

OMB FORM 83-I SUPPORTING STATEMENT

*PAPERWORK REDUCTION ACT SUBMISSION FOR
U.S. SMALL BUSINESS ADMINISTRATION'S (SBA)
SMALL BUSINESS INVESTMENT COMPANY (SBIC) PROGRAM*

INFORMATION COLLECTION 3245-0301

*SBA FORM 1941A: FINANCING ELIGIBILITY STATEMENT – SOCIAL DISADVANTAGE
(Member of a designated group)*

*SBA FORM 1941B: FINANCING ELIGIBILITY STATEMENT – SOCIAL DISADVANTAGE
(Not a member of a designated group)*

*SBA FORM 1941C: FINANCING ELIGIBILITY STATEMENT – ECONOMIC
DISADVANTAGE*

A. Justification

1. Circumstances necessitating the collection of information. The Office of Investment (OI) of the Small Business Administration (SBA) licenses and regulates small business investment companies (“SBICs”). Among current licensees, there are currently 11 “specialized” SBICs (SSBICs) that were originally licensed under section 301(d) of the Small Business Investment Act of 1958, as amended, which authorized the licensing of SSBICs to invest solely in small business concerns owned by “persons whose participation in the free enterprise system is hampered because of social or economic disadvantages.” Section 301(d) was repealed on September 30, 1996, by Section 208(b)(3)(A) of Title II of the Omnibus Consolidated Appropriations Act of 1997 (Public Law 104-208). The repeal provision also provided that the repeal “...shall not be construed to require the Administrator to cancel, revoke, withdraw, or modify any license issued under section 301(d) of the Small Business Investment Act of 1958 before the date of enactment of this Act.” As a result, a number of SSBICs continue to operate. Section 308(h) of the Act requires these SSBICs, before providing financial assistance to a company, to obtain the company’s certification that it meets the eligibility requirements of the SSBIC program. The SSBICs themselves must review the information provided by the company and certify that the information supports the eligibility of the company.

13 CFR 107.50 sets forth the regulatory definition of a “Disadvantaged Business” that is eligible to receive financing from an SSBIC. Additional criteria for the determination of social or economic disadvantage are set forth in 13 CFR 124.103, SBA Policy and Procedural Release #2017, and Appendix 1 to each of Forms 1941A, B and C. A small business concern can qualify as a Disadvantaged Business if it is at least 50 percent owned, and controlled and managed on a day to day basis, by a person or persons who qualify as either socially or economically disadvantaged. SBA Form 1941A, B or C, as appropriate, is used to certify that a small business concern qualifies for assistance from an SSBIC because of social or economic disadvantage experienced by the business owner(s).

SBA seeks OMB’s approval to extend this collection of information (approved under control number 3245-0301). SBA has not modified this information collection since the last submission.

2. How, by whom, and for what purpose information will be used. The information collected is a certification of eligibility for SSBIC financial assistance based on social or economic disadvantage. The completed form is retained by the SSBIC in its files as required by section 308(h) of the Small Business Investment Act and 13 CFR 107.610. Completed forms are reviewed periodically by an SBA examiner as part of his/her on-site examination of the SSBIC, which is required by statute to occur at least biennially (15 U.S.C. Section 687b(c)). SBA conducts these examinations pursuant to the statutory requirement of section 310(c) of the Small Business Investment Act, as amended, and 13 CFR 107.690. The purpose of the examination as provided by statute is to determine, in part, whether or not the SSBIC has engaged “solely in lawful activities and those [activities] contemplated” by title III of the Small Business Investment Act.

The information collected on Form 1941A, B and C is used to confirm that all financings by SSBICs are made to Disadvantaged Businesses as defined by 13 CFR 107.50.

3. Technological collection techniques. SBA Form 1941A, B and C are available electronically to SSBICs and small businesses. The forms can be downloaded from SBA’s web site (<http://www.sba.gov/content/sba-form-1941a-financing-eligibility-statement-social-disadvantage-individuals-who-are-members-designated-group>; <http://www.sba.gov/content/sba-form-1941b-financing-eligibility-statement-social-disadvantage-individuals-who-are-not-members-designated-group>; <http://www.sba.gov/content/sba-form-1941c-financing-eligibility-statement-economic-disadvantage>). No provision has been made for electronic submission of the form because it is retained by the SSBIC in its own files and is not submitted to SBA.
4. Avoidance of Duplication. SBA Forms 1941A, B and C are self-certifications of eligibility for SSBIC financing. This information is not reported in any other format. Therefore, there is no duplication of information with this form.
5. Impact on small business or other small entities. The concerns that are asked to complete the form are small businesses, but the impact on small businesses is not significant, as the number of small businesses receiving SSBIC financing has continued to decline, while the number of actual financings may be more because some businesses receive more than one round of financing. SBA Forms 1941A, B and C have been designed to capture the minimum amount of information necessary to determine compliance with the Small Business Investment Act and SBA regulations.
6. Consequences if collection of information is not conducted. Without this information collection, businesses that do not conform to SBA eligibility criteria could benefit from a program created to assist only disadvantaged small businesses.
7. Existence of special circumstances. Small businesses are required to complete SBA Form 1941A, B or C prior to the provision of assistance by an SSBIC. The SSBIC, in turn, will certify that the small business does qualify as a Disadvantaged Business, based on all the information available to the SSBIC. Since the form must be completed in conjunction with each financing of a small business, the frequency of collection may be more than quarterly.

In SBA's experience, this procedure is necessary to ensure that the company receiving financial assistance is eligible. In addition, collection of the information prior to the provision of financial assistance is necessary to meet the statutory requirement for certification of a small business's disadvantaged status pursuant to section 308(h) of the Small Business Investment Act.

8. Solicitation of public comment. A notice was published in the Federal Register on Tuesday, August 6, 2013, 78 FR 47813. No comments have been received.
9. Payment or gifts. No payments or gifts are provided to respondents.
10. Assurance of confidentiality. Assurances of confidentiality to the extent permitted by law are provided to Applicants of SBIC financing responding to this collection. SBA Forms 1941A, B and C, include confidential financial data, which is protected from disclosure under the Freedom of Information Act; specifically, exemptions 4, 6 and 8, which allow SBA to withhold financial data on individual companies. Records are maintained under conditions designed to preclude access by persons other than Agency personnel with a need to know.
11. Questions of a sensitive nature. SBA Form 1941 A, B and C request confidential business and financial information, as well as information that may be considered sensitive (e.g., disadvantage experienced in connection with race/ethnicity, physical disability). SBA considers this information essential to the fulfillment of the requirements of the Small Business Investment Act, which requires that companies seeking financial assistance from SSBICs provide such information to support their eligibility for SSBIC financial assistance. The information provided will be used for that purpose only, as explained on the forms. The information collected will be protected in accordance with the Privacy Act and the Freedom of Information Act. This information is needed to fulfill SBA's statutory responsibilities with respect to SSBIC examinations; it is not retrieved by individual identifiers.
12. Estimate of the hourly burden of the collection of information. The estimated completion time is derived from estimates for similar forms used in SBA's 8(a) program (for which applicants must demonstrate social and economic disadvantage). Estimated annual hour burden of :

Estimated number of respondents – 50
Number of responses per respondent – 1
Estimated hours to complete form – 2 hours
Total burden hours – 100

The estimated aggregate cost of the hour burden is computed as follows:

Completion time per response – 2 hours
Hourly wage for administrative staff – \$25
Total cost per form – \$50
Estimated number of responses – 50

Total cost – \$2,500

13. Estimate of total annual cost burden. There is no annual cost burden to respondents other than the cost of the hour burden provided in item 12.
14. Estimated annualized cost to the Federal government. The information collected in SBA Forms 1941A, B and C is retained by each SSBIC in its own files. SBIC program examiners review the information collected at the time of their examination of an SSBIC. The review of these forms is a very small part of the total examination. As a result, the cost to the Federal government is negligible.
15. Explanation of program changes in Items 13 or 14 on OMB Form 83-I. There are no changes.
16. Collection of information whose results will be published. Not applicable. Results of this collection of information will not be published.
17. Expiration date for collection of information. Not applicable. The expiration date will be displayed.
18. Exceptions to certifications in Block 19 on OMB Form 83-I. Not applicable. There are no exceptions to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions,” of OMB 83-1.

B. Collection of Information Employing Statistical Methods

This collection of information does not employ statistical methods.

Attachments:

- SBA Form 1941A, Financing Eligibility Statement – Social Disadvantage (Member of a Designated Group)
- SBA Form 1941B: Financing Eligibility Statement – Social Disadvantage (Not a Member of a Designated Group)
- SBA Form 1941C: Financing Eligibility Statement – Economic Disadvantage
- Federal Register Notice
- Authorizing Statutory and Regulatory Provisions