**Supporting Statement for Paperwork Reduction Act Submission**

**Surety Bond Guarantee Program**

**Quick Bond Guarantee Application and Agreement**

**(SBA Form 990A)**

1. Circumstances Necessitating the Collection of Information:

Through its Surety Bond Guarantee (SBG) Program, the Small Business Administration (SBA) can guarantee bid, payment, and performance bonds for small and emerging contractors on contracts up to $2 million. See, Section 411 of the Small Business Investment Act of 1958, as amended, 15 U.S.C. 694b. (Copies of these provisions are attached) The bonds are required to bid on and secure construction, service, and supply contracts for federal, state, local, and private entities. SBA’s guarantee provides the incentive necessary for sureties to bond these small and emerging contractors, providing greater access to contracting opportunities.

The SBG Program consists of the Prior Approval Program and the Preferred Surety Bond (PSB) Program. In the Prior Approval Program, sureties must apply for each bond guarantee and must receive SBA approval prior to issuing bonds. PSB Sureties can issue, monitor, and service bonds without SBA’s prior approval. This information collection, the Quick Bond Guarantee Application and Agreement, is a streamlined application that would be used in the Prior Approval Program for contract amounts that do not exceed $250,000. It is a combination application and bond guarantee agreement that would be submitted by the small business contractor and its surety agent seeking to obtain a bond under the SBG program.

Several sureties that are participating in the SBG Program already use a shortened application form for smaller bond amounts. SBA’s Quick Bond Guarantee Application and Agreement would compliment this industry practice.

This streamlined application will help to address sureties’ concerns over what is perceived as excessive SBG Program paperwork. By offering the shortened form for lower contract amounts, SBA hopes to increase activity by participating sureties and to entice more sureties to begin using the program. As a result, bonding opportunities would be available to more small businesses.

1. How, By Whom, and For What Purpose Information Will Be Used:

The data collected on this form will be used by SBG program personnel who process SBG applications to evaluate eligibility criteria and the likelihood of successful contract completion by the applicant. Decisions to approve or decline applications will be based on the information presented.

The information collected will also be used by program management to monitor program performance and to report on program demographics.

1. Technological Collection Techniques:

The SBG program provides contractors and surety agents the option of using an electronic system to transmit application data to SBA. Currently approximately 95% of all SBG applications are submitted via this internet based system. SBA expects that this streamlined application will follow a similar pattern. The Quick Bond Guarantee Application and Agreement will also be available in PDF format on the agency’s website. <http://collab.sba.gov/sbaforms/default.aspx>

1. Avoidance of Duplication:

Other than the general information about the business, the information on this form is not otherwise collected by SBA.

1. Impact on Small Businesses and Other Small Entities:

Although the Quick Bond Guarantee Application and Agreement will impact small businesses, it will not likely have a significant economic impact on a substantial number of such businesses.

1. Consequences If Collection of Information Is Not Conducted:

The data collected on the Quick Bond Guarantee Application and Agreement will be used to approve or decline bond guarantee applications for smaller contract amounts. If the information contained on this form was not collected, SBA would be unable to make reasonable underwriting decisions.

1. Existence of Special Circumstances:

Some of the business and financial information collected is confidential, but is necessary for SBA to make informed judgments about the applicant’s eligibility and likelihood of success in the SBG program. The collected information is accessible only to those employees who “need to know” to process and make decisions on SBG applications. Disclosure of information is governed by Freedom of Information. 5 U.S.C. 552.

1. Solicitation of Public Comments:

Consistent with the Paperwork Reduction Act ( 5 U.S.C. 1320) and the implementing OMB regulations, 5 CFR 1320.11, SBA included the request for public comment on this information collection in the related proposed rule that was published in the Federal Register on February 6, 2012 (77 FR 5721). The comment period ended on April 6, 2012. SBA received three comments, two from construction and surety associations and one from a former surety company officer. All commenters supported the proposed changes and did not make any suggested changes.

1. Payments or Gifts:

Payments or gifts to respondents are not provided.

1. Assurance of Confidentiality:

The data collected will be accessed only by SBA personnel who have “a need to know”. All information submitted to SBA through the SBG electronic application system is protected by SBA’s security controls in accordance with federal requirements. Respondents are notified with the application that disclosure of confidential information submitted to the Agency will be protected to the extent permitted by law, including the Freedom of Information (5 U.S.C. 552)the Privacy Act (5 U.S.C. 552a, and the Right to Financial Privacy Act (12 U.S.C. 3401).

1. Questions of a Sensitive Nature:

Each proprietor, partner, officer, director, and owner of the small business

applicant for a surety bond is asked to provide his or her social security number. SBA is

authorized under the Small Business Investment Act to make all investigations deemed necessary

to determine whether individuals seeking assistance such as a guaranteed surety bond, have not

engaged in, or are about to engage in any acts that would violate that act. The social security number facilitates this investigation and helps to identify and differentiate one individual from another with same or similar names. Respondents are advised that providing the social security number is voluntary and also of the protections afforded under the Privacy Act.

1. Estimation of the Hourly Burden of the Collection of Information:

SBA anticipates that the total annual burden on respondents in the SBG Program will be reduced as approximately half of the program respondents are expected to use the new abbreviated form. Following is the estimated annual burden for the Quick Bond Guarantee Application and Agreement .

The estimated annual burden imposed on respondents is based upon the projected volume of applicants using the Quick Bond Guarantee Application and Agreement. The total estimated cost burden includes the cost to provide and maintain the data. It consists of clerical duties, such as computer input, and professional responsibilities, including the underwriting evaluation of the data provided. SBA estimates that approximately 500 small businesses and 13 Prior Approval Sureties would submit this form.

Total Annual Responses = 4,450

Hours Per Response = 5 minutes or .083 hours

Total Estimated Annual Burden Hours = 369

The following estimated annual cost burden to respondents is based on 369 burden hours.

*Clerical Employee Time – equivalent to a GS-7, Step 5*

*369 hours x $21.07/hour = $7,775*

*Professional Employee Time – equivalent to a GS-11, Step 4*

*369 hours x $30.26/hour = $11,166*

The total estimated annual cost burden to respondents = $18,941

1. Estimate of the Total Amount of Cost Burden for Submission:

There is no additional cost to respondents that is associated with the Quick Bond Guarantee Application and Agreement.

1. Estimated Annualized Cost to the Federal Government:

The estimated annual cost to the Federal government includes clerical duties, such as data input, and professional duties, including the evaluation of information provided to reach a decision on the application.

*Clerical Employee Time – GS 9, Step 4*

*369 hours x $25.01/hour = $9,229*

*Professional Employee Time – GS-13, Step 5*

*369 hours x $44.43/hour = $16,395*

1. Explanation of Program Changes in Items 13 or 14 on OMB Form 83-1:

Not applicable.

1. Collection of Information Whose Results Will Be Published:

This collection of information will not be published, except for aggregated statistical data in various agency performance or budget reports.

1. Expiration Date for Collection of Information:

SBA will display the expiration date.

1. Exceptions to Certifications in Block 19 on OMB Form 83-1:

None.

B. Collection of Information Employing Statistical Methods:

Not Applicable.