

Supporting Statement for Paperwork Reduction Act Submission

A. **Justification:** SBA Forms 641, Request for Counseling (Entrepreneurial Development Management Information System (EDMIS))

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 the Entrepreneurial Development Management Information System (EDMIS) is to collect information on clients that use SBA Entrepreneurial Development (ED) programs and resources. These business counseling resource partners include Women's Business Centers (WBC), Small Business Development Centers (SBDC), SCORE, and Veterans Business Outreach Centers. Resource partners receive grants to operate the above-mentioned programs.

The information is collected using a uniform method in order to provide appropriate business counseling programs, ensure effective management of ED programs and to prepare reports for Congress and the Office of the President in compliance with various statutes, including §§10(a), 21 and 29(j) of the Small Business Act, OMB Circular A-11 and the Small Business Jobs Act of 2010(P.L. 111-240); excerpts from the pertinent texts from these sources are attached.

The Office of Entrepreneurial Development is requesting emergency approval for the revised SBA Form 641. In total nine revisions have been made to the Form 641. Revisions include the expansion and/or modification to seven of the existing questions/fields and the addition of two new questions.

No changes are being made to the Form 888, which is also part of the OMB approved (#3245-0324) data collection forms.

The following is a list of the seven questions that have been modified and/or expanded to comply with the Jobs Act:

1. Question 20, expanded to include: *20b. Are you currently exporting?* Yes No *If yes, please turn to Appendix B to indicate the markets to which you currently exports (check all that apply).*
2. Question 39, expanded to include: *39b. Is your client currently exporting?* Yes No. *If yes, please turn to Appendix B to indicate the markets to which you currently exports (check all that apply).*
3. Question 27, expanded to include: *27b. Of total employees, how many are engaged in the exporting aspect of your business? (Full & PT) ____*
4. Question 19 expanded to include the following options: SBDC USEAC SCORE WBC

5. Question 28, expanded to include: *28b. Amount of your Gross Revenue/Sales related to exporting \$_____*
6. Question 42, expanded to include: *42b. As of the most recent full business year, how much of your client's Gross Revenue/Sales were related to exporting? \$_____*
7. Question 43, the following options were added to the existing subfields
 - a. *No. of Government Contracts/Subcontracts_____ & Annual Value of Government Contracts/Subcontracts Received \$_____”*
 - b. Under **Certifications** added: *Women Owned Small Business*
 - c. Under **SBA Financial Assistance** added:
 - Export Express* *Export Working Capital Loan* *Community Advantage*

The two new questions added to Form 641 are:

1. Question 45: *Referred client to (mark all that apply):*
 - WBC* *SBA District Office* *Export/Import Bank* *Dept of Commerce* *Other__*
 - SCORE* *USEAC* *OPIC* *Dept of State*
 - SBDC* *State Trade Agency* *Dept of Agriculture* *U.S. Trade & Development Agency*
2. Appendix A (page 3 of Form 641, attached) to be completed as part of questions 20 and 39.

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 received.

The summary information is used to support SBA’s budget requests, performance plans, evaluations and other submissions made to the Office of Management and Budget, the President and the Congress. The data are also pertinent to the management analysis of each OED program or activity funded by SBA and assists SBA in evaluating the impact of each program or activity. SBA resource partners collect the information from individual entrepreneurs and potential entrepreneurs at the point of client contact. They submit the collected information to the Office of Entrepreneurial Development (OED) electronically on a monthly, quarterly or annual basis for programmatic analysis and for reporting to Congress and the President. The information provided to SBA by the resource partners is in the aggregate; no individual client data is used or identified. Summary reports will include data across all fields. Also, SBA plans to use the individual client data to select participants for follow-up surveys, carried out by a third party, designed to evaluate the economic impact of SBA’s OED programs. The survey instrument, OMB Approval No. 0345-0359, is already approved by OMB.

The new information regarding exporting activity and funding source will be used in reports to Congress, as outlined in the Small Business Jobs Act 2010.

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 adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

EDMIS is a simple SBA-developed and maintained data collection system available on the Internet. Users authenticate with the web server, then log into the SBA security system using unique identifications (IDs) and passwords. This electronic system greatly lessens the burden on respondents, resource partners and SBA, ultimately allowing for more efficient services to our clients.

EDMIS is used to collect and transmit the data provided on SBA Forms 641 and 888, which is available for download electronically. In general SBA Form 641, parts 1 & 2, is filled out manually by individual clients; the data is then uploaded and submitted electronically through EDMIS to SBA. However, in some instances the client will meet with a resource partner consultant who will enter data into the computer directly, without the client needing to complete the Form 641. Resource partner consultants fill out an abbreviated Form 641 Part 3 for returning clients.

As a uniform data collection system, EDMIS allows management analysis of each OED program or activity funded by SBA and assists SBA in evaluating the outcomes of each program or activity. This type of program evaluation allows SBA to provide more accurate data when reporting to Congress and the President under the Government Performance Results Act (GPRA) and the Small Business Act.

EDMIS is also used to collect and transmit data provided by SBA Form 888, which is part of the OMB approved information collection #3245-0324. Form 888 has not been changed or modified since recent approval in November 2010.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for the purposes described in item 3 above.

While some of the same information may be collected from time to time from other sources, this is the singular regularly scheduled data collection for all OED programs. Some minimal duplication may be necessary in order to verify or update on-file information, such as business names, addresses, phone numbers, and other routine information. But in general, no similar body of information is already collected or available for these purposes.

All new information on SBA Form 641 regarding exporting activities and program funding source is unique and is not collected on other forms used by SBA programs. ED has worked with other SBA program offices to ensure the requested information is not being collected through other sources and/or partners. The fields added to Form 641 are necessary to collect information for data requirements specified in the Small Business Jobs Act 2010.

Form 888, which is part of the OMB approved information collection #3245-0324, has not been changed or modified since recent approval in November 2010.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

Using this electronic form of collecting data improves the efficiency and accuracy with which SBA and its resource partners/grantees collect information from small businesses and individual entrepreneurs. It therefore, minimizes the burden on small businesses receiving agency services, EDMIS also reduces the burden on resource partners by minimizing the number of special reports they must prepare to meet SBA requirements. EDMIS is especially helpful for completing required reporting, because the electronic system generates many of the special reports that are required to be submitted to the Congress and OMB.

6. 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 data collected is critical to SBA's ability to meet regular statutory reporting requirements and is also critical to each resource partner's ability to provide appropriate client services. Without the data collection, SBA and its resource partners will be unable to effectively evaluate and manage their management and technical assistance programs. If the information was collected less frequently, it would not provide SBA with accurate and relevant reporting data.

The new data fields that have been added are critical to SBA's ability to meet reporting requirements specified in the Small Business Jobs Act 2010.

7. Explain any special circumstances. Explain any special circumstances that would cause an information collection to be conducted in a manner etc.

EDMIS requests some confidential and proprietary information, e.g. number of employees, gross revenues/sales and profits of the business. This information is collected in aggregate form to respond to mandates in section 29 of the Small Business Act, 15 U.S.C. 656, the Small Business Jobs Act of 2010 (section 22, 15.U.S.C.649) and to generate data on economic impact of SBA's ED programs for reports to Congress and the President. However, only the client, SBA management officials, and the resource partner who is providing the counseling service will be privy to that information and only in a consultative manner protecting the integrity of the data. SBA has instituted procedures to protect confidentiality to the extent permitted by law and only summary data are provided in reports. See answer to question 10 below.

8. Federal Register Notice. 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 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received. Describe 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 recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

As noted above, SBA is requesting emergency review of this revised information collection form. As part of that request, SBA also seeks waiver of the 60-day public comment-notice required by 5 CFR 1320.8(d).

For many years SBA has used Forms 641 and 888 to collect information from counseling clients. As recently as May 2010, Forms 641 and 888 were published in the Federal Register and no comments were received from the general public throughout the sixty day comment period.

9. Payment or Gift to Respondents. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payments or gifts are provided to respondents.

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

As a prerequisite, all clients must fill out the 641 in order to receive counseling. Before responding to any question on SBA Form 641, clients are provided a copy of “Statements Required by Laws and Executive Orders” as an attachment. Here SBA summarizes the laws and Executive Orders governing the Agency’s disclosure of confidential and sensitive information. These laws include the Freedom of Information Act (5 U.S.C. § 552), and the Privacy Act [U.S.C. § 552(a)] and are referenced in SBA’s Standard Operating Procedures (SOP) 40 03 2 and 40 04 2. Collected information will be protected to the extent permitted by law.

11. Questions of a sensitive nature. 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.

Through EDMIS, SBA collects the following information which may be considered sensitive: gender, veteran status, ethnicity, race, disability status. As noted in question 1, all the information collected is in response to statutory mandates or Executive Orders, including the Small Business Act, GPRA and Veterans Entrepreneurship and Small Business Development Act of 1999, Public Law 106-50). As such, SBA only reports the data in aggregate.

12. Estimates of Hourly and Cost Burden

Implementation of EDMIS began FY 2006. All OED resource partners (SBDC, SCORE, and WBCs) began up loading data from their own MIS systems.

All first time clients or resource partner counselors manually fill out Parts I and II of Form 641. Previously Form 641 took approximately 10 minutes to complete. The edits and additions to the Form have increase the time it takes to complete Part I and II to approximately 13 minutes.

During follow-up counseling sessions resource counselors manually fill out Part III of Form 641. Previously it took counselors approximately 8 minutes to complete Part III of the form. The updated version of Form 641 Part II now takes approximately 10 minutes to fill out. Thus, to compute the new total client burden, add up all three parts, which total 23 minutes (up from 18 minutes previously).

Following are estimates of the **FORM 641** hour burden of the collection of information:

Number of clients (first time): **410,000** (average for all resource partners for FY 2008-2009)

Response frequency: **1**

Annual hour burden: **410,000 x 1 response x .216 hours** (approx. 13 minutes) = **88,560 total hours**

Number of clients (follow-up): **205,000** (average for all resource partners for FY 2008-2009)

Response frequency: **4**

Annual hour burden: **205,000 x 4 response x .1667 hours** (approx. 10 minutes) = **136,694 total hours**.

Total for 641 **88,560 + 136,694 = 225,254**

Difference: 225,254 - 178,222= 47,032

(Note, implementation of Small Business Jobs Act 2010).

FORM 888 takes the resource partners approximately 10 minutes to gather the information and enter the data into their MIS. The following are estimates of the Form 888 hour burden of the collection of information:

Number of responses: **50,252 (FY10)**

Response Frequency: **1**

Annual Burden: **50,252 x 1 response x .1667 hours (approx. 10 min) = 8,377 total hours**

Combined hour burden for Forms 641 and 888: **225,254 + 8,377= 233,631 total hours**

NOTE: No change has been made to the Form 888, so any increased burden is attributable to the changes made to Form 641.

13. Start up or Capital costs. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information. Do not include hour cost burden from above.

OED resource partners have incurred no expense directly related to the development of the EDMIS system. The system is maintained on the Internet by SBA, and requires no maintenance by the data respondents or record keepers. Most OED resource partners currently collect these

data electronically. Implementation of EDMIS has reduced respondent or record keeper costs for meeting reporting requirements to the SBA, since SBA is incurring the developmental costs for the EDMIS system.

14. Costs to the Federal Government. Provide estimates of annualized costs to the Federal Government. Also provide a description of the method used to estimate cost, including a 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.

No cost burden to the government.

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

As mandated by the Small Business Jobs Act 2010, SBA and resource partners are expanding services related to international trade assistance. The changes to SBA Form 641 and the relatively minimal increase in time burden, as indicated in Item 13 of OMB Form 83-I, are necessary to track the impact OED programs have on the small business community.

The Small Business Jobs Act of 2010 did not specify additional data requirements be collected as regarding SBA's training programs. Therefore, Form 888 will continue to be used by SBA resource partners as it currently is, and no changes or additional burden will be added to SBA resource partners or small business clients.

16. Publication of Information Collection. For collection of information whose results will be published, outline plans for tabulation and publication. Address complex analytical techniques. Provide time schedules for the entire project.

The results of this info collection will not be published except in summary form as a means of providing SBA management officials, the Congress and the President with reports on program activity and impact.

17. Expiration Date. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why the display would be inappropriate.

Not applicable, Agency will display the expiration date for OMB approval of this collection.

18. Exception to the Certification. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submission" of OMB Form 83-I

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

B. Collection of Information Employing Statistical Methods. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used.

Not applicable.