



U.S. Small Business
Administration

OPINION/EDITORIAL

HOUSTON DISTRICT OFFICE

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SBA Revises Small Business Size Standards to Increase Eligibility for its Federal Contracting and Loan Programs

A new change to size standards from the [U.S. Small Business Administration](#) will expand access to contracting and loan opportunities to over 59,000 firms across 16 North American Industrial Classification System (NAICS) sectors. A size standard, which is usually stated in number of employees or average annual receipts, represents the largest size that a business may be to remain classified as a small business for SBA and federal contracting programs. The definition of “small” varies by industry.

The SBA is adopting a 24-month average to calculate a business’s number of employees for eligibility purposes in all of SBA’s programs. SBA is also permitting business concerns in its Business Loan, Disaster Loan, Surety Bond, and Small Business Investment Company (SBIC) Programs to use a five-year averaging period, in addition to the existing three-year averaging period, for the purposes of calculating average annual receipts. These changes will allow larger small businesses to retain their small business size status for longer, and some mid-sized businesses to regain their small business status.

What does this mean for small businesses in the Houston area? First, more businesses that are seeking capital to grow will be able to qualify for the better terms of SBA guaranteed loans. These loans offer longer terms, no collateral requirement by the SBA, no balloon payments, and amounts up to \$5.5M.

Second, the change helps more businesses become eligible for federal government contracts. Federal certifications, including HUBZone, Women-Owned Small Business, Service-Disabled Veteran-Owned, and the 8(a) Business Development Program can give a business an advantage when competing for lucrative federal contracts.

Businesses can visit the [SBA Size Standards webpage](#) to learn more about size standards and how to take advantage of opportunities through the federal government.

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About the U.S. Small Business Administration

The U.S. Small Business Administration makes the American dream of business ownership a reality. As the only go-to resource and voice for small businesses backed by the strength of the federal government, the SBA empowers entrepreneurs and small business owners with the resources and support they need to start, grow or expand their businesses, or recover from a declared disaster. It delivers services through an extensive network of SBA field offices and partnerships with public and private organizations. To learn more, visit www.sba.gov.