SMALL BUSINESS ADMINISTRATION

13 CFR Part 121

RIN 3245–AH09

Small Business Size Standards: Manufacturing and Industries With Employee-Based Size Standards in Other Sectors Except Wholesale Trade and Retail Trade

AGENCY: U.S. Small Business Administration.

ACTION: Proposed rule.

SUMMARY: The U.S. Small Business Administration (SBA or the Agency) has reviewed its employee-based small business size definitions (commonly referred to as ''size standards'') for North American Industry Classification System (NAICS) sectors related to Mining, Quarrying, and Oil and Gas Extraction (Sector 21); Utilities (Sector 22); Manufacturing (Sector 31–33); Transportation and Warehousing (Sector 48–49); Information (Section 51); Finance and Insurance (Sector 52); Professional, Scientific and Technical Services (Sector 54); and Administrative and Support, Waste Management and Remediation Services (Sector 56) and proposes several changes. Specifically, SBA proposes to increase 150 and retain 282 employee-based size standards in those sectors. SBA also proposes to retain the current 500-employee size standard for Federal procurement of supplies under the nonmanufacturer rule. SBA's proposed revisions relied on its ''Size Standards Methodology'' (Methodology). SBA seeks comments on its proposed changes to size standards in the above sectors and the data sources it evaluated to develop the proposed size standards.

DATES: SBA must receive comments to this proposed rule on or before June 27, 2022.

ADDRESSES: Identify your comments by RIN 3245–AH09 and submit them 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: Khem R. Sharma, Ph.D., Chief, Office of Size Standards, 409 Third Street SW, Mail Code 6530, Washington, DC 20416.

SBA will post all comments to this proposed rule 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 U.S. Small Business Administration, Khem R. Sharma, Ph.D., Chief, Office of Size Standards, 409 Third Street SW, Mail Code 6530, Washington, DC 20416, or send an email to *sizestandards@sba.gov.* 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: Samuel Castilla, Economist, Office of Size Standards, (202) 205–6618 or *sizestandards@sba.gov.*

SUPPLEMENTARY INFORMATION:

Discussion of Size Standards

To determine eligibility for Federal small business assistance, SBA establishes small business size definitions (usually referred to as ''size standards'') for private sector industries in the United States. SBA uses two primary measures of business size for size standards purposes: Average annual receipts and average number of employees. SBA uses financial assets for certain financial industries and refining capacity, in addition to employees, for the petroleum refining industry to measure business size. In addition, SBA's Small Business Investment Company (SBIC), Certified Development Company (CDC/504), and 7(a) Loan Programs use either the industry-based size standards or tangible net worth and net income-based alternative size standards to determine eligibility for those programs.

In September 2010, Congress passed the Small Business Jobs Act of 2010 (Pub. L. 111–240, 124 Stat. 2504, September 27, 2010) (''Jobs Act''), requiring SBA to review all size standards every five years and make necessary adjustments to reflect current industry and market conditions. In accordance with the Jobs Act, in early 2016, SBA completed the first five-year review of all size standards—except those for agricultural enterprises for which size standards were previously set by Congress—and made appropriate adjustments to size standards for a number of industries to reflect current industry and Federal market conditions.

During the first five-year comprehensive size standards review, SBA reviewed the employee-based size standards for 25 industries within NAICS Sector 21 (Mining, Quarrying, and Oil and Gas Extraction), 364 industries within NAICS Sector 31–33 (Manufacturing), 15 industries within Sector 48–49 (Transportation and Warehousing), 12 industries within NAICS Sector 51 (Information), 2 industries and 4 subindustries (or ''exceptions'') within NAICS Sector 54 (Professional, Scientific and Technical Services), and 4 industries or subindustries (''exceptions'') with employee-based size standards in other sectors covered by this proposed rule. These reviews of employee-based size standards occurred during September 2014 to January 2016. Based on analyses of the relevant industry and Federal contracting data available at that time, SBA increased 15 and decreased 3 employee-based size standards in Sector 21, increased 4 in Sector 48–49, 8 in Sector 51, 3 in Sector 54, and 2 in other sectors (81 FR 4435 (January 26, 2016)). SBA also increased 209 size standards in Sector 31–33 (81 FR 4469 (January 26, 2016)). Table 1, Size Standards Revisions During the First 5-Year Review, provides a summary of these revisions by NAICS sector.

TABLE 1—SIZE STANDARDS REVISIONS DURING THE FIRST 5-YEAR REVIEW

Sector	Sector name	Number of size standards reviewed	Number of size standards increased	Number of size standards decreased	Number of size standards maintained
21	Mining, Quarrying, and Oil and Gas Extraction	25	15	3	7
31–33	Manufacturing	364	209	0	155
48–49	Transportation and Warehousing	15	4	0	11
51	Information	12	8	0	4
54	Professional, Scientific and Technical Services	6	5	0	1

TABLE 1—SIZE STANDARDS REVISIONS DURING THE FIRST 5-YEAR REVIEW—Continued

Sector	Sector name	Number of size standards reviewed	Number of size standards increased	Number of size standards decreased	Number of size standards maintained
Others	Agriculture, Forestry, Fishing and Hunting (Sector 11); Utilities (Sector 22); Finance and Insurance (Sector 52); Administrative and Support, Waste Management and Remediation Services (Sector 56).	4	2	0	2
Total		426	243	3	180

Currently, there are 27 different size standards levels covering 1,023 NAICS industries and 14 subindustry activities (commonly known as ''exceptions'' in SBA's Table of Size Standards). Of these 27 size levels, 16 are based on average annual receipts, 9 are based on average number of employees, and 2 are based on other measures.

SBA also adjusts its monetary-based size standards for inflation at least once every 5 years. An interim final rule on SBA's latest inflation adjustment to size standards, effective August 19, 2019, was published in the **Federal Register** on July 18, 2019 (84 FR 34261). SBA also updates its size standards every five years to adopt the Office of Management and Budget's (OMB) latest NAICS revisions to its Table of Size Standards. Effective October 1, 2017, SBA adopted OMB's 2017 NAICS revisions to its size standards (82 FR 44886, September 27, 2017).[1]

This proposed rule is the last of a series of proposed rules that is reviewing size standards of industries grouped by various NAICS sectors. Rather than review all size standards at one time, SBA reviewed size standards by grouping industries within various NAICS sectors that use the same size measure (*i.e.,* employees or receipts). In the current review, SBA reviewed size standards in six groups of NAICS sectors. (In the prior review, SBA reviewed size standards mostly on a sector-by-sector basis.) Once SBA completed its review of size standards for a group of sectors, it issued for public comments a proposed rule to revise size standards for those industries based on the latest available data and other factors deemed relevant by the SBA Administrator.

Below is a discussion of SBA's ''Size Standards Methodology'' (Methodology), issued on April 11, 2019, and available at *www.sba.gov/size,* for establishing, reviewing, or modifying employee-based size standards that SBA has applied to this proposed rule. SBA examines the structural characteristics of an industry as a basis to assess industry differences and the overall degree of competitiveness of an industry and of firms within the industry. Industry structure is typically examined by analyzing four primary factors—average firm size, degree of competition within an industry, start-up costs and entry barriers, and distribution of firms by size. To assess the ability of small businesses to compete for Federal contracting opportunities under the current size standards, as the fifth primary factor, SBA also examines, for each industry averaging $20 million or more in average annual Federal contract dollars, the small business share in Federal contract dollars relative to the small business share in total industry's receipts. When necessary, SBA also considers other secondary factors that are relevant to the industries and the interests of small businesses, including impacts of size standards changes on small businesses.

Size Standards Methodology

SBA has revised its Methodology for establishing, reviewing, or modifying size standards on April 11, 2019 (84 FR 14587). The Methodology is available on SBA's size standards web page at *www.sba.gov/size.* Prior to finalizing the revised Methodology, SBA issued a notification in the April 27, 2018, edition of the **Federal Register** (83 FR 18468) to solicit comments from the public and notify stakeholders of the proposed changes to the Methodology. SBA considered all public comments in finalizing the Methodology. For a summary of comments and SBA's responses, refer to the SBA's April 11, 2019, **Federal Register** notification cited above.

The Methodology represents a major change from the previous Methodology issued on October 21, 2009 (74 FR 53940). Specifically, SBA is replacing the ''anchor'' approach applied in the previous methodology with a ''percentile'' approach for evaluating differences in characteristics among various industries. Under the ''anchor'' approach, SBA generally evaluated the characteristics of individual industries relative to the average characteristics of industries with the anchor size standard to determine whether they should have a higher or a lower size standard than the anchor. In the ''percentile'' approach used in 2019's methodology, SBA ranks industries with the same measure of size standards (such as receipts or employees) in terms of four primary industry factors, discussed in the Industry Analysis subsection below. The ''percentile'' approach is explained more fully elsewhere in this proposed rule. For a more detailed explanation, please see the revised Methodology at *www.sba.gov/size.*

Additionally, as the fifth factor, SBA evaluates the difference between the small business share in Federal contract dollars and the small business share in total industry's receipts to compute the size standard for the Federal contracting factor. The overall size standard for an industry is then obtained by averaging all size standards supported by each primary factor. The evaluation of the Federal contracting factor is explained more fully in the Industry Analysis section, below, in this proposed rule.

SBA does not apply all aspects of its Methodology to all proposed rules because not all features are relevant for every industry covered by each proposed rule. For example, since all industries covered by this proposed rule have employee-based size standards, the methodology described in this proposed rule applies only to establishing, reviewing, or modifying employee-based size standards.

Industry Analysis

Congress granted the SBA Administrator discretion to establish

[1] On December 21, 2021, OMB published its ''Notice of NAICS 2022 Final Decisions . . .'' (86 FR 72277), accepting the Economic Classification Policy Committee (ECPC) recommendations, as outlined in the July 2, 2021, **Federal Register** notice (86 FR 35350), for the 2022 revisions to the North American Industry Classification System (NAICS), ...'' In the near future, SBA will issue a proposed rule to adopt the OMB NAICS 2022 revisions for its table of size standards. SBA anticipates updating its size standards with the NAICS 2022 revisions, effective October 1, 2022.

detailed small business size standards. 15 U.S.C. 632(a)(2). Specifically, section 3(a)(3) of the Small Business Act (15 U.S.C. 632(a)(3)) requires that ''. . . the [SBA] 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.'' Accordingly, the economic structure of an industry is the basis for establishing, reviewing, or modifying small business size standards. In addition, SBA considers current economic conditions, its mission and program objectives, the Administration's current policies, impacts on small businesses under current size and proposed or revised size standards, suggestions from industry groups and Federal agencies, and public comments on the proposed rule. SBA also examines whether a size standard based on industry and other relevant data successfully excludes businesses that are dominant in the industry.

The goal of SBA's size standards review is to determine whether its existing small business size standards reflect the current industry structure and Federal market conditions and revise them when the latest available data suggests that revisions are warranted. In the past, SBA compared the characteristics of each industry with the average characteristics of a group of industries associated with the ''anchor'' size standard. For example, in the first five-year comprehensive review of size standards under the Jobs Act, $7 million (now $8.0 million due to the inflation adjustment in 2019; see 84 FR 34261 (July 18, 2019)) was considered the ''anchor'' for receipts-based size standards and 500 employees was the ''anchor'' for employee-based size standards. If the characteristics of a specific industry under review were similar to the average characteristics of industries in the anchor group, SBA generally adopted the anchor size standard for that industry. If the specific industry's characteristics were significantly different from those in the anchor group, SBA assigned a size standard that was higher or lower than the anchor. To determine a size standard above or below the anchor size standard, SBA evaluated the characteristics of a second comparison group of industries with higher size standards. For industries with receipts-based standards, the second comparison group consisted of industries with size standards between $23 million and $35.5 million, with the weighted average size standard for the group equaling $29 million. For manufacturing and other industries with employee-based size standards (except for Wholesale Trade and Retail Trade), the second comparison group included industries with a size standard of 1,000 employees or 1,500 employees, with the weighted average size standard of 1,323 employees. Using the anchor size standard and average size standard for the second comparison group, SBA computed a size standard for an industry's characteristic (factor) based on the industry's position for that factor relative to the average values of the same factor for industries in the anchor and second comparison groups.

Under the ''percentile'' approach, for each industry factor, an industry is ranked and compared with the 20th percentile and 80th percentile values of that factor among the industries sharing the same measure of size standards (*i.e.,* receipts or employees). Combining that result with the 20th percentile and 80th percentile values of size standards among the industries with the same measure of size standards, SBA computes a size standard supported by each industry factor for each industry. In the previous methodology, comparison industry groups were predetermined independent of the data, while in the revised Methodology they are established using the actual industry data from the Economic Census tabulation.

The primary factors that SBA evaluates to examine industry structure include average firm size, startup costs and entry barriers, industry competition, and distribution of firms by size. SBA also evaluates, as an additional primary factor, small business success in receiving Federal contracts under the current size standards. Specifically, for the Federal contracting factor, SBA examines the small business share of Federal contract dollars relative to small business share of total receipts within an industry. These are, generally, five important factors (listed below) that SBA examines when establishing, reviewing, or revising a size standard for an industry. However, SBA will also consider and evaluate other secondary factors that it believes are relevant to a particular industry (such as technological changes, growth trends, SBA financial assistance, and other program factors). SBA also considers possible impacts of size standard revisions on eligibility for Federal small business assistance (including access to small business set-aside contracts and SBA's financial assistance), current economic conditions, the Administration's policies, and suggestions from industry groups and Federal agencies. Public comments on proposed rules also provide important additional information. SBA thoroughly reviews all public comments before making a final decision on its proposed revisions to size standards. Below are brief descriptions of each of the five primary factors that SBA has evaluated for each industry being reviewed in this proposed rule. A more detailed description of this analysis is provided in the SBA's Methodology, available at *www.sba.gov/size.*

1. Average Firm Size

SBA computes two measures of average firm size: Simple average and weighted average. For industries with employee-based size standards, the simple average is the total employees of the industry divided by the total number of firms in the industry. The weighted average firm size is the summation of all the employees of the firms in an industry multiplied by their share of employees in the industry. The simple average weighs all firms within an industry equally regardless of their size. The weighted average overcomes that limitation by giving more weight to larger firms. The size standard supported by average firm size is obtained by averaging size standards supported by simple average firm size and weighted average firm size.

If the average firm size of an industry is higher than the average firm size for most other industries, this would generally support a size standard higher than the size standards for other industries. Conversely, if the industry's average firm size is lower than that of most other industries, it would provide a basis to assign a lower size standard as compared to size standards for most other industries.

2. Startup Costs and Entry Barriers

Startup costs reflect a firm's initial size in an industry. New entrants to an industry must have sufficient capital and other assets to start and maintain a viable business. If firms entering an industry under review have greater capital requirements than firms in most other industries, all other factors remaining the same, this would be a basis for a higher size standard. Conversely, if the industry has smaller capital needs compared to most other industries, a lower size standard would be considered appropriate.

Given the lack of actual data on startup costs and entry barriers by industry, SBA uses average assets as a proxy for startup costs and entry barriers. To calculate average assets,

SBA begins with the sales to total assets ratio for an industry from the Risk Management Association's Annual Statement Studies, available at *https://rmau.org.* SBA then applies these ratios to the average receipts of firms in that industry obtained from the Economic Census tabulation. An industry with average assets that are significantly higher than most other industries is likely to have higher startup costs; this in turn will support a higher size standard. Conversely, an industry with average assets that are similar to or lower than most other industries is likely to have lower startup costs; this will support either lowering or maintaining the size standard.

3. Industry Competition

Industry competition is generally measured by the share of total industry receipts generated by the largest firms in an industry. SBA generally evaluates the share of industry receipts generated by the four largest firms in each industry. This is referred to as the ''four-firm concentration ratio,'' a commonly used economic measure of market competition. Using the four-firm concentration ratio, SBA compares the degree of concentration within an industry to the degree of concentration of the other industries with the same measure of size standards. If a significantly higher share of economic activity within an industry is concentrated among the four largest firms compared to most other industries, all else being equal, SBA would set a size standard that is relatively higher than for most other industries. Conversely, if the market share of the four largest firms in an industry is appreciably lower than the similar share for most other industries, the industry will be assigned a size standard that is lower than those for most other industries.

4. Distribution of Firms by Size

SBA examines the shares of industry total receipts accounted for by firms of different receipts and employment sizes in an industry. This is an additional factor SBA considers in assessing competition within an industry besides the four-firm concentration ratio. If the preponderance of an industry's economic activity is attributable to smaller firms, this generally indicates that small businesses are competitive in that industry, which would support adopting a smaller size standard. A higher size standard would be supported for an industry in which the distribution of firms indicates that most of the economic activity is concentrated among the larger firms.

Concentration is a measure of inequality of distribution. To determine the degree of inequality of distribution in an industry, SBA computes the Gini coefficient, using the Lorenz curve. The Lorenz curve presents the cumulative percentages of units (firms) along the horizontal axis and the cumulative percentages of receipts (or other measures of size) along the vertical axis. (For further detail, see SBA's Methodology on its website at *www.sba.gov/size.*) Gini coefficient values vary from zero to one. If receipts are distributed equally among all the firms in an industry, the value of the Gini coefficient will equal zero. If an industry's total receipts are attributed to a single firm, the Gini coefficient will equal one.

SBA compares the degree of inequality of distribution for an industry under review with other industries with the same type of size standards. If an industry shows a higher degree of inequality of distribution (hence a higher Gini coefficient value) compared to most other industries in the group this would, all else being equal, warrant a size standard that is higher than the size standards assigned to most other industries. Conversely, an industry with lower degree of inequality (*i.e.,* a lower Gini coefficient value) than most others will be assigned a lower size standard relative to others.

5. Federal Contracting

As the fifth factor, SBA examines the success small businesses are having in winning Federal contracts under the current size standard as well as the possible impact a size standard change may have on Federal small business contracting opportunities. The Small Business Act requires the Federal Government to ensure that small businesses receive a ''fair proportion'' of Federal contracts. The legislative history also discusses the importance of size standards in Federal contracting. To incorporate the Federal contracting factor in the size standards analysis, SBA evaluates small business participation in Federal contracting in terms of the share of total Federal contract dollars awarded to small businesses relative to the small business share of industry's total receipts. In general, if the share of Federal contract dollars awarded to small businesses in an industry is significantly smaller than the small business share of total industry's receipts, all else remaining the same, a justification would exist for considering a size standard higher than the current size standard. In cases where small business share of the Federal market is already appreciably high relative to the small business share of the overall market, SBA generally assumes that the existing size standard is adequate with respect to the Federal contracting factor.

The disparity between the small business Federal market share and industry-wide small business share may be due to various factors, such as extensive administrative and compliance requirements associated with Federal contracts, the different skill set required to perform Federal contracts as compared to typical commercial contracting work, and the size of Federal contracts. These, as well as other factors, are likely to influence the type of firms within an industry that compete for Federal contracts. By comparing the small business Federal contracting share with the industry-wide small business share, SBA includes in its size standards analysis the latest Federal market conditions. Besides the impact on Federal contracting, SBA also examines impacts on SBA's loan programs both under the current and revised size standards.

Sources of Industry and Program Data

SBA's primary source of industry data used in this proposed rule for evaluating industry characteristics and developing size standards is a special tabulation of the Economic Census from the U.S. Census Bureau (*www.census.gov/econ/census*). The tabulation based on the 2012 Economic Census was the latest available when this proposed rule was developed. The special tabulation provides industry data on the number of firms, number of establishments, number of employees, annual payroll, and annual receipts of companies by Industry (6-digit level), Industry Group (4-digit level), Subsector (3-digit level), and Sector (2-digit level). These data are arrayed by various classes of firms' size based on the overall number of employees and receipts of the entire enterprise (all establishments and affiliated firms) from all industries. The special tabulation also contains information for different levels of NAICS categories on average and median firm size in terms of both receipts and employment, total receipts generated by the four and eight largest firms, the Herfindahl-Hirschman Index (HHI), the Gini coefficient, and size distributions of firms by various receipts and employment size groupings.

In some cases where data were not available due to disclosure prohibitions in the Census Bureau's tabulation, SBA either estimated missing values using available relevant data or examined data at a higher level of industry aggregation, such as at the NAICS two-digit (Sector),

three-digit (Subsector), or four-digit (Industry Group) level. In some instances, SBA's analysis was based only on those factors for which data were available or estimates of missing values were possible.

To evaluate some industries that are not covered by the Economic Census, SBA used a similar special tabulation of the latest County Business Patterns (CBP) published by the U.S. Census Bureau (*www.census.gov/programs-surveys/cbp.html*). Similarly, to evaluate industries in NAICS Sector 11 that are also not covered by the Economic Census and CBP, SBA evaluated a similar special tabulation based on the 2012 Census of Agriculture (*www.nass.usda.gov*) from the National Agricultural Statistics Service (NASS). Besides the Economic Census, Agricultural Census and CBP tabulations, SBA also evaluates relevant industry data from other sources when necessary, especially for industries that are not covered by the Economic Census or CBP. These include the Quarterly Census of Employment and Wages (QCEW, also known as ES–202 data) (*www.bls.gov/cew/*) and Business Employment Dynamics (BED) data (*www.bls.gov/bdm/*) from the U.S. Bureau of Labor Statistics. Similarly, to evaluate certain financial industries that have asset-based size standards, SBA examines the data from the Statistics on Depository Institutions (SDI) database (*www5.fdic.gov/sdi/main.asp*) of the Federal Depository Insurance Corporation (FDIC) data. Finally, to evaluate the capacity component of the Petroleum Refiners (NAICS 324110) size standard, SBA evaluates the petroleum production data from the Energy Information Administration (*www.eia.gov*).

To calculate average assets, SBA used sales to total assets ratios from the Risk Management Association's Annual eStatement Studies, 2016–2018 (*https://rmau.org*). To evaluate the Federal contracting factor, SBA examined the data on Federal prime contract awards from the Federal Procurement Data System—Next Generation (FPDS–NG) (*www.fpds.gov*) for fiscal years 2016–2018. To assess the impact on financial assistance to small businesses, SBA examined its internal data on 7(a) and 504 loan programs for fiscal years 2018–2020. For some portion of impact analysis, SBA also evaluated data from FPDS–NG for fiscal years 2018–2020 and the System for Award Management (SAM) (*www.sam.gov*).

Data sources and estimation procedures SBA uses in its size standards analysis are documented in detail in SBA's Methodology, which is available at *www.sba.gov/size.*

Dominance in Field of Operation

Section 3(a) of the Small Business Act (15 U.S.C. 632(a)) defines a small business concern as one that is: (1) Independently owned and operated; (2) Not dominant in its field of operation; and (3) Within a specific small business definition or size standard established by the SBA Administrator. SBA considers as part of its evaluation whether a business concern at a proposed or revised size standard would be dominant in its field of operation. For this, SBA generally examines the industry's market share of firms at the proposed or revised size standard as well as the distribution of firms by size. Market share and size distribution may indicate whether a firm can exercise a major controlling influence on a national basis in an industry where a significant number of business concerns are engaged. If a contemplated size standard includes a dominant firm, SBA will consider a lower size standard to exclude the dominant firm from being defined as small.

Selection of Size Standards

In the 2009 Methodology, SBA applied to the first five-year comprehensive review of size standards, SBA adopted a fixed number of size standards levels as part of its effort to simplify size standards. In response to public comments to the 2009 Methodology white paper, and the 2013 amendment to the Small Business Act (section 3(a)(8)) under section 1661 of the National Defense Authorization Act for Fiscal Year 2013 (''NDAA 2013'') (Pub. L. 112–239, January 2, 2013), in the 2019 Methodology, 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.''

In the revised Methodology, SBA calculates a separate size standard for each NAICS industry. However, to account for errors and limitations associated with various data SBA evaluates in the size standards analysis, SBA rounds the calculated size standard value for a receipts-based size standard to the nearest $500,000, except for agricultural industries in Subsectors 111 and 112 for which the calculated size standards will be rounded to the nearest $250,000. Similarly, the calculated value for an employee-based size standard is rounded to the nearest 50 employees for industries in manufacturing and other sectors (except Wholesale Trade and Retail Trade) and to the nearest 25 employees for industries in Wholesale Trade and Retail Trade. This rounding procedure is applied both in calculating a size standard for each of the five primary factors and in calculating the overall size standard for the industry.

As a policy decision, SBA continues to maintain the minimum and maximum levels for both receipts and employee-based size standards. Accordingly, SBA will not generally propose or adopt a size standard that is either below the minimum level or above the maximum, even though the calculations may yield values below the minimum or above the maximum. The minimum size standard reflects the size an established small business should be to have adequate capabilities and resources to be able to compete for and perform Federal contracts (but does not account for small businesses that are newly formed or just starting operations). On the other hand, the maximum size standard represents the level above which businesses, if qualified as small, would outcompete much smaller businesses when accessing Federal assistance.

With respect to employee-based size standards, SBA has established 250 employees and 1,500 employees, respectively, as the minimum and maximum size standard levels for Manufacturing and other industries (excluding Wholesale and Retail Trade). SBA has established 50 employees and 250 employees, respectively, as the minimum and maximum employee-based size standard levels for Wholesale and Retail Trade. These levels reflect the current minimum of 100 employees and the current maximum of 1,500 employees in SBA's existing size standards. The industry data suggests that a 250-employee minimum and 1,500-employee maximum size standards would be too high for Wholesale and Retail Trade industries. Accordingly, SBA has established 50 employees as the minimum size standard and 250 employees as the maximum size standard for Wholesale and Retail Trade industries.

Evaluation of Industry Factors

As mentioned in the previous section, to assess the appropriateness of the current size standards, SBA evaluates the structure of each industry in terms of four economic characteristics or factors: average firm size, average assets size as a proxy for startup costs and entry barriers, the four-firm concentration ratio as a measure of industry competition, and size

distribution of firms using the Gini coefficient. For each size standard type (*i.e.,* receipts-based, or employee-based), SBA ranks industries both in terms of each of the four industry factors and in terms of the existing size standard and computes the 20th percentile and 80th percentile values for both. SBA then evaluates each industry by comparing its value for each industry factor to the 20th percentile and 80th percentile values for the corresponding factor for industries under a particular type of size standard.

If the characteristics of an industry under review within a particular size standard type are similar to the average characteristics of industries within the same size standard type in the 20th percentile, SBA will consider adopting as an appropriate size standard for that industry the 20th percentile value of size standards for those industries. For each size standard type, if the industry's characteristics are similar to the average characteristics of industries in the 80th percentile, SBA will assign a size standard that corresponds to the 80th percentile in the size standard rankings of industries. A separate size standard is established for each factor based on the amount of differences between the factor value for an industry under a particular size standard type and 20th percentile and 80th percentile values for the corresponding factor for all industries in the same type. Specifically, the actual level of the new size standard for each industry factor is derived by a linear interpolation using the 20th percentile and 80th percentile values of that factor and corresponding percentiles of size standards. Each calculated size standard is bounded between the minimum and maximum size standards levels, as discussed before. As noted earlier, the calculated value for an employee-based size standard is rounded to the nearest 50 employees for industries in Manufacturing and other sectors (except Wholesale Trade and Retail Trade) and to the nearest 25 employees for industries in Wholesale Trade and Retail Trade.

Table 2, 20th and 80th Percentiles of Industry Factors for Employee-Based Size Standards, shows the 20th percentile and 80th percentile values for average firm size (simple and weighted), average assets size, four-firm concentration ratio, and Gini coefficient for industries with employee-based size standards.

TABLE 2—20TH AND 80TH PERCENTILES OF INDUSTRY FACTORS FOR EMPLOYEE-BASED SIZE STANDARDS

Industries/percentiles	Simple average firm size (number of employees)	Weighted average firm size (number of employees)	Average assets size ($ million)	Four-firm concentration ratio (%)	Gini coefficient
Manufacturing and other industries, excluding Sectors 42 and 44–45					
20th percentile	29.5	250.7	4.14	24.7	0.760
80th percentile	118.3	1,629.0	40.54	61.3	0.853
Industries in Sectors 42 and 44–45					
20th percentile	12.6	199.8	3.19	16.1	0.794
80th percentile	27.9	1,693.8	11.53	38.9	0.865

Estimation of Size Standards Based on Industry Factors

An estimated size standard supported by each industry factor is derived by comparing its value for a specific industry to the 20th percentile and 80th percentile values for that factor. If an industry's value for a particular factor is near the 20th percentile value in the distribution, the supported size standard will be one that is close to the 20th percentile value of size standards for industries in the size standards group (*i.e.,* industries with employee-based size standards covered by this proposed rule), which is 500 employees. If a factor for an industry is close to the 80th percentile value of that factor, it would support a size standard that is close to the 80th percentile value in the distribution of size standards, which is 1,250 employees. For a factor that is within, above, or below the 20th-80th percentile range, the size standard is calculated using linear interpolation based on the 20th percentile and 80th percentile values for that factor and the 20th percentile and 80th percentile values of size standards.

For example, if an industry's simple average firm size in number of employees is 50 employees, that would support a size standard of 650 employees. According to Table 2, the 20th percentile and 80th percentile values of average number of employees are 29.5 and 118.3 employees, respectively. The 50-employee average firm size is 23.1% between the 20th percentile value (29.5 employees) and the 80th percentile value (118.3 employees) of simple average firm size in number of employees ((50 employees − 29.5 employees) ÷ (118.3 employees − 29.5 employees) = 0.2308 or 23.1%)). Applying this percentage to the difference between the 20th percentile value (500 employees) and 80th percentile (1,250 employees) value of size standards and then adding the result to the 20th percentile size standard value (500 employees) yields a calculated size standard value of 673 employees ([{1,250 employees − 500 employees} * 0.231] + 500 employees = 673 employees). The final step is to round the calculated 673 employee size standard to the nearest 50 employees, which in this example yields 650 employees. This procedure is applied to calculate size standards supported by other industry factors. Detailed formulas involved in these calculations are presented in SBA's Methodology, which is available on its website at *www.sba.gov/size.*

Derivation of Size Standards Based on Federal Contracting Factor

Besides industry structure, SBA also evaluates Federal contracting data to assess the success of small businesses in getting Federal contracts under the existing size standards. For each industry with $20 million or more in annual Federal contract dollars, SBA evaluates the small business share of total Federal contract dollars relative to the small business share of total industry receipts. All other factors being equal, if the share of Federal contracting dollars awarded to small businesses in an industry is significantly less than the small business share of that industry's total receipts, a justification would exist for considering a size standard higher than the current size standard.

Conversely, if the small business share of Federal contracting activity is near or above the small business share in total industry receipts, this will support the current size standard.

SBA increases the existing size standards by certain percentages when the small business share of total industry receipts exceeds the small business share of total Federal contract dollars by ten or more percentage points. Proposed percentage increases generally reflect employee levels needed to bring the small business share of Federal contracts on par with the small business share of industry receipts. These proposed percentage increases for employee-based size standards are given in Table 3, Proposed Adjustments to Size Standards Based on Federal Contracting Factor.

TABLE 3—PROPOSED ADJUSTMENTS TO SIZE STANDARDS BASED ON FEDERAL CONTRACTING FACTOR

Size standards	Percentage difference between the small business shares of total Federal contract dollars in an industry and of total industry receipts		
	> −10%	−10% to −30%	< −30%
Employee-based standards:			
<500 employees	No change	Increase 30%	Increase 60%.
500 to <1,000 employees	No change	Increase 20%	Increase 40%.
1,000 to <1,500 employees	No change	Increase 15%	Increase 25%.

For example, if an industry with the current size standard of 750 employees had an average of $50 million in Federal contracting dollars, of which 15% went to small businesses, and if small businesses accounted for 40% of total receipts of that industry, the small business share of total Federal contract dollars would be 25% less than the small business share of total industry receipts (40% − 15%). According to the adjustments shown in Table 3 (above), the new size standard for the Federal contracting factor for that industry would be set by multiplying the current 750 employee standard by 1.2 (*i.e.,* 20% increase) and then by rounding the result to the nearest 50 employees, yielding a size standard of 900 employees.

SBA evaluated the small business share of total Federal contract dollars for the 210 industries covered by this proposed rule that had $20 million or more in average annual Federal contract dollars during fiscal years 2016–2018. The Federal contracting factor was significant (*i.e.,* the difference between the small business share of total industry receipts and small business share of Federal contracting dollars was ten percentage points or more) in 64 of these industries, prompting an upward adjustment of their existing size standards based on that factor. For the remaining 146 industries that averaged $20 million or more in average annual contract dollars, the Federal contracting factor was not significant, and the existing size standard was applied for that factor. For industries with less than $20 million in average annual contract dollars, no size standard was calculated for the Federal contracting factor.

Derivation of Overall Industry Size Standard

The SBA's methodology presented above results in five separate size standards based on evaluation of the five primary factors (*i.e.,* four industry factors and one Federal contracting factor). SBA typically derives an industry's overall size standard by assigning equal weights to size standards supported by each of these five factors. However, if necessary, SBA's methodology would allow assigning different weights to some of these factors in response to its policy decisions and other considerations. For detailed calculations, see SBA's methodology, available on its website at *www.sba.gov/size.*

Calculated Size Standards Based on Industry and Federal Contracting Factors

Table 4, Size Standards Supported by Each Factor for Each Industry (Employees), below, shows the results of analyses of industry and Federal contracting factors for each industry and subindustry (''exception'') covered by this proposed rule. NAICS industries in columns 2, 3, 4, 5, 6, 7, and 8 show two numbers. The upper number is the value for the industry or Federal contracting factor shown on the top of the column and the lower number is the size standard supported by that factor. Column 9 shows a calculated new size standard for each industry. This is the average of the size standards supported by each factor (the size standard for average firm size is an average of size standards supported by simple average firm size and weighted average firm size), rounded to the nearest 50 employees for industries in Manufacturing and other sectors (except Wholesale Trade and Retail Trade) and to the nearest 25 employees for industries in Wholesale Trade and Retail Trade. Analytical details involved in the averaging procedure are described in SBA's methodology, which is available on its website at *www.sba.gov/size.* For comparison with the calculated new size standards, the current size standards are in column 10 of Table 4.

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Table 4

Size Standards Supported by Each Factor for Each Industry (Employees)

Upper Value = Calculated Factor, Lower Value = Size Standard Supported

(1) NAICS Code NAICS Industry Title	(2) Type	(3) Simple Average Firm Size (Number of Employees)	(4) Weighted Average Firm Size (Number of Employees)	(5) Average Assets Size ($ Million)	(6) Four-Firm Ratio %	(7) Gini Coefficient	(8) Federal Contract Factor (%)	(9) Calculated Size Standard (Number of Employees)	(10) Current Size Standard (Number of Employees)
113310	Factor	6.2	52.1	$0.7	8.6	0.634			
Logging	Size Std.	300	400	450	250	250		350	500
211120	Factor	36.8	2537.6	$181.3	32.1	0.882			
Crude Petroleum Extraction	Size Std.	550	1500	1500	650	1500		1200	1250
211130	Factor	24.7	1371.3	$83.5	58.6	0.843	29.4		
Natural Gas Extraction	Size Std.	450	1100	1500	1200	1150	1250	1200	1250
212111	Factor	113.9	1801.1	$70.7	44.0	0.830			
Bituminous Coal and Lignite Surface Mining	Size Std.	1200	1350	1500	900	1050		1200	1250
212112	Factor	261.4	4932.4	$123.7	49.9	0.855			
Bituminous Coal Underground Mining	Size Std.	1500	1500	1500	1000	1250		1300	1500
212113	Factor	15.6	55.4	$6.8	60.8	0.722			
Anthracite Mining	Size Std.	400	400	550	1250	250		600	250
212210	Factor	401.4	2755.8	$318.0	96.4	0.823			
Iron Ore Mining	Size Std.	1500	1500	1500	1500	1000		1400	750
212221	Factor	90.9	2468.7	$77.4	80.9	0.880			
Gold Ore Mining	Size Std.	1000	1500	1500	1500	1450		1450	1500
212222	Factor	86.7	282.6	$50.6	98.2	0.799			
Silver Ore Mining	Size Std.	1000	500	1350	1500	800		1100	250

(1) NAICS Code NAICS Industry Title	(2) Type	(3) Simple Average Firm Size (Number of Employees)	(4) Weighted Average Firm Size (Number of Employees)	(5) Average Assets Size ($ Million)	(6) Four-Firm Ratio %	(7) Gini Coefficient	(8) Federal Contract Factor (%)	(9) Calculated Size Standard (Number of Employees)	(10) Current Size Standard (Number of Employees)
212230	Factor	400.4	3259.4	$334.7	80.8	0.836			
Copper, Nickel, Lead, and Zinc Mining	Size Std.	1500	1500	1500	1500	1100		1400	750
212291	Factor	36.0	102.5	$7.3	85.1	0.820			
Uranium-Radium-Vanadium Ore Mining	Size Std.	550	400	550	1500	1000		900	250
212299	Factor	169.2	849.2	$64.7	80.8	0.786			
All Other Metal Ore Mining	Size Std.	1500	850	1500	1500	700		1250	750
212311	Factor	13.6	49.9	$1.5	31.4	0.679			
Dimension Stone Mining and Quarrying	Size Std.	350	400	450	650	250		450	500
212312	Factor	42.9	618.7	$14.5	26.1	0.770			
Crushed and Broken Limestone Mining and Quarrying	Size Std.	600	700	700	550	600		650	750
212313	Factor	35.7	560.6	$12.7	62.7	0.797			
Crushed and Broken Granite Mining and Quarrying	Size Std.	550	650	650	1300	800		850	750
212319	Factor	21.6	181.9	$5.6	33.4	0.752			
Other Crushed and Broken Stone Mining and Quarrying	Size Std.	450	450	550	700	450		550	500
212321	Factor	15.4	126.0	$3.5	16.7	0.712			
Construction Sand and Gravel Mining	Size Std.	400	450	500	350	250		400	500
212322	Factor	47.4	271.9	$17.9	55.8	0.763			
Industrial Sand Mining	Size Std.	650	500	750	1150	500		750	500
212324	Factor	160.3	618.0	$51.7	88.5	0.725			
Kaolin and Ball Clay Mining	Size Std.	1500	700	1350	1500	250		1050	750

(1) NAICS Code NAICS Industry Title	(2) Type	(3) Simple Average Firm Size (Number of Employees)	(4) Weighted Average Firm Size (Number of Employees)	(5) Average Assets Size ($ Million)	(6) Four-Firm Ratio %	(7) Gini Coefficient	(8) Federal Contract Factor (%)	(9) Calculated Size Standard (Number of Employees)	(10) Current Size Standard (Number of Employees)
212325	Factor	38.8	231.4	$10.7	53.7	0.734			
Clay and Ceramic and Refractory Minerals Mining	Size Std.	600	500	600	1100	300		650	500
212391	Factor	249.7	643.4	$145.1	66.7	0.667			
Potash, Soda, and Borate Mineral Mining	Size Std.	1500	700	1500	1350	250		1050	750
212392	Factor	418.3	696.5	$414.4		.			
Phosphate Rock Mining	Size Std.	1500	750	1500		.		1350	1000
212393	Factor	75.2	277.4	$21.6		0.696			
Other Chemical and Fertilizer Mineral Mining	Size Std.	900	500	800		250		600	500
212399	Factor	19.3	121.5	$4.8	49.1	0.741			
All Other Nonmetallic Mineral Mining	Size Std.	400	450	500	1000	350		600	500
213111	Factor	62.5	2136.0	$15.2	32.9	0.855			
Drilling Oil and Gas Wells	Size Std.	800	1500	700	650	1250		950	1000
221111	Factor	25.3	170.5	$25.6	36.2	0.824	-38.8		
Hydroelectric Power Generation	Size Std.	450	450	900	750	1000	700	750	500
221112	Factor	369.7	2079.5	$1,223.3	20.5	0.742	-10.2		
Fossil Fuel Electric Power Generation	Size Std.	1500	1500	1500	400	350	900	950	750
221113	Factor	1770.8	5666.7	$1,422.1	62.4	0.677			
Nuclear Electric Power Generation	Size Std.	1500	1500	1500	1250	250		1150	750
221114	Factor	14.8	129.6	$40.0	41.3	0.739			
Solar Electric Power Generation	Size Std.	400	450	1150	850	350		700	250
221115	Factor	58.1	540.6	$549.8	66.9	0.836			
Wind Electric Power Generation	Size Std.	750	650	1500	1350	1100		1150	250

(1) NAICS Code NAICS Industry Title	(2) Type	(3) Simple Average Firm Size (Number of Employees)	(4) Weighted Average Firm Size (Number of Employees)	(5) Average Assets Size ($ Million)	(6) Four-Firm Ratio %	(7) Gini Coefficient	(8) Federal Contract Factor (%)	(9) Calculated Size Standard (Number of Employees)	(10) Current Size Standard (Number of Employees)
221116	Factor	68.6	214.3	$77.9	88.9	0.753			
Geothermal Electric Power Generation	Size Std.	850	500	1500	1500	450		1050	250
221117	Factor	20.9	59.9	$15.2	37.5	0.690			
Biomass Electric Power Generation	Size Std.	450	400	700	750	250		550	250
221118	Factor	14.0	42.8	$6.8	92.0	0.757	-64.4		
Other Electric Power Generation	Size Std.	350	400	550	1500	450	400	650	250
221121	Factor	194.8	1127.8	$311.2	39.5	0.708			
Electric Bulk Power Transmission and Control	Size Std.	1500	1000	1500	800	250		950	500
221122	Factor	300.6	8720.0	$497.3	20.1	0.841	-9.0		
Electric Power Distribution	Size Std.	1500	1500	1500	400	1150	1000	1100	1000
221210	Factor	182.9	3259.0	$243.9	20.0	0.862	1.1		
Natural Gas Distribution	Size Std.	1500	1500	1500	400	1300	1000	1150	1000
311111	Factor	72.6	1573.9	$42.0	67.8	0.863			
Dog and Cat Food Manufacturing	Size Std.	850	1200	1200	1400	1350		1250	1000
311119	Factor	31.9	378.6	$15.4	24.3	0.801			
Other Animal Food Manufacturing	Size Std.	500	550	700	500	850		650	500
311211	Factor	65.3	495.1	$53.0	50.3	0.819	16.0		
Flour Milling	Size Std.	800	650	1400	1000	1000	1000	1050	1000
311212	Factor	79.4	319.0	$46.8	46.6	0.688	27.1		
Rice Milling	Size Std.	900	550	1300	950	250	500	750	500
311213	Factor	53.4	146.4	$42.0	71.2	0.675			
Malt Manufacturing	Size Std.	700	450	1200	1450	250		900	500

(1) NAICS Code NAICS Industry Title	(2) Type	(3) Simple Average Firm Size (Number of Employees)	(4) Weighted Average Firm Size (Number of Employees)	(5) Average Assets Size ($ Million)	(6) Four-Firm Ratio %	(7) Gini Coefficient	(8) Federal Contract Factor (%)	(9) Calculated Size Standard (Number of Employees)	(10) Current Size Standard (Number of Employees)
311221	Factor	213.1	1195.4	$232.7	86.4	0.818			
Wet Corn Milling	Size Std.	1500	1000	1500	1500	950		1300	1250
311224	Factor	97.8	826.8	$281.2	78.5	0.854	-11.8		
Soybean and Other Oilseed Processing	Size Std.	1100	800	1500	1500	1250	1150	1250	1000
311225	Factor	101.2	749.5	$104.6	55.3	0.814	22.6		
Fats and Oils Refining and Blending	Size Std.	1100	750	1500	1150	950	1000	1100	1000
311230	Factor	363.6	1572.1	$162.4	79.2	0.827	5.2		
Breakfast Cereal Manufacturing	Size Std.	1500	1200	1500	1500	1050	1000	1300	1000
311313	Factor	454.8	1071.8	$184.7	77.5	0.637			
Beet Sugar Manufacturing	Size Std.	1500	950	1500	1500	250		1150	750
311314	Factor	215.6	713.5	$105.7	61.1	0.662			
Cane Sugar Manufacturing	Size Std.	1500	750	1500	1250	250		1050	1000
311340	Factor	45.6	602.4	$11.3	40.9	0.861	-34.5		
Nonchocolate Confectionery Manufacturing	Size Std.	650	700	650	850	1300	1250	950	1000
311351	Factor	40.7	369.3	$15.5	54.7	0.879			
Chocolate and Confectionery Manufacturing from Cacao Beans	Size Std.	600	550	700	1100	1450		950	1250
311352	Factor	28.6	803.1	$4.8	57.7	0.875			
Confectionery Manufacturing from Purchased Chocolate	Size Std.	500	800	500	1200	1450		950	1000
311411	Factor	234.5	1900.3	$52.9	45.5	0.777	31.4		
Frozen Fruit, Juice, and Vegetable Manufacturing	Size Std.	1500	1400	1400	950	650	1000	1100	1000

(1) NAICS Code NAICS Industry Title	(2) Type	(3) Simple Average Firm Size (Number of Employees)	(4) Weighted Average Firm Size (Number of Employees)	(5) Average Assets Size ($ Million)	(6) Four-Firm Ratio %	(7) Gini Coefficient	(8) Federal Contract Factor (%)	(9) Calculated Size Standard (Number of Employees)	(10) Current Size Standard (Number of Employees)
311412	Factor	141.2	2284.5	$20.6	35.1	0.821			
Frozen Specialty Food Manufacturing	Size Std.	1450	1500	800	700	1000		1000	1250
311421	Factor	85.5	1010.4	$25.8	20.4	0.842	4.0		
Fruit and Vegetable Canning	Size Std.	950	900	900	400	1150	1000	900	1000
311422	Factor	118.5	1573.5	$59.4	74.4	0.870	8.2		
Specialty Canning	Size Std.	1250	1200	1500	1500	1400	1250	1400	1250
311423	Factor	89.5	435.5	$26.1	35.0	0.782	34.3		
Dried and Dehydrated Food Manufacturing	Size Std.	1000	600	900	700	700	750	750	750
311511	Factor	204.5	5659.4	$49.4	46.3	0.813	39.5		
Fluid Milk Manufacturing	Size Std.	1500	1500	1300	950	900	1000	1150	1000
311512	Factor	64.9	304.7	$36.9	74.6	0.776			
Creamery Butter Manufacturing	Size Std.	800	550	1100	1500	600		1000	750
311513	Factor	113.8	1531.2	$40.7	29.9	0.848	-11.3		
Cheese Manufacturing	Size Std.	1200	1200	1150	600	1200	1450	1100	1250
311514	Factor	118.1	655.4	$54.4	44.0	0.792			
Dry, Condensed, and Evaporated Dairy Product Manufacturing	Size Std.	1250	700	1400	900	750		1000	750
311520	Factor	53.4	1114.4	$8.9	45.9	0.860			
Ice Cream and Frozen Dessert Manufacturing	Size Std.	700	950	600	950	1300		950	1000
311611	Factor	109.3	13266.5	$15.8	60.7	0.885	49.7		
Animal (except Poultry) Slaughtering	Size Std.	1150	1500	700	1250	1500	1000	1150	1000
311612	Factor	81.7	2757.3	$11.9	32.8	0.847			
Meat Processed from Carcasses	Size Std.	950	1500	650	650	1200		950	1000

(1) NAICS Code NAICS Industry Title	(2) Type	(3) Simple Average Firm Size (Number of Employees)	(4) Weighted Average Firm Size (Number of Employees)	(5) Average Assets Size ($ Million)	(6) Four-Firm Ratio %	(7) Gini Coefficient	(8) Federal Contract Factor (%)	(9) Calculated Size Standard (Number of Employees)	(10) Current Size Standard (Number of Employees)
311613	Factor	78.8	644.6	$14.4	44.5	0.779			
Rendering and Meat Byproduct Processing	Size Std.	900	700	700	900	650		750	750
311615	Factor	703.8	15091.1	$65.0	39.8	0.856	17.1		
Poultry Processing	Size Std.	1500	1500	1500	800	1250	1250	1250	1250
311710	Factor	65.5	835.9	$8.9	22.9	0.806	-37.1		
Seafood Product Preparation and Packaging	Size Std.	800	800	600	450	850	1050	750	750
311811	Factor	8.2	36.8	$0.2	4.7	0.653			
Retail Bakeries	Size Std.	300	400	450	250	250		350	500
311812	Factor	49.4	3609.9	$5.0	41.2	0.868	-8.8		
Commercial Bakeries	Size Std.	650	1500	500	850	1350	1000	950	1000
311813	Factor	98.0	479.0	$10.6	30.3	0.780			
Frozen Cakes, Pies, and Other Pastries Manufacturing	Size Std.	1100	600	600	600	650		700	750
311821	Factor	99.5	2126.8	$22.4	59.8	0.876			
Cookie and Cracker Manufacturing	Size Std.	1100	1500	850	1200	1450		1200	1250
311824	Factor	63.1	594.3	$19.5	38.2	0.842	6.2		
Dry Pasta, Dough, and Flour Mixes Manufacturing from Purchased Flour	Size Std.	800	700	800	800	1150	750	850	750
311830	Factor	51.6	1995.3	$4.6	60.2	0.832			
Tortilla Manufacturing	Size Std.	700	1450	500	1250	1100		1000	1250
311911	Factor	77.8	550.7	$24.6	31.0	0.799	33.6		
Roasted Nuts and Peanut Butter Manufacturing	Size Std.	900	650	850	650	800	750	750	750

(1) NAICS Code NAICS Industry Title	(2) Type	(3) Simple Average Firm Size (Number of Employees)	(4) Weighted Average Firm Size (Number of Employees)	(5) Average Assets Size ($ Million)	(6) Four-Firm Ratio %	(7) Gini Coefficient	(8) Federal Contract Factor (%)	(9) Calculated Size Standard (Number of Employees)	(10) Current Size Standard (Number of Employees)
311919	Factor	90.1	2340.1	$27.2	73.9	0.874			
Other Snack Food Manufacturing	Size Std.	1000	1500	900	1500	1400		1250	1250
311920	Factor	36.8	1046.9	$14.4	57.5	0.873			
Coffee and Tea Manufacturing	Size Std.	550	950	700	1150	1400		1000	750
311930	Factor	53.8	374.9	$30.4	74.6	0.845			
Flavoring Syrup and Concentrate Manufacturing	Size Std.	700	550	1000	1500	1200		1100	1000
311941	Factor	51.5	489.7	$16.1	39.8	0.841			
Mayonnaise, Dressing, and Other Prepared Sauce Manufacturing	Size Std.	700	650	700	800	1150		850	750
311942	Factor	49.2	286.8	$12.5	32.4	0.786			
Spice and Extract Manufacturing	Size Std.	650	500	650	650	700		650	500
311991	Factor	59.4	817.5	$6.1	29.6	0.834	40.0		
Perishable Prepared Food Manufacturing	Size Std.	750	800	550	600	1100	500	700	500
311999	Factor	44.6	484.8	$10.2	27.8	0.822	-19.9		
All Other Miscellaneous Food Manufacturing	Size Std.	650	650	600	550	1000	600	700	500
312111	Factor	194.4	5797.3	$79.0	68.3	0.853			
Soft Drink Manufacturing	Size Std.	1500	1500	1500	1400	1250		1400	1250
312112	Factor	43.0	1396.2	$16.0	70.6	0.867	-24.4		
Bottled Water Manufacturing	Size Std.	600	1100	700	1450	1350	1150	1100	1000
312113	Factor	15.5	543.1	$1.2	61.7	0.778			
Ice Manufacturing	Size Std.	400	650	450	1250	650		750	750
312120	Factor	31.5	3258.6	$24.2	87.8	0.887			
Breweries	Size Std.	500	1500	850	1500	1500		1200	1250

(1) NAICS Code NAICS Industry Title	(2) Type	(3) Simple Average Firm Size (Number of Employees)	(4) Weighted Average Firm Size (Number of Employees)	(5) Average Assets Size ($ Million)	(6) Four-Firm Ratio %	(7) Gini Coefficient	(8) Federal Contract Factor (%)	(9) Calculated Size Standard (Number of Employees)	(10) Current Size Standard (Number of Employees)
312130	Factor	14.9	454.2	$8.7	45.3	0.851			
Wineries	Size Std.	400	600	600	900	1250		800	1000
312140	Factor	30.0	412.9	$41.3	64.9	0.878			
Distilleries	Size Std.	500	600	1150	1300	1450		1100	1000
312230	Factor	155.2	1834.2	$401.4	87.8	0.871			
Tobacco Manufacturing	Size Std.	1500	1350	1500	1500	1400		1450	1500
313110	Factor	99.0	1284.5	$14.9	49.0	0.831			
Fiber, Yarn, and Thread Mills	Size Std.	1100	1050	700	1000	1050		950	1250
313210	Factor	60.8	573.5	$8.0	28.5	0.820	5.9		
Broadwoven Fabric Mills	Size Std.	750	700	550	600	1000	1000	800	1000
313220	Factor	34.0	152.2	$3.1	28.3	0.771			
Narrow Fabric Mills and Schiffli Machine Embroidery	Size Std.	550	450	500	550	600		550	500
313230	Factor	79.2	597.5	$22.1	45.5	0.798	-16.3		
Nonwoven Fabric Mills	Size Std.	900	700	850	950	800	900	850	750
313240	Factor	42.0	184.6	$5.2	27.7	0.737			
Knit Fabric Mills	Size Std.	600	450	500	550	300		500	500
313310	Factor	27.3	234.1	$2.9	18.8	0.807	-25.0		
Textile and Fabric Finishing Mills	Size Std.	500	500	500	400	900	1150	700	1000
313320	Factor	39.3	131.5	$6.5	22.6	0.695	-14.1		
Fabric Coating Mills	Size Std.	600	450	550	450	250	1150	600	1000
314110	Factor	122.7	2364.9	$21.1	54.1	0.862			
Carpet and Rug Mills	Size Std.	1300	1500	800	1100	1300		1150	1500

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314120	Factor	14.7	180.9	$1.1	19.7	0.817			
Curtain and Linen Mills	Size Std.	350	450	450	400	950		550	750
314910	Factor	14.2	92.7	$0.9	13.3	0.766	-11.9		
Textile Bag and Canvas Mills	Size Std.	350	400	450	250	550	600	450	500
314994	Factor	44.7	261.4	$6.2	48.4	0.800			
Rope, Cordage, Twine, Tire Cord, and Tire Fabric Mills	Size Std.	650	500	550	1000	800		750	1000
314999	Factor	13.6	232.4	$0.8	21.4	0.820	-7.7		
All Other Miscellaneous Textile Product Mills	Size Std.	350	500	450	450	1000	500	550	500
315110	Factor	73.4	485.2	$3.6	39.9	0.761			
Hosiery and Sock Mills	Size Std.	850	650	500	800	500		650	750
315190	Factor	21.9	104.5	$2.3	67.8	0.829			
Other Apparel Knitting Mills	Size Std.	450	400	450	1400	1050		850	750
315210	Factor	13.6	118.7	$0.3	8.0	0.731	-15.3		
Cut and Sew Apparel Contractors	Size Std.	350	450	450	250	250	900	450	750
315220	Factor	29.5	267.6	$1.6	24.9	0.801	19.0		
Men's and Boys' Cut and Sew Apparel Manufacturing	Size Std.	500	500	450	500	850	750	600	750
315240	Factor	12.7	1105.8	$0.9	21.9	0.824	20.8		
Women's, Girls', and Infants' Cut and Sew Apparel Manufacturing	Size Std.	350	950	450	450	1000	750	650	750
315280	Factor	23.6	169.8	$1.4	32.6	0.786			
Other Cut and Sew Apparel Manufacturing	Size Std.	450	450	450	650	700		550	750

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315990	Factor	15.4	118.0	$1.0	34.3	0.808	10.0		
Apparel Accessories and Other Apparel Manufacturing	Size Std.	400	450	450	700	900	500	600	500
316110	Factor	18.6	127.8	$4.3	54.7	0.849			
Leather and Hide Tanning and Finishing	Size Std.	400	450	500	1100	1200		800	500
316210	Factor	57.8	641.0	$6.4	45.1	0.841	7.7		
Footwear Manufacturing	Size Std.	750	700	550	900	1150	1000	850	1000
316992	Factor	15.2	275.2	$1.2	75.4	0.819			
Women's Handbag and Purse Manufacturing	Size Std.	400	500	450	1500	950		850	750
316998	Factor	16.2	187.5	$0.9	19.4	0.786			
All Other Leather Good and Allied Product Manufacturing	Size Std.	400	450	450	400	700		500	500
321113	Factor	24.5	363.5	$4.4	13.9	0.800			
Sawmills	Size Std.	450	550	500	300	800		550	500
321114	Factor	23.6	197.3	$4.3	32.2	0.766			
Wood Preservation	Size Std.	450	450	500	650	550		550	500
321211	Factor	54.3	335.7	$6.2	36.1	0.760			
Hardwood Veneer and Plywood Manufacturing	Size Std.	700	550	550	750	500		600	500
321212	Factor	199.1	1333.6	$25.5	50.3	0.750			
Softwood Veneer and Plywood Manufacturing	Size Std.	1500	1100	900	1000	400		900	1250
321213	Factor	31.0	139.8	$4.1	50.8	0.740			
Engineered Wood Member (except Truss) Manufacturing	Size Std.	500	450	500	1050	350		600	750

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321214	Factor	28.1	183.9	$1.6	20.8	0.701			
Truss Manufacturing	Size Std.	500	450	450	400	250		400	500
321219	Factor	90.8	526.0	$17.8	37.0	0.787			
Reconstituted Wood Product Manufacturing	Size Std.	1000	650	750	750	700		750	750
321911	Factor	46.2	1329.8	$3.5	39.6	0.833			
Wood Window and Door Manufacturing	Size Std.	650	1100	500	800	1100		850	1000
321912	Factor	27.1	301.1	$3.9	26.2	0.747			
Cut Stock, Resawing Lumber, and Planing	Size Std.	500	550	500	550	400		500	500
321918	Factor	18.5	225.7	$1.4	16.9	0.789			
Other Millwork (including Flooring)	Size Std.	400	500	450	350	750		500	500
321920	Factor	20.5	315.9	$1.0	11.5	0.700	-55.1		
Wood Container and Pallet Manufacturing	Size Std.	400	550	450	250	250	700	450	500
321991	Factor	114.3	2635.0	$8.7	51.2	0.784	-1.0		
Manufactured Home (Mobile Home) Manufacturing	Size Std.	1200	1500	600	1050	700	1250	1000	1250
321992	Factor	22.2	130.0	$1.7	25.9	0.751			
Prefabricated Wood Building Manufacturing	Size Std.	450	450	450	500	400		450	500
321999	Factor	15.4	98.8	$1.4	10.8	0.774			
All Other Miscellaneous Wood Product Manufacturing	Size Std.	400	400	450	250	600		450	500
322110	Factor	322.0	800.9	$131.3	59.6	0.641			
Pulp Mills	Size Std.	1500	800	1500	1200	250		1050	750
322121	Factor	792.3	4025.5	$289.7	54.4	0.759	-1.9		
Paper (except Newsprint) Mills	Size Std.	1500	1500	1500	1100	500	1250	1150	1250

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322122	Factor	238.2	408.5	$90.7	66.7	0.510			
Newsprint Mills	Size Std.	1500	600	1500	1350	250		1050	750
322130	Factor	563.1	3291.9	$241.4	56.4	0.743			
Paperboard Mills	Size Std.	1500	1500	1500	1150	350		1150	1250
322211	Factor	103.3	4528.2	$18.9	50.3	0.808	58.7		
Corrugated and Solid Fiber Box Manufacturing	Size Std.	1100	1500	750	1000	900	1250	1050	1250
322212	Factor	117.1	1207.4	$20.8	35.9	0.737			
Folding Paperboard Box Manufacturing	Size Std.	1250	1000	800	750	300		750	750
322219	Factor	102.7	1031.9	$15.5	47.4	0.829			
Other Paperboard Container Manufacturing	Size Std.	1100	950	700	950	1050		950	1000
322220	Factor	78.9	871.7	$17.5	29.8	0.787	40.8		
Paper Bag and Coated and Treated Paper Manufacturing	Size Std.	900	850	750	600	700	750	750	750
322230	Factor	56.4	650.8	$8.5	37.7	0.807			
Stationery Product Manufacturing	Size Std.	750	700	600	750	900		750	750
322291	Factor	165.8	1089.2	$62.1	58.1	0.777			
Sanitary Paper Product Manufacturing	Size Std.	1500	950	1500	1200	650		1150	1500
322299	Factor	36.0	191.8	$5.0	18.2	0.746	39.9		
All Other Converted Paper Product Manufacturing	Size Std.	550	450	500	350	400	500	450	500
323111	Factor	17.8	2225.3	$1.5	16.6	0.815	9.4		
Commercial Printing (except Screen and Books)	Size Std.	400	1500	450	350	950	500	650	500
323113	Factor	12.9	183.1	$0.6	17.5	0.772			
Commercial Screen Printing	Size Std.	350	450	450	350	600		450	500

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323117	Factor	53.6	1359.3	$4.1	43.5	0.827			
Books Printing	Size Std.	700	1100	500	900	1050		850	1250
323120	Factor	17.0	283.4	$1.0	25.1	0.789			
Support Activities for Printing	Size Std.	400	500	450	500	750		550	500
324110	Factor	893.5	3956.6	$4,242.9	46.9	0.788	27.0		
Petroleum Refineries	Size Std.	1500	1500	1500	950	700	1500	1250	1500
324121	Factor	30.4	195.0	$13.3	24.8	0.722			
Asphalt Paving Mixture and Block Manufacturing	Size Std.	500	450	650	500	250		500	500
324122	Factor	68.4	844.9	$40.5	63.9	0.830			
Asphalt Shingle and Coating Materials Manufacturing	Size Std.	850	800	1150	1300	1050		1100	750
324191	Factor	42.4	243.0	$37.5	50.8	0.823	-26.6		
Petroleum Lubricating Oil and Grease Manufacturing	Size Std.	600	500	1100	1050	1000	900	900	750
324199	Factor	38.4	204.0	$32.2	59.2	0.836			
All Other Petroleum and Coal Products Manufacturing	Size Std.	550	450	1000	1200	1100		950	500
325110	Factor	231.9	1171.1	$1,391.4	77.7	0.814			
Petrochemical Manufacturing	Size Std.	1500	1000	1500	1500	950		1300	1000
325120	Factor	111.8	1021.8	$53.0	56.1	0.859	13.3		
Industrial Gas Manufacturing	Size Std.	1200	900	1400	1150	1300	1000	1200	1000
325130	Factor	74.3	428.8	$46.6	57.3	0.823			
Synthetic Dye and Pigment Manufacturing	Size Std.	900	600	1250	1150	1000		1050	1000

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325180	Factor	98.7	699.9	$61.4	25.7	0.798	-17.0		
Other Basic Inorganic Chemical Manufacturing	Size Std.	1100	750	1500	500	800	1150	1000	1000
325193	Factor	61.1	306.7	$156.8	35.7	0.623			
Ethyl Alcohol Manufacturing	Size Std.	750	550	1500	700	250		800	1000
325194	Factor	89.6	417.1	$94.1	54.7	0.786			
Cyclic Crude, Intermediate, and Gum and Wood Chemical Manufacturing	Size Std.	1000	600	1500	1100	700		1050	1250
325199	Factor	104.9	3110.9	$87.4	33.6	0.843			
All Other Basic Organic Chemical Manufacturing	Size Std.	1150	1500	1500	700	1150		1200	1250
325211	Factor	75.0	1001.9	$54.5	34.3	0.855	10.5		
Plastics Material and Resin Manufacturing	Size Std.	900	900	1400	700	1250	1250	1100	1250
325212	Factor	53.9	256.1	$39.4	42.3	0.798			
Synthetic Rubber Manufacturing	Size Std.	700	500	1150	850	800		850	1000
325220	Factor	134.0	1037.2	$47.0	50.2	0.793			
Artificial and Synthetic Fibers and Filaments Manufacturing	Size Std.	1400	950	1300	1000	750		1050	1000
325311	Factor	32.6	321.8	$32.8	68.9	0.853			
Nitrogenous Fertilizer Manufacturing	Size Std.	550	550	1000	1400	1250		1050	1000
325312	Factor	129.1	1085.6	$126.8	85.3	0.845			
Phosphatic Fertilizer Manufacturing	Size Std.	1350	950	1500	1500	1200		1350	750
325314	Factor	23.4	174.9	$9.6	29.2	0.766			
Fertilizer (Mixing Only) Manufacturing	Size Std.	450	450	600	600	550		550	500

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325320	Factor	64.4	607.6	$50.4	57.0	0.853			
Pesticide and Other Agricultural Chemical Manufacturing	Size Std.	800	700	1350	1150	1250		1150	1000
325411	Factor	71.1	810.8	$16.9	35.8	0.810	-51.4		
Medicinal and Botanical Manufacturing	Size Std.	850	800	750	750	900	1250	900	1000
325412	Factor	158.0	4025.5	$97.4	37.2	0.873	-11.6		
Pharmaceutical Preparation Manufacturing	Size Std.	1500	1500	1500	750	1400	1450	1300	1250
325413	Factor	142.3	1425.4	$44.8	46.0	0.842	20.8		
In-Vitro Diagnostic Substance Manufacturing	Size Std.	1450	1150	1250	950	1150	1250	1200	1250
325414	Factor	178.4	1619.8	$79.6	37.8	0.863	-6.3		
Biological Product (except Diagnostic) Manufacturing	Size Std.	1500	1250	1500	750	1300	1250	1250	1250
325510	Factor	35.3	901.3	$11.8	42.5	0.845	27.7		
Paint and Coating Manufacturing	Size Std.	550	850	650	850	1200	1000	900	1000
325520	Factor	46.9	265.2	$16.2	18.5	0.770	31.7		
Adhesive Manufacturing	Size Std.	650	500	700	350	600	500	550	500
325611	Factor	36.3	820.9	$19.3	70.1	0.876			
Soap and Other Detergent Manufacturing	Size Std.	550	800	800	1450	1450		1100	1000
325612	Factor	31.8	292.6	$9.3	58.0	0.848			
Polish and Other Sanitation Good Manufacturing	Size Std.	500	500	600	1200	1200		900	750
325613	Factor	45.4	255.9	$46.0	67.8	0.838			
Surface Active Agent Manufacturing	Size Std.	650	500	1250	1400	1100		1100	750

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325620	Factor	56.7	724.8	$24.9	48.7	0.869			
Toilet Preparation Manufacturing	Size Std.	750	750	900	1000	1400		1000	1250
325910	Factor	48.5	481.5	$10.5	44.4	0.799	-38.1		
Printing Ink Manufacturing	Size Std.	650	650	600	900	800	700	750	500
325920	Factor	116.6	410.7	$21.2	46.7	0.710	-13.3		
Explosives Manufacturing	Size Std.	1250	600	800	950	250	900	750	750
325991	Factor	43.9	270.1	$11.6	21.6	0.790			
Custom Compounding of Purchased Resins	Size Std.	600	500	650	450	750		600	500
325992	Factor	45.5	1567.3	$15.0	66.6	0.874	66.2		
Photographic Film, Paper, Plate, and Chemical Manufacturing	Size Std.	650	1200	700	1350	1400	1500	1200	1500
325998	Factor	34.2	347.2	$11.4	18.9	0.819	-23.1		
All Other Miscellaneous Chemical Product and Preparation Manufacturing	Size Std.	550	550	650	400	1000	600	650	500
326111	Factor	98.8	601.4	$16.8	27.5	0.765			
Plastics Bag and Pouch Manufacturing	Size Std.	1100	700	750	550	550		700	750
326112	Factor	101.3	1383.8	$23.3	36.6	0.751			
Plastics Packaging Film and Sheet (including Laminated) Manufacturing	Size Std.	1100	1100	850	750	450		800	1000
326113	Factor	75.6	538.5	$17.3	21.8	0.789			
Unlaminated Plastics Film and Sheet (except Packaging) Manufacturing	Size Std.	900	650	750	450	750		700	750
326121	Factor	52.1	231.9	$9.4	29.6	0.773			
Unlaminated Plastics Profile Shape Manufacturing	Size Std.	700	500	600	600	600		600	500

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326122	Factor	70.1	497.0	$17.1	28.0	0.760	14.5		
Plastics Pipe and Pipe Fitting Manufacturing	Size Std.	850	650	750	550	500	750	650	750
326130	Factor	47.9	402.2	$8.7	30.6	0.779			
Laminated Plastics Plate, Sheet (except Packaging), and Shape Manufacturing	Size Std.	650	600	600	600	650		650	500
326140	Factor	80.8	1510.3	$12.6	52.8	0.811			
Polystyrene Foam Product Manufacturing	Size Std.	950	1200	650	1100	900		950	1000
326150	Factor	63.2	586.7	$9.2	22.7	0.771			
Urethane and Other Foam Product (except Polystyrene) Manufacturing	Size Std.	800	700	600	450	600		600	750
326160	Factor	172.0	1831.0	$41.3	55.0	0.823			
Plastics Bottle Manufacturing	Size Std.	1500	1350	1150	1100	1000		1200	1250
326191	Factor	39.9	396.1	$4.1	35.5	0.769			
Plastics Plumbing Fixture Manufacturing	Size Std.	600	600	500	700	550		600	750
326199	Factor	58.8	797.1	$7.6	7.2	0.792	19.3		
All Other Plastics Product Manufacturing	Size Std.	750	800	550	250	750	750	600	750
326211	Factor	546.8	7542.1	$142.3	73.3	0.877	-4.7		
Tire Manufacturing (except Retreading)	Size Std.	1500	1500	1500	1500	1450	1500	1500	1500
326212	Factor	21.2	193.2	$2.7	24.8	0.701			
Tire Retreading	Size Std.	450	450	450	500	250		400	500
326220	Factor	101.9	847.2	$15.0	39.2	0.788	46.6		
Rubber and Plastics Hoses and Belting Manufacturing	Size Std.	1100	800	700	800	700	750	800	750

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326291	Factor	71.9	477.6	$9.0	31.8	0.785			
Rubber Product Manufacturing for Mechanical Use	Size Std.	850	600	600	650	700		700	750
326299	Factor	51.5	327.9	$9.6	30.1	0.795	15.6		
All Other Rubber Product Manufacturing	Size Std.	700	550	600	600	800	500	650	500
327110	Factor	20.1	448.7	$1.8	41.5	0.858			
Pottery, Ceramics, and Plumbing Fixture Manufacturing	Size Std.	400	600	450	850	1300		800	1000
327120	Factor	52.8	323.7	$10.6	23.8	0.768			
Clay Building Material and Refractories Manufacturing	Size Std.	700	550	600	500	550		600	750
327211	Factor	220.1	1138.2	$38.6	62.6	0.785			
Flat Glass Manufacturing	Size Std.	1500	1000	1150	1300	700		1100	1000
327212	Factor	36.7	758.9	$4.3	42.7	0.858			
Other Pressed and Blown Glass and Glassware Manufacturing	Size Std.	550	800	500	850	1300		850	1250
327213	Factor	767.6	2999.6	$125.2	86.3	0.754			
Glass Container Manufacturing	Size Std.	1500	1500	1500	1500	450		1250	1250
327215	Factor	41.0	1009.5	$4.9	28.5	0.858			
Glass Product Manufacturing Made of Purchased Glass	Size Std.	600	900	500	600	1300		800	1000
327310	Factor	103.1	711.3	$31.8	39.8	0.827			
Cement Manufacturing	Size Std.	1100	750	1000	800	1050		950	1000
327320	Factor	33.8	450.0	$5.4	14.1	0.721			
Ready-Mix Concrete Manufacturing	Size Std.	550	600	500	300	250		400	500

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327331	Factor	29.5	425.6	$5.2	29.1	0.734			
Concrete Block and Brick Manufacturing	Size Std.	500	600	500	600	300		500	500
327332	Factor	51.4	564.1	$8.3	43.5	0.737			
Concrete Pipe Manufacturing	Size Std.	700	650	600	900	300		650	750
327390	Factor	28.4	372.3	$3.0	16.8	0.774	34.5		
Other Concrete Product Manufacturing	Size Std.	500	550	500	350	600	500	500	500
327410	Factor	124.7	645.8	$37.4	76.4	0.781			
Lime Manufacturing	Size Std.	1300	700	1100	1500	650		1050	750
327420	Factor	53.5	990.2	$14.1	65.8	0.862			
Gypsum Product Manufacturing	Size Std.	700	900	700	1350	1300		1050	1500
327910	Factor	49.2	806.5	$11.6	61.4	0.822			
Abrasive Product Manufacturing	Size Std.	650	800	650	1250	1000		900	750
327991	Factor	13.7	89.7	$0.9	12.2	0.694	-2.4		
Cut Stone and Stone Product Manufacturing	Size Std.	350	400	450	250	250	500	350	500
327992	Factor	46.5	194.6	$11.2	35.1	0.755			
Ground or Treated Mineral and Earth Manufacturing	Size Std.	650	450	650	700	450		600	500
327993	Factor	78.4	917.9	$13.7	52.4	0.836			
Mineral Wool Manufacturing	Size Std.	900	850	650	1050	1100		950	1500
327999	Factor	34.8	796.7	$8.9	40.4	0.809			
All Other Miscellaneous Nonmetallic Mineral Product Manufacturing	Size Std.	550	800	600	800	900		750	500
331110	Factor	402.2	6828.0	$209.4	49.0	0.853	26.4		
Iron and Steel Mills and Ferroalloy Manufacturing	Size Std.	1500	1500	1500	1000	1250	1500	1350	1500

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331210	Factor	172.6	685.6	$53.4	31.2	0.719			
Iron and Steel Pipe and Tube Manufacturing from Purchased Steel	Size Std.	1500	750	1400	650	250		850	1000
331221	Factor	41.6	200.4	$17.1	38.5	0.756			
Rolled Steel Shape Manufacturing	Size Std.	600	450	750	800	450		650	1000
331222	Factor	54.2	299.9	$12.8	27.4	0.782			
Steel Wire Drawing	Size Std.	700	550	650	550	650		650	1000
331313	Factor	245.0	1638.1	$82.0	73.7	0.793			
Alumina Refining and Primary Aluminum Production	Size Std.	1500	1250	1500	1500	750		1300	1000
331314	Factor	60.1	215.0	$28.3	40.1	0.728			
Secondary Smelting and Alloying of Aluminum	Size Std.	750	500	950	800	250		650	750
331315	Factor	213.9	2009.7	$91.2	65.7	0.848	-13.8		
Aluminum Sheet, Plate, and Foil Manufacturing	Size Std.	1500	1450	1500	1350	1200	1450	1400	1250
331318	Factor	112.3	833.1	$19.4	34.9	0.762			
Other Aluminum Rolling, Drawing, and Extruding	Size Std.	1200	800	800	700	500		750	750
331410	Factor	60.9	474.2	$37.0	50.2	0.854	47.3		
Nonferrous Metal (except Aluminum) Smelting and Refining	Size Std.	750	600	1100	1000	1250	1000	1000	1000
331420	Factor	118.8	590.4	$56.4	35.5	0.800	-36.9		
Copper Rolling, Drawing, Extruding, and Alloying	Size Std.	1250	700	1450	700	800	1250	1050	1000
331491	Factor	63.8	1290.9	$16.9	50.2	0.818	42.0		
Nonferrous Metal (except Copper and Aluminum) Rolling, Drawing, and Extruding	Size Std.	800	1050	750	1000	950	750	900	750

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331492	Factor	48.1	287.4	$27.4	46.2	0.808			
Secondary Smelting, Refining, and Alloying of Nonferrous Metal (except Copper and Aluminum)	Size Std.	650	500	900	950	900		850	750
331511	Factor	108.8	1031.5	$19.3	35.2	0.785			
Iron Foundries	Size Std.	1150	900	750	700	700		800	1000
331512	Factor	137.5	1550.9	$22.4	65.9	0.783			
Steel Investment Foundries	Size Std.	1400	1200	850	1350	700		1050	1000
331513	Factor	90.6	502.3	$15.3	32.5	0.766			
Steel Foundries (except Investment)	Size Std.	1000	650	700	650	550		700	500
331523	Factor	77.9	633.3	$11.6	28.4	0.796			
Nonferrous Metal Die-Casting Foundries	Size Std.	900	700	650	600	800		700	500
331524	Factor	38.4	214.3	$4.2	27.6	0.764			
Aluminum Foundries (except Die-Casting)	Size Std.	600	500	500	550	550		550	500
331529	Factor	32.0	161.6	$4.5	21.2	0.747			
Other Nonferrous Metal Foundries (except Die-Casting)	Size Std.	500	450	500	450	400		450	500
332111	Factor	70.9	445.6	$20.0	28.3	0.787			
Iron and Steel Forging	Size Std.	850	600	800	550	700		700	750
332112	Factor	133.9	514.1	$31.9	58.7	0.768			
Nonferrous Forging	Size Std.	1400	650	1000	1200	550		950	750
332114	Factor	49.1	253.0	$10.6	34.8	0.769			
Custom Roll Forming	Size Std.	650	500	600	700	550		600	500

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332117	Factor	67.0	297.2	$9.5	35.2	0.701			
Powder Metallurgy Part Manufacturing	Size Std.	800	550	600	700	250		550	500
332119	Factor	37.6	173.4	$4.7	10.4	0.713			
Metal Crown, Closure, and Other Metal Stamping (except Automotive)	Size Std.	550	450	500	250	250		400	500
332215	Factor	43.1	383.7	$13.8	68.7	0.862			
Metal Kitchen Cookware, Utensil, Cutlery, and Flatware (except Precious) Manufacturing	Size Std.	600	550	650	1400	1300		1000	750
332216	Factor	29.6	345.3	$4.1	22.9	0.808	-24.3		
Saw Blade and Hand tool Manufacturing	Size Std.	500	550	500	450	900	900	650	750
332311	Factor	38.7	611.9	$4.8	30.6	0.804	15.2		
Prefabricated Metal Building and Component Manufacturing	Size Std.	600	700	500	600	850	750	650	750
332312	Factor	31.4	445.1	$4.7	14.0	0.773	23.1		
Fabricated Structural Metal Manufacturing	Size Std.	500	600	500	300	600	500	500	500
332313	Factor	29.4	116.9	$2.9	11.4	0.706			
Plate Work Manufacturing	Size Std.	500	450	500	250	250		400	750
332321	Factor	48.0	442.0	$4.3	16.8	0.792			
Metal Window and Door Manufacturing	Size Std.	650	600	500	350	750		550	750
332322	Factor	25.9	205.6	$2.3	8.1	0.734	-31.6		
Sheet Metal Work Manufacturing	Size Std.	450	500	450	250	300	700	450	500
332323	Factor	13.8	136.9	$1.2	14.6	0.770			
Ornamental and Architectural Metal Work Manufacturing	Size Std.	350	450	450	300	600		450	500

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332410	Factor	90.8	762.7	$14.7	27.3	0.731	-47.8		
Power Boiler and Heat Exchanger Manufacturing	Size Std.	1000	800	700	550	250	1050	700	750
332420	Factor	56.5	258.4	$8.3	15.2	0.710	26.0		
Metal Tank (Heavy Gauge) Manufacturing	Size Std.	750	500	550	300	250	750	500	750
332431	Factor	283.5	2406.1	$130.7	75.0	0.848			
Metal Can Manufacturing	Size Std.	1500	1500	1500	1500	1200		1450	1500
332439	Factor	39.7	248.0	$6.0	30.6	0.796	33.9		
Other Metal Container Manufacturing	Size Std.	600	500	550	600	800	500	600	500
332510	Factor	47.0	566.0	$7.4	29.4	0.822	18.4		
Hardware Manufacturing	Size Std.	650	650	550	600	1000	750	700	750
332613	Factor	45.1	398.6	$5.7	31.5	0.761			
Spring Manufacturing	Size Std.	650	600	550	650	500		600	500
332618	Factor	27.6	160.3	$3.2	9.3	0.748	-8.3		
Other Fabricated Wire Product Manufacturing	Size Std.	500	450	500	250	400	500	450	500
332710	Factor	13.0	80.4	$1.1	2.3	0.730	-26.7		
Machine Shops	Size Std.	350	400	450	250	250	600	400	500
332721	Factor	29.0	124.1	$3.1	4.6	0.675	-19.2		
Precision Turned Product Manufacturing	Size Std.	500	450	500	250	250	600	400	500
332722	Factor	51.1	533.0	$7.7	22.8	0.785	-4.4		
Bolt, Nut, Screw, Rivet, and Washer Manufacturing	Size Std.	700	650	550	450	700	500	600	500
332811	Factor	33.9	250.2	$7.2	41.3	0.773			
Metal Heat Treating	Size Std.	550	500	550	850	600		650	750

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332812	Factor	21.4	151.4	$3.0	23.7	0.812			
Metal Coating, Engraving (except Jewelry and Silverware), and Allied Services to Manufacturers	Size Std.	450	450	500	500	900		600	500
332813	Factor	22.7	109.2	$1.5	11.7	0.715			
Electroplating, Plating, Polishing, Anodizing, and Coloring	Size Std.	450	400	450	250	250		350	500
332911	Factor	92.1	721.9	$18.5	24.0	0.798	38.9		
Industrial Valve Manufacturing	Size Std.	1050	750	750	500	800	750	750	750
332912	Factor	117.5	1735.0	$16.9	39.6	0.814	19.7		
Fluid Power Valve and Hose Fitting Manufacturing	Size Std.	1250	1300	750	800	950	1000	950	1000
332913	Factor	70.0	469.2	$22.5	60.4	0.823			
Plumbing Fixture Fitting and Trim Manufacturing	Size Std.	850	600	850	1250	1000		950	1000
332919	Factor	69.3	280.3	$11.7	17.2	0.731	7.8		
Other Metal Valve and Pipe Fitting Manufacturing	Size Std.	850	500	650	350	250	750	550	750
332991	Factor	203.8	1597.7	$40.9	45.8	0.809	23.5		
Ball and Roller Bearing Manufacturing	Size Std.	1500	1250	1150	950	900	1250	1150	1250
332992	Factor	97.3	2909.2	$17.9	84.2	0.873	-11.4		
Small Arms Ammunition Manufacturing	Size Std.	1050	1500	750	1500	1400	1450	1300	1250
332993	Factor	239.2	2273.0	$40.1	68.8	0.816	0.8		
Ammunition (except Small Arms) Manufacturing	Size Std.	1500	1500	1150	1400	950	1500	1300	1500
332994	Factor	51.2	571.9	$11.6	33.6	0.842	-23.5		
Small Arms, Ordnance, and Ordnance Accessories Manufacturing	Size Std.	700	650	650	700	1150	1150	850	1000

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332996	Factor	42.0	337.6	$5.9	25.8	0.772	18.8		
Fabricated Pipe and Pipe Fitting Manufacturing	Size Std.	600	550	550	500	600	500	550	500
332999	Factor	19.2	136.2	$2.0	8.5	0.768	-25.2		
All Other Miscellaneous Fabricated Metal Product Manufacturing	Size Std.	400	450	450	250	550	900	500	750
333111	Factor	60.8	3158.5	$20.7	61.1	0.860	31.6		
Farm Machinery and Equipment Manufacturing	Size Std.	750	1500	800	1250	1300	1250	1150	1250
333112	Factor	106.6	2170.2	$29.6	65.5	0.861			
Lawn and Garden Tractor and Home Lawn and Garden Equipment Manufacturing	Size Std.	1150	1500	950	1350	1300		1250	1500
333120	Factor	89.5	2663.5	$40.4	58.6	0.863	14.0		
Construction Machinery Manufacturing	Size Std.	1000	1500	1150	1200	1350	1250	1250	1250
333131	Factor	67.8	922.4	$18.6	48.9	0.814			
Mining Machinery and Equipment Manufacturing	Size Std.	800	850	750	1000	950		900	500
333132	Factor	91.9	1516.2	$32.8	35.8	0.819			
Oil and Gas Field Machinery and Equipment Manufacturing	Size Std.	1050	1200	1000	750	1000		1000	1250
333241	Factor	37.4	196.8	$6.8	19.7	0.746	3.2		
Food Product Machinery Manufacturing	Size Std.	550	450	550	400	400	500	450	500
333242	Factor	89.6	1209.7	$35.4	66.8	0.850			
Semiconductor Machinery Manufacturing	Size Std.	1000	1000	1050	1350	1200		1150	1500
333243	Factor	30.3	257.1	$5.0	24.4	0.771			
Sawmill, Woodworking, and Paper Machinery Manufacturing	Size Std.	500	500	500	500	600		550	500

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333244	Factor	24.0	166.9	$3.1	27.7	0.728	-65.5		
Printing Machinery and Equipment Manufacturing	Size Std.	450	450	500	550	250	1050	550	750
333249	Factor	25.3	177.3	$4.0	10.1	0.771	-32.5		
Other Industrial Machinery Manufacturing	Size Std.	450	450	500	250	600	700	500	500
333314	Factor	43.1	447.0	$8.2	28.0	0.796	-23.7		
Optical Instrument and Lens Manufacturing	Size Std.	600	600	550	550	800	600	600	500
333316	Factor	24.3	185.8	$5.4	53.5	0.825	-10.6		
Photographic and Photocopying Equipment Manufacturing	Size Std.	450	450	500	1100	1000	1150	850	1000
333318	Factor	44.7	493.9	$7.7	13.5	0.804	-25.0		
Other Commercial and Service Industry Machinery Manufacturing	Size Std.	650	650	550	250	850	1150	700	1000
333413	Factor	60.2	533.3	$7.4	21.3	0.750	18.9		
Industrial and Commercial Fan and Blower and Air Purification Equipment Manufacturing	Size Std.	750	650	550	450	400	500	500	500
333414	Factor	42.8	256.7	$7.8	18.1	0.756	-2.8		
Heating Equipment (except Warm Air Furnaces) Manufacturing	Size Std.	600	500	550	350	450	500	500	500
333415	Factor	116.4	2291.4	$18.8	35.8	0.840	28.4		
Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing	Size Std.	1250	1500	750	750	1150	1250	1050	1250
333511	Factor	21.6	119.1	$2.3	6.7	0.711			
Industrial Mold Manufacturing	Size Std.	450	450	450	250	250		350	500

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333514	Factor	16.9	127.2	$1.8	12.8	0.732			
Special Die and Tool, Die Set, Jig, and Fixture Manufacturing	Size Std.	400	450	450	250	250		350	500
333515	Factor	17.6	229.3	$2.0	15.7	0.766	-6.0		
Cutting Tool and Machine Tool Accessory Manufacturing	Size Std.	400	500	450	300	550	500	450	500
333517	Factor	53.1	217.7	$10.3	28.3	0.696	13.1		
Machine Tool Manufacturing	Size Std.	700	500	600	550	250	500	500	500
333519	Factor	33.3	167.6	$5.5	20.0	0.736			
Rolling Mill and Other Metalworking Machinery Manufacturing	Size Std.	550	450	500	400	300		450	500
333611	Factor	269.7	2649.4	$88.2	61.3	0.805	-1.3		
Turbine and Turbine Generator Set Units Manufacturing	Size Std.	1500	1500	1500	1250	850	1500	1300	1500
333612	Factor	74.9	425.6	$15.4	33.9	0.771	-19.4		
Speed Changer, Industrial High-Speed Drive, and Gear Manufacturing	Size Std.	900	600	700	700	600	900	750	750
333613	Factor	72.1	377.4	$16.3	24.7	0.760	20.3		
Mechanical Power Transmission Equipment Manufacturing	Size Std.	850	550	700	500	500	750	650	750
333618	Factor	139.9	2520.6	$68.0	62.1	0.867	21.6		
Other Engine Equipment Manufacturing	Size Std.	1450	1500	1500	1250	1350	1500	1400	1500
333912	Factor	81.4	619.7	$26.0	28.2	0.815	52.1		
Air and Gas Compressor Manufacturing	Size Std.	950	700	900	550	950	1000	850	1000

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333914	Factor	87.9	701.1	$19.9	19.5	0.808	36.1		
Measuring, Dispensing, and Other Pumping Equipment Manufacturing	Size Std.	1000	750	800	400	900	750	750	750
333921	Factor	41.8	284.5	$6.4	44.6	0.773			
Elevator and Moving Stairway Manufacturing	Size Std.	600	500	550	900	600		650	1000
333922	Factor	42.7	183.8	$6.7	14.2	0.693	-17.3		
Conveyor and Conveying Equipment Manufacturing	Size Std.	600	450	550	300	250	600	450	500
333923	Factor	70.6	1312.5	$18.8	67.2	0.837	31.7		
Overhead Traveling Crane, Hoist, and Monorail System Manufacturing	Size Std.	850	1100	750	1350	1100	1250	1100	1250
333924	Factor	66.6	954.8	$15.8	48.8	0.837	21.1		
Industrial Truck, Tractor, Trailer, and Stacker Machinery Manufacturing	Size Std.	800	900	700	1000	1100	750	900	750
333991	Factor	55.4	599.8	$16.1	56.2	0.840			
Power-Driven Hand Tool Manufacturing	Size Std.	700	700	700	1150	1150		950	500
333992	Factor	46.3	1187.9	$10.5	57.5	0.833	45.6		
Welding and Soldering Equipment Manufacturing	Size Std.	650	1000	600	1150	1100	1250	1000	1250
333993	Factor	36.6	303.8	$5.6	26.8	0.779			
Packaging Machinery Manufacturing	Size Std.	550	550	550	550	650		600	500
333994	Factor	33.6	177.2	$4.6	19.9	0.693			
Industrial Process Furnace and Oven Manufacturing	Size Std.	550	450	500	400	250		400	500
333995	Factor	95.9	1443.0	$14.3	36.3	0.782			
Fluid Power Cylinder and Actuator Manufacturing	Size Std.	1050	1150	700	750	650		800	750

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333996	Factor	82.7	1201.3	$17.3	66.8	0.828	47.0		
Fluid Power Pump and Motor Manufacturing	Size Std.	950	1000	750	1350	1050	1250	1100	1250
333997	Factor	43.4	283.3	$5.9	56.4	0.770	-24.7		
Scale and Balance Manufacturing	Size Std.	600	500	550	1150	600	600	700	500
333999	Factor	31.2	402.4	$5.0	15.0	0.777	-13.1		
All Other Miscellaneous General Purpose Machinery Manufacturing	Size Std.	500	600	500	300	650	600	500	500
334111	Factor	53.7	2659.2	$13.4	50.9	0.867	-8.2		
Electronic Computer Manufacturing	Size Std.	700	1500	650	1050	1350	1250	1100	1250
334112	Factor	106.8	955.5	$40.2	75.3	0.872	41.2		
Computer Storage Device Manufacturing	Size Std.	1150	900	1150	1500	1400	1250	1250	1250
334118	Factor	41.3	478.9	$9.8	35.2	0.832	20.3		
Computer Terminal and Other Computer Peripheral Equipment Manufacturing	Size Std.	600	600	600	700	1100	1000	800	1000
334210	Factor	73.3	707.1	$17.3	46.2	0.828	3.3		
Telephone Apparatus Manufacturing	Size Std.	850	750	750	950	1050	1250	950	1250
334220	Factor	96.8	3491.4	$21.1	42.7	0.855	2.2		
Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing	Size Std.	1050	1500	800	850	1250	1250	1100	1250
334290	Factor	41.6	520.2	$7.8	38.6	0.820	-25.4		
Other Communications Equipment Manufacturing	Size Std.	600	650	550	800	1000	900	800	750
334310	Factor	21.7	222.3	$3.3	30.2	0.808	2.6		
Audio and Video Equipment Manufacturing	Size Std.	450	500	500	600	900	750	650	750

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334412	Factor	45.3	509.6	$4.2	22.3	0.755	-38.4		
Bare Printed Circuit Board Manufacturing	Size Std.	650	650	500	450	450	1050	600	750
334413	Factor	129.3	5111.9	$38.3	38.9	0.868	-9.6		
Semiconductor and Related Device Manufacturing	Size Std.	1350	1500	1100	800	1350	1250	1200	1250
334416	Factor	54.4	407.7	$5.9	33.6	0.754	27.2		
Capacitor, Resistor, Coil, Transformer, and Other Inductor Manufacturing	Size Std.	700	600	550	700	450	500	550	500
334417	Factor	108.0	855.6	$17.3	37.9	0.816	31.5		
Electronic Connector Manufacturing	Size Std.	1150	850	750	750	950	1000	900	1000
334418	Factor	69.7	663.6	$10.3	28.9	0.785	-12.3		
Printed Circuit Assembly (Electronic Assembly) Manufacturing	Size Std.	850	700	600	600	700	900	700	750
334419	Factor	43.3	364.5	$5.0	11.0	0.785	-37.7		
Other Electronic Component Manufacturing	Size Std.	600	550	500	250	700	1050	600	750
334510	Factor	99.9	2034.8	$23.3	38.6	0.850	-10.7		
Electromedical and Electrotherapeutic Apparatus Manufacturing	Size Std.	1100	1450	850	800	1250	1450	1150	1250
334511	Factor	279.8	10648.7	$64.4	54.7	0.882	-2.2		
Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	Size Std.	1500	1500	1500	1100	1500	1250	1350	1250
334512	Factor	39.6	644.1	$4.6	39.3	0.790	3.0		
Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use	Size Std.	600	700	500	800	750	500	650	500

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334513	Factor	45.2	978.2	$8.8	33.2	0.816	-0.2		
Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables	Size Std.	650	900	600	650	950	750	750	750
334514	Factor	74.5	772.9	$20.8	41.2	0.826	48.5		
Totalizing Fluid Meter and Counting Device Manufacturing	Size Std.	900	800	800	850	1050	750	850	750
334515	Factor	41.5	430.6	$11.0	26.4	0.808	-3.1		
Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals	Size Std.	600	600	600	550	900	750	700	750
334516	Factor	69.5	1010.4	$12.8	29.4	0.827	-5.8		
Analytical Laboratory Instrument Manufacturing	Size Std.	850	900	650	600	1050	1000	850	1000
334517	Factor	100.3	1539.8	$37.8	63.2	0.848	-21.5		
Irradiation Apparatus Manufacturing	Size Std.	1100	1200	1100	1300	1200	1150	1200	1000
334519	Factor	42.2	429.4	$9.1	21.1	0.803	0.8		
Other Measuring and Controlling Device Manufacturing	Size Std.	600	600	600	400	850	500	600	500
334613	Factor	15.9	251.3	$2.0	57.6	0.773			
Blank Magnetic and Optical Recording Media Manufacturing	Size Std.	400	500	450	1200	600		700	1000
334614	Factor	31.8	1524.1	$2.9	52.4	0.834	-4.0		
Software and Other Prerecorded Compact Disc, Tape, and Record Reproducing	Size Std.	500	1200	500	1050	1100	1250	950	1250
335110	Factor	124.9	1401.5	$16.5	83.7	0.827			
Electric Lamp Bulb and Part Manufacturing	Size Std.	1300	1150	700	1500	1050		1150	1250

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335121	Factor	20.1	313.1	$1.9	56.1	0.817			
Residential Electric Lighting Fixture Manufacturing	Size Std.	400	550	450	1150	950		750	750
335122	Factor	45.5	422.1	$5.3	29.1	0.771			
Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing	Size Std.	650	600	500	600	600		600	500
335129	Factor	46.1	318.6	$6.5	24.8	0.787	18.7		
Other Lighting Equipment Manufacturing	Size Std.	650	550	550	500	700	500	550	500
335210	Factor	94.2	560.0	$20.7	43.8	0.818			
Small Electrical Appliance Manufacturing	Size Std.	1050	650	800	900	950		900	1500
335220	Factor	303.6	6306.6	$80.0	76.1	0.882			
Major Household Appliance Manufacturing	Size Std.	1500	1500	1500	1500	1500		1500	1500
335311	Factor	83.7	981.8	$15.7	44.5	0.800	19.6		
Power, Distribution, and Specialty Transformer Manufacturing	Size Std.	950	900	700	900	800	750	800	750
335312	Factor	75.8	1085.5	$16.1	41.4	0.836	2.9		
Motor and Generator Manufacturing	Size Std.	900	950	700	850	1100	1250	950	1250
335313	Factor	72.2	1381.3	$13.4	46.3	0.837	37.1		
Switchgear and Switchboard Apparatus Manufacturing	Size Std.	850	1100	650	950	1100	1250	1000	1250
335314	Factor	38.6	490.3	$7.0	29.9	0.809	29.2		
Relay and Industrial Control Manufacturing	Size Std.	600	650	550	600	900	750	700	750
335911	Factor	210.1	2714.0	$37.4	68.8	0.837	0.4		
Storage Battery Manufacturing	Size Std.	1500	1500	1100	1400	1100	1250	1250	1250

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335912	Factor	175.9	920.0	$57.1	87.2	0.857	31.7		
Primary Battery Manufacturing	Size Std.	1500	850	1450	1500	1300	1000	1300	1000
335921	Factor	61.1	360.3	$13.2	59.2	0.807	25.1		
Fiber Optic Cable Manufacturing	Size Std.	750	550	650	1200	900	1000	900	1000
335929	Factor	102.1	586.3	$34.2	40.2	0.798			
Other Communication and Energy Wire Manufacturing	Size Std.	1100	700	1050	800	800		900	1000
335931	Factor	66.6	420.3	$9.4	23.8	0.771	18.7		
Current-Carrying Wiring Device Manufacturing	Size Std.	800	600	600	500	600	500	600	500
335932	Factor	105.5	731.0	$24.2	45.4	0.817	52.9		
Noncurrent-Carrying Wiring Device Manufacturing	Size Std.	1150	750	850	900	950	1000	950	1000
335991	Factor	74.9	493.3	$15.6	51.1	0.825			
Carbon and Graphite Product Manufacturing	Size Std.	900	650	700	1050	1000		900	750
335999	Factor	34.7	230.3	$6.7	19.8	0.809	-16.4		
All Other Miscellaneous Electrical Equipment and Component Manufacturing	Size Std.	550	500	550	400	900	600	600	500
336111	Factor	414.9	7444.8	$361.9	60.2	0.894	5.0		
Automobile Manufacturing	Size Std.	1500	1500	1500	1250	1500	1500	1450	1500
336112	Factor	946.1	11272.8	$985.3	80.8	0.885	46.6		
Light Truck and Utility Vehicle Manufacturing	Size Std.	1500	1500	1500	1500	1500	1500	1500	1500
336120	Factor	424.3	4258.7	$214.2	74.5	0.868	36.7		
Heavy Duty Truck Manufacturing	Size Std.	1500	1500	1500	1500	1350	1500	1450	1500

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336211	Factor	61.6	598.6	$7.4	22.3	0.792	-40.5		
Motor Vehicle Body Manufacturing	Size Std.	750	700	550	450	750	1250	750	1000
336212	Factor	74.4	1348.4	$8.2	48.1	0.814	-35.1		
Truck Trailer Manufacturing	Size Std.	900	1100	550	1000	950	1250	950	1000
336213	Factor	124.7	1008.2	$16.3	70.1	0.844			
Motor Home Manufacturing	Size Std.	1300	900	700	1450	1200		1100	1250
336214	Factor	65.8	2791.5	$5.2	53.4	0.833	26.0		
Travel Trailer and Camper Manufacturing	Size Std.	800	1500	500	1100	1100	1000	950	1000
336310	Factor	61.7	1475.0	$24.9	49.8	0.879	35.9		
Motor Vehicle Gasoline Engine and Engine Parts Manufacturing	Size Std.	750	1150	900	1000	1450	1000	1050	1000
336320	Factor	81.8	1003.7	$18.8	33.0	0.851	26.9		
Motor Vehicle Electrical and Electronic Equipment Manufacturing	Size Std.	950	900	750	650	1250	1000	900	1000
336330	Factor	138.8	1330.1	$33.4	29.8	0.828	1.2		
Motor Vehicle Steering and Suspension Components (except Spring) Manufacturing	Size Std.	1400	1100	1050	600	1050	1000	1000	1000
336340	Factor	148.3	882.4	$41.0	38.7	0.811	34.4		
Motor Vehicle Brake System Manufacturing	Size Std.	1500	850	1150	800	900	1250	1050	1250
336350	Factor	139.7	2080.2	$54.2	38.4	0.861	-8.1		
Motor Vehicle Transmission and Power Train Parts Manufacturing	Size Std.	1450	1500	1400	800	1300	1500	1300	1500

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336360	Factor	166.5	2850.7	$35.1	47.8	0.854	42.7		
Motor Vehicle Seating and Interior Trim Manufacturing	Size Std.	1500	1500	1050	950	1250	1500	1250	1500
336370	Factor	128.9	1153.3	$28.2	26.2	0.772			
Motor Vehicle Metal Stamping	Size Std.	1350	1000	950	550	600		850	1000
336390	Factor	91.7	1027.3	$24.2	17.6	0.849	19.3		
Other Motor Vehicle Parts Manufacturing	Size Std.	1050	900	850	350	1200	1000	900	1000
336411	Factor	746.7	36379.0	$409.5	80.1	0.895	-0.9		
Aircraft Manufacturing	Size Std.	1500	1500	1500	1500	1500	1500	1500	1500
336412	Factor	221.0	10514.2	$79.8	74.5	0.870	-9.5		
Aircraft Engine and Engine Parts Manufacturing	Size Std.	1500	1500	1500	1500	1400	1500	1500	1500
336413	Factor	142.6	6675.5	$32.6	46.8	0.862	-2.7		
Other Aircraft Parts and Auxiliary Equipment Manufacturing	Size Std.	1450	1500	1000	950	1300	1250	1200	1250
336414	Factor	3010.4	14822.7	$947.8	93.3	0.789	-1.8		
Guided Missile and Space Vehicle Manufacturing	Size Std.	1500	1500	1500	1500	750	1250	1300	1250
336415	Factor	783.1	3152.9	$202.4	88.5	0.726	2.3		
Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing	Size Std.	1500	1500	1500	1500	250	1250	1200	1250
336419	Factor	120.5	1497.9	$19.0	69.5	0.817	-8.1		
Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing	Size Std.	1250	1200	750	1400	950	1000	1050	1000
336510	Factor	172.0	1976.5	$74.3	58.0	0.853			
Railroad Rolling Stock Manufacturing	Size Std.	1500	1450	1500	1200	1250		1350	1500

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336611	Factor	171.9	17738.0	$25.5	61.6	0.861	-16.1		
Ship Building and Repairing	Size Std.	1500	1500	900	1250	1300	1450	1300	1250
336612	Factor	33.1	555.8	$3.7	25.2	0.826	3.7		
Boat Building	Size Std.	550	650	500	500	1050	1000	750	1000
336991	Factor	23.8	1132.2	$5.7	78.3	0.867			
Motorcycle, Bicycle, and Parts Manufacturing	Size Std.	450	1000	550	1500	1350		1050	1000
336992	Factor	311.1	1950.5	$82.8	83.7	0.798	-15.7		
Military Armored Vehicle, Tank, and Tank Component Manufacturing	Size Std.	1500	1400	1500	1500	800	1500	1350	1500
336999	Factor	32.2	676.4	$9.4	60.7	0.862	48.1		
All Other Transportation Equipment Manufacturing	Size Std.	500	750	600	1250	1300	1000	950	1000
337110	Factor	11.5	590.4	$0.5	27.3	0.794			
Wood Kitchen Cabinet and Countertop Manufacturing	Size Std.	350	700	450	550	750		600	750
337121	Factor	49.3	2189.6	$3.3	45.3	0.847			
Upholstered Household Furniture Manufacturing	Size Std.	650	1500	500	900	1200		950	1000
337122	Factor	13.2	344.2	$0.8	21.8	0.816	5.3		
Nonupholstered Wood Household Furniture Manufacturing	Size Std.	350	550	450	450	950	750	600	750
337124	Factor	33.7	497.3	$3.1	44.2	0.812			
Metal Household Furniture Manufacturing	Size Std.	550	650	500	900	900		750	750
337125	Factor	15.4	334.1	$2.0	75.4	0.859			
Household Furniture (except Wood and Metal) Manufacturing	Size Std.	400	550	450	1500	1300		950	750

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337127	Factor	37.7	193.0	$2.8	14.5	0.732	23.2		
Institutional Furniture Manufacturing	Size Std.	550	450	500	300	250	500	400	500
337211	Factor	38.5	730.1	$3.0	46.7	0.829	32.7		
Wood Office Furniture Manufacturing	Size Std.	600	750	500	950	1050	1000	850	1000
337212	Factor	18.7	74.0	$1.1	6.3	0.668			
Custom Architectural Woodwork and Millwork Manufacturing	Size Std.	400	400	450	250	250		350	500
337214	Factor	99.7	1706.1	$15.1	62.9	0.857	27.2		
Office Furniture (except Wood) Manufacturing	Size Std.	1100	1300	700	1300	1300	1000	1100	1000
337215	Factor	31.9	285.0	$2.8	17.2	0.785	24.6		
Showcase, Partition, Shelving, and Locker Manufacturing	Size Std.	500	500	450	350	700	500	500	500
337910	Factor	54.8	959.0	$7.5	55.0	0.813			
Mattress Manufacturing	Size Std.	700	900	550	1100	900		850	1000
337920	Factor	33.9	640.3	$1.7	37.2	0.817			
Blind and Shade Manufacturing	Size Std.	550	700	450	750	950		700	1000
339112	Factor	89.0	1581.6	$18.7	25.3	0.854	17.5		
Surgical and Medical Instrument Manufacturing	Size Std.	1000	1200	750	500	1250	1000	900	1000
339113	Factor	53.2	1266.9	$11.7	29.5	0.849	17.2		
Surgical Appliance and Supplies Manufacturing	Size Std.	700	1050	650	600	1200	750	800	750
339114	Factor	20.5	380.4	$3.7	39.2	0.846	6.2		
Dental Equipment and Supplies Manufacturing	Size Std.	400	550	500	800	1200	750	750	750

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339115	Factor	54.1	1059.1	$8.5	46.3	0.855	58.6		
Ophthalmic Goods Manufacturing	Size Std.	700	950	600	950	1250	1000	950	1000
339116	Factor	7.0	333.8	$0.2	21.1	0.760	22.8		
Dental Laboratories	Size Std.	300	550	450	450	500	500	450	500
339910	Factor	12.8	316.0	$1.7	33.7	0.841			
Jewelry and Silverware Manufacturing	Size Std.	350	550	450	700	1150		700	500
339920	Factor	23.5	697.7	$3.6	32.3	0.844	22.1		
Sporting and Athletic Goods Manufacturing	Size Std.	450	750	500	650	1150	750	750	750
339930	Factor	12.7	122.8	$1.9	41.5	0.828			
Doll, Toy, and Game Manufacturing	Size Std.	350	450	450	850	1050		700	500
339940	Factor	21.5	204.1	$2.8	42.4	0.833	17.5		
Office Supplies (except Paper) Manufacturing	Size Std.	450	450	500	850	1100	750	750	750
339950	Factor	12.8	235.8	$0.8	8.5	0.783	8.4		
Sign Manufacturing	Size Std.	350	500	450	250	700	500	450	500
339991	Factor	59.4	673.2	$7.5	24.0	0.787	35.5		
Gasket, Packing, and Sealing Device Manufacturing	Size Std.	750	750	550	500	700	500	600	500
339992	Factor	19.9	372.9	$2.1	36.8	0.835			
Musical Instrument Manufacturing	Size Std.	400	550	450	750	1100		700	1000
339993	Factor	29.9	318.0	$3.4	51.8	0.816			
Fastener, Button, Needle, and Pin Manufacturing	Size Std.	500	550	500	1050	950		750	750
339994	Factor	49.6	280.9	$8.3	42.7	0.821			
Broom, Brush, and Mop Manufacturing	Size Std.	650	500	600	850	1000		750	500

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339995	Factor	38.3	515.1	$3.9	69.4	0.821			
Burial Casket Manufacturing	Size Std.	550	650	500	1400	1000		900	1000
339999	Factor	8.6	230.8	$1.0	29.9	0.812	3.1		
All Other Miscellaneous Manufacturing	Size Std.	300	500	450	600	900	500	550	500
481111	Factor	1459.1	54015.5	$442.9	65.3	0.890			
Scheduled Passenger Air Transportation	Size Std.	1500	1500	1500	1350	1500		1450	1500
481112	Factor	52.4	587.6	$22.2	55.0	0.860	-25.7		
Scheduled Freight Air Transportation	Size Std.	700	700	850	1100	1300	1500	1100	1500
481211	Factor	18.4	903.1	$3.8	39.5	0.831	-31.5		
Nonscheduled Chartered Passenger Air Transportation	Size Std.	400	850	500	800	1050	1500	900	1500
481212	Factor	20.1	171.5	$17.8	82.5	0.879	-40.2		
Nonscheduled Chartered Freight Air Transportation	Size Std.	400	450	750	1500	1450	1500	1150	1500
482111	Factor	362.9	32,736.5	$134.8	85.8				
Line-Haul Railroads	Size Std.	1500	1500	1500	1500			1500	1500
482112	Factor	362.9	32,736.5	$134.8	85.8				
Short Line Railroads	Size Std.	1500	1500	1500	1500			1500	1500
483111	Factor	50.3	625.4	$88.3	59.0	0.866	19.0		
Deep Sea Freight Transportation	Size Std.	700	700	1500	1200	1350	500	1050	500
483112	Factor	462.2	3724.4	$666.3	91.2	0.866	72.6		
Deep Sea Passenger Transportation	Size Std.	1500	1500	1500	1500	1350	1500	1450	1500
483113	Factor	60.0	501.4	$26.5	27.9	0.831	-11.8		
Coastal and Great Lakes Freight Transportation	Size Std.	750	650	900	550	1050	900	800	750

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483114	Factor	17.5	82.0	$5.2	46.5	0.733			
Coastal and Great Lakes Passenger Transportation	Size Std.	400	400	500	950	300		550	500
483211	Factor	64.8	902.4	$40.6	52.9	0.864	-21.5		
Inland Water Freight Transportation	Size Std.	800	850	1150	1100	1350	900	1050	750
483212	Factor	11.9	82.7	$2.3	39.0	0.772			
Inland Water Passenger Transportation	Size Std.	350	400	450	800	600		550	500
486110	Factor	226.0	1138.6	$59.1	45.7	0.722			
Pipeline Transportation of Crude Oil	Size Std.	1500	1000	1500	950	250		1000	1500
486910	Factor	152.0	588.4	$68.0	59.2	0.757			
Pipeline Transportation of Refined Petroleum Products	Size Std.	1500	700	1500	1200	450		1050	1500
492110	Factor	110.2	217500.5	$3.6		0.888	-1.6		
Couriers and Express Delivery Services	Size Std.	1200	1500	500		1500	1500	1200	1500
511110	Factor	50.8	4289.8	$4.6	27.7	0.858			
Newspaper Publishers	Size Std.	700	1500	500	550	1300		850	1000
511120	Factor	21.8	683.5	$2.7	24.9	0.842	-39.3		
Periodical Publishers	Size Std.	450	750	450	500	1150	1250	800	1000
511130	Factor	30.7	1968.8	$8.1	40.6	0.870	19.5		
Book Publishers	Size Std.	500	1450	550	850	1400	1000	950	1000
511140	Factor	45.0	2463.7	$8.4	63.7	0.871			
Directory and Mailing List Publishers	Size Std.	650	1500	600	1300	1400		1100	1250
511191	Factor	114.5	3533.6	$21.7		0.883			
Greeting Card Publishers	Size Std.	1200	1500	800		1500		1200	1500

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511199	Factor	10.6	172.5	$1.1	28.6	0.799	-23.3		
All Other Publishers	Size Std.	350	450	450	600	800	600	550	500
512230	Factor	7.8	172.6	$4.4	63.1	0.872			
Music Publishers	Size Std.	300	450	500	1300	1400		900	750
512250	Factor	13.2	1314.2	$6.5	80.1	0.879	-13.0		
Record Production and Distribution	Size Std.	350	1100	550	1500	1450	350	900	250
517311	Factor	224.1	83937.6	$91.1	51.3	0.890	13.6		
Wired Telecommunications Carriers	Size Std.	1500	1500	1500	1050	1500	1500	1400	1500
517312	Factor	244.5	55370.2	$98.9	89.1	0.898	2.4		
Wireless Telecommunications Carriers (except Satellite)	Size Std.	1500	1500	1500	1500	1500	1500	1500	1500
517911	Factor	14.6	227.9	$3.6	47.7	0.849	-77.5		
Telecommunications Resellers	Size Std.	350	500	500	950	1200	1500	900	1500
519130	Factor	32.1	5882.4	$7.0	44.8	0.883	16.1		
Internet Publishing and Broadcasting and Web Search Portals	Size Std.	500	1500	550	900	1500	1000	1000	1000
524126	Factor	246.8	20556.3	$412.0	31.0	0.889			
Direct Property and Casualty Insurance Carriers	Size Std.	1500	1500	1500	650	1500		1300	1500
541713	Factor	45.6	2202.8	$5.4	19.6	0.835	-23.8		
Research and Development in Nanotechnology	Size Std.	650	1500	500	400	1100	1150	850	1000
541714	Factor	29.9	1316.1	$3.9	23.3	0.823	-42.7		
Research and Development in Biotechnology (except Nanobiotechnology)	Size Std.	500	1100	500	450	1000	1250	800	1000

(1) NAICS Code NAICS Industry Title	(2) Type	(3) Simple Average Firm Size (Number of Employees)	(4) Weighted Average Firm Size (Number of Employees)	(5) Average Assets Size ($ Million)	(6) Four-Firm Ratio %	(7) Gini Coefficient	(8) Federal Contract Factor (%)	(9) Calculated Size Standard (Number of Employees)	(10) Current Size Standard (Number of Employees)
541715	Factor	51.7	3444.3	$5.7	14.3	0.852	-18.8		
Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)	Size Std.	700	1500	550	300	1250	1150	850	1000

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Evaluation of Size Standards for Select NAICS Industries and Subindustry Categories or ''Exceptions''

In accordance with the SBA's approach to evaluating size standards for industries or subindustries (or ''exceptions'') as described in the SBA's size standards Methodology, in the following subsections, SBA evaluates the size standards for three NAICS industries and five exceptions that are not covered by the Economic Census tabulation. The three NAICS industries are NAICS 482211 (Line Haul Railroads), NAICS 482212 (Short Line Railroads), and NAICS 324110 (Petroleum Refineries), for which the refining capacity component of the size standard is not covered by the Economic Census tabulation. The five exceptions are the three Research and Development (R&D) exceptions to NAICS 541715, the Information Technology Value Added Resellers (ITVAR) exception to NAICS 541519, and the Environmental Remediation Services (ERS) exception to NAICS 562910.

NAICS 324110—Petroleum Refineries

Among all industries for which SBA establishes size standards, only NAICS 324110 (Petroleum Refineries) comprises two size measures in its size standard—number of employees and total daily refining capacity. As explained in Footnote 4 of the SBA's Table of Size Standards (13 CFR 121.201), to qualify as small for purposes of Government procurement, the petroleum refiner, including its affiliates, must be a concern that has either no more than 1,500 employees or no more than 200,000 barrels per calendar day total Operable Atmospheric Crude Oil Distillation capacity. Capacity includes all domestic and foreign affiliates, all owned or leased facilities, and all facilities under a processing agreement or an arrangement such as an exchange agreement or a throughput. To qualify under the capacity size standard, the firm, together with its affiliates, must be primarily engaged in refining crude petroleum into refined petroleum products. A firm's ''primary industry'' is determined in accordance with 13 CFR 121.107.

During the first five-year review of size standards, SBA proposed to increase the capacity component of the Petroleum Refiners industry (NAICS 324110) size standard from 125,000 barrels per calendar day (BPCD) total Operable Atmospheric Crude Oil Distillation capacity to 200,000 BPCD total capacity and retain the employee component at the 1,500-employee level (79 FR 54145 (November 10, 2014)). SBA also proposed to allow business concerns to qualify as small either under the 1,500-employee size standard or under the 200,000 BPCD capacity size standard, if they, together with affiliates, are primarily engaged in petroleum refining. Finally, SBA proposed to eliminate the requirement that, for purposes of Federal contracting, ''[t]he total product to be delivered under the contract must be at least 90% refined by the successful bidder from either crude oil or bona fide feedstocks.'' SBA determined that the 90% requirement was overly restrictive for small refiners to compete for government contracts. SBA adopted these proposed changes without amendments in a 2016 final rule (81 FR 4469 (January 26, 2016)).

To evaluate the refining capacity component of the size standard for NAICS 324110 in the current review of size standards, SBA coordinated with the Defense Logistics Agency (DLA) to obtain a special tabulation of refinery production data, maintained by the Energy Information Administration (EIA). This tabulation included data on employees and various measures of production capacity. SBA also obtained the data from SAM, FPDS–NG, and other publicly available information such as corporate 10–K filings and annual reports to evaluate the economic characteristics of NAICS 324110 in terms of production capacity.

To determine if the current size standard for Petroleum Refineries is still appropriate, SBA used the above data to analyze both total and aviation fuel capacity, as well as the number of employees of all refiners operating in the United States. SBA also examined industry trends and the Federal Government's petroleum procurement needs.

SBA's analysis of the above data showed that the production capacity of the petroleum refineries industry is concentrated among the largest 30% of firms, as measured by BPCD total capacity. Specifically, the largest 30% of firms account for over 83% of the total industry production capacity. The average size of firms exceeding 200,000 BPCD total production capacity is 40,178 employees.

Currently, about 60% of firms, representing 26% of employees, are classified as small under the 200,000 BPCD total capacity size standard. The average size of these firms is 11,064 employees. SBA's analysis showed that increasing the total capacity size standard beyond the current 200,000 BPCD level, even by 150% increase from the current level, would only marginally increase the number of small firms in this industry, and would include firms with characteristics similar to the dominant firms at the top of the size distribution. Based on this analysis, SBA proposes to maintain the refining capacity component of the size standard for Petroleum Refineries at 200,000 BPCD total Operable Atmospheric Crude Oil Distillation capacity. As presented in Table 4 (above), based on the data from the 2012 Economic Census, SBA also proposes to maintain the employee component of the size standard for Petroleum Refineries at the current 1,500-employee level.

NAICS 482111—Line Haul Railroads and NAICS 482112—Short Line Railroads

SBA's primary source of industry data used in this proposed rule is a special tabulation of the 2012 Economic Census prepared by the U.S. Bureau of the Census for SBA. The 2012 Economic Census data are the latest Economic Census data available at the time of drafting this proposed rule.

In some cases, certain industries are not covered by the Economic Census; thus, they are not represented in the Census Bureau's special tabulation. For those industries, SBA first identifies companies that are registered in SAM under those industry NAICS codes and then evaluates their employment and revenue data obtained from their SAM profiles. SBA supplements the SAM data with revenue and employment data from FPDS–NG and, in some cases, the data from other Federal agencies and industry trade groups to establish the industry characteristics necessary to evaluate the size standard for the industry. In some instances, SBA's analysis is based only on those factors for which data are available or estimates of missing values are possible. SBA applied this approach to the evaluation of industry factors for two industries in NAICS Sector 48–49 that are not covered by the Economic Census, namely Line Haul Railroads (NAICS 482111) and Short Line Railroads (NAICS 482112).

During the first five-year review of size standards, based on the data from SAM, SBA proposed to maintain the 1,500-employee size standard for Line Haul Railroads and increase the size standard for Short Line Railroads from 500 employees to 1,500 employees (79 FR 53646 (September 10, 2014)). In the final rule, SBA adopted this proposal without change (81 FR 4435 (January 26, 2016)).

To evaluate the size standard for these industries during the ongoing second

five-year size standards review, SBA relied on data from SAM, industry trade groups, and other Federal agencies. SBA sought data external to SAM because of a lack of adequate representation of firms in those industries in the SAM database. For example, the Railroad Facts 2019 Edition statistical publication of the American Association of Railroads (AAR) estimates that there were 613 railroads in the U.S. in 2017; however, the number of firms registered under NAICS 482111 or 482112 as their primary NAICS code was only 37 based on the 2019 SAM data. The data for these industries in FPDS–NG was also equally inadequate for purposes of evaluating size standards for those industries. Thus, SBA was not able to rely on the SAM and FPDS–NG data alone to determine the economic characteristics of those industries. SBA also evaluated its internal data from its 7(a), 504, and disaster loan programs for purposes of determining economic characteristics of NAICS 482111 and 482112; however, SBA found that there was very limited loan activity in those industries.

To determine the economic characteristics of NAICS 482111 and 482112 and calculate the industry factors for evaluation of their size standards, SBA relied on the 2018 data from the Railroad Retirement Board (RRB), which publishes employment data for railroad employers. SBA used this data to calculate the simple and weighted average firm size in terms of employees. SBA used the data from AAR and the American Short Line and Regional Railroad Association (ASLRRA) to calculate average assets and the four-firm concentration ratio. SBA was not able to obtain suitable data on receipts to calculate the Gini coefficient values for these industries. SBA requests suggestions on sources of data for the railroad industry that include an estimate of the receipts per firm similar to the employee data provided by the RRB.

Based on the data from the RRB, SBA was unable to reliably determine the number of railroads primarily engaged in either the Line Haul Railroad or Short Line Railroad industry. For statistical and regulatory purposes, most Federal agencies and trade associations do not classify railroads in terms of line haul or short line railroads. Instead, railroads are classified based on other characteristics, such as class, revenue, or track mileage owned/operated. For example, the Surface Transportation Board (STB), the Federal agency responsible for regulating railroad rates and service, categorizes rail carriers into three classes: Class I, Class II, and Class III. These classes are based on the carrier's annual operating revenues. For 2019, Class I carriers were defined as those earning above $504.80 million in revenue; Class II carriers as those earning $40.38 million or more in revenue and less than the Class I threshold; and Class III carriers as those earning less than the Class II minimum. The AAR identifies two groups of non-Class I railroads based on revenue and track mileage covered: Regional railroads and Local railroads. Regional railroads are line haul railroads below the Class I revenue threshold, operating at least 350 miles of railroad track and earning at least $20 million in revenue, or earning revenue between $40 million and the Class I revenue threshold, regardless of track mileage operated. Local railroads are line haul railroads below the Regional criteria, plus switching and terminal railroads. The RRB classifies railroads by Class I and non-Class I operator. Based on the available data, SBA was not able to reliably determine the composition of the railroad industry at the 6-digit NAICS industry level. Thus, for purposes of analysis, SBA combines the operators in NAICS industries 482111 and 482112 to determine a size standard for those industries.

The results from SBA's analysis are presented in Table 4 (above) of this proposed rule. The analysis supports maintaining the current size standard of 1,500 employees for both the Line Haul Railroad (NAICS 482111) and Short Line Railroad industries (NAICS 482112). SBA invites comments, along with supporting information, on this proposal as well as sources of data that more clearly define the economic characteristics of these industries.

Exception to NAICS 541519—Information Technology Value Added Resellers

Information Technology Value Added Resellers (ITVAR) is a subindustry (or ''exception'') under NAICS 541519 (Other Computer Related Services). SBA first proposed to establish this subindustry category in 2002 in order to better apply small business eligibility requirements under Federal contracts that combine substantial services with the acquisition of computer hardware and software (67 FR 48419 (July 24, 2002)). The following year, SBA adopted the ITVAR industry category, as proposed, with a size standard of 150 employees (68 FR 74833 (December 28, 2003)). As stated in Footnote 18 to the SBA's Table of Size Standards, for a Federal contract to be classified under the ITVAR subindustry or ''exception'' and its 150-employee size standard, it must consist of at least 15% but not more than 50% of value added services, as measured by the total price less cost of computer hardware and software, and profit. If the contract consists of less than 15% of value-added services, it must be classified under the appropriate manufacturing NAICS industry. If the contract consists of more than 50% of value-added services, it must be classified under the NAICS industry that best describes the principal nature of services being procured.

In 2014, as part of the first 5-year review of size standards, SBA proposed to eliminate the ITVAR exception due to inconsistencies and misuse (79 FR 53646 (September 10, 2014)). For example, SBA's evaluation of FPDS–NG data and solicitations at that time revealed many cases of misuse where Federal agencies applied the 150-employee size standard, instead of the receipts-based size standard, for contracts that were predominantly for services. Moreover, SBA found the use of the ITVAR exception was discretionary and inconsistent with other SBA's regulations. Under the terms of the exception as stated in Footnote 18 in the SBA's Table of Size Standards, it is clear that the majority of the cost of the contracts that qualify under the ITVAR exception and its 150-employee size standard will be incurred for supplies. Thus, instead of using the ITVAR 150-employee size standard under NAICS 541519, a contracting officer could alternatively use a manufacturing NAICS code, such as NAICS 334111 (Electronic Computer Manufacturing) with a 1,000-employee size standard, to which the 500-employee nonmanufacturer size standard would also apply. Thus, firms may or may not be eligible or be able to compete as a small business for the exact same contract simply based on the contracting officer's selection of the NAICS code and size standard. SBA found that this was inconsistent with SBA's regulations that require contracting officers to select the NAICS code that best describes the principal purpose of the acquisition (see 13 CFR 121.402(b)). Many commenters to the 2014 SBA's proposed rule agreed with these findings but were strongly against the SBA's proposal to eliminate the ITVAR exception and its 150-employee size standard. Commenters viewed that the SBA's proposal would force small ITVARs with fewer than 150 employees to compete for Federal opportunities with large companies with up to 500 employees under the 500-employee nonmanufacturer size standard. To address these concerns, in the 2016 final

rule, SBA amended Footnote 18 by retaining the ITVAR exception and its 150-employee size standard and adding the requirement that the offeror on small business set-aside ITVAR contracts must comply with the manufacturing performance requirements or the nonmanufacturer rule (81 FR 4436 (January 26, 2016)).

In this proposed rule, to review the 150-employee size standard for the ITVAR exception to NAICS 541519, SBA evaluated the data from FPDS–NG and SAM using a two-step procedure. First, using FPDS–NG, SBA identified Product Service Codes (PSCs) that correspond to contracts under the ITVAR exception. SBA then identified firms that have received Federal contracts under those PSCs and evaluated their receipts and employees' data from SAM and FPDS–NG to derive the values of industry and Federal contracting factors. SBA uses this approach because the data that SBA receives from the Census Bureau's Economic Census tabulation are limited to the 6-digit NAICS industry level and therefore do not provide information on economic characteristics of firms at the subindustry level.

SBA found that contracting activity for the ITVAR exception is distributed over roughly 36 different PSCs. Each of these PSCs describe the activity of procuring either an IT product, or an IT service, but not both. Generally, the code structure of the PSC classification system is such that PSCs for products start with a number whereas PSCs for services begin with an alphabet. Table 5, Top 5 ITVAR Related PSCs by Average Total Dollars Obligated, below, identifies the top 5 PSCs for ITVAR related products and services. The table also displays average total dollars obligated under each PSC for fiscal years 2016–2018, and the product or services identifier for each PSC.

TABLE 5—TOP 5 ITVAR RELATED PSCS BY AVERAGE TOTAL DOLLARS OBLIGATED

PSC	PSC description	Average total dollars obligated in FY 2016–2018 ($ million)	PSC type
D399	IT and telecom—other IT and telecommunications	$2,419,341	Service.
7030	Information technology software	1,824,017	Product.
D319	IT and telecom—annual software maintenance service plans	761,227	Service.
7050	Information technology components	673,647	Product.
D318	IT and telecom—integrated hardware/software/services solutions, predominantly services	664,801	Service.

Due to the involvement of numerous PSCs discussed above, SBA was unable to reliably determine a singular PSC that would adequately represent the level of activity corresponding uniquely to the ITVAR exception, which by definition includes both product and service-related activities. For purposes of analysis, and in an effort to differentiate economic activity under the ITVAR exception and determine the economic characteristics of the firms comprising this subindustry, SBA analyzed the FPDS–NG and SAM data. For this, SBA analysts first queried the FPDS–NG data for fiscal years 2016–2018 to match firms with a primary NAICS of 541519 and at least one contract with an ITVAR PSC for products to firms with a primary NAICS of 541519 and at least one contract with an ITVAR PSC for services; that is, SBA identified firms with a primary NAICS of 541519 with at least one contract under both a product and service-related PSC. This query resulted in a total of 1,210 firms. Further analysis showed that, for many of these 1,210 firms, the percentage of total revenues from ITVAR services and products PSCs was very low, which SBA used as an indication that the revenue structure of such firms was not representative of a typical ITVAR firm. Therefore, using a similar procedure that SBA applied in the analysis of the Dredging and Surface Cleanup Activities exception to NAICS 237990 (Other Heavy and Civil Engineering Construction) (85 FR 62239 (December 1, 2020)), SBA excluded firms from the analysis whose combined dollars obligated to both ITVAR services and products PSCs did not exceed 2.5% of their total receipts. SBA further refined the analysis by excluding firms with an average revenue below $1,000. After these exclusions, SBA was left with 485 firms for purposes of analysis.[2] Together, those 485 firms represented 55% of the dollars obligated to original 1,210 firms under the top 5 ITVAR-related PSCs identified in Table 5. SBA analyzed those 485 firms to obtain the four industry factors (average firm size, average assets size, four-firm ratio, and Gini coefficient) and the Federal contracting factor for the ITVAR subindustry or exception.

In its 2003 final rule (68 FR 74833 (December 29, 2003)), SBA used a hybrid approach to create and evaluate the ITVAR exception. Specifically, based on the assumption that ITVARs operate in NAICS Industry Group 5415 (Computer System Design and Related Services) and in NAICS 423430 (Computer and Computer Peripheral Equipment and Software Merchant Wholesalers), SBA combined part of NAICS Industry Group 5415 with part of NAICS 423430 using the 1997 Economic Census data and defined the result as the ITVAR subindustry and used it as the basis to establish the characteristics of ITVAR firms. As discussed in the 2016 final rule (81 FR 4436 (January 26, 2016)), SBA now finds several problems with that approach. First, there is no need to create the ITVAR industry in that manner because, based on their primary activity of selling computer hardware and software, ITVARs are included in NAICS 423430. Accordingly, SBA now believes the industry data for NAICS 423430 alone would provide a more accurate description of ITVAR firms than the hybrid approach, especially given significant differences in economic structure between firms in NAICS Industry Group 5415 and ITVAR firms, as suggested by the Economic Census data and also confirmed by many commenters at that time. Similar to the 2016 final rule, SBA's analysis in this proposed rule is based on the premise that ITVARs are most closely related to wholesalers, supplying computer hardware and software as nonmanufacturers. Thus, any size standard exception to the ITVARs should be addressed within the context of the nonmanufacturer rule. As such, in this proposed rule, SBA uses the 20th and 80th percentile values of industry

[2] SBA analysts found that increasing the percentage of ITVAR services and products PSCs in total receipts to 5% to exclude firms for which those PSCs contributions to their receipts is very limited, and applying other refinements to the list of 1,210 firms—such as excluding firms with a majority focus on services and excluding firms having less than 1% of total receipts coming from products—ultimately produced a similar calculated size standard.

factors for employee-based size standards for Wholesale Trade and Retail Trade shown in Table 2 (above), along with the 20th and 80th percentile values of employee-based size standards in those sectors, as a basis for reviewing the size standard for the ITVAR exception.

Table 6, Size Standards Supported by Each Factor for the ITVAR Exception to NAICS 541519 (Employees), below, shows the results of analyses of industry and Federal contracting factors for the ITVAR exception, along with size standards supported by each industry and Federal contracting factors. The analysis supports maintaining the current size standard of 150 employees. As such, SBA proposes to retain the 150-employee size standard for the ITVAR exception with no additional changes to the terms of this industry exception SBA invites comments, along with supporting information, on this proposal as well as suggestions for alternative sources of data that more clearly define the economic characteristics of ITVARs.

TABLE 6—SIZE STANDARDS SUPPORTED BY EACH FACTOR FOR THE ITVAR EXCEPTION TO NAICS 541519 (EMPLOYEES)

[Upper value = calculated factor, lower value = size standard supported]

(1) NAICS code NAICS industry title	(2) Type	(3) Simple average firm size (number of employees)	(4) Weighted average firm size (number of employees)	(5) Average assets size ($ million)	(6) Four-firm ratio (%)	(7) Gini coefficient	(8) Federal contract factor (%)	(9) Calculated size standard (number of employees)	(10) Current size standard (number of employees)
541519 (ITVAR Exception)	Factor	136.5	3,594.9	$13.6	19.7	0.743	25.5	.....	.....
	Size Std	250	250	250	75	50	150	150	150

Exceptions to NAICS 541715—Aircraft, Aircraft Engine and Engine Parts; Other Aircraft Parts and Auxiliary Equipment; and Guided Missiles and Space Vehicles, Their Propulsion Units and Propulsion Parts

Currently, NAICS 541715 (Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)) has three subindustries or ''exceptions.'' As stated in Footnote 11 to the SBA's Table of Size Standards, for Research and Development (R&D) contracts requiring the delivery of a manufactured product, the appropriate size standard is that of the corresponding manufacturing industry. The three exceptions under NAICS 541715 and their corresponding manufacturing industry counterparts and their size standards are shown in Table 7, NAICS 541715 Exceptions and Corresponding Manufacturing Size Standards (Employees), below. This table also displays the proposed size standards for each of the three exceptions and corresponding manufacturing industries.

To better match size standards for the exceptions to the corresponding employee-based industry size standards in manufacturing, SBA proposes to increase the size standard of the third exception (Guided Missiles and Space Vehicles, Their Propulsion Units and Propulsion Parts) from 1,250 employees to 1,300 employees by adopting the highest size standard of that exception's corresponding manufacturing industry counterparts. As shown in Table 7 (below), SBA retains the current size standards for the other two exceptions.

TABLE 7—NAICS 541715 EXCEPTIONS AND CORRESPONDING MANUFACTURING SIZE STANDARDS (EMPLOYEES)

Exception	Manufacturing NAICS code and industry title	Current size standard	Calculated size standard	Proposed size standard	Proposed size standard for the exception	Current size standard for the exception
Aircraft, Aircraft Engine and Engine Parts.	336411—Aircraft Manufacturing	1,500	1,500	1,500	1,500	1,500
	336412—Aircraft Engine and Engine Parts Manufacturing.	1,500	1,500	1,500		
Other Aircraft Parts and Auxiliary Equipment.	336413—Other Aircraft Part and Auxiliary Equipment Manufacturing.	1,250	1,200	1,250	1,250	1,250
Guided Missiles and Space Vehicles, Their Propulsion Units and Propulsion Parts.	336414—Guided Missile and Space Vehicle Manufacturing.	1,250	1,300	1,300	1,300	1,250
	336415—Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing.	1,250	1,200	1,250		
	336419—Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing.	1,000	1,050	1,050	.....	.....

Exception to NAICS 562910—Environmental Remediation Services

In 2016, SBA increased the size standard for Environmental Remediation Services (ERS) exception to NAICS 562910 (Remediation Services) from 500 employees to 750 employees (81 FR 4436 (January 26, 2016)). The requirements that apply to the ERS exception and its 750-employee size standard for Federal procurement and SBA's financial assistance are defined in Footnote 14 to the SBA's Table of Size Standards (13 CFR 121.201). SBA requires that for a Government contract to be classified under the ERS exception, it should cover activities in three or more separate industries that each could be categorized in separate NAICS codes. If any activity in the procurement can be identified with a separate NAICS code, or component of a code with a distinct size standard, and that industry accounts for 50% or more of the value of the entire procurement, then the proper size standard is the one for that industry, and not the ERS exception size standard.

In 1994, SBA established the 500-employee based size standard for the ERS exception for Federal procurements and for SBA assistance (59 FR 47236 (September 15, 1994)). The Agency determined that ERS was an emergent industry in which firms perform tasks that depart from traditional activities in any one industry defined (at the time)

in the Standard Industrial Classification (SIC) system, and the types of activities were requiring larger firms to be able to perform them. When the North American Industry Classification System (NAICS) was adopted by the Federal Government in 1997, one of the new industries identified with a six-digit code was NAICS 562910 (Remediation Services), and one of the activities on the scope of NAICS 562910 was the environmental remediation services.

SBA believes that the justification for the creation of an environmental remediation services subindustry within NAICS 562910 with a special size standard in 1994 is still valid today. NAICS 562910 includes some remediation activities (*e.g.,* collection and disposal of garbage, ashes, rubbish and sweeping services), which are usually performed by smaller firms relative to the size of firms performing activities that fall under environmental remediation services.

As explained previously in the Sources of Industry and Program Data section, the data from the Census Bureau's Economic Census tabulation are limited to the 6-digit NAICS industry level and hence do not provide all the economic characteristics for the ERS subindustry. Thus, similar to the evaluation of other exceptions, in accordance with the SBA's size standards methodology, in this proposed rule, SBA analyzed the data coming from FPDS–NG and SAM to evaluate the size standard for the ERS exception.

First, using FPDS–NG data for fiscal years 2016–2018, SBA identified firms that participated in Federal contracts using the Product Service Codes (PSCs) F108 (Environmental Systems Protection—Environmental Remediation) and F999 (Other Environmental Services) within NAICS 562910. Then, SBA obtained those firms' revenue and employment data from the information related to the ERS awards in FPDS–NG, and the data from SAM was used to complement the information available in FPDS–NG.

SBA identified 1,151 firms receiving Federal contracts under NAICS 562910 and PSCs F108 and F999. Initially, the number of firms was obtained by counting the DUNS numbers, but because the DUNS numbers refer to a location, multi-establishments firms will have more than one DUNS number. So, SBA decided to identify those firms using Global DUNS numbers, reducing the number of firms to 1,033. After deleting firms with null values for number of employees or revenue, the number of firms was reduced to 979. SBA also deleted entities that could be identified as government agencies or as manufacturers, further reducing the number of ERS firms to 962.

As discussed in the SBA's size standards methodology white paper, when reviewing size standards for subindustries or ''exceptions'' using the SAM and FPDS–NG data, to reduce the impact of the differences between the industry data from the Economic Census and the data obtained from FPDS–NG and SAM, SBA may (i) identify and remove firms whose primary activity is not the subindustry or exception under review (in this case ERS), (ii) trim the data to prevent extreme observations from distorting the results, or (iii) apply a combination of these two approaches.

The dollars awarded by firms' employment size indicate a large concentration of the ERS activity among the largest firms. Small firms with less than or equal to 750 employees received about 37% of the total ERS dollar awards during fiscal years 2016–2018, while firms with more than 5,000 employees accounted for about 60% of the total ERS contract awards. Moreover, just two firms with more than 5,000 employees accounted for almost 40% of the total awards under ERS activities. The rest of the ERS contract dollars (3.5%) went to firms between 750 employees and 5,000 employees.

Since fiscal year 2016, the share of total ERS contract dollars awarded to small businesses decreased significantly, from an average of 50.0% in fiscal years 2013–2015 to an average of 37.0% in fiscal years 2016–2018. SBA believes that the large skewness in the distribution of ERS firms by the number of employees, the large percentage of ERS contracting dollars being concentrated among very large firms, and a decrease in the small business share of total ERS awards (especially after the adoption of the higher 750-employee size standard in 2016) are all indications that an additional increase to the ERS size standard is warranted. The large concentration of ERS awards among very large and diversified firms suggests that trimming the data is warranted to obtain a more representative picture of the ERS industry. Thus, to avoid the results being distorted by very large, diversified firms, SBA excluded from analysis 2.5% of the largest firms by the number of employees. That leaves the number of ERS firms at 937, which were used to calculate the industry and Federal contracting factors for the ERS exception. Table 8, Size Standards Supported by Each Factor for the Exception to NAICS 562910 (Employees), below, summarizes the results.

TABLE 8—SIZE STANDARDS SUPPORTED BY EACH FACTOR FOR THE EXCEPTION TO NAICS 562910 (EMPLOYEES)

[Upper value = calculated factor, lower value = size standard supported]

(1) NAICS code NAICS industry title	(2) Type	(3) Simple average firm size (number of employees)	(4) Weighted average firm size (number of employees)	(5) Average assets size ($ million)	(6) Four-firm ratio %	(7) Gini coefficient	(8) Federal contract factor (%)	(9) Calculated size standard (number of employees)	(10) Current size standard (Number of employees)
562910 (Exception)	Factor	174.9	3,249.0	$22.8	35.1	0.851	64.2	.....	.....
	Size Std	1,500	1,500	850	700	1,250	750	1,000	750

Based on the above rationale and the analysis of industry and Federal contracting factors, SBA proposes to increase the ERS size standard to 1,000 employees, which would cause a very minimal impact on currently small firms in the ERS Federal procurement market while allowing a few larger small firms an expanded runway to grow and remain competitive. SBA repeated this analysis without trimming the data, which yielded a calculated size standard of 1,200 employees; however, SBA does not believe that this method most accurately reflects the economic characteristics of firms primarily engaged in the business activities related to the ERS exception since the untrimmed data includes firms whose primary activity is unrelated to ERS. Of the 25 firms excluded from the analysis due to trimming, 12 firms had less than $1 million in ERS contracts. The share of ERS dollars obligated to these firms

was less than 0.1% in terms of both their total receipts and total dollars obligated (across all NAICS codes), indicating that the ERS exception is clearly not the primary activity for these firms. Also, among the remaining 13 excluded firms that received more contract dollars under the ERS exception, these firms' share of ERS dollars in their total receipts was, on average, only 1.2%, varying from 0.0% to 5.7%. SBA found that the vast majority of these excluded firms operated in numerous, diverse NAICS codes and none of them reported the ERS exception as being their primary activity relative to their overall operations.

As such, SBA is proposing to increase the ERS size standard to 1,000 employees in accordance with SBA's size standards methodology and the trimming approach described above. As discussed previously in this subsection, in February 2016, SBA increased the size standard for the ERS exception from 500 employees to 750 employees. In fiscal years 2018–2019, still the largest number of small ERS firms were below 500 employees, receiving the largest percentage of ERS small business contract awards. By increasing the size standard to 1,000 employees, only about 2 additional firms will gain small business status. SBA believes that this will not have a significant impact on small businesses below the current 750-employee size standard.

Summary of Calculated Size Standards

Of the 427 industries and 5 subindustries (*i.e.,* ''exceptions'') reviewed in this proposed rule, the results from analyses of the latest available data on the five primary factors discussed above would support increasing employee-based size standards for 157 industries and 2 subindustries (''exceptions''), decreasing size standards for 216 industries, and maintaining size standards for 54 industries and 3 subindustries (''exceptions''). Table 9, Summary of Calculated Size Standards, below, summarizes these results by NAICS sector.

TABLE 9—SUMMARY OF CALCULATED SIZE STANDARDS

NAICS sector	NAICS sector title	Number of size standards reviewed	Number of size standards increased	Number of size standards decreased	Number of size standards maintained
21	Mining, Quarrying, and Oil and Gas Extraction.	24	15	9	0
22	Utilities	11	11	0	0
31–33	Manufacturing	360	123	187	50
48–49	Transportation and Warehousing	15	5	8	2
51	Information	12	3	7	2
54	Professional, Scientific and Technical Services.	7	1	3	3
Other	Agriculture, Forestry, Fishing and Hunting (Sector 11); Finance and Insurance (Sector 52); Administrative and Support, Waste Management and Remediation Services (Sector 56).	3	1	2	0
Total		432	159	216	57

Evaluation of SBA Loan Data

Before proposing or deciding on size standard revisions, SBA also considers the impact of size standards revisions on its loan programs. Accordingly, SBA examined its internal 7(a) and 504 loan data for fiscal years 2018–2020 to assess whether the calculated size standards in Table 4 (above) need further adjustments to ensure credit opportunities for small businesses through those programs. For the industries reviewed in this proposed rule, the data shows that it is mostly businesses much smaller than the current or calculated size standards that receive SBA's 7(a) and 504 loans. For example, for industries covered by this rule, more than 99.0% of SBA's 7(a) and 504 loans in fiscal years 2018–2020 went to businesses below the calculated size standards.

Evaluation of Calculated Size Standards for Dominance in Field of Operation

The Small Business Act provides that a small business concern must not be dominant in its field of operation. Accordingly, to ensure that neither an existing nor a calculated or proposed size standard includes the dominant or potentially dominant firms in any industry, besides the calculation of the Gini coefficient, SBA further assessed the distribution of firms in each industry by employee size and a firm's share of total industry's receipts at the existing or calculated size standard. Generally, SBA believes shares below 40% would preclude dominant firms from qualifying as small and exerting control on any industry. Accordingly, based on the results, SBA is proposing to retain the size standards for nine industries at their current levels, even though the analytical results suggested that an increase is warranted. These industries include NAICS 212222, 212291, 311213, 221116, 212113, 212392, 311512, 316992, and 212324, for which a firm's share of total industry's receipts or employees at the calculated size standard was more than 40%. SBA proposes to adopt a smaller increase to the size standard for NAICS 221114 to ensure that the industry's dominant firms are not included in the definition of small business for the industry. SBA estimates that at the calculated size standard of 700 employees for NAICS 221114, based on the 2012 Economic Census data, a firm's share of total industry receipts would be 41.1% and the share of employees 44.2%. Thus, SBA is proposing a smaller increase to the size standard for NAICS 221114 from the current 250 employees to 500 employees to ensure that a firm's share of total industry receipts or employees at the proposed size standard is not greater than 40%. These adjustments would affect only the one or two largest firms in each of those industries. Similarly, based on the results from dominance analysis using

the 2012 Economic Census data, SBA considered proposing to reduce the size standard for NAICS 221118 from 250 employees to 100 employees, even though the analytical results supported a higher size standard of 650 employees. The results showed that the share of total receipts for a firm at the 250-employee current size standard or at the 650-employee calculated size standard would be much higher than the 40% threshold. However, after considering the level of Federal contracting activity and the Federal contracting factor for this industry as presented in Table 4 above, SBA proposes to adopt the calculated size standard of 650 employees for NAICS 221118 as there are a number of large firms participating in Federal contracting in this industry that are not classified under NAICS 221118 in the Economic Census data. Based on the FPDS–NG data for fiscal years 2018–2020, on an annual basis, SBA identified 131 firms receiving 443 contracts under NAICS 221118. The average annual total dollars obligated to these firms was about $216.0 million. Together, these firms had total employees of 1.5 million, averaging 11,771 employees. These figures are much greater than the total of 224 employees and average of 14 employees for NAICS 221118 based on the 2012 Economic Census data. Using the data from FPDS–NG for fiscal years 2018–2020 for NAICS 221118, SBA estimates the share of receipts of a firm at the calculated size standard of 650 employees to be 0.07%, which effectively precludes a firm of this size from exerting control over the industry. Thus, these results demonstrate that the Economic Census Economic Census data for this industry do not correlate well with the Federal market data from FPDS–NG that supports a higher size standard.

As explained elsewhere in this proposed rule, in industries where small business share of the Federal market is already appreciably high relative to the small business share of the overall market, SBA generally assumes that the existing size standard is adequate with respect to the Federal contracting factor. Regarding NAICS 221118 specifically, using the Federal market data for fiscal years 2016–2018, SBA estimated a Federal contracting factor of −64.4% (*i.e.,* the difference between the small business share of Federal market and the small business share of industry receipts) that supports increasing the size standard to 400 employees (see Table 4 above). Using the FPDS–NG data from fiscal years 2018–2020, SBA estimates the small business share of dollars obligated to NAICS 221118 to be 4.4% and the small business share of industry receipts, based on the 2012 Economic Census data, to be 71.6%, thereby yielding a Federal contracting factor of −67.2%.

Therefore, based on the reasons presented above, SBA is proposing to adopt the 650-employee calculated size standard for NAICS 221118 to further promote competition among all firms and create additional opportunities for small firms. Table 10, Proposed Adjustments to Calculated Size Standards Based on Dominance Analysis, below, summarizes adjustments to calculated size standards based on SBA's evaluation of dominance in field of operation.

TABLE 10—PROPOSED ADJUSTMENTS OF CALCULATED SIZE STANDARDS BASED ON DOMINANCE ANALYSIS

NAICS code	NAICS industry title	Current size standard (employees)	Calculated size standard (employees)	Adjusted/ proposed size standard (employees)
212113	Anthracite Mining	250	600	250
212222	Silver Ore Mining	250	1,100	250
212291	Uranium-Radium-Vanadium Ore Mining	250	900	250
212324	Kaolin and Ball Clay Mining	750	1,050	750
212392	Phosphate Rock Mining	1,000	1,350	1,000
221114	Solar Electric Power Generation	250	700	500
221116	Geothermal Electric Power Generation	250	1,050	250
221118	Other Electric Power Generation	250	650	650
311213	Malt Manufacturing	500	900	500
311512	Creamery Butter Manufacturing	750	1,000	750
316992	Women's Handbag and Purse Manufacturing	750	850	750

Special Considerations

On March 13, 2020, the ongoing Coronavirus Disease 2019 (COVID–19) was declared a pandemic of enough severity and magnitude to warrant an emergency declaration for all U.S. states, territories, and the District of Columbia. With the COVID–19 emergency, many small businesses nationwide experienced economic hardship as a direct result of the Federal, State, and local public health measures that were being taken to minimize the public's exposure to the virus. In addition, based on the advice of public health officials, other measures, such as keeping a safe distance from others or even stay-at-home orders, were implemented, resulting in a dramatic decrease in economic activity as the public avoided malls, retail stores, and other businesses.

The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act or the Act) (Pub. L. 116–136) was signed on March 27, 2020, to provide emergency assistance and health care response for individuals, families, and businesses affected by the coronavirus pandemic. Section 1102 of the Act temporarily permitted SBA to guarantee 100% of 7(a) loans under a new program titled the Paycheck Protection Program (PPP). Section 1106 of the Act provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the PPP. The PPP and loan forgiveness are intended to provide economic relief to small businesses nationwide adversely impacted by COVID–19. On April 24, 2020, additional funding for the CARES Act, including for the PPP, was provided (see The Paycheck Protection Program and Health Care Enhancement Act, Pub. L. 116–139). On December 27, 2020, Congress passed the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act as part of the Consolidation Appropriations Act, approving additional funding for the PPP loan program and allowing the hardest-hit small businesses to receive a second draw PPP loan (Pub. L. 116–260). Additionally, the law approved grants for shuttered-venue operators. On March 11, 2021, the American Rescue Plan Act of 2021 (Pub. L. 117–2) was

signed into law. This act provided additional relief for the Nation's small businesses and hard-hit industries by adding new support to the recovery effort, including additional funding for the PPP and the Shuttered Venue Operators Grant programs. The act also provided additional funding for targeted Economic Injury Disaster Loan (EIDL) Advance payments.

The Agency is following closely the development of the pandemic and the economic situation. A variety of economic indicators such as the Gross Domestic Product (GDP) and the unemployment rate show that the economic recession from the COVID–19 pandemic was significantly worse than any other recession since World War II. According to the Bureau of Economic Analysis (BEA), the real GDP decreased 5.1%, and the real personal consumption in goods and services decreased 6.9% in the first quarter of 2020. In the second quarter, the real GDP decreased 31.2% and the real personal consumption in goods and services decreased 33.4%. In the third quarter, the real GDP increased 33.8%, and the real personal consumption in goods and services increased 41.4%. The real GDP showed a more moderate increase of 4.5% and the real personal consumption expenditures increased 3.4% in the fourth quarter of 2020. The real GDP decreased 3.4% in 2020 from 2019 (from the 2019 annual level to the 2020 annual level), compared with an increase of 2.3% in 2019 from 2018. The real GDP increased 6.3% in the first quarter of 2021 and 6.7% in the second quarter. The real personal consumption in goods and services grew 11.4% in the first quarter of 2021 and 12.0% in the second quarter. The growth rates of both the real GDP and real personal consumption expenditures slowed significantly in the third quarter, increasing just 2.3% and 2.0%, respectively. Economic growth accelerated in the fourth quarter, with real GDP and real personal consumption expenditures increasing 6.9% and 2.5%, respectively. The real GDP increased 5.7% in 2021 from 2020 (from the 2020 annual level to the 2021 annual level), compared with an decrease of 3.4% in 2020 from 2019.[3]

In March 2022, the unemployment rate fell to 3.6%, and the number of unemployed persons to 6.0 million. Although both measures are significantly lower than their April 2020 highs (14.8% and 23.1 million, respectively), they are still higher than their pre-pandemic levels in February 2020 (3.5% and 5.7 million, respectively). Specifically, for the sectors evaluated in this proposed rule, in March 2022, the average unemployment rate was 3.4%. In February 2020, the average unemployment rate for these sectors was 3.8%.

SBA believes that lowering size standards under the current economic environment could stifle the momentum of the ongoing economic recovery by causing a large number of currently small firms to become ineligible for SBA's financial assistance and Federal contracting programs at a time when these programs could be particularly helpful to businesses in need of Federal assistance the most to survive the economic impacts of the ongoing COVID–19 pandemic. SBA is meeting the need for increased support by not lowering size standards even though analytical results suggest that some size standards might be lowered. Moreover, reducing the number of small businesses in the economy may also lead to fewer set-aside opportunities overall as it would reduce the pool of eligible firms that the Federal Government could select from when setting aside procurement opportunities for small businesses. Thus, SBA believes that lowering size standards at this time would be counter to its mission to aid, counsel, assist and protect the interests of small business concerns, preserve free competitive enterprise, and maintain and strengthen the overall economy of our Nation.

Proposed Changes to Size Standards

Based on the analytical results and SBA's policy of not lowering size standards in response to the ongoing economic impacts of the COVID–19 pandemic and Government response to mitigate the impacts discussed above, SBA proposes to increase size standards for 150 industries or subindustries (or ''exceptions'') and retain the current size standards for 282 industries. The proposed size standards are presented in Table 11, Proposed Size Standards Revisions. Also presented in Table 11 are current and calculated size standards for comparison.

TABLE 11—PROPOSED SIZE STANDARDS REVISIONS

NAICS code	NAICS industry title	Current size standard (employees)	Calculated size standard (employees)	Proposed size standard (employees)
212113	Anthracite Mining	250	600	250
212210	Iron Ore Mining	750	1,400	1,400
212222	Silver Ore Mining	250	1,100	250
212230	Copper, Nickel, Lead, and Zinc Mining	750	1,400	1,400
212291	Uranium-Radium-Vanadium Ore Mining	250	900	250
212299	All Other Metal Ore Mining	750	1,250	1,250
212313	Crushed and Broken Granite Mining and Quarrying	750	850	850
212319	Other Crushed and Broken Stone Mining and Quarrying	500	550	550
212322	Industrial Sand Mining	500	750	750
212324	Kaolin and Ball Clay Mining	750	1,050	750
212325	Clay and Ceramic and Refractory Minerals Mining	500	650	650
212391	Potash, Soda, and Borate Mineral Mining	750	1,050	1,050
212392	Phosphate Rock Mining	1,000	1,350	1,000
212393	Other Chemical and Fertilizer Mineral Mining	500	600	600
212399	All Other Nonmetallic Mineral Mining	500	600	600
221111	Hydroelectric Power Generation	500	750	750
221112	Fossil Fuel Electric Power Generation	750	950	950
221113	Nuclear Electric Power Generation	750	1,150	1,150

[3] Source: gdp4q21_3rd.pdf (*bea.gov*), March 30, 2022. This report represents the BEA's March 30, 2022, full News Release on the U.S. Economic data for the fourth quarter of 2021 and year 2021, and associated figures and tables. Specifically included in the report are, among other things, GDP (third estimate), personal consumption expenditures (PCE), Corporate Profits, and GDP by industry for the fourth of 2021 and year 2021. Provided in the report are levels of various economic measures and percentage changes from preceding period. The report provides annual data for years 2019, 2020 and 2021, and quarterly data from the first quarter of 2018 to the fourth quarter of 2021.

TABLE 11—PROPOSED SIZE STANDARDS REVISIONS—Continued

NAICS code	NAICS industry title	Current size standard (employees)	Calculated size standard (employees)	Proposed size standard (employees)
221114	Solar Electric Power Generation	250	700	500
221115	Wind Electric Power Generation	250	1,150	1,150
221116	Geothermal Electric Power Generation	250	1,050	250
221117	Biomass Electric Power Generation	250	550	550
221118	Other Electric Power Generation	250	650	650
221121	Electric Bulk Power Transmission and Control	500	950	950
221122	Electric Power Distribution	1,000	1,100	1,100
221210	Natural Gas Distribution	1,000	1,150	1,150
311111	Dog and Cat Food Manufacturing	1,000	1,250	1,250
311119	Other Animal Food Manufacturing	500	650	650
311211	Flour Milling	1,000	1,050	1,050
311212	Rice Milling	500	750	750
311213	Malt Manufacturing	500	900	500
311221	Wet Corn Milling	1,250	1,300	1,300
311224	Soybean and Other Oilseed Processing	1,000	1,250	1,250
311225	Fats and Oils Refining and Blending	1,000	1,100	1,100
311230	Breakfast Cereal Manufacturing	1,000	1,300	1,300
311313	Beet Sugar Manufacturing	750	1,150	1,150
311314	Cane Sugar Manufacturing	1,000	1,050	1,050
311411	Frozen Fruit, Juice, and Vegetable Manufacturing	1,000	1,100	1,100
311422	Specialty Canning	1,250	1,400	1,400
311511	Fluid Milk Manufacturing	1,000	1,150	1,150
311512	Creamery Butter Manufacturing	750	1,000	750
311514	Dry, Condensed, and Evaporated Dairy Product Manufacturing	750	1,000	1,000
311611	Animal (except Poultry) Slaughtering	1,000	1,150	1,150
311824	Dry Pasta, Dough, and Flour Mixes Manufacturing from Purchased Flour.	750	850	850
311920	Coffee and Tea Manufacturing	750	1,000	1,000
311930	Flavoring Syrup and Concentrate Manufacturing	1,000	1,100	1,100
311941	Mayonnaise, Dressing, and Other Prepared Sauce Manufacturing	750	850	850
311942	Spice and Extract Manufacturing	500	650	650
311991	Perishable Prepared Food Manufacturing	500	700	700
311999	All Other Miscellaneous Food Manufacturing	500	700	700
312111	Soft Drink Manufacturing	1,250	1,400	1,400
312112	Bottled Water Manufacturing	1,000	1,100	1,100
312140	Distilleries	1,000	1,100	1,100
313220	Narrow Fabric Mills and Schiffli Machine Embroidery	500	550	550
313230	Nonwoven Fabric Mills	750	850	850
314999	All Other Miscellaneous Textile Product Mills	500	550	550
315190	Other Apparel Knitting Mills	750	850	850
315990	Apparel Accessories and Other Apparel Manufacturing	500	600	600
316110	Leather and Hide Tanning and Finishing	500	800	800
316992	Women's Handbag and Purse Manufacturing	750	850	750
321113	Sawmills	500	550	550
321114	Wood Preservation	500	550	550
321211	Hardwood Veneer and Plywood Manufacturing	500	600	600
322110	Pulp Mills	750	1,050	1,050
322122	Newsprint Mills	750	1,050	1,050
323111	Commercial Printing (except Screen and Books)	500	650	650
323120	Support Activities for Printing	500	550	550
324122	Asphalt Shingle and Coating Materials Manufacturing	750	1,100	1,100
324191	Petroleum Lubricating Oil and Grease Manufacturing	750	900	900
324199	All Other Petroleum and Coal Products Manufacturing	500	950	950
325110	Petrochemical Manufacturing	1,000	1,300	1,300
325120	Industrial Gas Manufacturing	1,000	1,200	1,200
325130	Synthetic Dye and Pigment Manufacturing	1,000	1,050	1,050
325220	Artificial and Synthetic Fibers and Filaments Manufacturing	1,000	1,050	1,050
325311	Nitrogenous Fertilizer Manufacturing	1,000	1,050	1,050
325312	Phosphatic Fertilizer Manufacturing	750	1,350	1,350
325314	Fertilizer (Mixing Only) Manufacturing	500	550	550
325320	Pesticide and Other Agricultural Chemical Manufacturing	1,000	1,150	1,150
325412	Pharmaceutical Preparation Manufacturing	1,250	1,300	1,300
325520	Adhesive Manufacturing	500	550	550
325611	Soap and Other Detergent Manufacturing	1,000	1,100	1,100
325612	Polish and Other Sanitation Good Manufacturing	750	900	900
325613	Surface Active Agent Manufacturing	750	1,100	1,100
325910	Printing Ink Manufacturing	500	750	750
325991	Custom Compounding of Purchased Resins	500	600	600
325998	All Other Miscellaneous Chemical Product and Preparation Manufacturing.	500	650	650

TABLE 11—PROPOSED SIZE STANDARDS REVISIONS—Continued

NAICS code	NAICS industry title	Current size standard (employees)	Calculated size standard (employees)	Proposed size standard (employees)
326121	Unlaminated Plastics Profile Shape Manufacturing	500	600	600
326130	Laminated Plastics Plate, Sheet (except Packaging), and Shape Manufacturing.	500	650	650
326220	Rubber and Plastics Hoses and Belting Manufacturing	750	800	800
326299	All Other Rubber Product Manufacturing	500	650	650
327211	Flat Glass Manufacturing	1,000	1,100	1,100
327410	Lime Manufacturing	750	1,050	1,050
327910	Abrasive Product Manufacturing	750	900	900
327992	Ground or Treated Mineral and Earth Manufacturing	500	600	600
327999	All Other Miscellaneous Nonmetallic Mineral Product Manufacturing.	500	750	750
331313	Alumina Refining and Primary Aluminum Production	1,000	1,300	1,300
331315	Aluminum Sheet, Plate, and Foil Manufacturing	1,250	1,400	1,400
331420	Copper Rolling, Drawing, Extruding, and Alloying	1,000	1,050	1,050
331491	Nonferrous Metal (except Copper and Aluminum) Rolling, Drawing, and Extruding.	750	900	900
331492	Secondary Smelting, Refining, and Alloying of Nonferrous Metal (except Copper and Aluminum).	750	850	850
331512	Steel Investment Foundries	1,000	1,050	1,050
331513	Steel Foundries (except Investment)	500	700	700
331523	Nonferrous Metal Die-Casting Foundries	500	700	700
331524	Aluminum Foundries (except Die-Casting)	500	550	550
332112	Nonferrous Forging	750	950	950
332114	Custom Roll Forming	500	600	600
332117	Powder Metallurgy Part Manufacturing	500	550	550
332215	Metal Kitchen Cookware, Utensil, Cutlery, and Flatware (except Precious) Manufacturing.	750	1,000	1,000
332439	Other Metal Container Manufacturing	500	600	600
332613	Spring Manufacturing	500	600	600
332722	Bolt, Nut, Screw, Rivet, and Washer Manufacturing	500	600	600
332812	Metal Coating, Engraving (except Jewelry and Silverware), and Allied Services to Manufacturers.	500	600	600
332992	Small Arms Ammunition Manufacturing	1,250	1,300	1,300
332996	Fabricated Pipe and Pipe Fitting Manufacturing	500	550	550
333131	Mining Machinery and Equipment Manufacturing	500	900	900
333243	Sawmill, Woodworking, and Paper Machinery Manufacturing	500	550	550
333314	Optical Instrument and Lens Manufacturing	500	600	600
333924	Industrial Truck, Tractor, Trailer, and Stacker Machinery Manufacturing.	750	900	900
333991	Power-Driven Hand Tool Manufacturing	500	950	950
333993	Packaging Machinery Manufacturing	500	600	600
333995	Fluid Power Cylinder and Actuator Manufacturing	750	800	800
333997	Scale and Balance Manufacturing	500	700	700
334290	Other Communications Equipment Manufacturing	750	800	800
334416	Capacitor, Resistor, Coil, Transformer, and Other Inductor Manufacturing.	500	550	550
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing.	1,250	1,350	1,350
334512	Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use.	500	650	650
334514	Totalizing Fluid Meter and Counting Device Manufacturing	750	850	850
334517	Irradiation Apparatus Manufacturing	1,000	1,200	1,200
334519	Other Measuring and Controlling Device Manufacturing	500	600	600
335122	Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing.	500	600	600
335129	Other Lighting Equipment Manufacturing	500	550	550
335311	Power, Distribution, and Specialty Transformer Manufacturing	750	800	800
335912	Primary Battery Manufacturing	1,000	1,300	1,300
335931	Current-Carrying Wiring Device Manufacturing	500	600	600
335991	Carbon and Graphite Product Manufacturing	750	900	900
335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing.	500	600	600
336310	Motor Vehicle Gasoline Engine and Engine Parts Manufacturing	1,000	1,050	1,050
336414	Guided Missile and Space Vehicle Manufacturing	1,250	1,300	1,300
336419	Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing.	1,000	1,050	1,050
336611	Ship Building and Repairing	1,250	1,300	1,300
336991	Motorcycle, Bicycle, and Parts Manufacturing	1,000	1,050	1,050
337125	Household Furniture (except Wood and Metal) Manufacturing	750	950	950
337214	Office Furniture (except Wood) Manufacturing	1,000	1,100	1,100

TABLE 11—PROPOSED SIZE STANDARDS REVISIONS—Continued

NAICS code	NAICS industry title	Current size standard (employees)	Calculated size standard (employees)	Proposed size standard (employees)
339113	Surgical Appliance and Supplies Manufacturing	750	800	800
339910	Jewelry and Silverware Manufacturing	500	700	700
339930	Doll, Toy, and Game Manufacturing	500	700	700
339991	Gasket, Packing, and Sealing Device Manufacturing	500	600	600
339994	Broom, Brush, and Mop Manufacturing	500	750	750
339999	All Other Miscellaneous Manufacturing	500	550	550
483111	Deep Sea Freight Transportation	500	1,050	1,050
483113	Coastal and Great Lakes Freight Transportation	750	800	800
483114	Coastal and Great Lakes Passenger Transportation	500	550	550
483211	Inland Water Freight Transportation	750	1,050	1,050
483212	Inland Water Passenger Transportation	500	550	550
511199	All Other Publishers	500	550	550
512230	Music Publishers	750	900	900
512250	Record Production and Distribution	250	900	900
541715 (Exception 3)	Guided Missiles and Space Vehicles, Their Propulsion Units and Propulsion Parts.	1,250	1,300	1,300
562910 (Exception)	Environmental Remediation Services	750	1,000	1,000

As shown in the above table, SBA proposes to increase size standards for 150 industries or subindustries (''exceptions'') in those sectors, including 10 industries in NAICS Sector 21 (Mining, Quarrying, and Oil and Gas Extraction), 10 industries in NAICS Sector 22 (Utilities), 120 industries in NAICS Sector 31–33 (Manufacturing), 5 industries in Sector 48–49 (Transportation and Warehousing), 3 industries in NAICS Sector 51 (Information), and 1 subindustry (or ''exception'') each in NAICS Sector 54 (Professional, Scientific and Technical Services) and in NAICS Sector 56 (Administrative and Support, Waste Management and Remediation Services). Table 12, Summary of Proposed Size Standards Revisions by Sector, below, summarizes the proposed changes to size standards by NAICS sector.

TABLE 12—SUMMARY OF PROPOSED SIZE STANDARDS REVISIONS BY SECTOR

Sector	Sector name	Number of size standards reviewed	Number of size standards increased	Number of size standards decreased	Number of size standards maintained
21	Mining, Quarrying, and Oil and Gas Extraction	24	10	0	14
22	Utilities	11	10	0	1
31–33	Manufacturing	360	120	0	240
48–49	Transportation and Warehousing	15	5	0	10
51	Information	12	3	0	9
54	Professional, Scientific and Technical Services	7	1	0	6
Other Sectors	Agriculture, Forestry, Fishing and Hunting; Finance and Insurance; Administrative and Support, Waste Management and Remediation Services.	3	1	0	2
Total		432	150	0	282

Evaluation of Proposed Size Standards for Dominance in Field of Operation

For the vast majority of industries with proposed changes to size standards, the share of receipts of a firm at the proposed size standard levels in Table 11 (above) is, on average, 8.9%, varying from 0.2% to 38.9%. Generally, SBA believes shares below 40% would preclude dominant firms from qualifying as small and exerting control on any industry. Based on the results from the 2012 Economic Census data, only two industries had those shares above 40% at their proposed size standards levels, namely NAICS 221118 (Other Electric Power Generation) and NAICS 311213 (Malt Manufacturing). SBA proposes to increase the size standard for NAICS 221118 from 250 employees to 650 employees and to retain the current 500-employee size standard for NAICS 311213 although the industry data supported a higher 900-employee size standard.

Regarding NAICS 221118, as discussed in the Evaluation of Calculated Size Standards for Dominance in Field of Operation section above, after considering the level of Federal contracting activity and the Federal contracting factor for this industry, SBA is proposing to adopt the calculated size standard of 650 employees. Based on the Economic Census data, SBA estimated the share of industry receipts of a firm with 650 employees to be above 40%, suggesting that a dominant firm may qualify as small at the proposed size standard level. However, considering the limitation of the Economic Census data in characterizing the firms that participate in the Federal market in NAICS 221118, SBA estimates, using the data from FPDS–NG for fiscal years 2018–2020, the share of receipts of a firm at the proposed size standard of 650 employees to be 0.07%, which would effectively preclude a firm of this size from being dominant and exerting control over the industry.

Regarding NAICS 311213, SBA evaluated the industry's distribution of firms by employee size to determine whether any potentially dominant firms

existed near the proposed size standard level. SBA identified only 1 firm close to or around the proposed 500-employee size standard and determined that this firm is not dominant in its field of operation because its share of total industry receipts is only 26.5%, well below the 40% threshold that SBA considers for adjusting calculated or proposed size standards to exclude dominant firms. Thus, SBA determined that the market shares under the proposed size standards revisions for all industries effectively preclude a firm at or below the proposed size standards from exerting control on any of the industries. In the Request for Comments section below, SBA seeks comments on its proposed revisions to size standards, including its proposal to, based on the results from dominance analysis, retain the current size standards in certain industries for which analytical results supported higher size standards.

Alternatives Considered

By law, SBA is required to develop numerical size standards for establishing eligibility for Federal small business assistance programs and to review every five years all size standards and make necessary adjustments to reflect the current industry structure and Federal market conditions. Other than varying the levels of size standards by industry and changing the measures of size standards (*e.g.,* using annual receipts vs. the number of employees), no practical alternatives exist to the systems of numerical size standards.

In response to the unprecedented economic impacts of the ongoing COVID–19 pandemic on small businesses and Government response, SBA is proposing to increase size standards where the data suggested increases are warranted, and to retain, in response to the COVID–19 pandemic and resultant economic impacts on small businesses, all current size standards where the data suggested lowering is appropriate. SBA is also retaining all current size standards where the data suggested no changes to the current size standards.

Nonetheless, SBA considered two other alternatives. Alternative Option One was to propose changes exactly as suggested by the analytical results, including the evaluation of dominance in field of operation. In other words, Alternative Option One would entail increasing size standards for 150 industries or subindustries (''exceptions''), decreasing for 216 industries, and retaining at their current levels for 66 industries. Alternative Option Two was to retain all current size standards, even though the analytical results suggested that changes are warranted.

SBA did not propose Alternative Option One, because it would cause, if adopted, a substantial number of currently small businesses to lose their small business status and hence to lose their eligibility for Federal small business assistance, especially small business set-aside contracts and SBA's financial assistance in some cases. Lowering size standards in the current environment would also run counter to various measures the Federal Government has implemented to help small businesses and the overall economy recover from the ongoing COVID–19 pandemic. Considering the impacts of the Great Recession and Government actions that followed to support small businesses and the overall economy, SBA also adopted a general policy of not decreasing size standards during the first five-year review of size standards, even though the data supported decreases.

As part of Alternative Option One, SBA also considered increasing 150 size standards as suggested by the analytical results and mitigating the impact of decreases to 216 size standards by adjusting the calculated size standards to minimize the impact on small business access to Federal contracts and SBA's loans. However, considering the impact of the ongoing COVID–19 pandemic on businesses and the overall economy, in the Regulatory Impact Analysis section (below), SBA presents the impacts of adopting the analytical results without adjustment to Alternative Option One and proposes to retain all size standards for which the evaluation of principal industry and Federal contracting factors suggested reductions, and to adopt only the increases based on the analytical results.

Under Alternative Option Two, given the current COVID–19 pandemic and resultant uncertainty, SBA considered retaining all size standards at their current levels even though the analytical results supported changes. Under this option, as the current situation evolves, SBA would be able to assess new data available on economic indicators, Federal procurement, and SBA loans before adopting changes to size standards. However, SBA is not adopting Alternative Option Two because the results discussed in the Regulatory Impact Analysis section show that retaining all size standards at their current levels would cause the otherwise qualified small businesses to forgo various small business benefits becoming available to them under the SBA's proposal of increasing 150 and retaining 282 size standards. Such benefits would include access to Federal contracts set aside for small businesses and capital through SBA's loan and SBIC programs, and exemptions from paperwork and other compliance requirements.

Federal Procurement Size Standard for Nonmanufacturers

Small business concerns must meet certain requirements when they offer to the Government an end item they did not manufacture, process, or produce. These requirements are known as the nonmanufacturer rule. The nonmanufacturer rule is codified in SBA's small business size regulations at 13 CFR 121.406.

To qualify for a Federal Government supply contract set aside for small business, a nonmanufacturer must have an average of 500 or fewer employees over the past 12 months, be primarily engaged in the wholesale or retail trade activities, and supply the product of a U.S. small manufacturer.[4] Under SBA's regulation, NAICS codes in Wholesale Trade (Sector 42) and Retail Trade (Sector 44–45) sectors cannot be used for classifying Federal Government acquisitions of supplies or products. Instead, the applicable manufacturing NAICS code associated with manufacturing, production, or processing of the product being procured must be used. For other purposes, such as SBA's financial assistance programs, SBA uses industry-based size standards in Sectors 42 and 44–45 to determine eligibility of applicants in those sectors. In effect, the nonmanufacturer rule has resulted in two sets of size standards for industries in NAICS Sectors 42 and 44–45—industry-based size standards for SBA's financial assistance and other Federal non-procurement programs and 500-employee size standard for Federal procurement programs under the nonmanufacturer rule.

SBA believes that, for purposes of determining eligibility for Federal set-aside procurement opportunities, using a single size standard is more appropriate than separate industry-based size standards for Wholesale or Retail Trade firms because firms in these sectors generally offer multiple products from different industries, and therefore identify themselves with multiple NAICS codes across a wide

[4] On November 2, 2021, SBA issued a proposed rule implementing section 863 of the National Defense Authorization Act for Fiscal Year 2021, Public Law 116–283, which changed the averaging period for calculating employees for SBA's employee-based size standards from 12 months to 24 months (86 FR 60396 (November 2, 2021)).

spectrum of products and supplies. Thus, different size standards for individual industries in Wholesale Trade and Retail Trade under the nonmanufacturer rule would further complicate the contracting process, which already entails the decision to establish an applicable manufacturing NAICS code, along with its size standard, associated with manufacturing, production, or processing of the product being procured. Businesses and contracting officers would likely find it confusing if the principal NAICS code for a solicitation could vary based on factors other than the requirements prescribed at 13 CFR 121.402(b), which requires contracting officers to categorize solicitations by selecting the single NAICS code that best describes the principal purpose of the product being acquired.

While the nonmanufacturer rule applies to firms primarily engaged in business activities within Sectors 42 and 44–45, SBA did not review the 500-employee nonmanufacturer size standard in a recently published proposed rule, which reviewed industry-based size standards in Sectors 42 and 44–45 (86 FR 28012 (May 5, 2021)). In that proposed rule, SBA proposed to retain the nonmanufacturer size standard at 500 employees. Accordingly, in this proposed rule, SBA is examining whether the current 500-employee size standard for nonmanufacturers is appropriate. SBA received a total of nine comments to its May 5, 2021, proposed rule, one of which was submitted by Members of the U.S. House of Representatives Subcommittee on Contracting and Infrastructure requesting that SBA evaluate the current 500-employee size standard under the nonmanufacturer rule. Specifically, they expressed concern that because the level of revenues is immaterial to the determination of size under the 500-employee nonmanufacturer size standard, the current rule may allow a firm with billions of dollars in revenues to qualify as a small business. They suggested that SBA conduct an assessment of the nonmanufacturing industry based on revenue and/or other factors to determine what may be considered small for the size of a business qualifying as a nonmanufacturer.

In response to the Congressional comment, SBA analyzed the size standard applicable to nonmanufacturers under the nonmanufacturer rule by comparing the employee-based average industry factors (*i.e.,* average firm size, average assets, industry concentration, and distribution of firms by size) of all Wholesale Trade and Retail Trade industries combined with those of the manufacturing industries using the SBA's ''Size Standards Methodology'' for employee-based size standards. SBA believes this approach is logical because Wholesale Trade and Retail Trade firms have to compete with manufacturers for supply or product contracts set aside for small businesses. Since NAICS codes in the Wholesale Trade and Retail Trade sectors cannot be used to classify Government acquisitions for supplies, and only the applicable manufacturing code can be applied (13 CFR 121.402(b)(2)), the Federal contracting factor is not considered in evaluating industry-based size standards in these sectors.

The analytical results, presented in Table 13, Size Standards Supported by Each Factor for Nonmanufacturers (Employees), below, support raising the size standard for nonmanufacturers from 500 employees to 550 employees. However, to maintain continuity with general public familiarity with and long acceptability of the 500-employee size standard, SBA is proposing to maintain the current 500-employee size standard which, in practice, continues to work well for the majority of firms to which it applies. Moreover, the 500-employee size standard is also the most common size standard among the manufacturing industries. It is a common practice for manufacturers to bid on supply contracts where they do not propose to produce the particular product to be supplied with their own labor force, notwithstanding that they are capable of doing so. Such manufacturers must qualify as small businesses under the nonmanufacturer rule. Therefore, in an effort to minimize the adverse consequences upon such concerns and promote fair competition among manufacturers and nonmanufacturers, SBA is proposing to adopt the predominant 500-employee size standard for manufacturers as the size standard for nonmanufacturers who desire to bid on Federal supply contracts.

TABLE 13—SIZE STANDARDS SUPPORTED BY EACH FACTOR FOR NONMANUFACTURERS (EMPLOYEES)

[Upper value = calculated factor, lower value = size standard supported]

(1) NAICS code/NAICS sector title	(2) Type	(3) Simple average firm size (employees)	(4) Weighted average firm size (employees)	(5) Average assets size ($ million)	(6) Four-firm ratio (%)	(7) Gini coefficient	(8) Federal contract factor (%)	(9) Calculated size standard	(10) Proposed size standard
Wholesale Trade (Sector 42) & Retail Trade (Sector 44–45).	Factor	21.1	63.3	$4.1	4.2	0.828	.....	.....	.....
	Size Std ...	450	400	400	250	1,050	.....	550	500

SBA also evaluated the size standard for nonmanufacturers by comparing the average receipts-based industry factors of all Wholesale Trade and Retail Trade industries combined with those of receipts-based industries to calculate a receipt-based size standard for nonmanufacturers. SBA calculated a receipts-based size standard for all industries in Wholesale Trade and Retail Trade combined to be $27.0 million. Although SBA has evaluated a receipt-based size standard for nonmanufacturers, SBA believes that adopting a receipts-based size standard instead of an employee-based size standard would be inappropriate for several reasons. Specifically, the Small Business Act provides that the size of manufacturing firms be based on the number of employees and that the size of services firms be based on average annual receipts. Adopting a receipts-based size standard under the nonmanufacturer rule, which currently applies only to Government acquisitions for supplies, would cause many manufacturing concerns supplying products to the Government as nonmanufacturers under the nonmanufacturer rule to be evaluated under a receipts-based size standard. This would be contrary to the requirements of the Small Business Act.

Moreover, based on data from the 2012 Economic Census, SBA determined that under the calculated $27.0 million receipt-based size standard, a significant number of firms would lose their small business status that they currently have under the 500-employee nonmanufacturer size

standard. SBA estimates that only 95.3% of the 975,625 firms in the Wholesale Trade and Retail Trade sectors would qualify as small under the $27.0 million receipts-based size standard whereas 99.1% of firms qualify as small under the current 500-employee nonmanufacturer size standard. Even if SBA were to adopt the maximum receipts-based size standard of $41.5 million as the size standard for nonmanufacturers, only 96.6% of firms in the Wholesale Trade and Retail Trade sectors would qualify as small. Thus, SBA believes that adopting a receipts-based size standard could cause thousands of firms to lose their small business status and may likely lead to fewer set-aside opportunities for all small businesses since it would reduce the pool of eligible small firms that the Federal Government could select from when setting aside procurement of supplies for small businesses.

Regarding the concern that firms with large revenues are eligible to receive small business set-aside contracts under the nonmanufacturer rule, SBA notes that revenues are not germane to the calculation of size for firms subject to SBA's employee-based size standards. Likewise, the number of employees is not germane to the calculation of size for firms subject to SBA's receipts-based size standards. Thus, firms under any size standard may argue that the size threshold for their industry is unfair because it may allow large firms under the non-germane measure of size to compete as a small business. However, SBA's selection of size measure is not discretionary for most industries. As stated previously, the Small Business Act provides that the size of manufacturing firms be based on the number of employees and that the size of services firms be based on average annual receipts. The choice of a size measure for an industry also depends on which measure that best represents the magnitude of operations of a business concern. That is, the measure should account for the level of real business activity generated by firms in the industry. Generally, SBA prefers employees as a measure of size in industries that are highly capital intensive, horizontally structured, or have low operational costs relative to receipts. When applied to the subset of firms participating in the Federal contracting market as nonmanufacturers, these considerations, when taken together, support an employee-based size standard for nonmanufacturers. However, although SBA proposes to retain the current 500-employee size standard for nonmanufacturers participating in the Federal contracting market, in the Request for Comments section below, SBA requests comments on the appropriateness of the current 500-employee size standard and suggestions for alternative measures to an employee-based size standard that would be more appropriate for size determination of nonmanufacturers.

Request for Comments

SBA invites public comments on proposed size standards in this proposed rule, especially focusing on the following issues:

1. SBA seeks feedback on whether SBA's proposal to increase 150 employee-based size standards and retain 282 employee-based size standards is appropriate given the results from the latest available industry and Federal contracting data of each industry and subindustry (''exception'') reviewed in this proposed rule, along with ongoing uncertainty and impact on the economic activity due to the COVID–19 pandemic. SBA also seeks suggestions, along with supporting facts and analysis, for alternative size standards, if they would be more appropriate than the proposed size standards in this rule.

2. SBA seeks comments on whether SBA should retain size standards in view of the COVID–19 pandemic and its adverse impacts on small businesses as well as on the overall economy when the analytical results suggest they could be lowered. SBA believes that lowering size standards under the current economic environment would run counter to what Congress and the Federal Government are doing to aid and provide relief to the Nation's small businesses impacted by the COVID–19 pandemic.

3. SBA seeks feedback on whether SBA's proposal to maintain the current 500-employee size standard under the nonmanufacturer rule is appropriate given the results from the latest available industry data. SBA also seeks suggestions, along with supporting facts and analysis, on alternative size standards, such as annual receipts or a different level of employees, if they would be more appropriate than the current and proposed 500-employee size standard for nonmanufacturers. SBA also invites input on whether the Agency should allow the use of industry-based size standards in Wholesale Trade and Retail Trade sectors to define whether a wholesaler or retailer is a small business concern for the acquisition of supplies.

4. In calculating the overall industry size standard, SBA has assigned equal weight to each of the five primary factors in all industries and subindustries covered by this proposed rule. SBA seeks feedback on whether it should assign equal weight to each factor or on whether it should give more weight to one or more factors for certain industries or subindustries. Recommendations to weigh some factors differently than others should include suggested weights for each factor along with supporting facts and analysis.

5. SBA seeks comments on the appropriateness of its proposal to, based on the results from dominance analysis, retain current size standards in certain industries for which analytical results supported increases. For those industries, based on the data from the 2012 Economic Census, the share of industry receipts of a firm at the calculated size standard level was above the 40% threshold that SBA generally uses in determining whether the proposed or calculated size standard for the industry would include a dominant or potentially dominant firm qualifying as small. SBA invites industry analyses or suggestions for sources of more recent data that would show changes in industry structure, including a firm's share of industry receipts at various size thresholds.

6. Line Haul Railroads (NAICS 482111) and Short Line Railroads (NAICS 482112) are not covered by the Economic Census. Based on the evaluation of economic characteristics of these industries using the data from the Railroad Retirement Board (RRB) and American Short Line and Regional Railroad Association (ASLRRA), SBA is proposing to retain the current 1.500-employee size standard for both NAICS 482111 and 482112. SBA invites comments, along with supporting information, on this proposal as well as sources of data that more clearly define the economic characteristics of these industries.

7. The Economic Census tabulation does not provide the data to evaluate the size standard for the Information Technology Value Added Resellers (ITVAR) exception to NAICS 541519 (Other Computer Related Services). Based on the analysis of the FPDS–NG and SAM data, SBA is proposing to retain the current 150-employee size standard for the ITVAR exception. SBA invites comments, along with supporting information, on this proposal as well as suggestions for alternative sources of data that more clearly define the economic characteristics of ITVARs.

8. Finally, SBA seeks comments on data sources it used to examine industry

and Federal market conditions, as well as suggestions on relevant alternative data sources that the Agency should evaluate in reviewing or modifying size standards for industries or subindustries covered by this proposed rule.

Public comments on the above issues are very valuable to SBA for validating its proposed size standards revisions in this proposed rule. Commenters addressing size standards for a specific industry or a group of industries should include relevant data and/or other information supporting their comments. If comments relate to the application of size standards for Federal procurement programs, SBA suggests that commenters provide information on the size of contracts in their industries, the size of businesses that can undertake the contracts, start-up costs, equipment, and other asset requirements, the amount of subcontracting, other direct and indirect costs associated with the contracts, the use of mandatory sources of supply for products and services, and the degree to which contractors can mark up those costs.

Compliance With Executive Order 12866, the Congressional Review Act (5 U.S.C. 801–808), the Regulatory Flexibility Act (5 U.S.C. 601–612), Executive Orders 13563, 12988, and 13132, and the Paperwork Reduction Act (44 U.S.C. Ch. 35)

Executive Order 12866

The Office of Management and Budget (OMB) has determined that this proposed rule is a significant regulatory action for purposes of Executive Order 12866. Accordingly, in the next section SBA provides a Regulatory Impact Analysis of this proposed rule, including: (1) A statement of the need for the proposed action, (2) An examination of alternative approaches, and (3) An evaluation of the benefits and costs—both quantitative and qualitative—of the proposed action and the alternatives considered.

Regulatory Impact Analysis

1. What is the need for this regulatory action?

SBA's mission is to aid and assist small businesses through a variety of financial, procurement, business development and counseling, and disaster assistance programs. To determine the actual intended beneficiaries of these programs, SBA establishes numerical size standards by industry to identify businesses that are deemed small. Under the Small Business Act (Act) (15 U.S.C. 632(a)), SBA's Administrator is responsible for establishing small business size definitions (or ''size standards'') and ensuring that such definitions vary from industry to industry to reflect differences among various industries. The Jobs Act requires SBA to review every five years all size standards and make necessary adjustments to reflect current industry and Federal market conditions. This proposed rule is part of the second five-year review of size standards in accordance with the Jobs Act. The first five-year review of size standards was completed in early 2016. Such periodic reviews of size standards provide SBA with an opportunity to incorporate ongoing changes to industry structure and Federal market environment into size standards and to evaluate the impacts of prior revisions to size standards on small businesses. This also provides SBA with an opportunity to seek and incorporate public input to the size standards review and analysis. SBA believes that proposed size standards revisions for industries being reviewed in this rule will make size standards more reflective of the current economic characteristics of businesses in those industries and the latest trends in Federal marketplace.

The proposed revisions to the existing employee-based size standards for 150 industries or subindustries (or ''exceptions''), including 120 industries in Sector 31–33 and 30 industries and subindustries in other sectors are consistent with SBA's statutory mandates to help small businesses grow and create jobs and to review and adjust size standards every five years. This regulatory action promotes the Administration's goals and objectives as well as meets the SBA's statutory responsibility. One of SBA's goals in support of promoting the Administration's objectives is to help small businesses succeed through fair and equitable access to capital and credit, Federal Government contracts and purchases, and management and technical assistance. Reviewing and modifying size standards, when appropriate, ensures that intended beneficiaries are able to access Federal small business programs that are designed to assist them to become competitive and create jobs.

2. What are the potential benefits and costs of this regulatory action?

OMB directs agencies to establish an appropriate baseline to evaluate any benefits, costs, or transfer impacts of regulatory actions and alternative approaches considered. The baseline should represent the agency's best assessment of what the world would look like absent the regulatory action. For a new regulatory action promulgating modifications to an existing regulation (such as modifying the existing size standards), a baseline assuming no change to the regulation (*i.e.,* making no changes to current size standards) generally provides an appropriate benchmark for evaluating benefits, costs, or transfer impacts of proposed regulatory changes and their alternatives.

Proposed Changes to Size Standards

Based on the results from the analyses of the latest industry and Federal contracting data, as well as consideration of impact of size standards changes on small businesses and significant adverse impacts of the COVID–19 emergency on small businesses and the overall economic activity, of the total of 432 industries and subindustries (or ''exceptions'') in Sector 31–33 and other sectors that have employee-based size standards, SBA proposes to increase size standards for 150 industries or subindustries (''exceptions'') and maintain current size standards for the remaining 282 industries or subindustries (''exceptions'').

The Baseline

For purposes of this regulatory action, the baseline represents maintaining the ''status quo,'' *i.e.,* making no changes to the current size standards. Using the number of small businesses and levels of benefits (such as set-aside contracts, SBA's loans, disaster assistance, etc.) they receive under the current size standards as a baseline, one can examine the potential benefits, costs, and transfer impacts of proposed changes to size standards on small businesses and on the overall economy.

Based on the 2012 Economic Census (the latest available when this proposed rule was prepared), of a total of about 337,524 businesses in industries in Sectors 31–33 and other sectors with employee-based size standards, 96.9% are considered small under the current size standards. That percentage varies from 86.1% in NAICS Sector 22 to 99.8% in Sector 11. Based on the data from FPDS–NG for fiscal years 2018–2020, about 43,168 unique firms in those industries received at least one Federal contract during that period, of which 83.6% were small under the current size standards. A total of $231 billion in average annual contract dollars were awarded to businesses in those industries during the period of evaluation, and 18.6% of the dollars awarded went to small businesses. For industries and subindustries (''exceptions'') reviewed in this proposed rule, providing contract

dollars to small business through set-asides is quite important. From the total small business contract dollars awarded during the period considered, 47.1% were awarded through various small business set-aside programs and 52.9% were awarded through non-set aside contracts. Based on the SBA's internal data on its loan programs for fiscal years 2018–2020, small businesses in those industries received, on an annual basis, a total of 4,997 7(a) and 504 loans in that period, totaling about $3.1 billion, of which 75.7% was issued through the 7(a) program and 24.3% was issued through the 504/CDC program. During fiscal years 2018–2020, small businesses in those industries also received 243 loans through the SBA's Economic Injury Disaster Loan (EIDL) program, totaling about $10.7 million on an annual basis.[5] Table 14, Baseline for All Industries, below, provides these baseline results by Manufacturing (Sector 31–33) and all other sectors.

TABLE 14—BASELINE FOR ALL INDUSTRIES UNDER CURRENT SIZE STANDARDS

	Sector 31–33	Other sectors	Total
Number of industries or subindustries (''exceptions'') reviewed in this proposed rule	360	72	432
Total firms in industries reviewed in this proposed rule (2012 Economic Census) [1]	266,774	70,750	337,524
Total small firms in those industries under current size standards (2012 Economic Census) [1]	258,290	68,679	326,969
Small firms as % of total firms (2012 Economic Census) [1]	96.8%	97.1%	96.9%
Total contract dollars ($ million) (FPDS–NG FY 2018–2020)	$181,818	$49,198	$231,016
Total small business contract dollars under current standards ($ million) (FPDS–NG FY2016–2018)	$28,713	$14,326	$43,039
Small business dollars as % of total dollars (FPDS–NG FY 2018–2020)	15.8%	29.1%	18.6%
Total number of unique firms getting Federal contracts (FPDS–NG FY 2018–2020)	34,209	8,959	43,168
Total number of unique small firms getting small business contracts (FPDS–NG FY 2018–2020)	29,037	7,065	36,102
Small firms getting Federal contracts as % of total firms getting Federal contracts (FPDS–NG FY 2018–2020)	84.9%	78.9%	83.6%
Number of 7(a) and 504/CDC loans (FY 2018–2020)	4,484	513	4,997
Amount of 7(a) and 504 loans ($ million) (FY 2018–2020)	$2,863	$235	$3,098
Number of EIDL loans (FY 2018–2020) [2]	202	41	243
Amount of EIDL loans ($million) (FY 2018–2020) [2]	$8.3	$2.4	$10.7

[1] These figures do not include two 6-digit NAICS industries and 5 subindustries or ''exceptions'' for which Economic Census data is not available.

[2] Excludes COVID–19 related EIDL loans due to their temporary nature. Effective January 1, 2022, SBA stopped accepting applications for new COVID EIDL loans or advances.

Increases to Size Standards

As stated above, of 432 employee-based size standards in Sectors 31–33 and other sectors that are reviewed in this rule, based on the results from analyses of latest industry and Federal market data as well as impacts of size standards changes on small businesses and considerations for the impacts from the COVID–19 pandemic, SBA proposes to increase 150 size standards, including 120 in Sector 31–33 and 30 in other sectors. Below are descriptions of the benefits, costs, and transfer impacts of these proposed increases to size standards.

Benefits of Increases to Size Standards

The most significant benefit to businesses from proposed increases to size standards is gaining eligibility for Federal small business assistance programs or retaining that eligibility for a longer period. These include SBA's business loan programs, EIDL program, and Federal procurement programs intended for small businesses. Federal procurement programs provide targeted, set-aside opportunities for small businesses under SBA's various business development and contracting programs. These include the 8(a)/Business Development (BD) Program, the Small Disadvantaged Businesses (SDB) Program, the Historically Underutilized Business Zones (HUBZone) Program, the Women-Owned Small Businesses (WOSB) Program, the Economically Disadvantaged Women-Owned Small Businesses (EDWOSB) Program, and the Service-Disabled Veteran-Owned Small Businesses (SDVOSB) Program.

Besides set-aside contracting and financial assistance discussed above, small businesses also benefit through reduced fees, less paperwork, and fewer compliance requirements that are available to small businesses through the Federal Government programs. However, SBA has no data to estimate the number of small businesses receiving such benefits.

Based on the 2012 Economic Census (latest available when this proposed rule was prepared), SBA estimates that in 150 industries or subindustries (''exceptions'') in NAICS Sector 31–33 and other sectors with employee-based size standards for which it has proposed to increase size standards, 248 firms (see Table 15), not small under the current size standards, will become small under the proposed size standards increases and therefore become eligible for these programs. That represents about 0.3% of all firms classified as small under the current size standards in industries for which SBA has proposed increasing size standards. If adopted, proposed size standards would result in an increase to the small business share of total receipts in those industries from 26.0% to 26.5%.

With more businesses qualifying as small under the proposed increases to size standards, Federal agencies will have a larger pool of small businesses from which to draw for their small business procurement programs.

[5] The analysis of the disaster loan data excludes physical disaster loans that are available to anyone regardless of size, disaster loans issued to nonprofit entities, and EIDLs issued under the COVID–19 relief program. Effective January 1, 2022, SBA stopped accepting applications for new COVID EIDL loans or advances. Thus, the disaster loan analysis presented here pertains to the regular EIDL loans only.

SBA estimates impacts of size standards changes on EIDL loans by calculating the ratio of businesses getting EIDL loans to total small businesses (based on the Economic Census data) and multiplying it by the number of impacted small firms. Due to data limitations, for FY 2019–20, some loans with both physical and EIDL loan components could not be broken into the physical and EIDL loan amounts. In such cases, SBA applied the ratio of EIDL amount to total (physical loan + EIDL) amount using FY 2016–18 data to the FY 2019–20 data to obtain the amount attributable to the EIDL loans.

Growing small businesses that are close to exceeding the current size standards will be able to retain their small business status for a longer period under the higher size standards, thereby enabling them to continue to benefit from the small business programs.

Based on the FPDS–NG data for fiscal years 2018–2020, SBA estimates that 111 firms that are active in Federal contracting in those industries would gain small business status under the proposed size standards. Based on the same data, SBA estimates that those newly-qualified small businesses under the proposed increases to size standards, if adopted, could receive Federal small business contracts totaling $253 million annually. That represents a 2.4% increase to small business contract dollars from the baseline. Table 15, Impacts of Proposed Increases to Size Standards, provides these results by NAICS sector.

The added competition from more businesses qualifying as small can result in lower prices to the Government for procurements set aside or reserved for small businesses, but SBA cannot quantify this impact. Costs could be higher when full and open contracts are awarded to HUBZone businesses that receive price evaluation preferences. However, with agencies likely setting aside more contracts for small businesses in response to the availability of a larger pool of small businesses under the proposed increases to size standards, HUBZone firms might receive more set-aside contracts and fewer full and open contracts, thereby resulting in some cost savings to agencies. SBA cannot estimate such cost savings as it is impossible to determine the number and value of unrestricted contracts to be otherwise awarded to HUBZone firms will be awarded as set-asides. However, such cost savings are likely to be relatively small as only a small fraction of full and open contracts are awarded to HUBZone businesses.

As shown in Table 15, under SBA's 7(a) and 504 loan programs, based on the data for fiscal years 2018–2020, SBA estimates up to about 9 SBA 7(a) and 504 loans totaling about $5.6 million could be made to these newly-qualified small businesses in those industries under the proposed size standards. That represents a 0.7% increase to the loan amount compared to the baseline.

TABLE 15—IMPACTS OF PROPOSED INCREASES TO SIZE STANDARDS

	Sector 31–33	Other sectors	Total
Number of industries or subindustries ("exceptions") with proposed increases to size standards	120	30	150
Total current small businesses in industries with proposed increases to size standards (2012 Economic Census) [1]	68,925	5,914	74,839
Additional firms qualifying as small under proposed increases to size standards (2012 Economic Census) [1]	194	54	248
% of additional firms qualifying as small relative to current small businesses in industries with proposed increases to size standards (2012 Economic Census) [1]	0.3%	0.9%	0.3%
Number of current unique small firms getting small business contracts in industries with proposed increases to size standards (FPDS–NG FY 2018–2020) [2]	13,759	815	14,574
Additional number of small business firms gaining small business status under proposed increases to size standards (FPDS–NG FY 2018–2020)	87	24	111
% increase to number of small businesses relative to current unique small firms getting small business contracts in industries with proposed increases to size standards (FPDS–NG FY 2018–2020)	0.6%	2.9%	0.8%
Total small business contract dollars under current size standards in industries or subindustries with proposed increases to size standards ($ million) (FPDS–NG FY 2018–2020)	$9,465	$1,243	$10,708
Estimated small business dollars available to newly-qualified small firms ($ million) (FPDS–NG FY 2018–2020) [3]	$73	$180	$253
% increase to small business dollars relative to total small business contract dollars under current standards in industries with proposed increases to size standards	0.8%	14.6%	2.4%
Total number of 7(a) and 504 loans to small business in industries with proposed increases to size standards (FY 2018–2020)	1,144	62	1,206
Total amount of 7(a) and 504 loans to small businesses in industries with proposed increases to size standards ($ million) (FY 2018–2020)	$741	$350	$776
Estimated number of 7(a) and 504 loans to newly-qualified small firms	5	4	9
Estimated 7(a) and 504 loan amount to newly-qualified small firms ($ million)	$3.2	$2.4	$5.6
% increase to 7(a) and 504 loan amount relative to the total amount of 7(a) and 504 loans in industries with proposed increases to size standards	0.4%	7.0%	0.7%
Total number of EIDL loans to small businesses in industries with proposed increases to size standards (FY 2018–2020) [4]	67	12	79
Total amount of EIDL loans to small businesses in industries with proposed increases to size standards ($ million) (FY 2018–2020) [4]	$2.9	$0.8	$3.7
Estimated no. of EIDL loans to newly-qualified small firms [4]	3	4	7
Estimated EIDL loan amount to newly-qualified small firms ($ million) [4]	$0.1	$0.2	$0.3
% increase to EIDL loan amount relative to the total amount of disaster loans in industries with proposed increases to size standards [4]	4.5%	36.3%	9.1%

[1] These figures do not include two 6-digit NAICS industries and 5 subindustries or "exceptions" for which Economic Census data is not available.

[2] Total impact represents total unique number of firms impacted to avoid double counting as some firms participate in more than one industry.

[3] Additional dollars are calculated multiplying average small business dollars obligated per unique firm times change in number of firms. Numbers of firms are calculated using the SBA's current size standards, not the contracting officer's size designation.

[4] Excludes COVID–19 related EIDL loans due to their temporary nature. Effective January 1, 2022, SBA stopped accepting applications for new COVID EIDL loans or advances.

Newly-qualified small businesses will also benefit from the SBA's EIDL program. Since the benefit provided through this program is contingent on the occurrence and severity of a disaster in the future, SBA cannot make a precise estimate of this impact. However, based on the disaster loan program data for fiscal years 2018–2020, SBA estimates that, on an annual basis, the newly-defined small businesses under the proposed increases to size standards, if adopted, could receive seven disaster loans, totaling about $0.3 million. Additionally, the newly-defined small businesses would also benefit through reduced fees, less paperwork, and fewer compliance requirements that are available to small businesses through the Federal Government, but SBA has no data to quantify this impact.

Costs of Increases to Size Standards

Besides having to register in the System of Award Management (SAM) to be eligible to participate in Federal contracting and update the SAM profile annually, small businesses incur no direct costs to gain or retain their small business status as a result of proposed increases to size standards. All businesses willing to do business with the Federal Government must register in SAM and update their SAM profiles annually, regardless of their size status. SBA believes that a vast majority of impacted businesses that are willing to participate in Federal contracting are already registered in SAM and update their SAM profiles annually. More importantly, this proposed rule does not establish the new size standards for the very first time; rather it intends to modify the existing size standards in accordance with a statutory requirement, the latest data, and other relevant factors.

To the extent that the newly-qualified small businesses could become active in Federal procurement, the proposed increases to size standards, if adopted, may entail some additional administrative costs to the Federal Government as a result of more businesses qualifying as small for Federal small business programs. For example, there will be more firms seeking SBA's loans, more firms eligible for enrollment in the Dynamic Small Business Search (DSBS) database or in *certify.sba.gov,* more firms seeking certification as 8(a)/BD or HUBZone firms or qualifying for small business, SDB, WOSB, EDWOSB, and SDVOSB status, and more firms applying for SBA's 8(a)/BD mentor-protégé programs. With an expanded pool of small businesses, it is likely that Federal agencies would set aside more contracts for small businesses under the proposed increases to size standards. One may surmise that this might result in a higher number of small business size protests and additional processing costs to agencies. However, the SBA's historical data on the number of size protests processed shows that the number of size protests decreased following the increases to size standards as part of the first five-year review of size standards. Specifically, on an annual basis, the number of size protests fell from about 600 during fiscal years 2011–2013 (review of most receipts-based size standards was completed by the end of FY 2013), as compared to about 500 during fiscal years 2018–2020 when size standard increases were in effect. That represents a 17% decline.

Among those newly-defined small businesses seeking SBA's loans, there could be some additional costs associated with verification of their small business status. However, small business lenders have an option of using the tangible net worth and net income based alternative size standard instead of using the industry-based size standards to establish eligibility for SBA's loans. For these reasons, SBA believes that these added administrative costs will be minor because necessary mechanisms are already in place to handle these added requirements.

Additionally, some Federal contracts may possibly have higher costs. With a greater number of businesses defined as small due to the proposed increases to size standards, Federal agencies may choose to set aside more contracts for competition among small businesses only instead of using a full and open competition. The movement of contracts from unrestricted competition to small business set-aside contracts might result in competition among fewer total bidders, although there will be more small businesses eligible to submit offers under the proposed size standards. However, the additional costs associated with fewer bidders are expected to be minor since, by law, procurements may be set aside for small businesses under the 8(a)/BD, SDB, HUBZone, WOSB, EDWOSB, or SDVOSB programs only if awards are expected to be made at fair and reasonable prices.

Costs may also be higher when full and open contracts are awarded to HUBZone businesses that receive price evaluation preferences. However, with agencies likely setting aside more contracts for small businesses in response to the availability of a larger pool of small businesses under the proposed increases to size standards, HUBZone firms might end up getting fewer full and open contracts, thereby resulting in some cost savings to agencies. However, such cost savings are likely to be minimal as only a small fraction of unrestricted contracts are awarded to HUBZone businesses.

Transfer Impacts of Increases to Size Standards

The proposed increases to 150 size standards, if adopted, may result in some redistribution of Federal contracts between the newly-qualified small businesses and large businesses and between the newly-qualified small businesses and small businesses under the current standards. However, it would have no impact on the overall economic activity since total Federal contract dollars available for businesses to compete for will not change with changes to size standards. While SBA cannot quantify with certainty the actual outcome of the gains and losses from the redistribution contracts among different groups of businesses, it can identify several probable impacts in qualitative terms. With the availability of a larger pool of small businesses under the proposed increases to size standards, some unrestricted Federal contracts which would otherwise be awarded to large businesses may be set aside for small businesses. As a result, large businesses may lose some Federal contracting opportunities. Similarly, some small businesses under the current size standards may obtain fewer set aside contracts due to the increased competition from larger businesses qualifying as small under the proposed increases to size standards. This impact may be offset by a greater number of procurements being set aside for all small businesses. With larger businesses qualifying as small under the higher size standards, smaller small businesses could face some disadvantage in competing for set aside contracts against their larger counterparts. However, SBA cannot quantify these impacts.

3. What alternatives have been considered?

Under OMB Circular A–4, SBA is required to consider regulatory alternatives to the proposed changes in the proposed rule. In this section, SBA describes and analyzes two such alternatives to the proposed rule. Alternative Option One, a more stringent alternative to the SBA's proposal, would propose adopting size standards based solely on the analytical results. In other words, the size standards of 150 industries or subindustries (or ''exceptions'') for which the analytical results, as

presented in Table 4 (above), suggested raising size standards would be raised. However, the size standards of 216 industries for which the analytical results suggest lowering size standards would be lowered. For the 66 remaining industries or subindustries for which the results suggested no changes, size standards would be maintained at their current levels. Alternative Option Two would propose retaining existing size standards for all industries, given the uncertainty generated by the ongoing COVID–19 pandemic. Below, SBA discusses benefits, costs and net impacts of each option.

Alternative Option One: Adopting All Calculated Size Standards

As discussed in the Alternatives Considered section of this proposed rule, Alternative Option One would cause a substantial number of currently small businesses to lose their small business status and hence to lose their access to Federal small business assistance, especially small business set-aside contracts and SBA's financial assistance in some cases. These consequences could be mitigated. For example, in response to the 2008 Financial Crisis and economic conditions that followed, SBA adopted a general policy in the first five-year review of size standards to not lower any size standard (except to exclude one or more dominant firms) even when the analytical results suggested the size standard should be lowered. Currently, because of the economic challenges presented by the COVID–19 pandemic and the measures taken to protect public health, SBA has decided to propose the same general policy of not lowering size standards in the ongoing second five-year review of size standards review as well.

The primary benefits of adopting Alternative Option One would include: (1) SBA's procurement, management, technical and financial assistance resources would be targeted to their intended beneficiaries according to the analytical results; (2) Adopting the size standards based on the analytical results would also promote consistency and predictability of SBA's implementation of its authority to set or adjust size standards; and (3) Firms who would remain small would face less competition from larger small firms for the remaining set aside opportunities. Specifically, SBA seeks comment on the impact of adopting the size standard based on the analytical results.

As explained in the ''Size Standards Methodology'' white paper, in addition to adopting all results of the analysis of the primary factors, SBA evaluates other relevant factors as needed such as the impact of the reductions or increases of size standards on the distribution of contracts awarded to small businesses, and may adopt different results with the intention of mitigating potential negative impacts.

We have already discussed the benefits, costs and transfer impacts of increasing 150 and retaining 282 size standards. Below we discuss the benefits, costs, and transfer impacts of decreasing 216 size standards based on the analytical results.

Benefits of Decreases to Size Standards

The most significant benefit to businesses from decreases to size standards when SBA's analysis suggests such decreases is to ensure that size standards are more reflective of latest industry structure and Federal market trends and that Federal small business assistance is more effectively targeted to its intended beneficiaries. These include SBA's loan programs, disaster program, and Federal procurement programs intended for small businesses. Federal procurement programs provide targeted, set-aside opportunities for small businesses under SBA's business development programs, such as small business, 8(a)/BD, HUBZone, WOSB, EDWOSB, and SDVOSB programs. The adoption of smaller size standards when the results support them diminishes the risk of awarding contracts to firms which are not small anymore.

Decreasing size standards may reduce the administrative costs of the Government, because the risk of awarding set aside contracts to other than small businesses may diminish when the size standards reflect better the structure of the market. This may also reduce the risks of providing SBA's loans to firms that are not needing them the most or of allowing firms that are not eligible for small business set-asides to participate on the SBA procurement programs, which might provide a better chance for smaller firms to grow and benefit from the opportunities available on the Federal market, and strengthen the small business industrial base for the Federal Government. In this proposed rule, SBA is proposing to decrease the size standard for NAICS 221118 in order to exclude dominant firms from obtaining small business status in this industry. As explained in more detail in the Evaluation of Dominance in Field of Operation sections, based on the evaluation of the latest available industry data, SBA does not anticipate that decreasing the size standard for this industry will impact any currently small firms.

Costs of Decreases to Size Standards

Table 16, Impacts of Decreases to Size Standards Under Alternative Option One, shows the various impacts of lowering size standards in 216 industries based solely on the analytical results. Based on the 2012 Economic Census, about 620 (0.3%) firms would lose their small business status under Alternative Option One. Similarly, based on the FPDS–NG data for fiscal years 2018–2020, 167 (0.7%) small businesses participating in Federal contracting would lose their small status and become ineligible to compete for set-aside contracts. With fewer businesses qualifying as small under the decreases to size standards, Federal agencies will have a smaller pool of small businesses from which to draw for their small business procurement programs. For example, in Alternative Option One, during fiscal years 2018–2020, agencies awarded, on an annual basis, about $28.0 billion in small business contracts in those 216 industries for which this option considered decreasing size standards. Table 16 shows that lowering size standards in 216 industries would reduce Federal contract dollars awarded to small businesses by $247 million or about 0.9% relative to the baseline level. Because of the importance of these industries for the Federal procurement, SBA may adopt mitigating measures to reduce the negative impact. SBA could take one or more of the following three actions: (1) Accept decreases in size standards as suggested by the analytical results; (2) Decrease size standards by a smaller amount than the calculated threshold; or (3). Retain the size standards at their current levels.

TABLE 16—IMPACTS OF DECREASES TO SIZE STANDARDS UNDER ALTERNATIVE OPTION ONE

	Sector 31–33	Other sectors	Total
Number of industries for which SBA considered decreasing size standards	187	29	216
Total current small businesses in industries for which SBA considered decreasing size standards (2012 Economic Census)	164,271	55,876	220,147

TABLE 16—IMPACTS OF DECREASES TO SIZE STANDARDS UNDER ALTERNATIVE OPTION ONE—Continued

	Sector 31–33	Other sectors	Total
Estimated number of firms losing small status in industries for which SBA considered decreasing size standards (2012 Economic Census)	512	108	620
% of firms losing small status relative to current small businesses in industries for which SBA considered decreasing size standards (2012 Economic Census)	0.31%	0.2%	0.3%
Number of current unique small firms getting small business contracts in industries for which SBA considered decreasing size standards (FPDS–NG FY 2018–2020) [1]	19,342	6,020	24,632
Estimated number of small business firms that would have lost small business status in industries for which SBA considered decreasing size standards (FPDS–NG FY 2018–2020) [1]	130	50	167
% decrease to small business firms relative to current unique small firms getting small business contracts in industries for which SBA considered decreasing size standards (FPDS–NG FY 2018–2020) [1]	0.7%	0.8%	0.7%
Total small business contract dollars under current size standards in industries for which SBA considered decreasing size standards ($ million) (FPDS–NG FY 2018–2020)	$15,261	12,990	$28,251
Estimated small business dollars not available to firms losing small business status in industries for which SBA considered decreasing size standards ($ million) (FPDS–NG FY 2018–2020) [2]	$127	$120	$247
% decrease to small business dollars relative to total small business contract dollars under current size standards in industries for which SBA considered decreasing size standards	0.8%	0.9%	0.9%
Total number of 7(a) and 504 loans to small businesses in industries for which SBA considered decreasing size standards (FY 2018–2020)	2,886	389	3,275
Total amount of 7(a) and 504 loans to small businesses in industries for which SBA considered decreasing size standards ($ million) (FY 2018–2020)	$1,817	$171	$1,988
Estimated number of 7(a) and 504 loans not available to firms that would have lost small business status in industries for which SBA considered decreasing size standards	10	7	17
Estimated 7(a) and 504 loan amount not available to firms that would have lost small status ($ million)	$6.5	$3.2	$9.7
% decrease to 7(a) and 504 loan amount relative to the total amount of 7(a) and 504 loans in industries for which SBA considered decreasing size standards	0.4%	1.9%	0.5%
Total number of EIDL loans to small businesses in industries for which SBA considered decreasing size standards (FY 2018–2020) [3]	113	28	141
Total amount of EIDL loans to small businesses in industries for which SBA considered decreasing size standards ($ million) (FY 2018–2020) [3]	$3.9	$1.6	$5.5
Estimated number of EIDL loans not available to firms that would have lost small business status in industries for which SBA considered decreasing size standards [3]	3	6	9
Estimated EIDL loan amount not available to firms that would have lost small business status ($ million) [3]	$0.1	$0.4	$0.5
% decrease to EIDL loan amount relative to the baseline [3]	2.7%	23.8%	8.7%

[1] Total impact represents total unique number of firms impacted to avoid double counting as some firms participate in more than one industry.
[2] Additional dollars are calculated multiplying average small business dollars obligated per unique small firm times change in number of firms. Numbers of firms are calculated using the SBA's current size standards, not the contracting officer's size designation.
[3] Excludes COVID–19 related EIDL loans due to their temporary nature. Effective January 1, 2022, SBA stopped accepting applications for new COVID EIDL loans or advances.

Nevertheless, since Federal agencies are still required to meet the statutory small business contracting goal of 23%, actual impacts on the overall set-aside activity is likely to be smaller as agencies are likely to award more set-aside contracts to small businesses that continue to remain small under the reduced size standards so that they could meet their small business contracting goals.

With fewer businesses qualifying as small, the decreased competition can also result in higher prices to the Government for procurements set aside or reserved for small businesses, but SBA cannot quantify this impact. Lowering size standards may cause current small business contract or option holders to lose their small business status, thereby making those dollars unavailable to count toward the agencies' small business procurement goals. Additionally, impacted small businesses will be unable to compete for upcoming options as small businesses.

As shown in Table 16, decreases to size standards would have a very minor impact on small businesses applying for SBA's 7(a) and 504 loans because a vast majority of such loans are issued to businesses that are far below the current or calculated size standards. For example, based on the loan data for fiscal years 2018–2020, SBA estimates that about 17 of SBA's 7(a) and 504 loans with total amounts of $9.7 million could not be made to those small businesses that would lose eligibility under the calculated size standards. That represents about 0.5% decrease to the loan amount compared to the baseline. However, the actual impact on businesses seeking SBA's loans could be much less as businesses losing small business eligibility under the decreases to industry-based size standards could still qualify for SBA's 7(a) and CDC/504 loans under the tangible net worth and net income-based alternative size standard.

Businesses losing small business status would also be impacted in terms of access to loans through the SBA's EIDL program. However, SBA expects such impact to be minimal as only a small number of businesses in those industries received such loans during fiscal years 2018–2020. Additionally, all those businesses were below the calculated size standards. Since this program is contingent on the occurrence and severity of a disaster in the future, SBA cannot make a precise estimate of this impact. However, based on the disaster loan data for fiscal years 2018–2020, SBA estimates that, under Alternative Option One, about nine SBA's disaster loans totaling $0.5 million could not be made to those small businesses that would lose

eligibility under the calculated size standards (see Table 16).

Small businesses becoming other than small if size standards were decreased might lose benefits through reduced fees, less paperwork, and fewer compliance requirements that are available to small businesses through the Federal Government programs, but SBA has no data to quantify this impact. However, if agencies determine that SBA's size standards do not adequately serve such purposes, they can establish a different size standard with an approval from SBA if they are required to use SBA's size standards for their programs.

Transfer Impacts of Decreases to Size Standards

If the size standards were decreased under alternative option one, it may result in a redistribution of Federal contracts between small businesses losing their small business status and large businesses and between small businesses losing their small business status and small businesses remaining small under the reduced size standards. However, as under the proposed increases to size standards, it would have no impact on the overall economic activity since the total Federal contract dollars available for businesses to compete for will stay the same. While SBA cannot estimate with certainty the actual outcome of the gains and losses among different groups of businesses from contract redistribution resulting from decreases to size standards, it can identify several probable impacts. With a smaller pool of small businesses under the decreases to size standards, some set-aside Federal contracts to be otherwise awarded to small businesses may be competed on an unrestricted basis. As a result, large businesses may have more Federal contracting opportunities. However, because agencies are still required by law to award 23% of Federal dollars to small businesses, SBA expects the movement of set-aside contracts to unrestricted competition to be limited. For the same reason, small businesses under the reduced size standards are likely to obtain more set-aside contracts due to the reduced competition from fewer businesses qualifying as small under the decreases to size standards. With some larger small businesses losing small business status under the decreases to size standards, smaller small businesses would likely become more competitive in obtaining set-aside contracts. However, SBA cannot quantify these impacts.

Net Impact of Alternative Option One

To estimate the net impacts of Alternative Option One, SBA followed the same methodology used to evaluate the impacts of the proposed increases to size standards (see Table 15). However, under Alternative Option One, SBA used the calculated size standards instead of the proposed increases to determine the impacts of changes to current thresholds. The impact of the increases of size standards were shown in Table 15 (above). Table 16 (above) and Table 17, Net Impacts of Size Standards Changes under Alternative Option One, below, present the impact of the decreases of size standards and the net impact of adopting the calculated results under alternative option one, respectively. Net impacts are obtained by subtracting impacts of decreases to size standards in Table 16 from impacts of increases to size standards in Table 15.

Based on the 2012 Economic Census (the latest available when this proposed rule was developed), SBA estimates that in 366 industries and subindustries (''exceptions'') reviewed in this proposed rule for which the analytical results suggested to change size standards, about 372 firms (see Table 17), would become other than small under Alternative Option One. That represents about 0.1% of all firms classified as small under the current size standards.

Based on the FPDS–NG data for fiscal years 2018–2020, SBA estimates that about 58 unique active firms in Federal contracting in those industries would lose their small business status under alternative option one, most of them from Sector 31–33. This represents a decrease of about 0.1% of the total number of small businesses participating in Federal contracting under the current size standards. Based on the same data, SBA estimates that about $6.0 million of Federal procurement dollars would become available to all small firms, including those gaining small status. This represents an increase of 0.02% from the baseline. SBA estimates that the dollars obligated to small businesses will increase despite a reduction in the total number of small firms because the contract dollars to newly qualified small businesses in sectors other than manufacturing with increases to size standards is higher than the contract dollars to small businesses losing small business status in sectors other than manufacturing with decreases to size standards.

Based on the SBA's loan data for fiscal years 2018–2020, the total number of 7(a) and 504 loans may decrease by about eight loans, and the loan amount by about $4.1 million. This represents a 0.1% decrease of the loan amount relative to the baseline.

Firms' participation under the SBA's EIDL program will be affected as well. Since the benefit provided through this program is contingent on the occurrence and severity of a disaster in the future, SBA cannot make a meaningful estimate of this impact. However, based on the disaster loan program data for fiscal years 2018–2020, SBA estimates that the total number of EIDL loans may decrease by about two loans, and the loan amount by about $0.1 million. This represents a 1.3% decrease of the loan amount relative to the baseline.

TABLE 17—NET IMPACTS OF SIZE STANDARDS CHANGES UNDER ALTERNATIVE OPTION ONE

	Sector 31–33	Other sectors	Total
Number of industries or subindustries (''exceptions'') with changes to size standards	307	59	366
Total number of small firms under the current size standards in industries with changes to size standards (2012 Economic Census) [1]	233,196	61,790	294,986
Additional number of firms qualifying as small under size standards changes (2012 Economic Census) [1]	−318	−54	−372
% of additional firms qualifying as small relative to total current small firms (2012 Economic Census) [1]	−0.1%	−0.1%	−0.1%
Number of current unique small firms getting small business contracts in industries with changes to size standards (FPDS–NG FY 2018–2020)	33,101	6,835	39,206
Additional number of unique small firms gaining small business status in industries with changes to size standards (FPDS–NG FY 2018–2020) [2]	−43	−26	−56
% increase to small firms relative to current unique small firms gaining small business status (FPDS–NG FY 2018–2020)	−0.1%	−0.4%	−0.1%

TABLE 17—NET IMPACTS OF SIZE STANDARDS CHANGES UNDER ALTERNATIVE OPTION ONE—Continued

	Sector 31–33	Other sectors	Total
Total small business contract dollars under current size standards in industries with changes to size standards ($ million) (FPDS–NG FY 2018–2020)	$24,726	$14,233	$38,959
Estimated small business dollars available to newly-qualified small firms ($ million) FPDS–NG FY 2018–2020)	−$54.0	$61.0	$7.0
% increase to dollars relative to total small business contract dollars under current size standards	−0.2%	0.4%	0.02%
Total number of 7(a) and 504 loans to small businesses (FY 2018–2020)	4,484	513	4,997
Total amount of 7(a) and 504 loans to small businesses (FY 2018–2020)	$2,863	$235	$3,098
Estimated number of additional 7(a) and 504 loans available to newly-qualified small firms	−5.0	−3.0	−8.0
Estimated additional 7(a) and 504 loan amount to newly-qualified small firms ($ million)	−$3.3	−$0.8	−$4.1
% increase to 7(a)and 504 loan amount relative to the total amount of 7(a) and 504 loans to small businesses	−0.1%	−0.3%	−0.1%
Total number of EIDL loans to small businesses (FY 2018–2020) [4]	202	41	243
Total amount of EIDL loans to small businesses (FY 2018–2020) [4]	$8.3	$2.4	$10.7
Estimated number of additional EIDL loans to newly qualified small firms [4]	0	−2	−2
Estimated additional EIDL loan amount to newly qualified small firms ($ million) [4]	$0.02	−$0.2	−$0.1
% increase to EIDL loan amount relative to the total amount of disaster loans to small businesses [4]	0.3%	−6.8%	−1.3%

[1] These figures do not include two 6-digit NAICS industries and 5 subindustries or "exceptions" for which Economic Census data is not available.
[2] Total impact represents total unique number of firms impacted to avoid double counting as some firms participate in more than one industry.
[3] Additional dollars are calculated multiplying average small business dollars obligated per unique firm times change in number of firms. Numbers of firms are calculated using the SBA's current size standards, not the contracting officer's size designation.
[4] Excludes COVID–19 related EIDL loans due to their temporary nature. Effective January 1, 2022, SBA stopped accepting applications for new COVID EIDL loans or advances.

Alternative Option Two: Retaining All Current Size Standards

Under this option, given the current COVID–19 pandemic, as discussed elsewhere, SBA considered retaining the current levels of all size standards even though the analytical results suggested changing them. Under this option, as the current situation develops, SBA will be able to assess new data available on economic indicators, Federal procurement, and SBA loans as well. When compared to the baseline, there is a net impact of zero (*i.e.,* zero benefit and zero cost) for retaining all size standards. However, this option would cause otherwise qualified small businesses to forgo various small business benefits (*e.g.,* access to set-aside contracts and capital) that become available to them under the option of increasing 150 and retaining 282 size standards under this proposed rule. Moreover, retaining all size standards under Alternative Option Two would also be contrary to the SBA's statutory mandate to review and adjust, every five years, all size standards to reflect current industry and Federal market conditions. Retaining all size standards without required periodic adjustments would increasingly exclude otherwise eligible small firms from small business benefits.

Congressional Review Act, 5 U.S.C. 801–808

Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996 (codified at 5 U.S.C. 801–808), also known as the Congressional Review Act or CRA, generally provides that before a rule may take effect, the agency promulgating the rule must submit a rule report, which includes a copy of the rule, to each House of the Congress and to the Comptroller General of the United States. SBA will submit a report containing this rule and other required information to the U.S. Senate, the U.S. House of Representatives, and the Comptroller General of the United States. A major rule under the CRA cannot take effect until 60 days after it is published in the **Federal Register**. The OMB's Office of Information and Regulatory Affairs has determined that this is not a major rule under 5 U.S.C. 804(2).

Initial Regulatory Flexibility Analysis

According to the Regulatory Flexibility Act (RFA), 5 U.S.C. 601–612, when an agency issues a rulemaking, it must prepare a regulatory flexibility analysis to address the impact of the rule on small entities.

This proposed rule, if adopted, may have a significant impact on a substantial number of small businesses in the industries covered by this proposed rule. As described above, this rule may affect small businesses seeking Federal contracts, loans under SBA's 7(a), 504 and disaster loan programs, and assistance under other Federal small business programs.

Immediately below, SBA sets forth an initial regulatory flexibility analysis (IRFA) of this proposed rule addressing the following questions: (1) What is the need for and objective of the rule? (2) What is SBA's description and estimate of the number of small businesses to which the rule will apply? (3) What are the projected reporting, record keeping, and other compliance requirements of the rule? (4) What are the relevant Federal rules that may duplicate, overlap, or conflict with the rule? and (5) What alternatives will allow SBA to accomplish its regulatory objectives while minimizing the impact on small businesses?

1. What is the need for and objective of the rule?

Changes in industry structure, technological changes, productivity growth, mergers and acquisitions, and updated industry definitions have changed the structure of many industries covered by this proposed rule. Such changes can be enough to support revisions to current size standards for some industries. Based on the analysis of the latest data available, SBA believes that the proposed standards revisions in this proposed rule more appropriately reflect the size of businesses that need Federal assistance. The 2010 Jobs Act also requires SBA to review all size standards and make necessary adjustments to reflect market conditions.

2. What is SBA's description and estimate of the number of small businesses to which the rule will apply?

Based on data from the 2012 Economic Census (the latest available when this proposed rule was prepared), SBA estimates that there are nearly 295,000 small firms in industries covered by this rulemaking for which SBA is proposing to change size standards. If the proposed rule is adopted in its present form, SBA estimates that nearly 250 additional businesses will become small.

3. What are the projected reporting, record keeping and other compliance requirements of the rule?

The proposed size standard changes impose no additional reporting or record keeping requirements on small businesses. However, qualifying for Federal procurement and a number of other programs requires that businesses register in SAM and self-certify that they are small at least once annually (Federal Acquisition Regulation (FAR) 52.204–13). For existing contracts, small business contractors are required to update their SAM registration as necessary to ensure that they reflect the contractor's current status (FAR 52.219–28). Businesses are also required to verify that their SAM registration is current, accurate, and complete with the submission of an offer for every new contract (FAR 52.204–7 and 52.204–8). Therefore, businesses opting to participate in those programs must comply with SAM requirements. There are no costs associated with SAM registration or annual re-certification. Changing size standards alters the access to SBA's programs that assist small businesses but does not impose a regulatory burden because they neither regulate nor control business behavior.

4. What are the relevant Federal rules, which may duplicate, overlap, or conflict with the rule?

Under section 3(a)(2)(C) of the Small Business Act, 15 U.S.C. 632(a)(2)(c), Federal agencies must use SBA's size standards to define a small business, unless specifically authorized by statute to do otherwise. In 1995, SBA published in the **Federal Register** a list of statutory and regulatory size standards that identified the application of SBA's size standards as well as other size standards used by Federal agencies (60 FR 57988 (November 24, 1995)). SBA is not aware of any Federal rule that would duplicate or conflict with establishing size standards.

However, the Small Business Act and SBA's regulations allow Federal agencies to establish different size standards if they believe that SBA's size standards are not appropriate for their programs, with the approval of SBA's Administrator (13 CFR 121.903). The Regulatory Flexibility Act authorizes an Agency to establish an alternative small business definition, after consultation with the Office of Advocacy of the U.S. Small Business Administration (5 U.S.C. 601(3)).

5. What alternatives will allow SBA to accomplish its regulatory objectives while minimizing the impact on small entities?

By law, SBA is required to develop numerical size standards for establishing eligibility for Federal small business assistance programs. Other than varying size standards by industry and changing the size measures, no practical alternative exists to the systems of numerical size standards.

However, SBA considered two alternatives to its proposal to increase 150 size standards and maintain 282 size standards at their current levels. The first alternative SBA considered was adopting size standards based solely on the analytical results, including the results from the evaluation of dominance and field of operation. In other words, the size standards of 150 industries for which the analytical results suggest raising size standards would be raised. However, the size standards of 216 industries for which the analytical results suggest lowering size standards would be lowered. This would cause a significant number of small businesses to lose their small business status, particularly in Sector 31–33 (see Table 16). Under the second alternative, in view of the COVID–19 pandemic, SBA considered retaining all size standards at the current levels, even though the analytical results may suggest increasing 150 size standards and decreasing 216. SBA believes retaining all size standards at their current levels would be more onerous for small businesses than the option of increasing 150 and retaining 282 size standards. Postponing the adoption of the higher calculated size standards would be detrimental for otherwise small businesses in terms of access to various small business benefits, including access to set-aside contracts and capital through SBA contracting and financial programs, and exemptions from paperwork and other compliance requirements.

Executive Order 13563

Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. A description of the need for this regulatory action and benefits and costs associated with this action, including possible distributional impacts that relate to Executive Order 13563, is included above in the Regulatory Impact Analysis under Executive Order 12866. Additionally, Executive Order 13563, section 6, calls for retrospective analyses of existing rules.

The review of size standards in the industries covered by this proposed rule is consistent with section 6 of Executive Order 13563 and the 2010 Jobs Act which requires SBA to review every five years all size standards and make necessary adjustments to reflect market conditions. Specifically, the 2010 Jobs Act requires SBA to review at least one-third of all size standards during every 18-month period from the date of its enactment (September 27, 2010) and to review all size standards not less frequently than once every 5 years, thereafter. In accordance with the Jobs Act, SBA completed the review of all small business size standards (except those for agricultural enterprises previously set by Congress), making appropriate adjustments to size standards for a number of industries to reflect current Federal and industry market conditions.

SBA issued a revised white paper entitled ''Size Standards Methodology'' and published a notification in the April 27, 2018, edition of the **Federal Register** (83 FR 18468) to advise the public that the document is available for public review and comments. The ''Size Standards Methodology'' white paper explains how SBA establishes, reviews, and modifies its receipts-based and employee-based small business size standards. SBA considered all input, suggestions, recommendations, and relevant information obtained from industry groups, individual businesses, and Federal agencies before finalizing and adopting the revised Methodology. For a summary of comments received and SBA's responses, see the notification published in the **Federal Register** on April 11, 2019 (84 FR 14587).

Executive Order 12988

This action meets applicable standards set forth in sections 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden. The action does not have retroactive or preemptive effect.

Executive Order 13132

For purposes of Executive Order 13132, SBA has determined that this proposed rule will not have substantial, direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, SBA has determined that this proposed rule has no federalism implications warranting preparation of a federalism assessment.

Paperwork Reduction Act

For the purpose of the Paperwork Reduction Act, 44 U.S.C. Ch. 35, SBA has determined that this rule will not impose any new reporting or recordkeeping requirements.

List of Subjects in 13 CFR Part 121

Administrative practice and procedure, Government procurement, Government property, Grant programs—business, Individuals with disabilities, Loan programs—business, Reporting and recordkeeping requirements, Small businesses.

For the reasons set forth in the preamble, SBA proposes to amend 13 CFR part 121 as follows:

PART 121—SMALL BUSINESS SIZE REGULATIONS

■ 1. The authority citation for part 121 continues to read as follows:

Authority: 15 U.S.C. 632, 634(b)(6), 636(a)(36), 662, and 694a(9); Public Law 116–136, Section 1114.

■ 2. In § 121.201, amend the table ''Small Business Size Standards by NAICS Industry'' by:

■ a. Revising entries ''212210,'' ''212230,'' ''212299,'' ''212313,'' ''212319,'' ''212322,'' ''212325,'' ''212391,'' ''212393,'' ''212399,'' entries ''221111'' through ''221115,'' ''221117,'' ''221118,'' ''221121,'' ''221122,'' ''221210,'' ''311111,'' ''311119,'' ''311211,'' ''311212,'' ''311221,'' ''311224,'' ''311225,'' ''311230,'' ''311313,'' ''311314,'' ''311411,'' ''311422,'' ''311511,'' ''311514,'' ''311611,'' ''311824,'' ''311920,'' ''311930,'' ''311941,'' ''311942,'' ''311991,'' ''311999,'' ''312111,'' ''312112,'' ''312140,'' ''313220,'' ''313230,'' ''314999,'' ''315190,'' ''315990,'' ''316110,'' ''321113,'' ''321114,'' ''321211,'' ''322110,'' ''322122,'' ''323111,'' ''323120,'' ''324122,'' ''324191,'' ''324199,'' ''325110,'' ''325120,'' ''325130,'' ''325220,'' ''325311,'' ''325312,'' ''325314,'' ''325320,'' ''325412,'' ''325520,'' entries ''325611'' through ''325613,'' ''325910,'' ''325991,'' ''325998,'' ''326121,'' ''326130,'' ''326220,'' ''326299,'' ''327211,'' ''327410,'' ''327910,'' ''327992,'' ''327999,'' ''331313,'' ''331315,'' ''331420,'' ''331491,'' ''331492,'' ''331512,'' ''331513,'' ''331523,'' ''331524,'' ''332112,'' ''332114,'' ''332117,'' ''332215,'' ''332439,'' ''332613,'' ''332722,'' ''332812,'' ''332992,'' ''332996,'' ''333131,'' ''333243,'' ''333314,'' ''333924,'' ''333991,'' ''333993,'' ''333995,'' ''333997,'' ''334290,'' ''334416,'' ''334511,'' ''334512,'' ''334514,'' ''334517,'' ''334519,'' ''335122,'' ''335129,'' ''335311,'' ''335912,'' ''335931,'' ''335991,'' ''335999,'' ''336310,'' ''336414,'' ''336419,'' ''336611,'' ''336991,'' ''337125,'' ''337214,'' ''339113,'' ''339910,'' ''339930,'' ''339991,'' ''339994,'' ''339999,'' ''483111,'' ''483113,'' ''483114,'' ''483211,'' ''483212,'' ''511199,'' ''512230,'' and ''512250;''

■ b. Removing the entry ''541715'' and the three ''Except'' entries following ''541715;''

■ c. Adding entries ''541715,'' ''541715 (Exception 1)'', ''541715 (Exception 2)'', and ''541715 (Exception 3)'' in numerical order; and

■ d. Revising the entry ''562910 (Exception)''.

The revisions and additions read as follows:

§ 121.201 What size standards has SBA identified by North American Industry Classification System codes?

* * * * *

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY

NAICS code	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
*	* * * *	*	*
	Sector 21—Mining, Quarrying, and Oil and Gas Extraction		
*	* * * *	*	*
	Subsector 212—Mining (except Oil and Gas)		
*	* * * *	*	*
212210	Iron Ore Mining		1,400
*	* * * *	*	*
212230	Copper, Nickel, Lead, and Zinc Mining		1,400
*	* * * *	*	*
212299	All Other Metal Ore Mining		1,250
*	* * * *	*	*
212313	Crushed and Broken Granite Mining and Quarrying		850
212319	Other Crushed and Broken Stone Mining and Quarrying		550
*	* * * *	*	*
212322	Industrial Sand Mining		750

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS code	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
*	* * * * *	*	*
212325	Clay and Ceramic and Refractory Minerals Mining		650
212391	Potash, Soda, and Borate Mineral Mining		1,050
*	* * * * *	*	*
212393	Other Chemical and Fertilizer Mineral Mining		600
212399	All Other Nonmetallic Mineral Mining		600
*	* * * * *	*	*
	Sector 22—Utilities **Subsector 221—Utilities**		
221111	Hydroelectric Power Generation		750
221112	Fossil Fuel Electric Power Generation		950
221113	Nuclear Electric Power Generation		1,150
221114	Solar Electric Power Generation		500
221115	Wind Electric Power Generation		1,150
*	* * * * *	*	*
221117	Biomass Electric Power Generation		550
221118	Other Electric Power Generation		650
221121	Electric Bulk Power Transmission and Control		950
221122	Electric Power Distribution		1,100
221210	Natural Gas Distribution		1,150
*	* * * * *	*	*
	Sector 31–33—Manufacturing **Subsector 311—Food Manufacturing**		
311111	Dog and Cat Food Manufacturing		1,250
311119	Other Animal Food Manufacturing		650
311211	Flour Milling		1,050
311212	Rice Milling		750
*	* * * * *	*	*
311221	Wet Corn Milling		1,300
311224	Soybean and Other Oilseed Processing		1,250
311225	Fats and Oils Refining and Blending		1,100
311230	Breakfast Cereal Manufacturing		1,300
311313	Beet Sugar Manufacturing		1,150
311314	Cane Sugar Manufacturing		1,050
*	* * * * *	*	*
311411	Frozen Fruit, Juice, and Vegetable Manufacturing		1,100
*	* * * * *	*	*
311422	Specialty Canning		1,400
*	* * * * *	*	*
311511	Fluid Milk Manufacturing		1,150
*	* * * * *	*	*
311514	Dry, Condensed, and Evaporated Dairy Product Manufacturing		1,000
*	* * * * *	*	*
311611	Animal (except Poultry) Slaughtering		1,150
*	* * * * *	*	*
311824	Dry Pasta, Dough, and Flour Mixes Manufacturing from Purchased Flour		850
*	* * * * *	*	*
311920	Coffee and Tea Manufacturing		1,000
311930	Flavoring Syrup and Concentrate Manufacturing		1,100
311941	Mayonnaise, Dressing, and Other Prepared Sauce Manufacturing		850
311942	Spice and Extract Manufacturing		650
311991	Perishable Prepared Food Manufacturing		700
311999	All Other Miscellaneous Food Manufacturing		700

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS code	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
	Subsector 312—Beverage and Tobacco Product Manufacturing		
312111	Soft Drink Manufacturing		1,400
312112	Bottled Water Manufacturing		1,100
*	* * * * *	*	*
312140	Distilleries		1,100
*	* * * * *	*	*
	Subsector 313—Textile Mills		
*	* * * * *	*	*
313220	Narrow Fabric Mills and Schiffli Machine Embroidery		550
313230	Nonwoven Fabric Mills		850
	Subsector 314—Textile Product Mills		
*	* * * * *	*	*
314999	All Other Miscellaneous Textile Product Mills		550
	Subsector 315—Apparel Manufacturing		
*	* * * * *	*	*
315190	Other Apparel Knitting Mills		850
*	* * * * *	*	*
315990	Apparel Accessories and Other Apparel Manufacturing		600
	Subsector 316—Leather and Allied Product Manufacturing		
316110	Leather and Hide Tanning and Finishing		800
*	* * * * *	*	*
	Subsector 321—Wood Product Manufacturing		
321113	Sawmills		550
321114	Wood Preservation		550
321211	Hardwood Veneer and Plywood Manufacturing		600
*	* * * * *	*	*
	Subsector 322—Paper Manufacturing		
322110	Pulp Mills		1,050
*	* * * * *	*	*
322122	Newsprint Mills		1,050
*	* * * * *	*	*
	Subsector 323—Printing and Related Support Activities		
323111	Commercial Printing (except Screen and Books)		650
*	* * * * *	*	*
323120	Support Activities for Printing		550
	Subsector 324—Petroleum and Coal Products Manufacturing		
*	* * * * *	*	*
324122	Asphalt Shingle and Coating Materials Manufacturing		1,100
324191	Petroleum Lubricating Oil and Grease Manufacturing		900
324199	All Other Petroleum and Coal Products Manufacturing		950

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS code	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
	Subsector 325—Chemical Manufacturing		
325110	Petrochemical Manufacturing		1,300
325120	Industrial Gas Manufacturing		1,200
325130	Synthetic Dye and Pigment Manufacturing		1,050
*	* * * * *	*	*
325220	Artificial and Synthetic Fibers and Filaments Manufacturing		1,050
325311	Nitrogenous Fertilizer Manufacturing		1,050
325312	Phosphatic Fertilizer Manufacturing		1,350
325314	Fertilizer (Mixing Only) Manufacturing		550
325320	Pesticide and Other Agricultural Chemical Manufacturing		1,150
*	* * * * *	*	*
325412	Pharmaceutical Preparation Manufacturing		1,300
*	* * * * *	*	*
325520	Adhesive Manufacturing		550
325611	Soap and Other Detergent Manufacturing		1,100
325612	Polish and Other Sanitation Good Manufacturing		900
325613	Surface Active Agent Manufacturing		1,100
*	* * * * *	*	*
325910	Printing Ink Manufacturing		750
*	* * * * *	*	*
325991	Custom Compounding of Purchased Resins		600
*	* * * * *	*	*
325998	All Other Miscellaneous Chemical Product and Preparation Manufacturing		650
	Subsector 326—Plastics and Rubber Products Manufacturing		
*	* * * * *	*	*
326121	Unlaminated Plastics Profile Shape Manufacturing		600
*	* * * * *	*	*
326130	Laminated Plastics Plate, Sheet (except Packaging), and Shape Manufacturing.		650
*	* * * * *	*	*
326220	Rubber and Plastics Hoses and Belting Manufacturing		800
*	* * * * *	*	*
326299	All Other Rubber Product Manufacturing		650
	Subsector 327—Nonmetallic Mineral Product Manufacturing		
*	* * * * *	*	*
327211	Flat Glass Manufacturing		1,100
*	* * * * *	*	*
327410	Lime Manufacturing		1,050
*	* * * * *	*	*
327910	Abrasive Product Manufacturing		900
*	* * * * *	*	*
327992	Ground or Treated Mineral and Earth Manufacturing		600
*	* * * * *	*	*
327999	All Other Miscellaneous Nonmetallic Mineral Product Manufacturing		750
	Subsector 331—Primary Metal Manufacturing		
*	* * * * *	*	*
331313	Alumina Refining and Primary Aluminum Production		1,300

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS code	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
*	* * * * *	*	*
331315	Aluminum Sheet, Plate, and Foil Manufacturing		1,400
*	* * * * *	*	*
331420	Copper Rolling, Drawing, Extruding, and Alloying		1,050
331491	Nonferrous Metal (except Copper and Aluminum) Rolling, Drawing, and Extruding.		900
331492	Secondary Smelting, Refining, and Alloying of Nonferrous Metal (except Copper and Aluminum).		850
*	* * * * *	*	*
331512	Steel Investment Foundries		1,050
331513	Steel Foundries (except Investment)		700
331523	Nonferrous Metal Die-Casting Foundries		700
331524	Aluminum Foundries (except Die-Casting)		550
*	* * * * *	*	*
Subsector 332—Fabricated Metal Product Manufacturing			
*	* * * * *	*	*
332112	Nonferrous Forging		950
332114	Custom Roll Forming		600
332117	Powder Metallurgy Part Manufacturing		550
*	* * * * *	*	*
332215	Metal Kitchen Cookware, Utensil, Cutlery, and Flatware (except Precious) Manufacturing.		1,000
*	* * * * *	*	*
332439	Other Metal Container Manufacturing		600
*	* * * * *	*	*
332613	Spring Manufacturing		600
*	* * * * *	*	*
332722	Bolt, Nut, Screw, Rivet, and Washer Manufacturing		600
*	* * * * *	*	*
332812	Metal Coating, Engraving (except Jewelry and Silverware), and Allied Services to Manufacturers.		600
*	* * * * *	*	*
332992	Small Arms Ammunition Manufacturing		1,300
*	* * * * *	*	*
332996	Fabricated Pipe and Pipe Fitting Manufacturing		550
*	* * * * *	*	*
Subsector 333—Machinery Manufacturing [6]			
*	* * * * *	*	*
333131	Mining Machinery and Equipment Manufacturing		900
*	* * * * *	*	*
333243	Sawmill, Woodworking, and Paper Machinery Manufacturing		550
*	* * * * *	*	*
333314	Optical Instrument and Lens Manufacturing		600
*	* * * * *	*	*
333924	Industrial Truck, Tractor, Trailer, and Stacker Machinery Manufacturing		900
333991	Power-Driven Hand Tool Manufacturing		950
*	* * * * *	*	*
333993	Packaging Machinery Manufacturing		600

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS code	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
*	* * * * *	*	*
333995	Fluid Power Cylinder and Actuator Manufacturing		800
*	* * * * *	*	*
333997	Scale and Balance Manufacturing		700
*	* * * * *	*	*
Subsector 334—Computer and Electronic Product Manufacturing [6]			
*	* * * * *	*	*
334290	Other Communications Equipment Manufacturing		800
*	* * * * *	*	*
334416	Capacitor, Resistor, Coil, Transformer, and Other Inductor Manufacturing		550
*	* * * * *	*	*
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing.		1,350
334512	Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use.		650
*	* * * * *	*	*
334514	Totalizing Fluid Meter and Counting Device Manufacturing		850
*	* * * * *	*	*
334517	Irradiation Apparatus Manufacturing		1,200
334519	Other Measuring and Controlling Device Manufacturing		600
*	* * * * *	*	*
Subsector 335—Electrical Equipment, Appliance and Component Manufacturing [6]			
*	* * * * *	*	*
335122	Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing.		600
335129	Other Lighting Equipment Manufacturing		550
*	* * * * *	*	*
335311	Power, Distribution, and Specialty Transformer Manufacturing		800
*	* * * * *	*	*
335912	Primary Battery Manufacturing		1,300
*	* * * * *	*	*
335931	Current-Carrying Wiring Device Manufacturing		600
*	* * * * *	*	*
335991	Carbon and Graphite Product Manufacturing		900
335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing.		600
Subsector 336—Transportation Equipment Manufacturing [6]			
*	* * * * *	*	*
336310	Motor Vehicle Gasoline Engine and Engine Parts Manufacturing		1,050
*	* * * * *	*	*
336414	Guided Missile and Space Vehicle Manufacturing		1,300
*	* * * * *	*	*
336419	Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing.		1,050
*	* * * * *	*	*
336611	Ship Building and Repairing		1,300

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS code	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
*	*	*	*
336991	Motorcycle, Bicycle, and Parts Manufacturing		1,050
*	*	*	*
Subsector 337—Furniture and Related Product Manufacturing			
*	*	*	*
337125	Household Furniture (except Wood and Metal) Manufacturing		950
*	*	*	*
337214	Office Furniture (except Wood) Manufacturing		1,100
*	*	*	*
Subsector 339—Miscellaneous Manufacturing			
*	*	*	*
339113	Surgical Appliance and Supplies Manufacturing		800
*	*	*	*
339910	Jewelry and Silverware Manufacturing		700
*	*	*	*
339930	Doll, Toy, and Game Manufacturing		700
*	*	*	*
339991	Gasket, Packing, and Sealing Device Manufacturing		600
*	*	*	*
339994	Broom, Brush, and Mop Manufacturing		750
*	*	*	*
339999	All Other Miscellaneous Manufacturing		550
*	*	*	*
Sector 48–49—Transportation and Warehousing			
*	*	*	*
Subsector 483—Water Transportation			
483111	Deep Sea Freight Transportation		1,050
*	*	*	*
483113	Coastal and Great Lakes Freight Transportation		800
483114	Coastal and Great Lakes Passenger Transportation		550
483211	Inland Water Freight Transportation		1,050
483212	Inland Water Passenger Transportation		550
*	*	*	*
Sector 51—Information			
Subsector 511—Publishing Industries (except Internet)			
*	*	*	*
511199	All Other Publishers		550
*	*	*	*
Subsector 512—Motion Picture and Sound Recording Industries			
*	*	*	*
512230	Music Publishers		900

SMALL BUSINESS SIZE STANDARDS BY NAICS INDUSTRY—Continued

NAICS code	NAICS U.S. industry title	Size standards in millions of dollars	Size standards in number of employees
*	* * * * *	*	*
512250	Record Production and Distribution		900
*	* * * * *	*	*
	Sector 54—Professional, Scientific and Technical Services		
	Subsector 541—Professional, Scientific and Technical Services		
*	* * * * *	*	*
541715	Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology) [11].		[11] 1,000
541715 (Exception 1)	Aircraft, Aircraft Engine and Engine Parts [11]		[11] 1,500
541715 (Exception 2)	Other Aircraft Parts and Auxiliary Equipment [11]		[11] 1,250
541715 (Exception 3)	Guided Missiles and Space Vehicles, Their Propulsion Units and Propulsion Parts [11].		[11] 1,300
*	* * * * *	*	*
	Sector 56—Administrative and Support and Waste Management and Remediation Services		
*	* * * * *	*	*
	Subsector 562—Waste Management and Remediation Services		
*	* * * * *	*	*
562910 (Exception)	Environmental Remediation Services [14]		[14] 1,000
*	* * * * *	*	*

Footnotes

* * * * * * *

[6] *NAICS Subsectors 333, 334, 335 and 336*—For rebuilding machinery or equipment on a factory basis, or equivalent, use the NAICS code for a newly manufactured product. Concerns performing major rebuilding or overhaul activities do not necessarily have to meet the criteria for being a ''manufacturer'' although the activities may be classified under a manufacturing NAICS code. Ordinary repair services or preservation are not considered rebuilding.

* * * * * * *

[11] *NAICS code 541713, 541714, and 541715*—

(a) ''Research and Development'' means laboratory or other physical research and development. It does not include economic, educational, engineering, operations, systems, or other nonphysical research; or computer programming, data processing, commercial and/or medical laboratory testing.

(b) For research and development contracts requiring the delivery of a manufactured product, the appropriate size standard is that of the manufacturing industry.

(c) For purposes of the Small Business Innovation Research (SBIR) and Small Business Transfer Technology (STTR) programs, the term ''research'' or ''research and development'' means any activity which is (A) a systematic, intensive study directed toward greater knowledge or understanding of the subject studied; (B) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or (C) a systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements. See 15 U.S.C. 638(e)(5) and section 3 of the SBIR and STTR policy directives available at *www.sbir.gov.* For size eligibility requirements for the SBIR and STTR programs, see § 121.702 of this part.

(d) ''Research and Development'' for guided missiles and space vehicles includes evaluations and simulation, and other services requiring thorough knowledge of complete missiles and spacecraft.

* * * * * * *

[14] *NAICS 562910*—Environmental Remediation Services:

(a) For SBA assistance as a small business concern in the industry of Environmental Remediation Services, other than for Government procurement, a concern must be engaged primarily in furnishing a range of services for the remediation of a contaminated environment to an acceptable condition including, but not limited to, preliminary assessment, site inspection, testing, remedial investigation, feasibility studies, remedial design, containment, remedial action, removal of contaminated materials, storage of contaminated materials and security and site closeouts. If one of such activities accounts for 50 percent or more of a concern's total revenues, employees, or other related factors, the concern's primary industry is that of the particular industry and not the Environmental Remediation Services Industry.

(b) For purposes of classifying a Government procurement as Environmental Remediation Services, the general purpose of the procurement must be to restore or directly support the restoration of a contaminated environment (such as, preliminary assessment, site inspection, testing, remedial investigation, feasibility studies, remedial design, remediation services, containment, removal of contaminated materials, storage of contaminated materials or security and site closeouts), although the general purpose of the procurement need not necessarily include remedial actions. Also, the procurement must be composed of activities in three or more separate industries with separate NAICS codes or, in some instances (*e.g.,* engineering), smaller sub-components of NAICS codes with separate, distinct size standards. These activities may include, but are not limited to, separate activities in industries such as: Heavy Construction; Specialty Trade Contractors; Engineering Services; Architectural Services; Management Consulting Services; Hazardous and Other Waste Collection; Remediation Services, Testing Laboratories; and Research and Development in the Physical, Engineering and Life Sciences. If any activity in the procurement can be identified with a separate NAICS code, or component of a code with a separate distinct size standard, and that industry accounts for 50 percent or more of the value of the entire procurement, then the proper size standard is the one for that particular industry, and not the Environmental Remediation Service size standard.

* * * * *

Isabella Casillas Guzman,

Administrator.

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