

SUPPORTING STATEMENT for PAPERWORK REDUCTION ACT SUBMISSION

PART A- JUSTIFICATION

Information Collection: Section 3 Certified Business and Recipient Surveys

A1. Circumstances Making Information Collection Necessary

Section 3 of the Housing and Urban Development Act of 1968 requires recipients of HUD funds, to the maximum extent feasible, make employment and training opportunities to low-income persons, particularly residents of public housing, and contracting opportunities to the companies that hire them. In previous years, compliance with Section 3 has been unsatisfactory. Recent HUD initiatives have focused on strengthening capacity and outcomes related to Section 3 hiring and contracting.

In November 2011, the Department of Housing and Urban Development (HUD) launched the Section 3 Business Registry Pilot program in five metropolitan areas—Detroit, Miami, New Orleans, Los Angeles, and Washington, DC. Under this pilot, HUD will offer a searchable online database that housing authorities, local government agencies, and contractors can use to identify firms that have self-certified their status as Section 3 businesses and that hire local low-income individuals.

HUD's Section 3 Business Registry is based on similar federal businesses registries maintained by SBA and the Veterans Administration. It will allow firms that meet one of the three regulatory definitions of a Section 3 Business to self-certify their eligibility with HUD. Once registered, these firms will be placed into a searchable online database of Section 3 Businesses.

This information collection contains two surveys that will provide insights into the effectiveness of the Section 3 Business Registry and potential outcomes, and this information may be useful for developing policies regarding the Section 3 Business Registry.

This information collection will be limited to businesses that have self-certified their Section 3 eligibility to HUD and recipients of HUD funding (i.e., Public Housing Authorities and local government agencies) located in the five pilot metropolitan areas. Random sampling will not be used to identify potential respondents, the survey will be sent to all certified businesses and HUD funding recipients in an effort to produce the greatest amount of responses. Respondents will have 45 days to respond to the surveys. Responding to the survey is voluntary.

A2. How and By Whom the Data will be Used

These data will be used to gain insights into the outcomes of the Section 3 business registry pilot program. Specifically, the surveys will provide some useful information of the pilot program on awarding HUD-funded contracts to Section 3 businesses. The information will also be used to explore if the business registry has increased the capacity of recipients of HUD funding located in the five metropolitan areas to meet the regulatory requirements of Section 3. Additionally, the data will also be used to help understand overall customer

satisfaction with the business registry as a viable tool for awarding contracts to Section 3 businesses. HUD only intends to use the data obtained from these surveys to provide anecdotal and/or qualitative information regarding the Section 3 Business Registry Pilot program and will make this clear in any reports using these data.

A3. The Extent of the Collection of Information Involving the Use of Automated, Electronic, or Other Forms of Information Technological

The Department will contact potential respondents by email. A copy of the draft email language is attached. Surveys will be submitted directly to HUD electronically via an online survey tool, such as Survey Monkey.

A4. Efforts to Identify Duplication

HUD took efforts to ensure that the Business Registry Survey for Recipients did not request any information that could be obtained from their Section 3 annual reports (HUD form 60002). While recipients of Section 3 covered HUD funding are required to submit annual reports to HUD, these reports do not assess individual contracts awarded to eligible businesses or each agency's efforts to use the pilot business registry to award contracts to eligible businesses. Form HUD 60002 assesses each agency's efforts, in the aggregate, to meet the minimum numerical goals for employment and contracting set forth in the regulation during the reporting period. Accordingly, the annual report does not provide per-project or per-contract data to the Department, and there is no mention of the Section 3 Business Registry.

Further, Section 3 businesses are considered beneficiaries of HUD funding and are not under any obligation to submit annual reports to HUD. Therefore, no mechanism currently exists to collect the information that the Department is seeking.

A5. Efforts to Minimize the Burden on Small Entities

This information collection will be distributed to eligible businesses and recipients of HUD funding located in the five metropolitan areas listed above. Currently, there are approximately 600 certified Section 3 businesses in the registry, many of which may be considered small in nature. The Department will not be submitting the survey to a random sample of these businesses. Instead, all firms will receive the survey to produce the greatest amount of responses. Responding to this information collection is voluntary.

A6. Consequences of Less Frequent Data Collection

Without this information collection the Department would have no means of measuring the effectiveness of the Section 3 Business Registry Pilot program during its 12-month implementation.

A7. Explain any Special Circumstances that Would Cause an Information Collection to be Conducted in a Manner that Violates OMB's Criteria

This information collection will not result in any actions that violate the requirements set forth by OMB.

A8. Circumstances Requiring Deviation from Guidelines of 5 CFR 1320.6

There is no deviation from the guidelines of 5 CFR 1320.6.

A9. Federal Register Publication

This information is collected in a manner consistent with guidelines of 5 CFR 1320.8(d).

A10. Incentive Payments and Gifts

This information collection does not involve any payment or gifts to respondents.

A11. Arrangements and Assurances Regarding Confidentiality

This information collection does not collect any confidential or sensitive data. Information collected may be released upon request.

A12. Sensitive Questions

This information collection does not contain requests for information of a sensitive nature.

A13. Estimate of Record-keeping and Reporting Cost Burden on Surveyors

With respect to the ‘Participant Survey’, currently there are approximately 600 certified Section 3 businesses as a result of the pilot program. The Department estimates the following:

- Approximately 20% of certified Section 3 businesses (120) will respond to the survey;
- Mean hourly wage for construction workers is \$16.43¹;
- On average, one hour is estimated to complete survey

TOTAL ESTIMATED COST BURDEN ON PARTICIPANTS: \$1,971.60

With respect to the ‘Recipient Survey’, there are approximately 151 recipients of HUD funding located in the five pilot locations. The Department estimates the following:

- Approximately, 30% of recipients of HUD funding (45) are estimated to respond to the survey²;
- Average hourly wage for local government workers is: \$20.32
- On average, one hour is estimated to complete the survey

TOTAL ESTIMATED COST BURDEN ON RECIPIENTS: \$914.40

¹ Source: Bureau of Labor Statistics Occupational Employment and Wages

² The Department anticipates a slightly higher response rate from recipients of HUD-funding because of our ongoing relationship.

A14. Estimated Cost to the Federal Government

HUD estimates the following costs to the federal government:

- Average hourly wage of employees conducting data analysis: \$58.21³
- Estimated number of hours worked on designing the electronic survey tool, notifying respondents, data analysis, and drafting reports: 160 hours
- Other estimated costs (equipment, printing, overhead): \$2,500

TOTAL ESTIMATED COST TO THE FEDERAL GOVERNMENT: \$11,813.60

A15. Reasons for Change in Burden

The proposed information collection is new and does not propose changes to any existing information collection.

A16. Reasons for Not Displaying the OMB Expiration Date

There is no request seeking approval to not display the expiration date for OMB approval of the information collection.

A17. Exceptions

There are no exceptions to the certification statement identified in Item 19 of OMB Forms 83-1.

³ Source: Office of Personnel Management Hourly Salary Table for Washington, DC (GS-13/4; GS-14/7 and GS-15/5)

PART B- EMPLOYMENT OF STATISTICAL METHODS