

Paperwork Reduction Act Submission
Supporting Statement

Application for the 8(a) Business Development (BD) Program

1. *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's (SBA) 8(a) Business Development (BD) Program was created by Section 8(a) of the Small Business Act and implemented by Title 13, Part 124, Subpart A of the Code of Federal Regulations (CFR). The purpose of the 8(a) BD Program is to assist eligible small disadvantaged businesses to compete in the American economy through business development. SBA's regulations require a formal application to determine if a business meets the criteria for 8(a) Program eligibility. This application includes the collection of specific information to enable SBA to properly review, evaluate and determine each applicant's eligibility for Program participation.

The regulatory requirements governing entity-owned firms, such as Alaska Native Corporations (ANC), American Indian Tribal organizations (AIT), community service Native Hawaiian Organizations (NHO) and nonprofit Community Development Corporations (CDC), are significantly different from each other and from the regulatory requirements governing individually-owned firms. This fact necessitates the need for separate supplemental forms for each type of firms listed above.

Summary of Forms and Changes where applicable: Below is a list of forms included in this submission along with a short summary related to the collection of information for each and details on any changes made:

- A. SBA Form 1010 (Application form for admission to the 8(a) BD Program). Changes were made to this form as follows:
 - a) Created a "Are You Ready To Apply?" checklist from the first page of the original document.
 - b) Changed definition of CCR - CCR means Central Contractor Registration. CCR is the primary vendor database for the Federal Government and maintained by the Department of Defense (DOD). The CCR collects, validates, stores and disseminates data in support of agency acquisition missions. To be awarded contracts by federal government agencies, both current and potential government vendors must register in CCR. Before you submit this Form 1010 application for certification in the 8(a) BD Program, you must create a business profile in the CCR. **New language: CCR is Central Contractor Registration. CCR was consolidated by the System for Award Management (SAM). To be awarded contracts by federal**

government agencies both current and potential government vendors must be registered with SAM. See SAM

- c) Changed definition of DSBS - DSBS means Dynamic Small Business Search database and is a Federal Government database for small businesses to register and increase their opportunities to provide goods and services to the Federal Government. It is part of the Central Contractor Registration (CCR) database. After you create a small business profile for the firm, the system automatically generates a SBA Customer ID number - or DSBS number; you will need this number to complete this Form. Before you submit this Form 1010 application for certification in the 8(a) BD Program, you must create a small business profile in DSBS. The SBA Customer ID number/DSBS number is mandatory. **New language: DSBS/SBA Profile is Dynamic Small Business Search. This profile is required in the database for all firms seeking to do business with the Federal government as a small business and is a prerequisite for applying into the 8(a) BD Program. A current profile is required prior to applying into the 8(a) Program. You can access the DSBS by going through the SAM profile. See SAM**
- d) Changed definition of Primary NAICS Code - (from) Primary NAICS Code represents the business concern's largest source of revenues for the most recently completed fiscal year. More information about NAICS codes and size standards is available at the Small Business Size Standards website
<http://www.sba.gov/services/contractingopportunities/sizestandardsttopics/index.html>.
New language: Primary NAICS Code represents the **industry within which the majority of the** business concern's revenues for the most recently completed fiscal year **were derived**. More information about NAICS codes and size standards is available at the Small Business Size Standards website
<http://www.sba.gov/services/contractingopportunities/sizestandardsttopics/index.html>
- e) Added definition for SAM – SAM means System for Award Management and is the Official U.S. Government system that consolidated the capabilities of several systems including the CCR. More information about SAM is available at website:
www.sam.gov
- f) Created chart Business Profile Section I Business Profile
- g) Added question number 21 to Section II “Business Management and Administration”
- h) Added question number 22 to Section II “Business Management and Administration”
- i) Added question number 22 to Section II “Business Management and Administration”
- j) Added question number 23 to Section II “Business Management and Administration”
- k) Section III question 11- Copies of business bank account signature cards. **New Language: Copies of business bank account signature cards. In lieu of this, a letter from the bank indicating those having signatory authority will suffice.**
- l) Section III question 12 - Copies of the business and special licenses under which the business concern operates. **New Language: Copies of the business and special licenses under which the business concern operates. This includes industry related licenses. Include the name(s) of the qualifying party/individual.**

m) Section III question 13 - Copies of business concern loan agreements, including lines of credit and shareholder loan(s). **New Language: Copies of business concern loan agreements, including lines of credit and shareholder loan(s). Provide all loan sources, amounts, purposes of money loaned, including the name(s) of any persons firms securing the loan and the name(s) of those guaranteeing the loan.**

n) Section III question 15 - Copy of the current lease agreement(s) and/or proof of ownership for all business facilities and equipment. **New Language: Copy of the current lease agreement(s) and/or proof of ownership for all business facilities and equipment, and company vehicles.**

o) We also made various word changes without changing the intent of the language.

B. SBA Form 1010-IND (Supplemental application form for concerns owned by Individuals) is completed by each person owning more than 10% of the applicant firm, along with each director, management member, partner, and officer. The information collected on this form is not new; it was included in the previous OMB submission.

C. Each of the following forms is completed by an entity firm meeting the specific requirements of the entity. The information collected on these forms is not new; such information was included in the previous OMB submission. No substantive changes were made to these forms other than the burden hours which are now being reflected more accurately; they may now be submitted electronically.

- SBA Form 1010B-ANC (Supplemental application form for concerns owned by Alaska Native Corporations)
- SBA Form 1010B-NHO (Supplemental application form for concerns owned by Native Hawaiian Organizations)
- SBA Form 1010B-AIT (Supplemental application form for concerns owned by American Indian Tribes)
- SBA form 1010B-CDC (Supplemental application form for concerns owned by Community Development Corporations)

D. SBA Form 1010C (8(a) Business Plan) is utilized by 8(a) businesses already admitted into the Program. The burden hours were changed to reflect a more accurate calculation.

2. *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.*

SBA's 8(a) BD Program collects the information from applicants in order to determine each applicant's 8(a) BD Program eligibility. To be certified as an 8(a) BD Program Participant, a firm must be a small business which is at least 51% unconditionally owned and controlled by persons who are socially and economically disadvantaged and who are U.S. citizens. Firms applying for the 8(a) BD Program must also show that the principals of the firm are of good character and that the firm has the potential for success. SBA also uses some of the information in the compilation of the information required for 8(a) BD Program participation, in accordance with 15 U.S.C. § 631b (e), as part of its annual report to Congress. Each Program Participant is required by statute each year to annually update its business and financial data so that SBA can determine the Participant's continued 8(a) eligibility.

3. *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.*

As we noted in our prior OMB submission, in compliance with the Government Paperwork Elimination Act, SBA instituted an electronic version of the 8(a) BD Program application form along with Form 1010-IND. In this OMB submission, we have noted the institution of an electronic version of the supplemental Forms 1010B-ANC, 1010B-NHO, 1010B-AIT and 1010B-CDC. The submission of paper 8(a) applications is still accepted; however, electronic submission of 8(a) applications has provided a more efficient means of collecting and processing the necessary data and has resulted in some burden reduction on the applicants. It is important to note that all applications are *processed* electronically even if the applicant chooses to submit a paper application. In the case of the latter, the 8(a) BD Program personnel input the data electronically before processing.

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

There are no duplication issues. This information is collected initially from each firm during the application process in order to provide SBA with specific data necessary in determining an applicant's eligibility for certification in the 8(a) BD Program. If an applicant is declined, that firm, within 45 days, may request that SBA reconsider the decline decision by revising its application package and addressing the factors that led to the decline decision. For those firms that were accepted into the Program during a firm's nine year tenure, the Participant accesses the forms annually as part of the Annual Review update process. A firm enters only the required information needed – whether it is in the initial application process or the Annual Review process - to allow the SBA to approve eligibility or to confirm continued eligibility.

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

The collection impacts small businesses and the principals of these small businesses. However, SBA believes that this collection of information does not present a significant burden or economic impact on these small businesses. The requested information is required to ensure adequate oversight and program integrity and guarantee that only firms meeting the eligibility criteria are certified for 8(a) Program participation. To reduce the burden of responding to this collection of information, the application primarily requires “yes/no” responses and only requires narrative text where necessary. In addition, the electronic application provides a less burdensome and more effective and economical process for completion of the application form.

6. *Describe the consequence 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.*

This is a one-time collection of information from each applicant. If SBA does not collect this information when a firm applies for 8(a) BD Program certification, SBA will be unable to determine the firm's Program eligibility. Further, there is an enormous risk associated with SBA not collecting this information since it increases the potential for ineligible firms to gain entry into the 8(a) BD Program thus opening up the Program to fraud, waste and abuse.

7. *Explain any special circumstances that would cause an information collection to be conducted in a manner:*
 - *requiring respondents to report information to the agency more often than quarterly;*
 - *requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;*
 - *requiring respondents to submit more than an original and two copies of any document;*
 - *requiring respondents to retain records other than health, medical, government contract grant-in-aid, or tax records for more than three years;*
 - *in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;*
 - *requiring the use of a statistical data classification that had not been reviewed and approved by OMB;*
 - *that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use;*
 - *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.*

Some of the financial information provided by respondents may be confidential. These questions are asked to determine if an applicant firm is in compliance with statutory and regulatory requirements. Without this information, SBA cannot determine whether these individuals are socially and economically disadvantaged, and whether these individuals actually own, manage and control the applicant firms. SBA protects confidential information to the fullest extent possible.

8. *If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.*

A request for comment on Form 1010 was published in the Federal Register (FR) on September 25, 2013 (78 FR 59079). A copy of the Federal Register notice is attached. SBA received no comments.

Describe efforts to consult with person 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 (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years-even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

SBA does consult with representatives of those from whom information is to be obtained and those who must compile records at least once every 3 years. The Business Development Specialists (BDS) and other SBA staff located in district offices throughout the country regularly consult with these contacts.

9. *Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.*

There are no payments or gifts given to any respondent.

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

All financial and business information will be protected. We will also ensure compliance with the Privacy Act (5 U.S. Code 552a) and the Freedom of Information Act (U.S. Code 552) provisions. The applicant is informed at the time of application that all information provided will be protected to the extent permitted by the law. SBA has created a Privacy Act System of Record – SBA 30 - for the use and disclosure of this information. The System of Record Notice was last published in the Federal Register at 74 FR 14890 (April 1, 2009). Copy of SBA-30 is attached.

11. *Provide additional 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 taken to obtain their consent.*

The agency asks sensitive questions concerning racial or ethnic background, education, employment, citizenship and potentially demeaning or embarrassing instances of discrimination. The objective of the 8(a) BD Program is to help firms owned, managed and controlled by

socially and economically disadvantaged individuals compete in the competitive market through various forms of business development. To determine if a firm is owned, managed and controlled by socially and economically disadvantaged individuals, the application must collect information concerning the basis of the individual's social and economic disadvantage, e.g., ethnic background, gender, or handicap, examples of discrimination and personal financial information. Further, in order to determine that an 8(a) applicant and the principals of an 8(a) applicant firm possess good character and to ensure 8(a) BD Program integrity, SBA collects information regarding arrest records, liens and Federal debt obligations. The sensitive information sought is required by §§7(j) and 8(a) of the Small Business Act, 15 U.S.C. §§ 636(j), 637(a), and 637(d) and the implementing regulations at 13 CFR, Part 124.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.*
- If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.*
- Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contraction out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.*

ANNUAL HOURLY BURDEN ON RESPONDENTS

The estimated total hourly burden requested for SBA Forms 1010, 1010-IND, 1010B-AIT, 1010B-ANC, 1010B-CDC, 1010B-NHO and 1010C is **29,127.50**. SBA accepts Business Plans from the 8(a) BD participants in any format as long as the Business Plan contains all the elements listed in the 1010C. This submission includes the hourly burden related to initially completing the required Business Plan and the annual update of the Business Plan regardless of whether or not Form 1010C is used.

This OMB submission contains the following different types of responses: 8(a) applicants when applying can respond to Form 1010 and one of the supplemental Forms 1010B-IND, 1010B-ANC, 1010B-NHO, 1010B-AIT or 1010B-CDC); applicants declined can, within 45 days, request that SBA reconsider the decline decision by revising its application package, that will include Form 1010, and one of the following – Form 1010-IND, Form 1010-ANC, Form 1010B-NHO, Form 1010B-AIT or Form 1010B-CDC; the 8(a) Participant firm can update annually Form 1010 and one of the following forms, 1010B-IND, 1010B-ANC, 1010B-NHO, 1010B-AIT or 1010B-CDC, during the Annual Review process; and the 8(a) Participant firm can update

annually Form 1010C or their Business Plan (responding to the required information in Form 1010C) during the Annual Review process.

APPLICATIONS

SBA 1010

It is estimated that approximately **2,692** application forms (paper and electronic) will be received by SBA annually.

- Estimated burden hours per response for applicants:
1.5 hrs x 2,692 application = 4,038 total estimated burden hours

SBA 1010 supplemental applications (IND)

It is estimated that approximately **2652** application forms will be received by SBA annually.

- Estimated burden hours per response for applications:
1 hr x 2,652 applications = 2,652 total estimate burden hours

SBA 1010B supplemental applications (ANC, NHO, AIT and CDC)

It is estimated that approximately **40** application forms will be received by SBA annually.

- Estimated burden hours per response for applications:
1 hr x 40 applications = 40 total estimate burden hours

SBA 1010 applications rejected and resubmitted during reconsideration process

- Estimated burden hours per response for applications:
1.5 hrs x 225 applications = 337.50 total estimate burden hours

SBA 1010 supplemental applications (IND) rejected and resubmitted during the reconsideration process

It is estimated that approximately **214** application forms will be received by SBA annually.

- Estimated burden hours per response for applications:
1 hr x 214 applications = 214 total estimate burden hours

SBA 1010B supplemental applications (ANC, NHO, AIT and CDC) rejected and resubmitted during the reconsideration process

It is estimated that approximately **11** application forms will be received by SBA annually.

- Estimated burden hours per response for applications:
1 hr x 11 applications = 11 total estimate burden hours

BUSINESS FORM

SBA 1010C – 8(a) Business Plan– as required for new 8(a) firms

It is estimated that approximately **480** Business Plans as required for new 8(a) firms will be received annually by SBA.

- Estimated burden per response for 1010C 8(a) Participants:
7 hrs x 480 8(a) Business Plan = 3,360 total estimate burden hours

ANNUAL REVIEW

SBA 1010 and supplemental forms (if appropriate)-updated

It is estimated that the approximately **7,390** 8(a) Participants will

respond.

- Estimated burden hours per response for annual review responses:
1.5 hr x 7,390 annual reviews = 11,085 total estimate burden hours

SBA 1010C – 8(a) Business Plan updated

It is estimated that approximately **7,390** Business Plans will be received by SBA annually.

- Estimated burden per response for 1010C 8(a) Participants:
1 hr x 7,390 8(a) Business Plan = 7,390 total estimate burden hours

Total Burden Hours for all forms during application process and Annual Review= 29,127.50 (1010, 1010-IND, 1010B-ANC, 1010B-NHO, 1010B-AIT, 1010B-CDC and 1010C)

ANNUALIZED HOURLY COST TO RESPONDENTS

Below is the annual cost to respondents for the hour burdens for collection of information. The wage rate used was that of a GS-12/1 grade level, 2012-DCB, incorporating the 1.50% General Schedule increase and a locality payment of 24.22%, for the locality pay area of Washington-Baltimore-Northern Virginia, DC-MD-VA-WV-PA, effective January 2012.

SBA Form 1010

Estimated cost to respondents for the hour burden:

1.50 hrs @ \$35.88 = \$53.82

SBA Form 1010-IND (supplemental application)

Estimated cost to respondents for the hour burden:

1.0 hr @ \$35.88= \$35.88

SBA Form 1010B-AIT (supplemental application)

Estimated cost to respondents for the hour burden:

1.0 hr @ \$35.88=\$35.88

SBA Form 1010B-ANC (supplemental application)

Estimated cost to respondents for the hour burden:

1.0 hr @ \$35.88= \$35.88

SBA Form 1010B-CDC (supplemental application)

Estimated cost to respondents for the hour burden:

1.0 hr @ \$35.88= \$35.88

SBA Form 1010B-NHO (supplemental application)

Estimated cost to respondents for the hour burden:

1.0 hr @ \$35.88= \$35.88

SBA Form 1010C – 8(a) Business Plan

Estimated cost to respondents for the hour burden:

7 hrs @ \$35.88= 251.16

13. Provide an estimate of the total amount cost burden to respondents or record keepers resulting from collection of information.

The annual cost burden to respondents resulting from this information collection is minimal. This one time collection consists of business records that respondents retain in their ordinary course of business regardless of participation in the 8(a) BD Program.

14. 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.

Below are the estimates of annual costs to the Federal Government for the review and analysis of forms related to 8(a) applications. The wage rate used for management and professional staff was that of a GS-12/1 grade level, 2012-DCB, incorporating the 1.50% General Schedule increase and a locality payment of 24.22%, for the locality pay area of Washington-Baltimore-Northern Virginia, DC-MD-VA-WV-PA, effective January 2012. The wage rate used for legal staff was that of a GS-13/1 grade level, 2012-DCB (Washington DC Baltimore area locality pay), incorporating the 1.50% General Schedule increase and a locality payment of 24.22%, for the locality pay area of Washington-Baltimore-Northern Virginia, DC-MD-VA-WV-PA, effective January 2012.

Total annual cost to the government for forms related to the application process and the annual review update process is **\$1,442,749**. Estimates are based on information provided by SBA representatives who conduct application reviews. As a matter of office policy, all non-designated applications, entity applications (AIT, ANC, CDC and NHO), and applications with potential appeal rights to the SBA Office of Hearing and Appeals are sent to legal for review, and these total about 10% of the overall total.

APPLICATION PROCESS

Annual cost to Government (the initial review and analysis of 8(a) applications):

Review and Analyze 8(a) applications including supplemental forms if appropriate (based on GS-12/1 basic hrly rate)

Management and Professional approx. 8 hours @ \$35.88 =	\$287
Total per application	\$287
8(a) applications Total (2,692 x \$287)	\$772,604

Review and Analyze 8(a) applications including supplemental forms if appropriate for reconsideration (based on GS-12/1 basic hrly rate)

Management and Professional approx. 8 hours @ \$35.88 =	\$287
Total per application	\$287
8(a) applications Total (225 x \$287)	\$64,575

Review and Analyze optional Form 1010C as required for new 8(a) firms (based on GS-12/1 basic hrly rate)

Management and Professional approx. 4 hours @ \$35.88 =	\$144
Total per form	\$144
Form 1010C new 8(a) firms Total (480 x \$144)	\$69,120

Legal Review (10% of new applications, especially applications representing particular categories, and based on GS-13/1 hrly rate)

Legal approx. 3 hrs @ \$42.66=	\$128
Total per application	\$128
Total Annual Cost Legal Review (48 x \$128)	\$6,144

Total Annual Cost of Application Process: \$912,443

ANNUAL REVIEW PROCESS

Annual cost to Government (the review and analysis of 8(a) applications during Annual Review):

Review and Analyze (based on GS-12/1 basic hrly rate)

Management and Professional approx. 1 hours @ \$35.88 =	\$35.88
Total per application	\$35.88
8(a) applications Total (7,390 x \$35.88)	\$265,153

Review and Analyze 1010C (based on GS 12/1 basic hrly rate)

Management and Professional 1 hour @\$35.88=	\$35.88
Total per form	\$35.88
Form 1010C Annual Review Total (7,140 x \$35.88)	\$265,153

Total Annual Cost of Annual Review Process: \$530,306

TOTAL ANNUAL COST TO GOVERNMENT FOR 8(a) forms: \$1,442,749

15. Explain reason for any program changes or adjustments reported in Items 13 and 14 of the OMB 83-I.

There was an approximately 4% increase in the number of respondents from the last submission. In this submission, the annual responses for the number of respondents were calculated based on the particular forms that each respondent completed. In this submission, an effort was made to consider the various times that a form might be completed and then revised, in the case of an applicant's resubmitting during the reconsideration period. The increase in total annual hours requested could also be attributed to this more precise figuring of the hours.

16. 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.

Some of the data from this collection of information is included, in the aggregate, as part of an annual report on the 8(a) BD Program that SBA provides to Congress, or in various other agency reports.

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

There are no exceptions.