

**OMB Form 83-I SUPPORTING STATEMENT**  
HUBZONE ELECTRONIC APPLICATION (OMB Control # 3245-0320)

**A. Justification**

**1. Circumstances necessitating the collection of information.**

*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 U.S. Small Business Administration (SBA) is required by statute to administer the “Historically Underutilized Business Zone” (HUBZone) Program. 15 U.S.C. 657a(a) The program requires that small business concerns apply to SBA for certification for the program. 15 U.S.C. 632(p)(5)(A). The SBA requires each qualified HUBZone small business concern to re-certify its HUBZone eligibility every three years. 13 C.F.R. § 126.500. SBA also is required by statute to maintain a list of qualified HUBZone small business concerns, including the name, address and type of business. 15 U.S.C. 632(p)(5)(D). In addition, the SBA is authorized to conduct program examinations on any small business concern seeking certification into the program, or already certified into the program. 15 U.S.C. § 657a(c)(2); see also 13 C.F.R. § 126.402. Copies of the pertinent statutory and regulatory provisions are attached.

Summary of Changes to the Application:

SBA updated its HUBZone application guide to include the list of supporting documentation for corporations, limited liability companies, partnerships, and sole proprietors; to change the NAICS 2007 reference to NAICS 2012; clarify program eligibility as it relates to SBA’s definition of employee<sup>1</sup>; and to make grammatical and formatting changes to the application.

October 2011 certain redesignated HUBZones areas were expired as a result of the 2010 decennial census. As of this date, 2,418 firms lost their HUBZone small business certification. Accordingly, the number of respondents will be reduced.

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

*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 from the current collection.*

Small businesses applying to SBA for certification as a qualified HUBZone small business concern will complete the electronic application. SBA uses the information submitted on the application for verifying a concern’s eligibility for the HUBZone program, for compiling a database of qualified HUBZone small business concerns, and for preparing reports to the Executive and Legislative branches of government, as well as other interested parties. In addition, the SBA uses the information for the re-certification process, as well as for conducting program examinations on certified HUBZone small business concerns.

### **3. Technological collection techniques.**

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

All applications for program participation, program examinations, and recertifications are completed electronically. After submission of the electronic application, SBA requires each firm to sign and have the certification form notarized to attest that all information is true and correct. There are three versions of the certification sheet that will be selected by the firms depending on the types of ownership. Electronic transmission of the information provides an efficient means to process and collect the necessary data and lessens the burden on program participants by saving them the time and expense of having to submit paper files.

### **4. Avoidance of duplication.**

*Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for the purposes described in Item 2 above.*

The information collected for the HUBZone program is different from information collected for other SBA programs. In order to reduce the need to enter redundant data, the HUBZone system collects preexisting information from other electronically linked systems such as the System of Awards Management (SAM) and SBA's Dynamic Small Business System (DSBS) to populate certain identifying data fields into the application. Such data includes, Principal Address, Business Name, Tax Identification Number, Primary North American Industry Classification System (NAICS) Code, and Commercial and Government Entity (CAGE) Code.

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

*If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-1), describe any methods used to minimize burden.*

The collection of this data involves small businesses (but not governmental jurisdictions or not-for-profit enterprises), but entails basic commercial information that is usually maintained by any business. The impact will not be economically significant.

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

*Describe the consequences 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.*

Failure to collect the information on the HUBZone application would impair SBA's ability to fulfill its statutory mandate to certify firms for the HUBZone Program, maintain a List of Qualified HUBZone small business concerns and conduct program examinations. Additionally, SBA would not be able to provide reports to the Executive and Legislative branches of government, as well as other interested parties on the program.

**7. Existence of special circumstances.**

*Explain any special circumstances that would cause an information collection to be conducted in a manner requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than 3-years . . . or requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information’s confidentiality to the extent permitted by law.*

The statute provides authority for the SBA to conduct program examinations of the program participants. To assist with these examinations, SBA regulations require applicants certified as qualified HUBZone small business concerns to retain documentation demonstrating HUBZone qualifying requirements for six (6) years from the date of submission of the application or recertification to SBA. There are no other special circumstances.

**8. Solicitation of Public Comment.**

*If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency’s notice . . .soliciting comments on the information collection... 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 record keeping, disclosure, or reporting format.*

The required notice for public comment was published in the Federal Register on March 2, 2012 at 77 FR 12901. SBA did not receive any comments.

**9. Payment or gifts.**

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

There are no payments or gifts given to any respondent.

**10. Assurance of confidentiality.**

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

Clients are not supplied with an assurance of confidentiality. Data, however, will be automatically encrypted during electronic transmission to the Agency and be stored on a secure server that has regulated access limited to HUBZone personnel on an as-needed basis. All information and/or documents submitted will be protected to the fullest extent permitted by law, including the Privacy Act, 5 USC 552a, Freedom of Information Act, 5 USC, Section 552 and the Right to Financial Privacy Act, 12 USC, Section 3401, et. seq.

**11. Questions of a sensitive nature.**

*Provide 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 take to obtain the consent.

All businesses that apply to the program must have a Tax Identification Number, i.e., social security or employer identification numbers. This unique identifier helps to identify and guard against the submission of duplicate applications and is stored in SBA’s secured environment housed by SBA.

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

*Provide estimates of the hour burden of the collection of the information. Also, provide an estimate of the annualized cost to the respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.*

Number of respondents – Initial certification, recertification, and program examination

Initial Certification:

Number of respondents	3,500+
Number of responses per respondent –	1
Estimated burden hours	3.0 hours
Total annual burden hours	3,500 x 3.0 hours = 10,500

Recertification

Number of respondents	1,200+
Number of responses per respondent	1
Estimated burden hours	1
Total annual burden hours	1,200 x 1.0 hours = 1,200

Program Examinations & Other regulatory processes

Number of respondents	530+
Number of responses per respondent	1
Estimated burden hours	3
Total annual burden hours	530 x 3.0 hours = 1,590

Total annual burden hours for initial application, recertification and program examinations and other regulatory review process – 10,500 + 1,200 + 1,590 = 13,290

Respondent’s Cost of Burden Hours –

Estimated officer’s salary = \$60/hour (based on mid-level, senior manager in an average small business firm).

Total estimated officer’s salary for initial application, recertifications and program examinations is 13,290 x \$60/hours = \$797,400.

**13. Estimate of total annual cost burden for submission.**

*Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. Do not include any the cost of any hour burden shown in Items 12 and 14.*

SBA estimates that there will be no additional capital or start-up costs to respondents as a result of this collection of information because there should be no cost in setting up or maintaining systems to collect the required information. As stated in Answer 5, the information requested should be collected and retained in the ordinary course of business.

**14. Estimated annualized cost to the Federal government.**

*Provide estimates of annual costs to the Federal Government. Also, provide a description of the method used to estimate cost, which should include 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. (Cost estimates for items 12, 13, and 14 may aggregate in a single table.)*

-- The annual cost to review and analyze the application is \$696,661.80, computed as follows:

GS-9, 11, 12, 13, 14 and SES estimated salaries --\$52.42 hour (average) for employees reviewing applications.

Average review for each application =  
Initial application - 3 hours  
Recertification - 1 hours  
Program Examination - 3 hours

Aggregate average review for applications, recertifications, and program examinations per year – 10,500 + 1,200 + 1,590 = 13,290

Total estimated cost to government per year – 13,290 x \$52.42 = \$696,661.80.

**15. Explanation of program changes in Item 13 or 14 OMB Form 83-1.**

*Explain reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-1.*

The Form 83-1 that was submitted during the last review/renewal period erroneously reported a total hour burden of 10,725, instead of 16,725 (as was accurately reflected in the response to #12g of the Supporting Statement). Based on the accurate number, there has been a decrease in the number of respondents for this information collection, and hence the annual recordkeeping and reporting burden has decreased.

The SBA requires certified HUBZone small business concern to re-certify their status every three years. 13 C.F.R. § 126.500. Thus, the SBA will receive fewer responses each year as a result of the three year recertification period.

**16. Collection of information whose results will be published.**

*For collection of information whose results will 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 the information, completion of report, publication dates, and other actions.*

There are no plans to publish the collected information beyond the routine use of aggregated data in reports to the Executive or Legislative branches of government.

**17. Expiration date for collection of information.**

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

Not Applicable.

**18. Exceptions to certifications in Block 19 in OMB Form 83-1.**

*Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-1.*

Not Applicable.

**B. Collections of Information Employing Statistical Methods.**

This collection of information does not employ statistical methods.



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<sup>i</sup> On 5/3/10, HUBZone employee definition changed to mean “Employee means all individuals employed on a full-time, part-time, or other basis, so long as that individual works a minimum of 40 hours per month. This includes employees obtained from a temporary employee agency, leasing concern, or through a union agreement or co-employed pursuant to a professional employer organization agreement. SBA will consider the totality of the circumstances, including criteria used by the IRS for Federal income tax purposes and those set forth in SBA’s Size Policy Statement No. 1, in determining whether individuals are employees of a concern. Volunteers (i.e., individuals who receive deferred compensation or no compensation, including no in-kind compensation, for work performed) are not considered employees. However, if an individual has an ownership interest in and works for the HUBZone SBC a minimum of 40 hours per month, that owner is considered an employee regardless of whether or not the individual receives compensation.”