

Supporting Statement for Paperwork Reduction Act Submission  
OMB Control Number 3245-0017  
SBA Form 5, Disaster Business Loan Application  
Form 1368, Additional Filing Requirements, Economic Injury Disaster Loan Supplement

A. Justification

The purpose of this submission is to request reauthorization of an approved collection of information. This submission covers a set of related forms affecting disaster business loan applicants.

The following forms are currently in this collection:

1. SBA Form 5, “Disaster Business Loan Application.” This is the loan application used for the Small Business Administration’s (SBA’s) three business loan programs, physical disaster loans, economic injury loans and Military Reservist economic injury loans. The form is used to collect the basic information necessary to support a loan application from all business applicants.
2. SBA Form 1368, “Additional Filing Requirements, Economic Injury Disaster Loan Supplement.” This form is used for economic injury disaster loans as a supplement to the Business application form to establish the cause and extent of eligible economic injury resulting from a physical disaster.

The forms have minor format changes. The SBA form 1368 has one deleted sentence that referred the applicants to a pamphlet that is now obsolete.

1. Circumstances that make the collection of information necessary. Section 7(b) of the Small Business Act, 15 USC 636, as amended, authorizes the Small Business Administration to make disaster loans to businesses. Three separate programs are authorized: 7(b)(1) physical disaster loans, 7(b)(2) economic injury disaster loans, and 7(b)(3) Military Reservist Economic Injury loans. Copies of all citations are attached.
2. How, by whom, and for what purpose information will be used. Applicants for disaster business loans must supply the information in this collection in order to receive benefits from these programs. All applicants subject to this request are business entities. SBA’s Office of Disaster Assistance (ODA) loan officers and others use the collected information to make eligibility and credit decisions in order to approve or disapprove a loan.
3. Technological collection techniques. In an effort to use technology to simplify the application process, we have made the Form 5 and Form 1368 available electronically on the Internet. The requirements of the forms are nonrecurring and as unpredictable as disaster events themselves. Therefore, no application of technology can eliminate the burden of submission of the application. Electronic and web-based efforts go to convenience, broader access and expeditious filing.

4. Efforts to identify duplication. The information required on the application is applicant and time specific and is not otherwise available. No other application form is required. Some minimal duplication is necessary in order to verify and/or update information on file, such as corporate names, addresses, phone numbers, etc.
5. Impact on small businesses or other small entities. This information collection will not have a significant impact on small businesses or other small entities.
6. Consequence if collection is conducted less frequently or is not conducted. If this information were not collected, ODA could not process any loan requests because there would be no basis upon which to make eligibility or credit decisions. Since this information is only collected once, it cannot be collected less frequently.
7. Existence of special circumstances. No special circumstances exist. No confidential information is required that is not protected to the extent permitted by law including the Privacy Act and Freedom of Information Act.
8. Solicitation of public comment. Comments were solicited in a notice in FR Vol.72, number 10, Page 2079 (January 17, 2007), copy attached. The comment period closed March 19, 2007, and no comments were received.
9. Payments or gifts to respondents. There are no payments made or gifts given to respondents.
10. Assurance of confidentiality. The information collected is protected to the extent permitted by law, including the Privacy Act and the Freedom of Information Act and becomes a part of SBA's System of Records (SBA 20). Notice of the rights afforded loan applicants regarding disclosure of or access to confidential information is part of the loan application.
11. Questions of a sensitive nature. Questions of a "sensitive" nature are solicited in this collection. This information is asked so that ODA can make an informed credit and eligibility determination.

SBA requests information such as birth date and financial and criminal records information. This information is required in order for an applicant to receive a benefit under SBA's Disaster Loan Program. This information helps SBA to assess whether there is a reasonable assurance of loan repayment.

This collection also requests Social Security Numbers. Providing Social Security Numbers is purely voluntary. Social Security Numbers will be used to distinguish between people with the same or similar name and to conduct investigations, as necessary, to determine whether a recipient of SBA assistance is engaged in or about to engage in any practices which violate the Small Business Act. (15 U.S.C. 634(b)).

12. Estimates of the hourly burden. Estimates are broken down by specific loan program. Estimates are based on an average of loan applications filed during the last four fiscal years for the business loan program. For the Military Reservist EIDL program (MREIDL), the estimate for this form is based on the actual approvals of the past four fiscal years.

For Physical Business and EIDL loan program:

<u>Fiscal Year</u>	<u>Business/EIDL Loan Approvals</u>
03	5,621
04	3,486
05	9,398
06	<u>24,819</u>
Total:	43,324

43,324 divided by 4 = 10,831 (average loan approvals per year)

10,831 divided by 55% (approval rate) = **19,693 respondents for the physical business and EIDL loan program**

For MREIDL program:

<u>Fiscal Year</u>	<u>MREIDL Loan Approvals</u>
3	76
4	73
5	43
6	<u>27</u>
Total:	219

219 divided by 4 = 55 average loan approvals per year.

55 divided by 72% (approval rate) = **76 respondents for MREIDL program**

**TOTAL RESPONDENTS (Both programs) = 19,769**

PUBLIC BURDEN-Hours

SBA Form 5 is filled out by 100 percent of disaster business loan applicants and takes 2 hours to complete. 19,769 respondents x 2 = **39,538 public burden hours for both programs.**

SBA Form 1368 is filled out by 33 percent of applicants who complete SBA Form 5 for the business and EIDL loan program (approximate percentage of those who request economic injury assistance) and takes 1 hour to complete. SBA Form 1368 is filled out by 100% of applicants for the MREIDL program.

6,499 (33% of 19,693 respondents for Business/EIDL loans) x 1 = 6,499  
76 (100% of 76 respondents for MREIDL) x 1 = 76  
6,499 + 76 = **6,575 hours for SBA Form 1368**

39,538 + 6,575 = **46,113 TOTAL PUBLIC BURDEN HOURS**

#### PUBLIC BURDEN-Cost

The cost estimate for a respondent is based on GS 11, step 1 (\$25.35 per hour), which is the level of expertise (minimal) that is required to respond. The annual hourly cost estimate is calculated below:

SBA Form 5: 39,538 burden hours x 25.35 + 20 percent overhead = \$1,202,746

SBA Form 1368: 6575 burden hours x \$25.35 + 20 percent overhead = \$200,011

**\$1,202,746 + \$200,011 = TOTAL COST TO RESPONDENT = \$1,402,757**

13. Estimate of total annual cost burden. No additional annual costs beyond that identified in #12 above are anticipated.
14. Estimated annualized cost to the Federal Government.

#### AGENCY BURDEN

19,769 applications were filed and it takes approximately 6 hours on average for direct processing (which takes into consideration both economic injury applications that may require more processing time as well as simple business applications that require less processing time). Agency burden hours are as follows:

19,769 applications x 6 hours per application = **118,614 Agency burden hours.**

The annual cost estimate for the Agency is based on a GS 11, Step 1 at \$25.35 per hour (typical expertise required for processing applications) and is calculated as follows:

118,614 hours x \$25.35 per hour = \$3,006,865 plus 30 percent for printing supplies, fringe benefits, leased equipment, etc. = **\$3,908,924 cost to Agency.**

15. Explanation of program changes or adjustments in Items 13 and 14 on OMB Form 83-I. Public burden hours and cost both increased as compared to the previous submission (by

16,359 hrs and \$581,190 respectively). These increases are due to the increase in the hourly wage used for computing cost information and increase of disaster activity.

16. Collection of information whose results will be published. Not applicable. No publication is anticipated.
17. Expiration date for collection of information. SBA will display the expiration date of OMB approval .
18. Exceptions to certification statement in Block 19 on OMB Form 83-I. There are no exceptions to the certification statement.

B. Collections of Information Employing Statistical Methods

Not Applicable