

## **Supporting Statement for Paperwork Reduction Act Submission**

**Justification-Background:** This information collection is currently approved through November 2009. However, as a result of a recent meeting with SBA resource partners, SBA has made a few changes to both Form 641 and 888. Most of these changes are primarily to clarify previously asked questions. However, SBA has also added fields to collect info on 8(a) certification status and the nature of the training or counseling session provided.

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.

The purpose of the Entrepreneurial Development Management Information System (EDMIS) is to collect information on clients that use SBA Entrepreneurial Development (ED) programs and resources. These business counseling resource partners include Women's Business Centers (WBC), Small Business Development Centers (SBDC) and SCORE. Resource partners receive grants to operate the above-mentioned programs.

The information is collected using a uniform method in order to provide appropriate business counseling programs, ensure effective management of ED programs and to prepare reports for the Office of President, and Congress compliance with various statutory provisions, including §§10(a), 21 and 29(j) of the Small Business Act, 15 U.S.C. 639(a), 648 and 656(j) and OMB Circular A-11. For instance, in its comprehensive annual report, SBA reports on all assistance given under the Act to minority small businesses as well as make recommendations for improving assistance to minority small businesses. In addition, the Women's Business Ownership Act specifically requires that SBA serve distinct populations (i.e. socially and, economically disadvantaged women). SBA uses this information collection to facilitate program development and the various reporting requirements.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current.

The information is used to support SBA's budget requests, performance plans, PART (Program Assessment Rating Tool) evaluations and other submissions made to the Office the President, the Congress, and the Office of Management and Budget. The data is pertinent to the management analysis of each ED program or activity funded by SBA and assists SBA in evaluating the impact of each program or activity. SBA resource partners collect the information from individual entrepreneurs and potential entrepreneurs at the point of client contact. They submit the collected information to the Office of Entrepreneurial Development electronically on a monthly, quarterly or annual basis for programmatic analysis and for reporting to Congress and the President. The information provided to SBA by the resource partners is in the aggregate; no individual client data is used or identified. Summary reports will include data across all fields. Also, SBA plans

to use the individual client data to select participants for follow-up surveys designed to evaluate the economic impact of SBA's ED programs.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

EDMIS is a simple SBA-developed and maintained collection system available via a secure portal on the Internet. Users authenticate with the web server then logs into the SBA security system using unique identifications (IDs) and passwords. This electronic system greatly lessens the burden on respondents, resource partners and SBA, ultimately allowing for more efficient services to our clients.

EDMIS is used to collect and transmit the data provided on SBA Forms 641 and 888, both of which are available for download electronically. Form 888 is filled out and submitted electronically by the resource partners. In general SBA Form 641 is filled out manually by individual clients; the data is then uploaded and submitted electronically through EDMIS to SBA. However, in some instances the client will meet with a resource partner who will enter data into the computer directly, without the client needing to complete the Form 641.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for the purposes described in item 2 above.

While some of the same information may be collected from time to time from other sources, this is the sole regularly scheduled data collection for all ED programs. Some minimal duplication may be necessary in order to verify or update on-file information, such as business names, addresses, phone numbers, and other routine information. But in general, no similar body of information is currently collected or available for these purposes.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

This information collection does not have a significant economic impact on small businesses. In any event, using this electronic form of collecting data improves the efficiency and accuracy with which SBA and its resource partners/grantees collect information from small businesses and individual entrepreneurs. Therefore it minimizes the burden on small businesses receiving agency services, EDMIS also reduces the burden on resource partners by minimizing the number of special reports they must prepare to meet SBA requirements. EDMIS data is especially helpful for completing required reporting, because the electronic system will generate many of the special reports that are required by the Office of the President, the Congress, and OMB. .

6. Describe the consequence to Federal Program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

As a uniform data collection system, EDMIS allows management analysis of each ED program or activity funded by SBA and assists SBA in evaluating the impact of each program or activity. This type of program evaluation allows SBA to provide more accurate data when reporting to Congress and the President under the Government Performance Results Act (GPRA) and the Small Business Act. The data collected is critical to SBA's ability to meet regular statutory reporting requirements and to each resource partner's ability to provide appropriate client services. Without the data collection, SBA and its resource partners will be unable to effectively evaluate and manage their financial and technical assistance programs. If the information was collected less frequently, it would not provide SBA with accurate and relevant reporting data.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner etc.

EDMIS requests some confidential and proprietary information, e.g. number of employees, gross revenues/sales and profits of the business. This information is collected to respond to mandates in section 29 of the Small Business Act, 15 U.S.C. 656, and to generate data on economic impact of SBA's ED programs for reports to Congress and the President. However, only the client, SBA management officials, and the resource partner who is providing the counseling service are privy to that information.

SBA has also instituted procedures to protect confidentiality to the extent permitted by law and only summary data are provided in reports. The EDMIS is accessed through a secured connection on the Internet using approved user identification information and is further restricted by a computer-generated numerical password. Each user has a unique password. This allows SBA to electronically track services and results, i.e. number of businesses started, growth in revenue, profits, etc. using a secure method.

8. Federal Register Notice. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Comments from the general public were requested in the May 31, 2007 Federal Register notice published in volume 72, Number 104, page 30415. Comment period ended on July 30, 2007. (Copy attached) No comments were received in response to this notice.

However, SBA has received feedback from the resource partners on this information collection. On May 22-23, 2007, the Office of Entrepreneurial Development hosted a client definitions meeting with the resource partners to specifically discuss this subject. The partners that attended were representatives from the Small Business Development Centers (SBDCs), Women's Business Centers (WBCs) and the Senior Core of Retirement Executives (SCORE). Revisions to SBA Forms 641 and 888 were discussed in the meeting and it was agreed upon by all of the

resource partners that the revisions mentioned above are to be made to the forms and reflected in The Entrepreneurial Development Management Information System (EDMIS).

9. Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.

No payments or gifts are provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

SBA protects collected information to the extent permitted by law. , Clients are provided a copy of “Statements Required by Laws and Executive Orders,” as an attachment to Form 641, which summarizes the laws and Executive Orders governing the Agency’s disclosure of confidential and sensitive information. These laws include the Freedom of Information Act, 5 U.S.C. § 552, and the Privacy Act, 5 U.S.C. § 552(a) and are referenced in SBA’s Standard Operating Procedures (SOP) 40 03 2 and 40 04 2.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This Justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Through EDMIS, SBA collects the following information which may be considered sensitive: gender, veteran status, ethnicity, race, disability status. As noted above, this information is collected to respond to statutory mandates or Executive Orders, including the Small Business Act, GPRA and Veterans Entrepreneurship and Small Business Development Act of 1999, Public Law 106-50). SBA reports aggregate information only. SBA protects the information to the extent permitted by law. In addition, SBA maintains a Privacy Act System of records for this information. See attached copy of SBA SORN #11-EDMIS

12. Provide estimates of the hour burden of the collection of information, well as the hour cost burden. Indicate the number of respondents, frequency of response, annual hour and cost burden, and an explanation of how the burden was estimated.

Implementation of EDMIS began FY 2006. All ED resource partners (SBDC, SCORE, and WBCs) are up loading data from their own MIS systems, with the exceptions of approximately 12 WBCs that are doing direct input.

Hour burden

SBA Forms 641 and 888 have been streamlined; the use of check boxes reduces the time needed to complete the form and also minimizes the risk of error on the part of the client.

Parts I and II of **Form 641** are manually filled in by the client and take approximately 7 minutes to complete. The SBDC counselor then takes approximately 3 minutes to enter the data into their MIS system. The SBDC counselor also completes Part III of the form which takes approximately 8 minutes. The total burden for completing Form 641 is 18 minutes. Following are estimates of the 641 hour burden of the collection of information:

Number of respondents: 426,632 (FY06)

Response frequency: 1

Total Annual hour burden:  $426,632 \times 1 \text{ response} \times .30 \text{ hours (approx.18 minutes)} = 127,990$

**Form 888** takes the resource partners approximately 10 minutes to gather the information and enter the data into their MIS. Following are estimates of the Form 888 hour burden of the collection of information:

Number of responses: 55,293 (FY06)

Response frequency: 1

Annual hour burden:  $55,293 \times 1 \text{ response} \times .17 \text{ hours (approx 10 mins)} = 9,400 \text{ total hours}$

Total annual hour burden for Forms 641 and 888:  $127,990 + 9,400 = 137,390$

#### Hourly Cost Burden

The client completes Parts I and II of the Form 641. These clients range from the unemployed wanting to start their business to current business owners wanting to improve or expand their businesses. SBA does not collect information from this very diverse group of respondents to make a reasonable determination as to hourly cost for the resource partners segment of the respondent group is as follows:

#### **Form 641**

Part III and MIS input take the resource partners approximately 11 minutes to complete their responsibilities with Form 641.

Estimated annual salary - \$30,000 (\$14.42/hr)

Number of responses– 426,632

Burden hours –  $426,632 \times .18 \text{ hours (approx 11 mins.)} = 76,794 \text{ total hours}$

Annual cost burden ( $76,794 \times \$14.42$ ) = \$1,107,369

#### **Form 888**

Estimated annual salary - \$30,000 – (\$14.42/hr)

Number of responses – 55,293

Burden hours  $55,293 \times .17 \text{ hours (approx 10 mins)} = 9,400$

Annual cost burden  $9,400 \times \$14.42 = \$135,548$

Total annual cost burden for Forms 641 and 888:

$\$1,107,369 + \$135,548 = \$1,242,917$

13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information. Do not include hour cost burden from above.

ED resource partners have incurred no expense directly related to the development and maintenance of the EDMIS system. The system is maintained on the Internet by SBA, and requires no maintenance by the data respondents or record keepers. Most ED resource partners currently collect these data electronically. Implementation of EDMIS has reduced respondent or record keeper costs for meeting reporting requirements to the SBA. Any additional costs incurred are de minimis.

14. Provide estimates of annualized costs to the Federal Government. Also provide a description of the method used to estimate cost, including a quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.

The Project Officer/District Office Technical Representative (DOTR) is responsible for reviewing all Form 888s and a sample of the 641s.

#### Project Officer/DOTR

##### Hour burden of Form 888 and sample of 641

Number of estimated forms per year = 55,293 (888) + 2,240 (sample of 641s) = 57,533

Number of Project Officers/DOTRs = 68

Time to review the forms = 12 hours/per year

Estimated Total Burden hours -  $68 \times 12 = 816$

Total Burden hours = 816

##### Cost burden of Form and sample of 641

Estimated annual Salary of Project Officer/DOTR - \$60,055 - \$28.78 per hour

$816 \times \$28.78 = \$23,484.48$

Total burden cost = \$23,484.48

The Program Manger reviews a sampling of Forms 641 and 888 while conducting their bi-annual site visits

#### Program Manager

Estimated cost burden of sample of 641 and 888:

Number of estimated forms per year – 1,260

Number of Program Mangers = 5

Time to review the forms = 4 hours/per year

Estimated Total Burden hours =  $(5 \times 4) 20$

Estimated annual salary - \$89,663 - \$42.96 per hour  
Annual cost burden = 20 x \$42.96 = \$859.20

Total annual cost burden for Forms 641 & 888 (\$23,484 + \$859) = \$24,343

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

The Resource Partners have reported an increased number of clients in EDMIS

16. For collection of information whose results will be published, outline plans for tabulation and publication. Address complex analytical techniques that will be used. Provide time schedules for the entire project., etc.

The results of this info collection will not be published except in summary form as a means of providing SBA management officials, the Congress and the President with reports on program activity and impact.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why the display would be inappropriate.

The Agency is not seeking approval to not display the expiration date for OMB approval of this collection.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submission" of OMB Form 83-I

There are no exceptions to the certification statement identified in Item 19 of OMB Form 83-1.

B. Collection of Information Employing Statistical Methods. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used.

Not applicable.