

Paperwork Reduction Act Submission

Application for the 8(a) Business Development (BD) Program and the Small Disadvantaged Business (SDB) Certification (OMB Control No. 3245-0331)

JUSTIFICATION

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 and mandating or authorizing the collection of information.*

The U.S. Small Business Administration's (SBA) **8(a) Business Development (BD) Program** created by Section 8(a) of the Small Business Act and has been implemented by title 13 CFR Part 124, Subpart A of the Code of Federal Regulations. The purpose of the 8(a) BD Program is to assist eligible small disadvantaged business concerns compete in the American economy through business development. SBA regulations require a formal application for 8(a) Program participation. This application includes the collection of specific information to enable SBA to properly review, evaluate and determine each applicant's eligibility for Program participation.

SBA's **Small Disadvantaged Business Certification and Eligibility (SDBC&E) Certification** is conducted pursuant to 13 C.F.R. Part 124, Subpart B. The purpose of the certification is to determine the eligibility of concerns as Small Disadvantaged Businesses (SDB) to receive authorized procurement preferences to compete for Federal procurements in the Federal Contracting arena. SBA regulations require a formal application for SDB certification. The application requests specific information to enable SBA to properly review and evaluate each applicant's eligibility.

Form Changes:

This information collection includes the forms listed below. The regulatory requirements governing entity-owned firms are significantly different from each other and from the requirements governing firms owned by individuals, thus the need for separate supplemental forms.

- SBA Form 1010 (Application for Admission to the 8(a) BD Program or for SDB Certification)
- SBA Form 1010-IND (Supplemental application form for concerns owned by Individuals)
- SBA Form 1010-ANC (Supplemental application form for concerns owned by Alaska Native Corporations)
- SBA Form 1010-NHO (Supplemental application form for concerns owned by Native Hawaiian Organizations)

- SBA Form 1010– AIT (Supplemental application form for concerns owned by American Indian Tribes)
- SBA Form 1010–CDC (Supplemental application form for concerns owned by Community Development Corporations)
- SBA Form 1010–REP (Supplemental Representatives and Fees)
- SBA Form 1010-RECERT (Only for SDB recertification)
- SBA Form 1010C – 8(a) Business Plan – unchanged
- SBA Form 1010e – replaced by the Form 1010
- SBA Forms 2065 – discontinued

In order to facilitate the application process, SBA renamed and reorganized the forms to minimize redundancy, enhance clarity, and make the forms consistent with existing regulations. There is no substantive expansion to the information collection. It simply entailed rephrasing and or rearranging the questions and the list of supporting documentation. These design changes increase the likelihood of receiving complete applications. Receiving a comprehensive application package is more efficient because it reduces the back-and-forth communication process with applicants in attempt to receive missing information.

In addition, these modifications are in line with the new or changed processing and database systems that affect the BD Program and SDB certification; particularly the implementation of the Central Contractor Registration (CCR) system and the integration of the Dynamic Small Business Search (DSBS) into CCR.

The Form 1010 contains the central information needed from all applicants and general information about the application process, resource information and definitions. In the Form 1010 the applicant would complete the Business Profile, the Management and Administration section, and would provide the supporting documentation listed at the end of the form. Many of the fields will be auto-populated from the data the applicant enters when registering in the CCR and the DSBS; thus reducing re-entering the data (such as business name, etc.) and lowering the applicant's burden.

The Form 1010-IND is to be completed by each person owning 10% or more of the applicant firm, and each director, management member, partner, and officer. The information collected on in this form is not new; it was included in the previous 1010 form.

The Form 1010–REP is only completed when an applicant firm retained representation to assist in the preparation and presentation of the application to 8(a) BD Program or SDB certification. The information collected on in this form is not new; it was included in the previous 1010B forms.

SBA Form 1010-RECERT is a new form that only requires the SDB recertification applicant firm to formally declare that there has been no change in the ownership or operational control over the applicant firm since the date of the firm's last certification as an SDB.

The application process for which this collection is used also includes Form 413 (Personal Financial Statement), and Form 912 (Statement of Personal History). These forms are currently OMB approved under separate control numbers.

- 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 from the current collection.*

Both the SBA's 8 (a) BD Program and SDB certification collect the information from applicants in order to determine each applicant's program eligibility. To be certified as an 8(a) BD Program participant and/or as an SDB, a firm must be a small business which is at least 51% unconditionally owned and controlled by persons who are socially and economically disadvantaged and U.S. citizens. Firms applying for the 8(a) BD Program must also show that the principals of the firm are of good character and the firm has potential for success. SBA also uses some of the information in statistical compilations of the information required for Program participation, in accordance with 15 U.S.C. § 631b (e), as part of its annual report to Congress.

- 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 the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.*

In compliance with the Government Paperwork Elimination Act (GPEA), SBA instituted an electronic version of the 8(a) BD Program application form, the Form 1010E, for individually owned firms. Over the past two years, 50% of the applicants have applied using this electronic method. Electronic submission of the application has provided a more efficient means of processing and collecting the necessary data. As earlier noted, the current Form 1010e will be replaced by the forms 1010 and 1010-IND versions included in this submission. Once these forms are approved, SBA will place them in the electronic system according to funding availability. SBA expects that the changes the agency has made to this information collection will make it easier for applicants to use the electronic system. Consequently, SBA predicts that approximately 90% of the applicants will apply using the electronic forms at <http://www.sba.gov/aboutsba/sbaprograms/8abd/application/index.html>.

Whether the application is made online or via paper, supporting documentation is required, as listed in each of the forms included in this submission. Once applicants submit the required forms, the electronic system will generate an automatic email, which will include the address where the supporting documentation must be sent to and a list the required supporting documents to ensure that SBA receives a completed application package. The supporting documentation listed in these system generated emails is the same as the list in the current Form 1010 and Forms 1010Bs; no additional documentation has been added.

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

There are no duplication issues. This information is collected only once from each applicant and is designed to provide SBA with the specific information necessary to determine an applicant's eligibility for certification or participation on the 8(a) BD Program and SDB certification.

5. *If the collection of information impacts small businesses or other small entities (Item 5 Of OMB Form 83-1), describe any methods used to minimize burden.*

The collection impacts small businesses and the principals of these small businesses. However, SBA believes that this collection of information does not have a significant economic impact on these small businesses. The requested information is required to ensure program integrity. To reduce the burden of responding to this collection of information, the application primarily requires "yes/no" responses and only requires narrative text where necessary. In addition, the electronic application provides a less burdensome and more effective and economical process for completion of the form.

6. *Describe the consequences 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.*

This is a one-time collection of information from each applicant. If SBA does not collect this information when a firm applies for SBD or 8(a) certification, SBA will be unable to determine the firm's program eligibility.

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

Some of the financial information provided by respondents may be confidential. These questions are asked to determine if an applicant firm is in compliance with statutory and regulatory requirements. Without this information, SBA cannot determine whether individuals are economically disadvantaged, and whether the socially and economically disadvantaged individuals actually own and control the applicant firms. SBA protects confidential information to the full extent permitted by law.

8. *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 C.F. R. 1320. 8(D) soliciting comments on the information collection prior to submission to OMB.*

The Agency's notice was published in the Federal Register on

February 21, 2007, page 7915-7916. SBA did not receive any comments.

9. *Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.*

There are no payments or gifts given to any respondent.

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

All information will be protected to the extent of the law, including the Privacy Act and the Freedom of Information Act. The application notifies the applicant that all information that they provide on the application and supporting documentation will be protected to the extent permitted by the law.

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 the consent.*

The agency asks sensitive questions concerning racial or ethnic background, education, employment, citizenship, and potentially demeaning or embarrassing instances of discrimination. The basis of the SDB certification and the 8(a) BD Program is to help firms owned and controlled by socially and economically disadvantaged individuals compete in the competitive market. To determine if a firm is owned and controlled by socially and economically disadvantaged individuals, the application must collect information concerning the basis of the individual's social and economic disadvantage, e.g., ethnic background, gender, or handicap, examples of discrimination, and personal financial information. In order to determine that an 8(a) applicant and the principals of an 8(a) applicant have good character, SBA collects information of arrest records, liens and Federal debt obligations. The sensitive information sought is required by §§ 7(j) and 8(a) of the Small Business Act, 15 U.S.C. §§ 636(j), 637(a), and 637(d); and the implementing regulations at 13 C.F.R., Part 124.

12. *Provide estimates of the hour burden of the collection of the information.*

The estimated total hourly burden for the SBA Forms 1010, 1010-IND, 1010-AIT, 1010-ANC, 1010-CDC, 1010-NHO, 1010-REP, and 1010C to be 37,385. SBA estimates that the difference between the burden hours for the electronic and paper application submission is de minimis because the burden resides in compiling, preparing, and submitting the required supporting documentation; and those tasks are common to both application processes. Additionally, the Form 1010C is an

optional form. SBA accepts Business Plans from the 8(a) BD participants in any format as long as the Business Plan contains all the elements listed in the 1010C. The SBA Form 1010-RECERT is not listed in this section because it only requires the SDB recertification applicant firm to formally declare that there has been no change in the ownership or operational control over the applicant firm since the date of the firm's last certification as an SDB.

SBA 1010 and 1010-IND applications

It is estimated that approximately 8,800 application forms will be received by SBA annually.

- Estimated burden hours per response for applicants:

$$2.5 \text{ hrs} \times 8,800 \text{ applications} = 22,000 \text{ total estimated burden hours}$$

SBA 1010 supplemental applications (AIT, ANC, CDC, and NHO)

It is estimated that approximately 100 application forms will be received by SBA annually.

- Estimated burden hours per response for applicants:

$$1 \text{ hrs} \times 100 \text{ applications} = 100 \text{ total estimated burden hours}$$

SBA 1010-REP

It is estimated that approximately 550 1010-REP forms will be received by SBA annually.

- Estimated burden hours per response for applicants:

$$0.5 \text{ hrs} \times 550 \text{ applications} = 275 \text{ total estimated burden hours}$$

**Sub-Total Burden Hours for application-related forms = 22,375
(1010, 1010-IND, 1010-AIT, 1010-ANC, 1010-CDC, 1010-NHO, and 1010-REP)**

SBA 1010C – 8(a) Business Plan (optional form)

It is estimated that approximately 1,471 Business Plans will be received by SBA annually.

- Estimated burden per response for 1010C 8(a) participants:

$$10 \text{ hrs} \times 1,471 \text{ 8(a) Business Plan} = 14,710 \text{ total estimated burden hours}$$

Total Burden Hours for all forms = 37,085
(1010, 1010-IND, 1010-AIT, 1010-ANC, 1010-CDC, 1010-NHO, 1010-REP, and 1010C)

Annualized cost to respondents for the hour burdens for collections of information. The wage rate used was that of a GS-9 grade level.

SBA Form 1010

- Estimated cost to respondents for the hour burden:
2.5 hrs @ \$19/hr = \$47.50

SBA Form 1010-IND

- Estimated cost to respondents for the hour burden:
2.5 hrs @ \$19/hr = \$47.50

SBA Form 1010-AIT (supplemental application)

- Estimated cost to respondents for the hour burden:
1 hr @ \$19/hr = \$19.00

SBA Form 1010-ANC (supplemental application)

- Estimated cost to respondents for the hour burden:
1 hr @ \$19/hr = \$19.00

SBA Form 1010-CDC (supplemental application)

- Estimated cost to respondents for the hour burden:
1 hr @ \$19/hr = \$19.00

SBA Form 1010-NHO (supplemental application)

- Estimated cost to respondents for the hour burden:
1 hr @ \$19/hr = \$19.00

SBA Form 1010-REP

- Estimated cost to respondents for the hour burden:
0.5 hrs @ \$19/hr = \$9.50

SBA Form 1010C – 8(a) Business Plan (optional form)

- Estimated cost to respondents for the hour burden:
10 hrs @ \$19/hr = \$190.00

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from collection of information.

The annual cost burden to respondents resulting from this information collection is de minimis. This one time collection consists of business records that respondents retain in their ordinary course of business regardless of participation in either the 8(a) BD Program or SDB certification.

14. Provide estimates of annual costs to the Federal Government. Also, provide a description of the method used to estimate cost, which should include 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.

Annual costs to Government (review and analyze 8(a) and SDB applications):

Review (all applications)

Management and Professional 4 hours @ \$50 = \$200

Total per application \$200

Expect: 8,900 8(a) and SDB application Total \$1,780,000

Legal Review (particular categories of applications) 3 hours @ \$70 = \$210

Expect: 890 applications requiring legal review

Total Annual Cost of Legal Review \$186,900

Total Annual Cost of Application Process: \$1,966,900

Total annual cost including legal review to process application is in the \$1,780,000 range. \$186,900 legal review figure considers 800 total cases going to legal from 8(a) and SDB program offices annually. Estimates are based on information provided by employees who conduct application review. Attorneys actually reviewing cases were interviewed along with directors of the Central Office Duty Stations processing 8(a) and managers processing SDB applications. Adjustments were made in consideration of the grade levels of the staff in the line of review (Business Opportunity Specialists GS-12s, Managers GS-14s and 15s) and Attorneys (GS-12s-GS-15s), COLA and locality pay involved. As a matter of office policy, all non-designated applications, entity applications (AIT, ANC, CDC and NHO), and applications with potential appeal rights to the SBA Office of Hearing and Appeals are sent to legal for review.

15. Explain reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB 83-1.

Increase in program participation.

16. *For collection of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of the information, completion of report, publication dates, and other actions.*

Some of the data from this collection of information is included, in the aggregate, as part of an annual report on the 8(a) BD Program that SBA provides to Congress, or in various other agency reports.

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

Not Applicable

18. *Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-1.*

Not Applicable

B COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of information does not employ statistical methods.