



October 31, 2012

SBA Proposed Small Business Size Standard for Credit Unions

Executive Summary

- The Small Business Administration (SBA) has issued a proposed rule to increase small business size standards for 37 “Finance and Insurance” industries, including credit unions, as well as two “Management of Companies” industries.
- Specifically, the proposal would amend SBA’s small business size standard for credit unions, by increasing the asset threshold from \$175 million to \$500 million.
- SBA’s proposed changes are intended to account for industry structure and Federal marketplace changes since the last comprehensive size standards review. Also, the Small Business Jobs Act of 2010 directed SBA to conduct a detailed review of at least one-third of all size standards during every 18-month period. SBA published its “Size Standards Methodology” in 2009; the agency does not apply this methodology to all industries because not all features are appropriate for every industry.
- The SBA and other federal regulators reference the SBA’s small business size standards. The Regulatory Flexibility Act (RFA) generally requires that federal agencies prepare an initial regulatory flexibility analysis that describes the impact of proposed rules on entities that meet the SBA’s small business size standards, or certify that the rule will not have a significant economic impact on a substantial number of such entities. NCUA uses its own definition of a “small entity” for the RFA and the agency’s regulations. Also, the Consumer Financial Protection Bureau (CFPB) assesses the benefits and costs of new regulations on entities that meet the SBA’s small business size standards, as part of the Small Business Regulatory Enforcement Fairness Act (SBREFA) panel review process.
- Since 2008, the SBA adopted the \$175 million size standard for credit unions, banks, savings institutions, and other types of financial institutions.¹
- The SBA used Call Report data for credit unions from the fourth quarters of 1994 and 2011 from the National Credit Union Administration website.
- Comments for the proposal are currently due to NCUA by November 13, 2012; **please submit your comments to CUNA by November 5.**
- For more information from CUNA, contact Regulatory Counsel Dennis Tsang at dtsang@cuna.coop and Deputy General Counsel Mary Dunn at mdunn@cuna.coop.

¹ 73 Fed. Reg. 41,237 (July 18, 2008).

- For further details, please click [here](#) for the proposal in the Federal Register.

Questions to Consider Regarding the Proposed Rule

1. Does your credit union support the proposal that would amend SBA's definition of the "small business size standard" for credit unions, by increasing the asset threshold from \$175 million to \$500 million?

2. Should the SBA consider any other factors to determine the "small business size standard" for credit unions?

3. Other general suggestions or comments?

Thank you for your comments.