

**Supporting Statement for Paperwork Reduction Act Submission
Small Business Administration Surety Bond Guarantee Customer Survey**

New Collection

The Small Business Administration's (SBA) Surety Bond Guarantee (SBG) Program is a partnership with surety companies to provide bid and final bonds to small and emerging contractors. The bonds are required to bid on and secure construction, service, and selected supply contracts, and the program provides opportunities for small businesses that would otherwise be unable to obtain bonding through normal commercial channels.

A. Justification

1. Circumstances necessitating the collection of information: Program activity has declined over the past several years from nearly 32,000 bond guarantees in fiscal year 1992 to approximately 5,800 bond guarantees in fiscal year 2007. Reasons for the decline expressed by customer surety companies, their agents, and surety associations include lengthy Government cycle times in processing bond guarantee applications and claims, excessive paperwork, and a general lack of customer focus. Although bond activity is beginning to turn around, with the FY 07 bond number up 11% over FY 06, the SBA Program staff needs a better understanding of the small construction business market size and composition in order to efficiently manage its service delivery and outreach efforts.

There are approximately 1.5* million small construction businesses across the country. Of these, just over 72,000* are emerging small businesses (2 years or less in age) that are prime candidates for this SBA program. Additionally, some 59,000** small construction businesses are registered in the Central Contractor Registry, and of these, 15,600** are less than two years old. In FY 06 and FY07, the SBA Surety Bond Guarantee Program assisted 794 and 835 small construction businesses, respectively. This survey, at attachment 1, will help the program staff establish near and longterm goals and objectives directed toward enhancing support to the small business community.

2. How, by whom and for what purpose information will be used: This survey will be used by SBG Program management to assess program familiarity in the general small contractor population and to help determine the potential market for SBA surety bond guarantees. Based upon survey results, program marketing and policies will focus on the needs of those small businesses not currently served by the program. Responses to the survey questions are voluntary. All information collected will be kept confidential to the extent permitted by law.
3. Technological collection techniques: The collection of information does not involve the use of an electronic system. The survey will be conducted via telephone.

* Dunn & Bradstreet Database, Jan. 2008

** SBA Dynamic Small Business System database, Jan. 2008

4. Avoidance of duplication: The information on this survey is not otherwise collected by SBA.
5. Impact on small businesses and other entities: The survey is designed to require minimal time (approximately 2 minutes per survey) and effort to complete. It contains 8 multiple choice questions.
6. Consequences if collection of information is not conducted: The SBG Program goal is to provide surety bond guarantees to small businesses that cannot obtain them in the commercial market. SBA needs to identify the estimated small business population that needs, but is not currently receiving, surety bond support. If SBA does not collect the survey information, underserved markets will not be identified, and reasons for declines in program activity may not be revealed.
7. Existence of special circumstances: No special circumstances exist.
8. Solicitation of public comments: A Federal Register notice requesting comments was published in April 2007. Comments were requested by 4 June, 2007. No comments were received.
9. Payments or gifts: Payments or gifts to respondents are not provided.
10. Assurance of confidentiality: The information collected will be available only to Agency personnel who have a “need to know” and will be protected to the extent permitted by law. Disclosure of information is governed by Freedom of Information and Privacy Act considerations.
11. Question of a sensitive nature: This survey does not contain any questions of a sensitive nature.
12. Estimate of the hourly burden of the collection of information: The survey contains eight multiple choice questions. (Some questions contain subparts, and there are a total of eight questions including the subparts.) The target customer survey population is 382.

Total Annual Responses = 382

Hours per Survey = 2 minutes or .033 hours

Total Hours Required of Small Businesses = 12.7 hours (.033 hrs. x 382)

Small business respondents will be owners or managers of the companies, whose estimated average hourly rate is comparable to a GS-13, step 5. At an average hourly rate of \$45.05, the total cost to small businesses for responding to the survey is approximately \$572.14.

13. Estimate of the total annual cost burden for submission: There is no additional cost to respondents resulting from this one time survey.
14. Estimated annualized cost to the Federal government: Conducting the survey will take staff members a total of approximately 15.7 hours. (12.7 hours to survey the 382 respondents, plus an estimated additional 3 hours to accommodate repeat calls, or additional calls to achieve the necessary 382 completed surveys.) An additional 8 hours will be required to tabulate the results, and 16 hours to evaluate the results. The total time expended by Government personnel in conducting, tabulating, and evaluating the survey results is estimated to be 39.7 hours. At an average hourly cost of \$45.05 for a GS-13 employee, the total cost to the Government is estimated to be \$1,788.00.
15. Explanation of program changes in items 13 or 14 on OMB Form 8301: N/A
16. Collection of information whose results will be published: Formal publication of the survey results is not planned.
17. Expiration date for collection of information: SBA is not seeking approval to not display the expiration date for OMB approval of the collection information.
18. Exceptions to certifications in block 19 on OMB 83-1: None