

**Supporting Statement:
U.S. Small Business Administration**

Part A – Justification

Overview

The Small Business Administration (SBA) was created in 1953 to aid, counsel, assist and protect the interests of small businesses and help families and businesses recover from physical disasters. A key function within the agency is providing technical assistance in the form of business counseling and training. The Office of Entrepreneurial Development (OED) oversees the majority of SBA's business counseling and training initiatives. OED houses five program offices, including Women's Business Ownership, Small Business Development Centers and SCORE. These programs offer information, education, training, counseling and technical assistance either directly at a service location or electronically through various Internet sites developed or facilitated by SBA. Each year, OED programs serve over a million small business clients. The principal assistance programs and resources are:

- SCORE (formerly the Service Corps of Retired Executives)
- Small Business Development Centers (SBDC)
- Women's Business Centers (WBC)

SCORE

Under SBA's SCORE program, approximately 11,500 volunteers provide counseling and training to over 370,000 clients in 389 locations annually. SCORE provides special outreach to veterans and women. SCORE online counseling is quickly becoming its fastest growing means of serving clients and there are now more than 6,000-7,000 counseling sessions a month with on-line counseling representing approximately 30% of all SCORE counseling. An annual appropriation of approximately \$5 million supports the SCORE program

Small Business Development Centers (SBDCs)

SBA's SBDC program is administered through a network of 57 lead centers and nearly 1,000 service centers located in all states and territories, with facilities spread throughout the state for full coverage. SBDCs offer a full range of counseling and training services, including pre-business counseling and specialty consulting, to the nascent, start-up and in business entrepreneurs. In some locations, specialized assistance is available for small business interested in international trade and government procurement opportunities. SBDCs which are the SBA's largest resource partners, both in terms of the number of facilities, receive an annual appropriation of over \$85 million.

Women's' Business Centers (WBC)

SBA's Women's Business Centers are housed in a variety of facilities - from Chambers of Commerce and universities to non-profit organizations. WBCs provide long-term training, one-on-one counseling and mentoring opportunities to women interested in starting and growing a

small business. A \$12.5 million appropriation supports the WBC program. But unlike the SCORE and SBDC programs the WBC program is not currently available in all locations.

1. Circumstances making the information collection necessary

The Government Performance and Results Act (GPRA) require all federal agencies to set standards for measuring their performance. In accordance with this statutory mandate, and with the President's Management Agenda (PMA) and the OMB's Performance Assessment Rating Tool (PART) evaluations and SBA's strategic plan, the Agency is seeking to measure the economic impact of its technical assistance programs on the clients it serves. Specifically, the agency is seeking to determine if its programs and services are helping the economy by creating jobs and increasing business revenues. This survey complies with OMB Circular A-89 and Title 5, United States Code.

2. How, by whom, and for what purpose the information is to be used

This continued use of the survey is necessary in order to continue monitoring the impact of ED's resource partners face-to-face counseling clients and make management decisions about the delivery systems used to provide the services and for the proper performance of Agency functions because it will provide essential information to support SBA's strategic plans with consistent economic outcome data. The information collection requested complies with 5 CFR 1320.9, the Paperwork Reduction Act of 1995, concerning collections of information, designed to reduce, minimize and control burdens and maximize the practical utility and public benefit of the information created, collected, disclosed, maintained, used, shared and disseminated by or for the Federal government.

The Office of Entrepreneurial Development (OED), in collaboration with a panel of distinguished academic and private sector researchers has developed the survey instruments and methodology. SBA will sponsor data collection efforts, and will use the information generated to assess the effectiveness of the assistance provided by OED's resources to client small businesses. SBA has administered this survey instrument, annually since FY 2003 among the sample described in Supporting Statement: Part B, outlining statistical methods. Data has been aggregated and analyzed using appropriate statistical analysis. All data necessary for analysis will be collected from questionnaires designed for each program area and will include both an initial and follow-up questionnaire.

Results of the analysis and the report itself will also be used by the Entrepreneurial Development (ED) managers and Agency leaders to respond to OMB and budget requests concerning program outcomes in compliance with OMB's Performance Assessment Rating Tool (PART) government-wide evaluation.

This survey is intended to extract data which will help SBA determine the impact of its various entrepreneurial development programs on the clients that its resource partners serve. It is not intended as an evaluation of the programs, nor of their management and effectiveness.

3. Use of technology in the information collection

Initially, the survey instrument will be mailed to SBA clients who have been randomly selected from SBA's resource partner's client database. The respondents will return the survey by business reply envelopes to the contractor. The contractor will then conduct telephone follow-up calls and perform appropriate statistical analysis. The SBA is planning to convert a major portion of the data collection to web based collection by FY 2009.

4. Efforts to identify duplication

SBA reviewed existing agency data efforts and found that none of the data gathered under this information collection effort is currently being collected. In addition, an effort to identify existing panel studies was undertaken and none were noted that would meet the needs of this data collection effort. Although all attempts were made to minimize duplication, some duplication of data collection will occur primarily in the SBDC sample as the Association of SBDCs does an annual survey of clients.

5. Methods to minimize burden on small businesses

SBA's approach to collecting this information avoids unnecessary duplication by only asking a small subset of economic and business data and by reducing the burden on small entities by using pre-established response categories. Internal testing confirmed that the survey uses plain, coherent, and unambiguous terminology that is understandable to the business owners who will be asked to complete it, and can be answered in most cases without recourse to time consuming record searches. The survey's implementation is consistent and compatible with current small business reporting and record keeping practices. All data may be gathered from standard financial records that the IRS requires small businesses to maintain for longer periods than the span of the survey. The survey requires no additional recordkeeping by the responding small businesses.

6. Consequences if the collection is not conducted or is conducted less frequently

Without this information collection effort, SBA can not support the requirements of the Government Performance and Results Act and SBA's Strategic Plan. This collection will not take place more than once each year. Less frequent collections would make the resulting data ineffective and fail to give an accurate indication of the impact of the programs given the fluidity of the client base. This type of impact data is critical to management decision-making and policy recommendations for each program.

7. Special circumstances and requirements of the information collection

The proposed data collection activities pose no special circumstances or requirements. Specifically, the proposed information collection will not require respondents to:

- Report information more often than quarterly;
- Prepare a written response within 30 days of a request for information

- Submit more than an original and two copies of any document
- Retain records for more than three years; or
- Submit proprietary trade secrets or other confidential information without procedures to protect confidentiality to the extent permitted by law

Additionally, the information collection will not:

- Produce results that cannot be generalized to the universe of study;
- Require the use of a statistical data classification that has not been reviewed and approved by OMB;
- Include a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use.

8. Publication of agency notice in the Federal Register

As required by 5 CFR 1320.8(d), public notice of this information collection was published in the Federal Register Vol. 73 Number 196, October 8, 2008. A copy of this notice is attached.

No comments of any sort have been received from the public or from any other entity as a result of the notice concerning the cost, hour burden, or any other aspects of this information collection.

9. Payments of gifts to respondents

No payments or gifts will be given to respondents as a result of this information collection.

10. Assurance of confidentiality provided to respondents

All data gathering efforts will be conducted in accordance with relevant federal regulations and requirements, including the Privacy Act of 1974 (5 USC 552a), and the Freedom of Information Act (5 USC 552). All survey respondents will be treated confidentially, responses will not be attributed to specific individuals in any publicly disclosed document, and the information provided will not be used for any purposes other than for the purposes disclosed in this document and on the survey. The assurance of confidentiality is contained within the opening text of the survey instrument. The opening text of the survey instrument also describes the purpose of the study, the voluntary nature and length of the interview, and how the information will be used. The information collected will be kept confidential to the extent permitted by law. Only authorized SBA personnel will have access to the data. The contractor will not release any data without SBA approval.

11. Questions of a sensitive nature

Please note, that all sensitive data such as age, race, and gender and veterans status will be aggregated thus protecting individuals from being identified. Also, without demographic data

and some organizational data, we can not ascertain whether the sample is representative to the total population. Generally accepted research methods allow for the collection of these data as long as client anonymity is protected and we are assuring such anonymity.

The revenue questions may be considered business sensitive under some circumstances. However, because of the use of bracketed response categories, the sensitive nature of these questions is diluted, and it would be difficult to specify the organization involved or otherwise identify it through an analysis of the data. In order to protect the privacy of the individuals and businesses that respond, SBA will maintain the individual level response database off-line so that individual responses cannot be accessed by outside parties through the Internet. In addition, the database will be password protected.

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

The estimated average annual burden to respondents is 733 hours in year one and 1300 hours in years two and 1350 in year three. This is based on 5800 annual respondents taking 10 minutes apiece on average to complete a survey in year one and 7800 respondents in years two and in year three, there would be 8100 respondents. Note beginning in year two, 50 percent of the respondents from year one will complete and submit the follow-up questionnaire in year two and this process will repeat itself in year three. Evaluated at \$20.00 an hour, the annualized cost to respondents is \$22540. Please note that these data were compiled from five years of surveying clients.

Annual number of respondents		
[In year 1, 5800 will respond]		5800
[In Year 2, 5800 will respond to the initial survey and 2000 will respond to the follow-up survey from year 1]		7800
[In Year 3, 5800 will respond to the initial survey and 2,000 will respond to the follow-up survey from year 2 and 300 will respond to the follow-survey from year 1]		8100
Frequency of response per year:	one	
Instrument completion time:		10 minutes
Annual hour burden		
Year 1		733
Year 2		1300
Year 3		1350
Average for three Years is		1127
Average hourly wage of respondents:	\$ 20.00	

Annualized cost to respondents:

For this calculation, an hourly rate of \$ 20.00 was assumed. This is the equivalent to an annual salary of \$38,406 or a GS-9 Step 1. Thus \$20.00 times the average for three years of 1127 = \$ 22540

13. Estimate of total annual cost burden for submission

The proposed information collection requires no capital equipment purchases concerning systems and technology, nor any other purchases on the part of the respondents or affiliated record keepers. There is thus no associated capital or start-up cost.

14. Estimate annualized cost to Federal Government

Annualized costs to the Federal government

Contractor Costs	\$280,000
Staff Costs	\$ 20,000
Total	\$300,000

15. Explanation of program changes in Items 13or 14 on OMB Form 83-1

This submission to OMB is a renewal for approval. The data collection activities described in this document has been developed specifically for this evaluation. Readjustments of burden hours resulted from five years of conducting this study.

16. Collection of Information whose results will be published

The results of the survey will be used for internal management purposes only and will not be published, but may be shared with SBA's resource partners. Findings will be discussed with OMB.

17. Expiration date for collection of information

The survey instruments will display the expiration date for OMB approval.

18. Exceptions to the certification statement in Block 19 of OMB Form 83-1

There are no exceptions to the certification statement identified in Item 19 of OMB Form 83-1.

Supporting Statement: Part B
Collections of Information Employing Statistical Methods

1. Sampling or other respondent selection methods

The respondent universe for this survey consists of all individuals who sought assistance from SBA and its resource partners during a fiscal quarter (3 months) of a previous fiscal year selected randomly. Annually, SBA through its resource partners provides face-to-face counseling to over annually which equates to a month. On average, this works out to be 83,333 individuals per month.

The initial survey sample will consist of a 24 percent sample randomly drawn from clients served during a fiscal quarter (3 months) of a previous fiscal year. At present, the SBA plans to implement the survey annually. A stratified random sample will be implemented to select a nationally representative, self-weighting sample. Individuals will be stratified by the program they contacted for assistance (SBDC, SCORE and WBC), and the month and year they contacted the program. At the first stage of the selection process, two non-contiguous months will be randomly selected. The sample will be selected to proportionately reflect the clients served by each program as a percentage of the total clients served by all of the programs. Assuming that 54 percent of the individuals are SBDC clients, 37 percent SCORE clients, and 9 percent WBC clients, the sample will look as follows:

For a Fiscal Quarter

SBDC Clients:	12222
SCORE Clients:	11300
WBC	1,496
Total	25048

Parsing of economic impact

After discussions with the Chief Economist of the SBA and the Senior Research Fellow at the NFIB Foundation, SBA will attempt to measure impact against two control groups. For the Nascent entrepreneurs, we will compare results against the PSED sample from the Kauffman Foundation. To do this, we need to add two questions to the proposed surveys – **Age of respondent** and **whether they had previously owned a business**.

For the second control group, comparing early start-up and in-business clients we will either use a sample drawn from Dun & Bradstreet data file matching against firm size and industry or draw a sample of SBA loan recipients. For the loan recipients, we will screen out any respondent who indicates they also used ED resources [SCORE, SBDC and WBC] during the time period.

Statistical Analyses we will employ on data will be Frequencies, T-tests and Regressions once we have at least two data points - Year 1 and Year 2, economic data. Given we are comparing matched pairs; T-Tests and possibly chi-square analyses are the most logical.

Non-response bias

An extensive telephone follow-up will be initiated.

2. Procedures for the collection of information

a. See attached research plan. Further we believe a 25 percent response rate with extensive non-responsive activities should provide a representative sample for statistical analysis.

3. Methods to maximize response rates and to deal with issues of non-response

See attached research plan

4. Tests of procedures or methods to be undertaken

Since the inception of the survey, we have changed the method of data collection to be more efficient by scrubbing the data before mailing to validate addresses. We are implementing a pilot using a sample of SBDC clients to determine the feasibility of online surveys.

Individuals consulted:

The following individuals were consulted on the statistical methods to be used in this information collection:

Dr. K. Mark Weaver
Thomas H. Daigre Endowed Chair of Business Administration
Louisiana State University
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Baton Rouge, LA 70803
Principal Investigator National SBI Studies

Dr. Chad Moutray
Chief Economist SBA
Office of Advocacy
US Small Business Administration
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William Dennis
Senior Research Fellow
NFIB Foundation
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Dr. Patricia Greene
Provost, Babson College
Wellesley, MA
Former Ewing Marion Kauffman/Missouri Chair in Entrepreneurial Leadership
Henry W. Bloch School of Business and Public Administration
Principal Investigator “Diana “Project National Study on Women Entrepreneurs

Dr. Frank Hoy
Former Dean University of Texas at El Paso
College of Business Administration
El Paso, TX
1st Principal Investigator “ASBDC Studies on Economic Impact

Dr. Bruce Kirchhoff
Distinguished University Professor
School of Industrial Management
New Jersey Institute of Technology
University Heights
Newark, NJ
Former Chief Economist SBA

**Research Plan
Impact Studies
Office of Entrepreneurial Development**

1. Research Objective

- a. Measure outcome of services and assistance provided multiple small business market segments [i.e., Nascent, Start-Ups and In Business] through multiple SBA ED resources [i.e., SBDC, SCORE and WBC] regarding three primary measures [i.e., attitudinal, improvement in management/marketing skills and business growth] for the discrete market segments.

2. Research Questions

- a. There is a positive relationship between the services/assistance provided by [i.e., SBDC, SCORE and WBC] and the client's perception of the service/assistance received.
- b. There is a positive relationship between the services/assistance provided by [i.e., SBDC, SCORE and WBC] and the client's decision to start a business.
- c. There is a positive relationship between the services/assistance provided by [i.e., SBDC, SCORE and WBC] and the client's decision to implement and/or change management marketing practices in their business.
- d. There is a positive relationship between the services/assistance provided by [i.e., SBDC, SCORE and WBC] and the client's business having a positive financial impact [jobs created and retained, increase in gross sales].

3. Define Sampling Frame

- a. By Respondent
 - i. Nascent [Kauffman Definition those whose intention to start a business is greater than the general population]
 - ii. Start-up [Those individuals who have expressed a desire to start a business in the next one to nine months]
 - iii. In Business [Those businesses classified as small by the SBA]

- b. By ED Resource
 - i. SBDC
 - ii. SCORE
 - iii. WBC

4. Sampling methodology

- a. Stratified Random Sampling
 - i. Resources will select clients served within a ninety day time period and using random table mail out surveys to designated stratification.
 - ii. Contractor will provide a table of random numbers to select survey clients based on respondent characteristics and annual percent of clients served.
 - iii. All surveys will be coded to ensure that addresses and contact information remain with resources and ensure follow-up for non-response.
 - iv. After initial survey, those clients in business or indicating strong preference to start business will be surveyed again in 12 months using the attached questionnaire.
 - v. All responses mailed back to resource to increase likelihood of response.
 - vi. All completed responses sent to contractor for analysis.

5. Non-response Bias for initial/baseline questionnaire

- a. After 10 days from time of mailing by contractor, a follow-up package will be mailed to non-respondents.
- b. After mailing of package, telephone and/or email follow-up will occur on all non-respondents.

6. Non-response Bias for follow-up questionnaire [Questionnaire B]

- a. After mailing of package, telephone and/or email follow-up will occur on all non-respondents.

7. Time Frame

- a. Obtain OMB clearance 4th quarter FY 2009
- b. Write RFP to solicit contractor 4th quarter FY 2009
- c. Begin collecting baseline data 1st quarter FY 2010
 - 1. Baseline data from 4th quarter FY 2008
- d. Begin data analysis of baseline 2nd quarter FY 2010
- e. Write draft report 3rd quarter FY 2010
- f. Present Final report 4th quarter FY 2010
- g. Begin collecting follow-up data 1st quarter FY 2011
- h. Collect Follow-up data from 4th quarter FY 2010
- i. Again collect baseline data 1st quarter FY 2011
 - 1. Baseline data from 4th quarter FY 2009

- j. Begin data analysis of baseline and follow-up data 2nd quarter FY 20 11
- k. Write draft reports 3rd quarter FY 2011
- l. Present Final reports 4th quarter FY 2011