

**Department of Transportation
Office of the Chief Information Officer**

**INFORMATION COLLECTION
SUPPORTING STATEMENT**

**Disadvantaged Business Enterprise American Recovery and Reinvestment Act (ARRA)
Bonding Assistance Reimbursable Fee Program**

OMB Control Number 2105-0562

This is to request the Office of Management and Budget's (OMB) renewed three-year approved clearance for the information collection entitled, " Disadvantaged Business Enterprise American Recovery and Reinvestment Act (ARRA) Bonding Assistance Reimbursable Fee Program", which is currently due to expire on February 28, 2010.

1. Circumstances that make collection of information necessary. *Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.*

The President signed the American Reinvestment and Recovery Act (ARRA) (P.L. 111-5) approved February 17, 2009, which appropriated \$20 million Disadvantaged Business Enterprise (DBE) Bonding Assistance Program for certified DBEs that are specifically working on the transportation and infrastructure ARRA funded projects. US Department of Transportation (DOT) is authorized under Section 332(b) (6) of Title 49, the United States Code to participate in and cooperate with U.S. government programs designed to provide financial assistance to minority and women owned businesses. The Bonding Assistance Program (BAP), CFDA Number 20.904, is cited in Section 332 (e) of Title 49, whereas the Secretary of Transportation shall provide assistance in obtaining bid, payment, and performance bonds by DBEs. The DBE program goals apply to all Recovery Act transportation infrastructure programs. This investment will help address the disproportionate effect that the increase in unemployment has had on minority-owned and women owned businesses. This DBE BAP program meets the DOT's Global Connectivity Strategic Goal Outcome 6, "Expanded opportunities for all businesses in the transportation sector, especially small, women-owned and disadvantaged businesses".

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

The information continues to be collected from the DBEs working on transportation infrastructure ARRA funded projects. Under the DBE ARRA BAP program, DBEs performing on a transportation and infrastructure projects receiving ARRA funding assistance from any DOT mode of transportation such as the Federal Highway Administration, (FHWA), Federal Transit Administration (FTA), Federal Aviation Administration (FAA), Federal Railroad Administration (FRA), and Maritime Administration (MARAD) are eligible to receive financial bonding assistance in the form of bonding fee cost reimbursement. This provision is applicable to a subcontract or prime contract during any phase of a project. Under this program DOT directly reimburses eligible DBEs for the premiums paid to the surety company for performance, payment or

bid/proposal bonds. The range of the premium fee is between 1-3% of the total bond amount. In the event the DBE also obtains a bond guarantee from the Small Business Administration's (SBA) Surety Bond Guarantee Program (SBGP), the DOT will reimburse the DBE for the small business concern (principal) fee of .729% of the contract price. DOT has not deviated from the proposed use of the information set forth in the Emergency ARRA collection. The information collected was and will continue to be used by DOT Office of Small and Disadvantaged Business Utilization (OSDBU) to verify eligibility, including whether the applicant is a current certified DBE and currently working on a DOT funded ARRA project.

3. Extent of automated information collection. *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.*

The use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology is central to the continuation of the collection of information because the information collected is verified by OSDBU staff as part of the application process

The U.S. Department of Transportation ARRA BAP Application for the Reimbursement of Bond Fees is a fillable form. The form can be electronically submitted by email or submitted by regular mail. A link to the application will also be posted on www.govbenefits.gov.

The fillable form is in lieu of an electronic application process for this program. However, none of the current applicants or potential applicants have had any difficulties utilizing the fillable form and submitting the application electronically via email or otherwise.

In addition, for any bond reimbursements of \$25,000 or more, Section 1512 Reporting is required. The recipient is encouraged to submit an Excel template containing the required Section 1512 reporting information to *Federalreporting.gov* as opposed to manually submitting the information online. A training PowerPoint presentation and a sample filled-out form are posted on the DOT OST Recovery website (www.dot.gov/recovery/ost). To date, there have been no single reimbursement in the amount of \$25,000 or larger. However, there currently are a few in process.

4. Efforts to identify duplication. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purpose(s) described in 2 above.

There is no similar information accumulated that could be used or modified for collection of information:

- (a) This is a new program created out of the ARRA. A DBE Bonding Assistance Reimbursable Fee Program has not been done before by US DOT/OSDBU or any other federal government entity. Therefore, the required information is not already available.
- (b) This program involves the reimbursement of costs related to a specific transaction. Therefore, the information being collected has not yet been collected and readily available. The specific transaction-related information requested follows: 1) the name of the company and full street address; 2) the Dun and Bradstreet Number (DUNS); 3) Assertion that the DBE is registered in the Central Contractor Registration (ccr.gov) inclusive of bank information to process payment; 4) DOT transportation-related contract information and supporting documentation, proof of transportation-related contract and documentation that indicates the federal project number; 5) bond information and supporting documentation, a copy of the bond and proof of payment of the premium(s) and fee(s) related to the bond; 6) DBE certification information and supporting documentation, a copy of DBE certification and annual affidavit, if applicable.

5. Efforts to minimize the burden on small businesses. If the collection of information has a significant impact on a substantial number of small businesses or other small entities, describe the methods used to minimize burden.

This collection is for DBEs working on transportation infrastructure ARRA funded projects. DBEs are small businesses. Efforts have been made to simplify the application form, keeping it to one page with three pages of instructions to assist the DBE to submit a complete application package to expedite reimbursement and minimize burden. In addition a sample letter to show how to indicate the federal project number is included. Applicants will be able to find further guidance at <http://www.dot.gov/recovery/ost/>. A coordinated effort has been made with the DOT Operating Administrations to minimize duplicative reporting. OSDBU's intent is to give this subsidy reimbursement fee to the DBEs which are trying to obtain surety bonding to assist DBEs to become more competitive and perform on more transportation infrastructure projects receiving ARRA funding assistance from any DOT mode of transportation and minimize cash flow difficulties. The DBEs who have submitted

applications thus far have expressed the application and instructions to be self explanatory and easy to follow.

6. Impact of less frequent collection of information. Describe the consequence 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.

The information on the application form needs to be collected so the DBE can be reimbursed for the bonding fees. If this information is not collected or not collected frequently the DBE will either not be reimbursed or reimbursement will be carried out in an inconsistent manner. If the DBE applicant wants to take advantage of the financial assistance then he or she must provide the information required to determine eligibility and support DOTs expenditure on their behalf. OMB Memorandum M-09-10 and M-09-15 require recipient reporting for all ARRA funded programs. The application will be rejected if it is not complete.

7. Special circumstances. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with 5 CFR 1320.5(d)(2)(i)-(viii):

There are no special circumstances that would cause the data collection described below to be conducted in a manner: 1) requiring respondents to report information to the agency more often than quarterly; 2) requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it; 3) requiring respondents to submit more than an original and two copies of any document; 4) requiring respondents to retain records for more than three years; 5) that includes 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; and 6) requiring respondents to submit proprietary trade secret, or other confidential information.

This is a one-time data collection to verify eligibility for financial assistance related to specific transaction. To be eligible for a Bonding Assistance Reimbursable Fee the DBE:

- (a) must be a certified DBE in accordance with Title 49 Code of Federal Regulation Part 26 (49CFR26) A copy of their DBE Certification and/or annual affidavit is required. The DBE needs to find a copy of their certification and attach it to the application.
- (b) is required to have a Dun and Bradstreet Number (DUNS#). The website is provided on the form for the DBE to apply for a DUNS number if they do not already have one. It is an ARRA requirement to have a DUNS number when providing services on a project receiving funding pursuant to the ARRA. It is also a good business practice. So most DBEs already have a DUNS number. If not they can complete the instructions on the www.fedgov.dnob.com/webform to apply; provider and it is not a requirement to do business for these entities. Therefore most DBEs may not already be registered with the CCR. To assist them, the application form instructions provide the internet address, www.ccr.gov, to obtain the instructions and register. The OSDBU staff person will ask them if they have entered this information in CCR. They will not ask them to provide this information to OSDBU.
- (c) must supply a copy of the bond and proof of payment that the fee(s) have been paid. The DBE will have this information and is able to fill out the information with minimal burden.

- (d) is responsible for bond Reimbursements of \$25,000 or more for Section 1512 reporting requirements. The form, instructions, and a sample form are all provided on the DOT Recovery website for the application.
- (e) must provide letter from the federal, state or local transportation authority indicating the federal project number. We have enclosed a sample letter. To minimize burden, if there is a current form such as a State DOT subcontract form or other transportation entity that identifies the federal project number, then they can submit that document in lieu of the letter. If there is any problems the DBE applicant should contact the Office of Small and Disadvantaged Business Utilization (OSDBU) for assistance (202) 366-1930 to help with the process.

In an effort not to impose an undue burden on potential applicants, OSDBU intends to collect the minimum information to be consistent with DOT and government-wide practices for ARRA reporting requirements, verify eligibility for the ARRA BAP program, and substantiate obligation and disbursement of ARRA funds. The information required for verification is readily available to the DBE. The only potential burden to the DBE applicant is the requirement to obtain a letter from the federal, state, or local transportation authority indicating the federal project number. There is no additional information that is required that should cause undue burden on the DBE to the point that he or she stops processing the form. OSDBU will process all applications. To minimize burden on the DBE, if the application is not complete, OSDBU or one of the Small Business Transportation Resource Centers (SBTRCs) will assist the DBEs to make it complete.

In order to process payment of the reimbursement, DOT must collect the recipient's banking information. To minimize burden on the DBE and not collect Personally Identifiable Information in the application package, it is a requirement for the DBE to include their bank information in their CCR profile. DOT collects the recipient's bank information form the CCR. Registration in the CCR is already a requirement by the ARRA.

8. Compliance with 5 CFR 1320.8. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and the recordkeeping disclosure, or reporting format (if any) and on the data elements to be recorded, disclosed, or reported.

On November 19, 2009, OSDBU published a Federal Register Notice with a 60-day comment period (74 FR 600012) Docket No. DOT-OST-2009-0294. There were no comments received in response to the notice. On January 20, 2010, OSDBU published a 30-day Federal Register notice notifying the public of its intention to submit to OMB a request of approval to renew an information collection. Comments are due on February 25, 2010. No comments to the Federal Register Notice received to date.

9. Payments or gifts to respondents. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

Not applicable.

10. Assurance of confidentiality: Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

The information collected on the form does not trigger the Privacy Act.

11. Justification for collection of sensitive information. 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 their consent.

No sensitive information is required on the DOT ARRA BAP form.

12. Estimate of burden hours for information requested:

Respondents: Certified Disadvantaged Business Enterprises (DBEs) that are currently pursuing, in the process, or have obtained contracts on ARRA transportation infrastructure projects. We spoke to the SBA Surety Bond Guarantee Program personnel and a representative the Surety and Fidelity Association of America (SFAA) who represents the small and emerging businesses to obtain the required estimates. The average bond for a small and emerging business or DBE is between \$250,000 and \$500,000. Therefore to calculate the universe US DOT/OSDBU we estimate an average bond to be \$350,000. The Bonding Premium Fee charged by the Sureties is a range of 2 to 3% of the total bond. Therefore we utilized an average premium of 2.5% or \$8,750.00 on a \$350,000 bond. The SBA Surety Guarantee Bond Program Principal Fee is currently set to .729% of the contract price, or bond amount. So on a \$350,000 bond, the SBA principal fee is \$2,551. Therefore, the number of DBEs that we can assist with \$20 million is calculated to be approximately 1,770. The average amount of financial assistance is \$11,300.00 per DBE on one application, submittal to include both eligible fees.

Form: U.S. Disadvantaged Business Enterprise (DBE) American Reinvestment and Recovery Act of 2009 Bonding Assistance Reimbursable Fee Program DOT Form F4504

Respondents: 1770

Frequency: Once

Estimated Average Burden per Response: 2 hours

Estimated Total Annual Burden Hours: 3540 hours

13. Estimate of total annual costs to respondents:

Respondents: Certified Disadvantaged Business Enterprises (DBEs) that are pursuing, in the process, or have obtained contracts on ARRA transportation infrastructure projects. The average total annual cost to the respondents was calculated on the approximate one hour it will find the documentation to complete the application. The individual completing the task usually is the officer manager so if you annualize their salary and add in overhead plus add the average salary of the principle owner, who has to assist in finding the documentation – making the phone calls; sending emails; collecting the necessary data and describing it to the office manager/clerical assistant to record on the form. Therefore the total estimate is one hour for the office manager/clerical staff and another hour for the principle to assist in the process. The cost is based on a combined estimate of these two salaries for two hours using

pay scale documentation (\$24.00 an hour for the office manager/clerical assistant and \$74.00 an hour for the principle for a total \$98.00 per hour).

Estimated Total Annual Cost to Respondents: \$346,920 (3,540 hours multiplied by \$98.00).

14. Estimate Cost to the Federal Government:

Respondents: Certified Disadvantaged Business Enterprises (DBEs) that are pursing, in the process, or have obtained contracts on ARRA transportation infrastructure projects. The burden to the government will involve handling the inquiries; answering the questions; processing the application; making sure the items on the internal bonding checklist are complete; everything requested on the application is complete and the DBE is eligible for the cost reimbursement. Also the time involved to administer and manage the internal tracking system and external reporting systems. There will be a communication process with the DBE and the OSDBU staff personnel from the inquiry phase to completion from telephone and email correspondence. There is no cost to the federal government for the federal employees since Bonding Assistance is within the Mission of the Office of Small and Disadvantaged Business. However, the contractor support that will assist with this program will be the Staff Assistants who will be answering the inquiries and helping with bond application processing and another contractor to process the applications and make sure they are complete and ready for approval. There will be additional time spent describing to an individual who is not DBE certified and is not on an ARRA DOT infrastructure project. An estimate of time involved working on these program using the 1770 potential applicants is \$127,000.

Estimated Total Annual Cost to Respondents: \$127,000.

15. Explanation of program changes or adjustments. *Explain the reasons for any program changes or adjustments reported in Items 13 or 14.*

This is a new program created out of the American Reinvestment and Recovery Act. There are no program changes to date because it is still too early to know. No one has requested any changes be made thus far.

16. Publication of results of data collection. *For collections of information whose results are planned to 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 information, completion of report, publication dates, and other actions.*

DOT will not be publishing the results of this data collection.

17. Approval for not displaying the expiration date of OMB approval. *If seeking approval to not display the expiration date for OMB approval of the information collections, explain the reasons that display would be inappropriate.*

Approval for not displaying the expiration date of OMB approval. None

18. Exceptions to certification statement. Explain each exception to the certification statement “Certification for Paperwork Reduction Act Submissions.”

Exceptions to certification statement. None