

SUPPORTING STATEMENT  
U.S. Small Business Administration  
Paperwork Reduction Act: Application for Certificate of Competency  
OMB Control Number 3245-0225

A. JUSTIFICATION

1. Circumstances necessitating the collection of information

Section 8(b)(7) (A) of the Small Business Act of 1958 (15 U.S. C. 637(b)(7)(A), as amended, authorizes and directs the Small Business Administration (SBA) to certify that small business concerns are competent to perform specific Government contracts, SBA's implementing regulations are in 13 CFR 125.5 (Copies of statutory and regulatory provisions are attached).

The Certificate of Competency (COC) Program procedure is a means used to help small business concerns obtain Government contracts. Its purpose is to assure fair treatment of small businesses through an appeal procedure of an adverse determination by a contracting agency that an otherwise qualified small business concern cannot deliver a quality product or services in a timely manner. SBA Form 1531, Application for Certificate of Competency, is one of the documents necessary to file for a COC.

As a result of this certification procedure, small concerns have received millions of dollars worth of contracts that otherwise would have been awarded to the next higher offerors. The COC program has also resulted in substantial savings for the Nations taxpayers.

SBA has made minor technical changes to this form to clarify the instructions for completing the form. In addition, paragraph III. F has been deleted in its entirety, and replaced with Part IV Certifications. The reason for the change is to assure the certifications are appropriately worded so that they deter people from making false statements.

SBA experienced a delay in meeting the deadline based on timely reply to the record of clearance and approval from appropriate offices.

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

The information obtained from the small business concerns will be used by the SBA to determine if the business has the responsibility to perform a specific Government contract. This information is the basis for a determination which overrules a previous action by a contracting agency.

### 3. Technological collection techniques

COC applicants may access the form on-line at <http://www.sba.gov/content/certification-competency-program>, using the PDF. This process will reduce the amount of time required to complete the form; although it will not reduce the amount of information collected.

### 4. Avoidance of Duplication

The COC program is unique in Government and no other similar information is available that can be used to make COC determination. Each determination is based on a set of facts unique to the proposed contract and the small business concern. Therefore, the reporting requirements are not duplicative.

### 5. Impact on small businesses or other small entities

The information requested is generally the type of information a small business would be expected to have available as a result of normal business operations or a part of its preparation for making an offer for the contract in question. Therefore, the time required to complete the requested forms does not place an undue burden on the COC applicant.

### 6. Consequences if collection of information is not conducted

This is an application procedure requiring completion in order to receive the benefit of the COC. If SBA were unable to certify that small business concerns are competent to perform specific Government contracts, there would be less assurance that small businesses are being given a fair opportunity to compete for an receive government contracts.

### 7. Existence of special circumstance

The collection of information may result in the submission of proprietary trade secrets or other confidential information. However, the Agency will protect the confidentiality of this information to the extent permitted by law.

### 8. Solicitation of Public Comment

A notice of public comments was published in the Federal Register on November 29, 2010, Volume 75, Number 228, Page 7156. No comments were received.

### 9. Payment of gifts

There will be no payments or gifts to any respondents.

10. Assurance of Confidentiality

Any financial or other confidential information collected will be protected to the extent permitted by law, including the Freedom of Information Act, 5 U.S.C. 552.

11. Questions of a sensitive nature

Not applicable, there are no questions of a sensitive nature.

12. Estimate the hourly burden of the collection of information

SBA receives on average 300 COC applications each year. It is estimated that it takes approximately 8 hours to provide the necessary information for each of these submissions. The annualized hourly burden (300 responses x 8 hours) = 2400 hours. Generally, the employee completing the COC at the respondent small business is equivalent to a junior level accountant. Based on 2008 data from the Department of Labor, Bureaus of labor Statistics, such employees earn on average 37.60 per hour. The average annual hourly burden to the respondent is therefore \$90,240 (\$37.60 x 2400 hours). This equates to \$ 300.80 per COC application.

13. Estimate the total annual cost of burden for submission

With the exception of the hour burden provided in item 12, SBA does not estimate the cost of capital and start up or operation and maintenance to be significant. The annual cost of generating, maintaining, and disclosing the information to SBA is minimal, per respondent. The information requested from SBA on the SBA Form 1531, Application for Certificate of Competency, does not warrant the respondent to purchase a new computer or acquire additional record storage facility above and beyond what the respondent should already possess.

14. Annualized Cost to the Federal Government

Annualized costs to the Federal Government based on the average hourly wage rate for a GS-13 employee-the wage level of the employee processing COC applications.

300 responses x 8 hours= 2400 hours  
 X average hourly rate of \$41.21 = \$88,397 total estimated cost to the Federal Government. This equates to \$329.68 per COC applications:

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

There has been a minor increase in the number of applications received.

16. Collection of information whose results will be published

There are no plans to publish the data received.

17. Expiration date for collection of information

Not applicable.

18. Expiration to certification in block 19 on OMB Form 83-1

Not applicable.

B: COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.