

SUPPORTING STATEMENT for OMB Form 83-1

SBA Form 1790, *Representatives Used and Compensation Paid for Services in Connection with Obtaining Federal Contracts*

A. SBA Form 1790, Representatives Used and Compensation Paid for Services in Connection with Obtaining Federal Contracts

The purpose of this Paperwork Reduction Act submission is to request the Office of Management and Budget's (OMBs) approval for the U.S. Small Business Administration's (SBAs) continued use of SBA Form 1790, "Representatives Used and Compensation Paid for Services in Connection with Obtaining Federal Contracts" under OMB control number: 3245-0270. SBA last updated this information collection on December 29, 2006. There has not been any change to the information collected; however SBA has revised the form to provide instructions to the respondent on the information requested, and consequences for not providing the information.

B. Justification:

1. Circumstances necessitating the collection of information.

The SBAs 8(a) Business Development Program (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 compete in the American economy and access the federal procurement market. The purpose of the 8(a) BD program is to assist eligible small disadvantaged business concerns (or program participants) to compete in the American economy through business development. Under 15 U.S.C § 637(a)(20)(A), small business concerns participating in the 8(a) BD Program are required to report the following to their assigned Business Development Specialist semiannually.

- (i) A listing of any agents, representatives, attorneys, accountants, consultants, and other parties (other than employees) receiving compensation to assist in obtaining a Federal contract for such Program Participant.
- (ii) The amount of compensation received by any person listed under clause (i) during the relevant reporting period and a description of the activities performed in return for such compensation.

According to 13 CFR § 124.601 failure to report the information as required under the statute is good cause for the initiation of a termination proceeding against the small business concern.

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

How: This form is filled out electronically by the 8(a) BD participant and submitted twice per year to the 8(a) BD participant's SBA servicing district office Business Development Specialist. In addition, the 8(a) BD participant also prints out and submits a hard copy of the SBA Form 1790 containing a certification with a "wet signature" (along with other documents required for the firm's 8(a) Annual Update Submission) to its Business Development Specialist. The Business Development Specialist can view the firm's information both electronically and in hard copy format.

By whom: Each small business concern certified to participate in the SBA's 8(a) BD Program is required to complete this form. The SBA Form 1790 (the electronic version and the hard copy containing the 8(a) Participant's "wet signature") is then collected by the Business Development Specialist and reviewed by the district counsel and district director. If warranted, information is sent to the SBA Headquarters, Office of Business Development and the Office of the Inspector General.

For what purpose: The SBA uses the information submitted on the form to ensure that program participants do not engage in any improper or illegal activity in connection with obtaining a Federal contract. Any report that raises suspicion is sent to the Office of the Inspector General for further review and possible investigation.

3. Technological collection techniques.

On July 28, 2008, the Office of Business Development launched a Business Development Management Information System (BDMIS) which has significantly enhanced our ability to collect this information. However, as a result of this automation, the SBA Form 1790, along with all of the additional forms required as part of the 8(a) BD participant's 8(a) Annual Update submission, can be completed electronically.

Once a year, 8(a) BD participants are notified that the 8(a) Annual Update submission is due. The 8(a) BD participants have been assigned a username and password for completion of their annual update information. Upon logging in to its company profile, the 8(a) BD participant has access to all of the forms required for completion of their 8(a) Annual Update (including the SBA Form 1790).

4. Avoidance of Duplication.

The only duplication of information is the small business concern's name, principal's name, principal's title, and case number; however these are merely to identify the source of the information. The discrete information collected is that of the name, and location of the representative, amounts paid the representative, and description of services performed by the representative. This information will be unique to each semiannual reporting period and is not available from any source other than the 8(a) BD Program participant.

5. Impact on small businesses or other small entities.

This information collection will not have a significant economic impact on a substantial number of small businesses or small entities. In fact this information collection will only have a minimal impact on the responding small business concerns. The Agency has reduced the burden by shortening the form to the bare minimum information necessary to comply with the statute; not requiring any supporting documentation with the submission of the Form; and only requesting additional information if the review of this information collection indicates that further analysis is needed.

6. Consequences if collection of information is not conducted.

The information is necessary to help the SBA determine if the 8(a) BD participant has improperly used agents, representatives, accountants, attorneys or other parties for the acquisition of Federal government contracts during the previous 6-month period. In addition, if the information is not collected, SBA cannot make necessary changes and improvements to the administration of the program; and the Agency's ability to detect fraud, waste and inefficiency, and protect the funds devoted to the 8(a) BD program would be greatly impaired.

7. Existence of special circumstances.

No special circumstances exist. SBA protects this information to the extent permitted by law. Records are maintained under conditions designed to preclude access by other than the Agency personnel with a need to know.

8. Solicitation of Public Comment.

SBA published the 60-day comment notice on October 8, 2008 in Volume 73, Number 196, pages 59027- 59028, of the Federal Register. The Agency received no comments.

9. Payment or gifts.

There were no payments or gifts to any respondent in connection with this information collection.

10. Assurance of confidentiality.

There are no assurances of confidentiality. However, SBA protects the information collected to the extent permitted by law, including the Freedom of Information Act, 5.U.S.C. 552.

11. Questions of a sensitive nature.

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Not applicable.

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

The approximate completion time for the existing SBA Form 1790 is .25 hours per participant. Each of the SBA 8(a) BD program participants will complete and submit this form to the SBA two times per year. The SBA estimates that approximately 7,905 firms in the program and at two submissions per year. The SBA will require 15,810 forms per year. Assuming approximately 100 percent for overhead, general and administrative, and other employee associated costs, the manager's time will cost the company approximately \$75.00 per hour. At \$75.00 per hour, the 3,953 hours of company time for preparation will cost \$296,475. The breakdown for the annual burden to complete the form is as follows:

7,905 Participants x 2 submissions per year = 15,810 annual submissions
15,810 submissions x .25 hours per completion = 3,953 hours
3,953 hours x \$75.00 per hour = \$296,475

13. Estimate of total annual cost burden for submission.

There are no capital or start-up costs to the respondents as a result of this collection.

14. Estimated annualized cost to the Federal government

Each form will require about .25 hours at a GS-7 level for clerical work for an initial review, which will include a review of the information on the form, data entry into the computer system, and filing. We base this on our experience performing thousands of reviews of this nature. We assume the cost for the GS-7, step 1 to be \$16.04 per hour. Assuming 15,810 submissions, the total hours for the review will be 3,953 hours. At \$16.04 per GS-7 hour, the total cost for the review will be \$63,406. Approximately 5 percent of the forms will require a second review to ensure compliance with statutory and regulatory requirements. This second review will be performed by a GS-12 and will take approximately .25 hours. We assume the cost for the GS-12 to be \$28.45 per hour for a second review. Of the 15,810 forms submitted annually, approximately 791 forms will require a second review. At .25 per hour for each of the 791 forms, the review will take approximately 226 hours. At \$28.45 per hour for a GS-12 review, the 226 hours of a second review will cost \$6,429.

First level review:

$$\begin{aligned} 15,810 \text{ submissions} \times .25 \text{ hours per completion} &= 3,953 \text{ hours} \\ 3,953 \text{ hours} \times \$16.04 \text{ per hour} &= \$63,406 \end{aligned}$$

Second level review:

$$\begin{aligned} 15,810 \text{ submissions} \times 5 \text{ percent} &= 791 \text{ submissions} \\ 791 \text{ submissions} \times .25 \text{ hours per review} &= 198 \text{ hours} \\ 198 \text{ GS-12 hours} \times \$28.45 \text{ per hour} &= \$5,633 \end{aligned}$$

Total cost for first plus second reviews:

$$\$63,406 \text{ for first reviews} + \$5,633 \text{ for second reviews} = \$69,039$$

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

The primary reason for the 9% decrease in burden hours on SBA 1790- from 4,521 to 3,953 is due to the decrease in the number of 8(a) BD participants since this form was last submitted to OMB in 2006.

Specifically, the number of 8(a) BD participants has decreased to 7,905 from 9,042.

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 83-1.

Not applicable.

B. Collection of Information Employing Statistical Methods.

This collection of information does not employ statistical methods.

19. Is this ICR related to the American Recovery and Reinvestment Act of 2009 (ARRA)?

Yes X No _____