

## SUPPORTING STATEMENT

### **Paper and Electronic Application for the Sea) Business Development (S(a) BD) and Small Disadvantaged Business (SDB) Program**

#### 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 mandating or authorizing the collection of information.

The purpose of this submission is to request emergency authorization of the Small Business Administration Paper and Electronic Application for the 8(a) Business Development (8(a) BD) and Small Disadvantaged Business (SDB) Program. Emergency authorization is requested to allow the developer of our existing automated web-based 8(a) and SDB certification system sufficient time to adapt the system to the revised forms. This system brings significant benefit to the public and to the SBA by accelerating the certification review and approval processes. If the revised forms are designated for immediate release to the public, the automated system will be unusable, since it has not been updated to reflect the changes. This will result in a drastic drop in customer satisfaction as the SBA takes more time to process applications manually.

The U.S. Small Business Administration's (SBA) **8(a) Business Development Program** (8(a)BD) was created by Section 8(a) of the Small Business Act and has been implemented by Title 13, 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) Program** is conducted pursuant to 13 C.F.R. Part 124, subpart B of the Code of Federal Regulations. The purpose of the program 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.

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 and SDBC&E programs 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 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.

The forms – the 1010Bs used by entity-owned firms are available on-line for download but are not part of the electronic system.

The forms 1010 and 1010e (the electronic version of the application) are used by firms owned by individuals.

The forms listed below are used by 8(a) and SDB applicants that are owned by entities (Alaska Native Corporations, Native Hawaiian Organizations, American Indian Tribes and Certified Development Companies), not individuals. The regulatory requirements governing entity-owned firms are significantly different from each other and from those governing firms owned by individuals. SBA Form 1010B - ANC (6-98) (Alaska Native Corporations)

- SBA Form 1010B - NHO (6-98) (Native Hawaiian Organizations)
- SBA Form 1010B - AIT (6-98) (American Indian Tribes)
- SBA Form 1010B - CDC (6-98) (Certified Development Companies)
- SBA Form 1010C 8(a) Business Plan

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.

SBA currently collects information for the BD program using SBA Form 1010 (Application for 8(a) Business Development (8(a) BD and Small Disadvantaged Business Certification) and Form 1010C. SBA Form 1010 also is available to program applicants electronically via the internet. This electronic application is currently designated as SBA Form 1010e. Those applicants who do not have access to the internet can submit paper applications, using Form 1010. It is at the public's discretion to submit either the paper application, SBA Form 1010, or the electronic application, SBA Form 1010e.

Electronic submission of this application provide an efficient means of processing and collecting the necessary data. The certification page of the application, which requires a "wet" signature, is completed manually and transmitted by mail, until SBA implements an electronic signature system.

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 is no duplication of data. The information is collected only once from each applicant.

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. 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. The use of an electronic application provides a less burdensome and more effective and economical process.

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 SDB 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 bylaw.

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.

SBA is requesting an emergency clearance and a waiver of the solicitation of public comment notice; therefore, no Federal register notice was published.

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, i.e., 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 and 8(a) programs 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 on arrest records, liens and Federal debt obligations. The sensitive information sought is required by §§7G) and 8(a) of the Small Business Act, 15 U.S.C. §§636(j), 637(a), 637(d) and its implementing regulations, 13 C.F.R., Part 124.

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

The estimated hourly burden for the SBA Form 1010 and 101e is 2.5 hours per application.

#### SBA 1010 and 1010e application

It is estimated that approximately 6,300 application forms is received by SBA annually: The breakdown is as follows:

- Estimated burden per response for 1010 applicants:  
2.5 hr. x 630 applications = 1575
  - Estimated burden per response for 1010E applicants:  
2.5 hr. x 5670 applications = 14,175
- Total estimated burden hours: 15,750 hours

#### SBA 1010B application

It is estimated that approximately 80 application forms will be received by SBA annually: The breakdown is as follows:

- Estimated burden per response for 1010B applicants:  
5 hr. x 80 applications = 400

Total estimated burden hours: 400 hours

SBA 1010C application

It is estimated that approximately 2000 application forms will be received by SBA annually: The breakdown is as follows:

- Estimated burden per response for 1010C applicants:

$$10 \text{ hr.} \times 2000 \text{ applications} = 20,000$$

Total Estimated Burden hours: 20,000

Total Burden for all forms: 36,190

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

The annual cost to respondents resulting from this collection of information is de minimis. These forms involve a one-time only collection of information, and much of the information sought consists of ordinary business records that must be maintained regardless of participation in either the 8(a) or SDB programs.

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. Agencies also may aggregate cost estimates for items 12, 13, and 14 in a single table.

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

Review (all applications)

Management and Professional 4 hours @ \$40 = \$160.00

Total per application \$160.00

Expect: 6,300 8(a) and SDB applications Total \$1,008,000

Legal Review (Only particular categories of applications)

3 hours @ \$54 = \$162

\* Total annual cost including legal review to process applications is in the \$1,137,600 range.

\$129,600 legal review figure considers 800 total cases going to legal for 8(a) and SDB program offices annually. Figures come from Office of General Counsel (OGC) estimates. Attorneys actually reviewing cases were interviewed along with directors of the Central Office Duty Stations processing 8(a) and managers processing SDB applications. Considering the grade levels of the staff in the line of review (Business Opportunity Specialists GS-12s, Managers GS-14s and 15s) and Attorneys (GS-13sGS-15s) and locality pay involved, our estimates for management and professionals and legal reviewers are shown above. With the electronic application, we expect Non-designated group member applicants to increase. As a matter of office policy all of these cases are sent to OGC for legal review. Additionally, the electronic application does not apply to the following applicants, Community Development Corporations, Tribally-owned firms, Alaska Native Companies and Native Hawaiian Organizations, all of which must be reviewed by the OGC.

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

This is a new information collection.

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) program that SBA provides to Congress.

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.