaneous Manufacturing	employees	70	1.748	employees	employees	
	Motor Vehicle and Motor Vehicle Parts and	417,408			4,061	900	
4231	Supplies Merchant Wholesalers	employccs	90	0.876	employccs	employccs	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
	Furniture and Home Furnishing Merchant	167,056			4,139	900	
4232	Wholesalers	employees	36	0.892	employees	employees	
	Lumber and Other Construction Materials	266,394			679	550	
4233	Merchant Wholesalers	employees	350	0.892	employees	employees	
	Professional and Commercial Equipment and	667,983			6,065	1,000	
4234	Supplies Merchant Wholesalers	employees	97	0.881	employees	employees	
	Metal and Mineral (except Petroleum)	143,707			7,539	1,050	
4235	Merchant Wholesalers	employees	17	0.892	employees	employees	
	Household Appliances and Electrical and	517,154			6,874	1,000	
4236	Electronic Goods Merchant Wholesalers	employees	66	0.877	employees	employees	
	Hardware, and Plumbing and Heating						
	Equipment and Supplies Merchant	275,892			705	550	
4237	Wholesalers	employees	349	0.892	employees	employees	
	Machinery, Equipment, and Supplies Merchant	768,223			13,045	1,200	
4238	Wholesalers	employees	50	0.849	employees	employees	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
	Miscellaneous Durable Goods Merchant	351,098			1,921	700	
4239	Wholesalers	employees	163	0.892	employees	employees	
	Paper and Paper Product Merchant	130,890			9,904	1,100	
4241	Wholesalers	employccs	12	0.908	employccs	employccs	
	Drugs and Druggists' Sundries Merchant	310,880			56,087	1,800	
4242	Wholesalers	employees	5	0.902	employees	employees	
	Apparel, Piece Goods, and Notions Merchant	174,809			52,906	1,750	
4243	Wholesalers	employees	3	0.908	employees	employees	
	Grocery and Related Product Merchant	843,279			1,863	700	
4244	Wholesalers	employees	423	0.935	employees	employees	
	Farm Product Raw Material Merchant	65,745			59,693	1,800	
4245	Wholesalers	employees	1	0.908	employees	employees	
	Chemical and Allied Products Merchant	162,949			2,386	750	
4246	Wholesalers	employccs	62	0.908	employccs	employccs	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
	Petroleum and Petroleum Products Merchant	98,762			6,613	1,000	
4247	Wholesalers	employees	14	0.937	employees	employees	
	Beer, Wine, and Distilled Alcoholic Beverage	209,848			549	500	
4248	Merchant Wholesalers	employccs	347	0.908	employccs	employccs	4
	Miscellaneous Nondurable Goods Merchant	338,413			5,037	950	
4249	Wholesalers	employees	61	0.908	employees	employees	
		252,511			1,962	700	
4251	Wholesale Trade Agents and Brokers	employees	119	0.925	employees	employees	
		1,311,964			455	500	
4411	Automobile Dealers	employees	2886	1	employees	employees	4
		175,190			2,336	750	
4412	Other Motor Vehicle Dealers	employees	75	1	employees	employees	
	Automotive Parts, Accessories, and Tire	580,045			187	500	
4413	Retailers	employccs	3109	1	employccs	employccs	4

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

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

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		115,216				500	
4583	Jewelry, Luggage, and Leather Goods Retailers	employees	1160	1	99 employees	employees	4
	Sporting Goods, Hobby, and Musical	447,510			323	500	
4591	Instrument Retailers	employccs	1384	1	employccs	employccs	4
		54,121				500	
4592	Book Retailers and News Dealers	employees	569	1	95 employees	employees	4
		68,883				500	
4593	Florists	employees	3024	1	23 employees	employees	4
		191,941				500	
4594	Office Supplies, Stationery, and Gift Retailers	employees	2275	1	84 employees	employees	4
		257,267			302	500	
4595	Used Merchandise Retailers	employees	853	1	employees	employees	4
		547,688			176	500	
4599	Other Miscellaneous Retailers	employccs	3109	1	employccs	employccs	4

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		428,405			39,286	1,600	
4811	Scheduled Air Transportation	employees	11	1.009	employees	employees	
		51,323			17,257	1,300	
4812	Nonscheduled Air Transportation	employecs	3	1.009	employecs	employecs	
		179,307			145,592	2,300	
4821	Rail Transportation	employees	1	0.812	employees	employees	1
	Deep Sea, Coastal, and Great Lakes Water	38,646			24,646	1,400	
4831	Transportation	employees	1	0.638	employees	employees	
		19,407			12,376	1,200	
4832	Inland Water Transportation	employees	1	0.638	employees	employees	
		\$496,623			\$3,835	\$245	
		million in			million in	million in	
4841	General Freight Trucking	receipits	116	0.896	receipits	receipits	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$190,127				\$114	
		million in			\$653 million	million in	
4842	Specialized Freight Trucking	receipts	261	0.896	in receipts	receipts	
		\$121,038					
		million in			\$218 million	\$71 million	
4851	Urban Transit Systems	receipts	554	1	in receipts	in receipts	1
		\$1,982 million			\$396 million	\$92 million	
4852	Interurban and Rural Bus Transportation	in receipts	5	1	in receipts	in receipts	
		\$60,765					
		million in			\$110 million	\$53 million	
4853	Taxi and Limousine Service	receipts	554	1	in receipts	in receipts	2
		\$15,408					
		million in			\$28 million in	\$31 million	
4854	School and Employee Bus Transportation	receipts	554	1	receipts	in receipts	2 4

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$4,941 million			\$291 million	\$81 million	
4855	Charter Bus Industry	in receipts \$16,318	17	1	in receipts	in receipts \$121	
	Other Transit and Ground Passenger	million in			\$742 million	million in	
4859	Transportation	receipts 9,703	22	1	in receipts 7,498	receipts 1,050	
4861	Pipeline Transportation of Crude Oil	employees \$46,414 million in	1	0.773	employees \$17,932 million in	employees \$477 million in	
4862	Pipeline Transportation of Natural Gas	receipts 8,985	2	0.773	receipts 6,943	receipts 1,000	
4869	Other Pipeline Transportation	employees \$1,314 million	1	0.773	employees \$327 million	employees \$85 million	
4871	Scenic and Sightseeing Transportation, Land	in receipts	4	0.996	in receipts	in receipts	

NAICS	Description	National	Geographic	Net Import	Average	Size	Notes
		Industry Size	Markets	Adjustment	Market Size	Standard	
					\$1,370	\$157	
		\$2,751 million			million in	million in	
4872	Scenic and Sightseeing Transportation, Water	in receipts	2	0.996	receipts	receipts	
						\$117	
		\$685 million in			\$682 million	million in	
4879	Scenic and Sightseeing Transportation, Other	receipts	1	0.996	in receipts	receipts	
		\$48,953			\$5,415	\$285	
		million in			million in	million in	
4881	Support Activities for Air Transportation	receipts	9	0.996	receipts	receipts	
		\$10,435			\$2,078	\$188	
		million in			million in	million in	
4882	Support Activities for Rail Transportation	receipts	5	0.996	receipts	receipts	
		\$39,768			\$39,593	\$671	
		million in			million in	million in	
4883	Support Activities for Water Transportation	receipts	1	0.996	receipts	receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$22,832					
		million in			\$54 million in	\$39 million	
4884	Support Activities for Road Transportation	receipts	424	0.996	receipts	in receipts	
		\$157,340			\$4,351	\$259	
		million in			million in	million in	
4885	Freight Transportation Arrangement	receipts	36	0.996	receipts	receipts	
		\$32,600				\$126	
		million in			\$811 million	million in	
4889	Other Support Activities for Transportation	receipts	40	0.996	in receipts	receipts	
		1,043,427			9,164	1,100	
4921	Couriers and Express Delivery Services	employees	101	0.887	employees	employees	
		\$24,426			\$1,274	\$153	
		million in			million in	million in	
4922	Local Messengers and Local Delivery	receipts	17	0.887	receipts	receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$88,687			\$1,737	\$174	
		million in			million in	million in	
4931	Warehousing and Storage	receipts	51	0.999	receipts	receipts	
		296,067			271,131	2,700	
5121	Motion Picture and Video Industries	employees	1	0.916	employees	employees	
		27,136			12,579	1,200	
5122	Sound Recording Industries	employees	2	0.927	employees	employees	
	Newspaper, Periodical, Book, and Directory	282,981			92,117	2,050	
5131	Publishers	employees	3	0.977	employees	employees	
		874,323			762,423	3,600	
5132	Software Publishers	employees	1	0.872	employees	employees	
		\$26,510					
		million in			\$160 million	\$62 million	
51611	Radio Broadcasting Stations	receipts	166	1.000	in receipts	in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$91,820			\$18,364	\$482	
		million in			million in	million in	
51612	Television Broadcasting Stations	receipts	5	1	receipts	receipts	
	Media Streaming Distribution Services, Social	\$92,984			\$92,984	\$970	
	Networks, and Other Media Networks and	million in			million in	million in	
5162	Content Providers	receipts	1	1	receipts	receipts	
	Wired and Wireless Telecommunications	891,505			2,245	750	
5171	(except Satellite)	employees	389	0.980	employees	employees	
					\$1,675	\$172	
		\$8,553 million			million in	million in	
5174	Satellite Telecommunications	in receipts	5	0.979	receipts	receipts	
		\$27,799			\$3,024	\$221	
		million in			million in	million in	
5178	All Other Telecommunications	receipts	9	0.979	receipts	receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$400,149			\$12,080	\$402	
	Computing Infrastructure Providers, Data	million in			million in	million in	
5182	Processing, Web Hosting, and Related Services	receipts	33	0.996	receipts	receipts	
	Web Search Portals, Libraries, Archives, and	388,048			364,614	2,950	
5192	Other Information Services	employees	1	0.940	employees	employees	
		\$866,292			\$3,039	\$5,031	
		million in			million in	million in	
5221	Depository Credit Intermediation	receipts	261	0.916	receipts	total assets	5
		\$864,104			\$27,706	\$575	
		million in			million in	million in	
5222	Nondepository Credit Intermediation	receipts	30	0.962	receipts	receipts	
		\$214,015			\$22,874	\$530	
		million in			million in	million in	
5223	Activities Related to Credit Intermediation	receipts	9	0.962	receipts	receipts	

NAICS	Description	National	Geographic	Net Import	Average	Size	Notes
		Industry Size	Markets	Adjustment	Market Size	Standard	
		\$390,235			\$71,675	\$867	
	Securities and Commodity Contracts	million in			million in	million in	
5231	Intermediation and Brokerage	receipts	5	0.918	receipts	receipts	
		\$21,853			\$10,034	\$371	
		million in			million in	million in	
5232	Securities and Commodity Exchanges	receipts	2	0.918	receipts	receipts	
		\$603,613			\$102,568	\$1,011	
		million in			million in	million in	
5239	Other Financial Investment Activities	receipts	5	0.850	receipts	receipts	
		\$3,193,949			\$67,019	\$842	
		million in			million in	million in	
5241	Insurance Carriers	receipts	50	1.049	receipts	receipts	
		\$722,042			\$2,788	\$214	
	Agencies, Brokerages, and Other Insurance	million in			million in	million in	
5242	Related Activities	receipts	259	1	receipts	receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$39,649					
		million in			\$72 million in	\$44 million	
5251	Insurance and Employee Benefit Funds	receipts	554	1	receipts	in receipts	1
					\$1,312	\$155	
		\$6,558 million			million in	million in	
5259	Other Investment Pools and Funds	in receipts	5	1	receipts	receipts	
		947,692			650	550	
5311	Lessors of Real Estate	employees	1457	1	employees	employees	
		\$292,534			\$1,481	\$163	
		million in			million in	million in	
5312	Offices of Real Estate Agents and Brokers	receipts	197	0.997	receipts	receipts	
		\$287,763			\$1,805	\$177	
		million in			million in	million in	
5313	Activities Related to Real Estate	receipts	159	0.997	receipts	receipts	

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

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

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$2,938 million			\$26 million in	\$31 million	
54134	Drafting Services	in receipts	108	0.945	receipts	in receipts	4
		\$6,069 million			\$46 million in	\$36 million	
54135	Building Inspection Services	in receipts	125	0.945	receipts	in receipts	
					\$2,503	\$204	
		\$2,648 million			million in	million in	
54136	Geophysical Surveying and Mapping Services	in receipts	1	0.945	receipts	receipts	
		\$11,358					
	Surveying and Mapping (except Geophysical)	million in			\$398 million	\$92 million	
54137	Services	receipts	27	0.945	in receipts	in receipts	
		\$32,556			\$1,338	\$156	
		million in			million in	million in	
54138	Testing Laboratories and Services	receipts	23	0.945	receipts	receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$58,063			\$1,389	\$158	
		million in			million in	million in	
5414	Specialized Design Services	receipts	42	1.004	receipts	receipts	
		\$823,947			\$23,045	\$531	
	Computer Systems Design and Related	million in			million in	million in	
5415	Services	receipts	36	1.007	receipts	receipts	
		\$581,397			\$5,896	\$295	
	Management, Scientific, and Technical	million in			million in	million in	
5416	Consulting Services	receipts	91	0.923	receipts	receipts	
	Research and Development in the Physical,	901,205			296,223	2,800	
54171	Engineering, and Life Sciences	employees	3	0.986	employees	employees	
		\$11,726			\$3,854	\$246	
	Research and Development in the Social	million in			million in	million in	
54172	Sciences and Humanities	receipts	3	0.986	receipts	receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$175,109			\$24,223	\$543	
5418	Advertising, Public Relations, and Related Services	million in receipts	7	0.968	million in receipts	million in receipts	
		\$252,327					
5419	Other Professional, Scientific, and Technical Services	million in receipts	1654	0.986	\$150 million in receipts	\$61 million in receipts	
		\$281,823			\$4,584	\$265	
		million in			million in	million in	
5511	Management of Companies and Enterprises	receipts	61	0.992	receipts	receipts	
		\$132,547				\$127	
		million in			\$839 million	million in	
5611	Office Administrative Services	receipts	158	1	in receipts	receipts	
		\$46,931			\$1,341	\$156	
		million in			million in	million in	
5612	Facilities Support Services	receipts	35	1	receipts	receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$677,509			\$1,225	\$150	
		million in			million in	million in	
5613	Employment Services	receipts	554	1.002	receipts	receipts	2
		\$145,936			\$2,557	\$206	
		million in			million in	million in	
5614	Business Support Services	receipts	57	0.999	receipts	receipts	
		\$87,990			\$4,151	\$254	
		million in			million in	million in	
5615	Travel Arrangement and Reservation Services	receipts	21	0.991	receipts	receipts	
		\$100,705			\$2,014	\$186	
		million in			million in	million in	
5616	Investigation and Security Services	receipts	50	1.000	receipts	receipts	
		\$335,415					
		million in			\$137 million	\$58 million	
5617	Services to Buildings and Dwellings	receipts	2456	1.000	in receipts	in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$77,898				\$104	
		million in			\$524 million	million in	
5619	Other Support Services	receipts	147	0.989	in receipts	receipts	
		\$86,813					
		million in			\$51 million in	\$38 million	
5621	Waste Collection	receipts	1720	1.001	receipts	in receipts	
		\$30,771			\$1,811	\$178	
		million in			million in	million in	
5622	Waste Treatment and Disposal	receipts	17	1.001	receipts	receipts	
		\$49,780				\$113	
	Remediation and Other Waste Management	million in			\$630 million	million in	
5629	Services	receipts	79	1.001	in receipts	receipts	
		\$1,244,643					
		million in			\$400 million	\$93 million	
6111	Elementary and Secondary Schools	receipts	3109	1	in receipts	in receipts	1

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$81,972			\$1,667	\$171	
		million in			million in	million in	
6112	Junior Colleges	receipts	49	0.997	receipts	receipts	1
		\$866,188			\$17,616	\$473	
	Colleges, Universities, and Professional	million in			million in	million in	
6113	Schools	receipts	49	0.997	receipts	receipts	1
		\$21,797			\$1,363	\$157	
	Business Schools and Computer and	million in			million in	million in	
6114	Management Training	receipts	16	1.000	receipts	receipts	
		\$20,371					
		million in			\$127 million	\$56 million	
6115	Technical and Trade Schools	receipts	161	1.000	in receipts	in receipts	
		\$43,723			\$1,325	\$155	
		million in			million in	million in	
6116	Other Schools and Instruction	receipts	33	1.000	receipts	receipts	

NAICS	Description	National	Geographic	Net Import	Average	Size	Notes
		Industry Size	Markets	Adjustment	Market Size	Standard	
6117	Educational Support Services	\$29,145			\$5,830	\$294	
		million in			million in	million in	
		receipts	5	1.000	receipts	receipts	
		\$805,692				\$101	
6211	Offices of Physicians	million in			\$487 million	million in	
		receipts	1655	1.000	in receipts	receipts	
		\$199,546					
		million in			\$64 million in	\$42 million	
6212	Offices of Dentists	receipts	3109	0.999	receipts	in receipts	
		\$190,497					
		million in			\$65 million in	\$42 million	
		receipts	2934	0.999	receipts	in receipts	
6213	Offices of Other Health Practitioners	\$275,046			\$1,627	\$170	
		million in			million in	million in	
		receipts	169	0.999	receipts	receipts	
6214	Outpatient Care Centers						

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$95,053			\$1,043	\$140	
		million in			million in	million in	
6215	Medical and Diagnostic Laboratories	receipts	91	0.998	receipts	receipts	
		\$148,391					
		million in			\$268 million	\$78 million	
6216	Home Health Care Services	receipts	554	0.999	in receipts	in receipts	2
		\$80,366					
		million in			\$125 million	\$56 million	
6219	Other Ambulatory Health Care Services	receipts	641	0.998	in receipts	in receipts	
		\$1,530,696			\$1,107	\$144	
		million in			million in	million in	
6221	General Medical and Surgical Hospitals	receipts	1385	1.002	receipts	receipts	
		\$38,963					
		million in			\$420 million	\$95 million	
6222	Psychiatric and Substance Abuse Hospitals	receipts	93	1.002	in receipts	in receipts	

NAICS	Description	National	Geographic	Net Import	Average	Size	Notes
		Industry Size	Markets	Adjustment	Market Size	Standard	
6223	Specialty (except Psychiatric and Substance Abuse) Hospitals	\$72,239			\$10,336	\$376	
		million in			million in	million in	
		receipts	7	1.002	receipts	receipts	
6231	Nursing Care Facilities (Skilled Nursing Facilities)	\$166,623					
		million in			\$148 million	\$60 million	
		receipts	1125	1.000	in receipts	in receipts	
6232	Residential Intellectual and Developmental Disability, Mental Health, and Substance Abuse Facilities	\$73,101			\$18,247	\$481	
		million in			million in	million in	
		receipts	4	0.998	receipts	receipts	
6233	Continuing Care Retirement Communities and Assisted Living Facilities for the Elderly	\$98,379				\$108	
		million in			\$565 million	million in	
		receipts	174	1.000	in receipts	receipts	
6239	Other Residential Care Facilities	\$12,381					
		million in			\$213 million	\$71 million	
		receipts	58	0.998	in receipts	in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$187,820			\$26,831	\$568	
		million in			million in	million in	
6241	Individual and Family Services	receipts	7	1	receipts	receipts	
		\$21,712					
		million in			\$99 million in	\$51 million	
62421	Community Food Services	receipts	219	1	receipts	in receipts	
		\$25,148				\$104	
		million in			\$524 million	million in	
62422	Community Housing Services	receipts	48	1	in receipts	receipts	
		\$17,294			\$17,294	\$470	
		million in			million in	million in	
62423	Emergency and Other Relief Services	receipts	1	1	receipts	receipts	
		\$18,106				\$101	
		million in			\$489 million	million in	
6243	Vocational Rehabilitation Services	receipts	37	1	in receipts	receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$83,373					
		million in			\$27 million in	\$31 million	
6244	Child Care Services	receipts	3109	1	receipts	in receipts	4
		\$26,740			\$2,232	\$194	
		million in			million in	million in	
7111	Performing Arts Companies	receipts	12	1.002	receipts	receipts	
		\$76,969			\$1,682	\$172	
		million in			million in	million in	
7112	Spectator Sports	receipts	46	1.005	receipts	receipts	
		\$56,863			\$3,141	\$225	
	Promoters of Performing Arts, Sports, and	million in			million in	million in	
7113	Similar Events	receipts	18	0.994	receipts	receipts	
		\$16,891			\$8,397	\$344	
	Agents and Managers for Artists, Athletes,	million in			million in	million in	
7114	Entertainers, and Other Public Figures	receipts	2	0.994	receipts	receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$74,457			\$36,878	\$651	
		million in			million in	million in	
7115	Independent Artists, Writers, and Performers	receipts	2	0.991	receipts	receipts	
		\$16,356					
		million in			\$606 million	\$111 million	
71211	Museums	receipts	27	1.000	in receipts	in receipts	
					\$1,555	\$166	
		\$1,555 million			million in	million in	
71212	Historical Sites	in receipts	1	1.000	receipts	receipts	
		\$6,718 million			\$320 million	\$84 million	
71213	Zoos and Botanical Gardens	in receipts	21	1.000	in receipts	in receipts	
		\$1,379 million			\$459 million	\$98 million	
71219	Nature Parks and Other Similar Institutions	in receipts	3	1.000	in receipts	in receipts	

NAICS	Description	National	Geographic	Net Import	Average	Size	Notes
		Industry Size	Markets	Adjustment	Market Size	Standard	
7131	Amusement Parks and Arcades	\$30,681			\$10,227	\$374	
		million in			million in	million in	
		receipts	3	1.000	receipts	receipts	
		\$50,241			\$50,241	\$744	
7132	Gambling Industries	million in			million in	million in	
		receipts	1	1.000	receipts	receipts	
		\$131,164					
		million in			\$104 million	\$52 million	
7139	Other Amusement and Recreation Industries	receipts	1267	1.000	in receipts	in receipts	
		\$344,327			\$20,255	\$503	
		million in			million in	million in	
		receipts	17	1	receipts	receipts	
7211	Traveler Accommodation	\$10,812					
		million in			\$264 million	\$77 million	
		RV (Recreational Vehicle) Parks and					
		receipts	41	1	in receipts	in receipts	
7212	Recreational Camps						

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
7213	Rooming and Boarding Houses, Dormitories, and Workers' Camps	\$3,374 million in receipts 831,588	61	1	\$55 million in receipts 1,985	\$39 million in receipts 700	
7223	Special Food Services	employees 419,230	418	0.998	employees 1,603	employees 700	
7224	Drinking Places (Alcoholic Beverages)	employees 10901307	261	0.998	employees 3,496	employees 850	
7225	Restaurants and Other Eating Places	employees \$221,191 million in	3109	0.997	employees \$71 million in	employees \$44 million	
8111	Automotive Repair and Maintenance	receipts \$28,898	3109	1.000	receipts	in receipts	
8112	Electronic and Precision Equipment Repair and Maintenance	million in receipts	84	1.000	\$344 million in receipts	\$87 million in receipts	

NAICS	Description	National	Geographic	Net Import	Average	Size	Notes
		Industry Size	Markets	Adjustment	Market Size	Standard	
8113	Commercial and Industrial Machinery and Equipment (except Automotive and Electronic)	\$68,754 million in			\$11,456 million in	\$393 million in	
	Repair and Maintenance	receipts	6	1.000	receipts	receipts	
		\$23,212					
8114	Personal and Household Goods Repair and Maintenance	million in			\$20 million in	\$31 million	
		receipts	1283	1.087	receipts	in receipts	4
		\$124,426					
8121	Personal Care Services	million in			\$40 million in	\$34 million	
		receipts	3109	1	receipts	in receipts	
		\$30,032					
8122	Death Care Services	million in			\$55 million in	\$39 million	
		receipts	551	1	receipts	in receipts	
		\$39,484					
8123	Drycleaning and Laundry Services	million in			\$43 million in	\$35 million	
		receipts	929	1	receipts	in receipts	

NAICS	Description	National Industry Size	Geographic Markets	Net Import Adjustment	Average Market Size	Size Standard	Notes
		\$78,421					
		million in			\$114 million	\$54 million	
8129	Other Personal Services	receipts	688	1	in receipts	in receipts	
		\$209,334					
		million in			\$254 million	\$76 million	
8131	Religious Organizations	receipts	825	1	in receipts	in receipts	
		\$223,314			\$14,888	\$440	
		million in			million in	million in	
8132	Grantmaking and Giving Services	receipts	15	1	receipts	receipts	
		\$57,523			\$11,505	\$394	
		million in			million in	million in	
8133	Social Advocacy Organizations	receipts	5	1	receipts	receipts	
		\$25,965			\$3,709	\$242	
		million in			million in	million in	
8134	Civic and Social Organizations	receipts	7	1	receipts	receipts	

NAICS	Description	National	Geographic	Net Import	Average	Size	Notes
		Industry Size	Markets	Adjustment	Market Size	Standard	
		\$137,991			\$34,498	\$632	
	Business, Professional, Labor, Political, and	million in			million in	million in	
8139	Similar Organizations	receipts	4	1	receipts	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.

- 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.