

SUPPORTING STATEMENT for OMB Form 83-1  
SBA Form 1450, 8(a) Annual Update

**A. Justification** 8(a) Annual Update, SBA Form 1450

1. Circumstances necessitating the collection of information.

The U.S. Small Business Administration (SBA) 8(a) Business Development (8(a) BD Program) as authorized by sections 7(j)(10) and 8(a) of the Small Business Act (Act) (15 U.S.C. 636(j)(10) and 637(a), was created to assist eligible small disadvantaged business concerns to compete in the American economy and access the federal procurement market. (See attached copies of authorizing sections 7(j)(10) and 8(a) from the Small Business Act) Under section 636(j)(10) each 8(a) BD Program Participant (Program Participant) is required to submit a business plan to SBA as a condition of participation and to review that plan with the Agency annually. Specifically, sections 636(j)(10)(D)(iii) and (iv) state:

(iii) Each Program Participant shall annually review its currently approved plan with its Business Opportunity Specialist and modify such plan as may be appropriate. Any modified plan shall be submitted to the Administration for approval. The currently approved plan shall be considered valid until such time as a modified plan is approved by the Business Opportunity Specialist. Annual reviews pertaining to years in the transitional stage of program participation shall require, as appropriate, a written verification that such Program Participant has complied with the requirements of subparagraph (I) relating to attaining business activity from sources other than contracts awarded pursuant to section 8(a).

(iv) Each Program Participant shall annually forecast its needs for contract awards under section 8(a) for the next program year and the succeeding program year during the review of its business plan, conducted pursuant to clause (iii). Such forecast shall be known as the section 8(a) contract support level and shall be included in the Program Participant's business plan. Such forecast shall include—

- (1) The aggregate dollar value of 8(a) contracts to be sought, broken down by sole source and competitive opportunities where possible;
- (2) The aggregate dollar value of non-8(a) contracts to be sought;
- (3) The types of contract opportunities to be sought, identified by product or service; and
- (4) Such other information as SBA may request to aid in providing effective business development assistance to the Participant.

According to the regulations implementing these statutory provisions, the Participant must submit the modified plan and updated information to its Business Development Specialist (BDS) within thirty (30) days after the close of each program year. It also must submit a capability statement describing its current contract performance capabilities as part of its updated plan.

The regulations also require each Program Participant, beginning in the first year of the Transitional Stage of program participation, to annually submit a transition management strategy to be incorporated into its business plan. The transition management strategy must describe: (1) How the Participant intends to meet the applicable non-8(a) business activity target imposed by Sec. 124.507 during the Transitional Stage of participation; and 2) The specific steps the Participant intends to take to continue its business growth and promote profitable business operations after the expiration of its program term.

SBA has not made any changes to the current OMB approved SBA Form 1450.

## 2. How, by whom and for what purpose information will be used.

This information is submitted once per year by disadvantaged small businesses that have been certified for participation in the 8(a) BD program. Business Development Specialists located in SBA's District Offices, review and analyze the information to determine whether these Program Participants are eligible for continued participation in the 8(a) BD program. Specifically, the SBA uses the information to:

1. Confirm and update basic information such as name, address, and contact information;
2. Ensure the owner(s) have complied with compensation limitations imposed by the program at 13 CFR Part 124.112(d)
3. Ensure the owner(s) remain economically disadvantaged, as defined in 13 CFR Part 121.104;
4. Ensure the Participant is still owned, managed and controlled by the individuals upon whom eligibility was originally based;
5. Assess the Participant's access to credit, capital and bonding;
6. Learn the firm's level of 8(a) and non-8(a) sales;
7. Learn the status of any outstanding joint ventures and mentor-protégé agreements;
8. Determine the Participant's need for future 8(a) contracts; and
9. Ensure the Participant company is actively making and following plans to transition from the 8(a) BD Program.

## 3. Technological collection techniques.

The SBA Form 1450 is accessible electronically. Program Participants can electronically enter and/or modify their information on the SBA Form 1450. Specifically, Program Participants can use SBA's Business Development Management Information System (BDMIS) to complete and submit the form for review. However, the firm must submit a hard copy of the form containing a certification with a "wet signature."

4. Avoidance of Duplication.

There is minimal duplication of this information collection, in that SBA also requests the 8(a) BD Program Participant's name, principal's name, principal's title, and case number. However, this information is merely to identify the source of the information. The discrete information collected includes: updates to the firm's business plan; changes in access to credit and capital; updates to business revenues; additions or changes to general information, documentation regarding the 8(a) BD Participant's participation in any Mentor/Protégé Agreements or Joint Venture Agreements; new or additional information on taxes paid; reporting of any 8(a) contracts and non-8(a) contracts awarded; additions or changes to the Transition Management Plan; and certifications that the 8(a) BD Participant complies with the regulations at 13 CFR Part 124.101 through 108.

5. Impact on small business or other small entities.

Although this information collection impacts small businesses, it will not have a significant economic impact on a substantial number of these businesses.

6. Consequences if collection of information is not conducted.

Without this information, SBA cannot determine: (1) if the 8(a) BD Program Participant continues to meet the criteria for 8(a) BD Program eligibility; (2) how well the 8(a) BD Program Participant is progressing toward meeting its business plan goals and objectives and becoming competitive in the mainstream of the American economy; and (3) the business development assistance that needs to be provided to the 8(a) BD Program Participant. In addition, if the information is not collected, SBA cannot make necessary changes and improvements in the delivery of the 8(a) BD Program.

7. Existence of special circumstances.

This collection includes confidential business and financial information. However, SBA protects the information collected to the maximum extent permitted by law, including the Freedom of Information Act, (5 U.S.C. 552), Privacy Act (5 U.S.C. 55a) and the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401). In addition, records are maintained under conditions designed to preclude access by other than Agency personnel with a need to know. While there is no specific date as to when the information is to be provided to SBA, the SBA will require that all 8(a) BD Participants submit the information on an annual basis, within 30 days of the 8(a) BD Program Participant's anniversary of being admitted to the 8(a) BD Program.

8. Solicitation of Public Comment.

A request for comment was published in the Federal Register on October 8, 2008, 73 FR 59027. A copy of this Federal Register notice is attached. SBA received no comments. No additional outside parties were contacted or consulted during the past year.

9. Payment or gifts.

There are no payments or gifts to any respondent.

10. Assurance of confidentiality.

All information collected will be protected to the extent permitted by law, including the Freedom of Information Act, (U.S.C. 552), Privacy Act (5 U.S.C. 555a (and the Right to Financial Privacy Act of 1978 (12 U.S.C. 3401).

11. Questions of a sensitive nature.

This form collects financial information through questions 2,3, and 4. However, none of this information can be retrieved using any personal identifiers. Further, the information that is collected is required by our regulations at 13 CFR §§ 124.112 to 124.303, 124.403 and 124.509 to conduct the annual review of the 8(a) BD Program Participants and make determinations as to the firms' continued eligibility, to review their progress in the 8(a) BD Program, and to update the 8(a) Participant's business plans. Without this information, we cannot determine the needs of the Participant; whether or not the Participant remains eligible for the 8(a) BD Program, and whether or not the firm continues to progress toward meeting its business plan goals.

12. Estimate of the hourly burden of the collection of information.

Data from E8(a) oracle and BDMIS reflects the following number of 8(a) annual reviews completed during Fiscal Year 2006 – Fiscal Year 2008:

Fiscal Year 2006

5545

Fiscal Year 2007

7451

Fiscal Year 2008

7293

The approximate completion time for the existing SBA Form 1450 is 2 hours per participant per year. This estimate is based upon the Agency's use of the Form1450 over the past several years. SBA estimates that 6,763 of the current 7,881 Participants in the 8(a) BD Program will be required to submit a completed SBA Form 1450 as part of their annual review. A company official with roughly the pay, benefits and responsibilities of a GS-12, step 1, (who earns \$28.45 per hour) manager will complete the form. Assuming approximately 100 percent for overhead, general and administrative, and other employee-associated costs, the manager's time will cost the company approximately \$56.90 per hour. (the salary for a GS-12, Step 1, is \$28.45; and \$28.45 x 2 = \$56.90) At \$56.90 per hour, per Participant, the 13,526 hours for all Participants will cost \$769,629.40 annually. A breakdown of the annual burden to complete the form is as follows:

The cumulative total of annual reviews completed for the three years (as shown above) is: 20,289.

20,289 divided by: 3 = 6,763

6,763 reviews x 1 submission per year = 6,763 annual submissions

6,763 submissions x 2 hours per completion = 13,526 hours

13,526 hours x \$56.90 per hour = \$769,629.40

13. Estimate of total annual cost burden of submission.

There are no capital, start-up or operational and maintenance costs to the Program Participant as a result of this information collection.

14. Estimated annualized cost to the Federal government.

Each form will require approximately two hours at a GS-13 complexity level for review and analysis, which will include a review of the information on the form, data entry into the computer system, and filing. This estimated annualized cost is based upon our experience in performing numerous reviews of this form. We assume the salary for a GS-13, step 1, to be \$33.84 per hour. We are assuming that there will be 6,763 annual review submissions and the total hours for the review will be 13,526 hours. At \$33.84 per hour at a GS-13, step 1 salary, the total cost for the review will be \$457,719.84.

Breakdown of Total Cost for Review of the 1450 Form:

13,526 hours x \$33.84 per GS-13 = \$457,719.84

15. Explanation of program changes in Items 13 or 14 on OMB Form 83-I.

There were no changes to the 8(a) Business Development Program. However, there has been a decrease in the number of current 8(a) BD Participants.

16. Collection of information whose results will be published.

The information collected will not be published.

17. Expiration date for collection of information.

Not applicable.

18. Exceptions to certifications in Block 19 on OMB Form 83-I.

Not applicable.

19. Collection of Information Employing Statistical Methods.

This collection of information does not employ statistical methods.