

# OMB FORM 83-I SUPPORTING STATEMENT

*PAPERWORK REDUCTION ACT SUBMISSION FOR  
U.S. SMALL BUSINESS ADMINISTRATION'S (SBA's)  
NEW MARKETS VENTURE CAPITAL (NMVC) PROGRAM  
INFORMATION COLLECTION Control Number 3245-0332*

## A. JUSTIFICATION

### 1. LEGAL CIRCUMSTANCES NECESSITATING THE COLLECTION OF INFORMATION.

The New Markets Venture Capital (NMVC) Program Act of 2000 (Act), codified at 15 U.S.C. 689 et seq., authorized SBA, subject to appropriations, to designate newly-formed, for-profit entities as New Markets Venture Capital Companies (NMVCCs) and to provide such companies with financial assistance in the form of debenture guarantees to fund investment activities and with grants to provide operational assistance to smaller enterprises located in Low Income (LI) areas. The Act also authorized SBA, subject to appropriations, to award grants to Specialized Small Business Investment Companies (SSBICs), to provide operational assistance to smaller enterprises located in LI areas. 15 U.S.C. 689b. The implementing regulations for the NMVC program are codified at 13 CFR Part 108. The requirements for continued participation in the program, including reporting, recordkeeping and examination requirements are contained in subpart H. See attached document for those provisions applicable to this information collection.

The NMVC program has not been funded since FY 2002 and as a result no new applications are anticipated. Nonetheless, SBA is not removing the NMVC program application from this collection of information at this time because each application is incorporated by reference as part of an NMVCC's Participation Agreement and may be necessary in the future. Specifically, if an NMVCC needs to make legal or other operational changes, it must amend the pertinent sections of its original application to seek SBA's approval. Other forms in this collection of information that will be retained are identified in the response to A.2 below.

Changes to Collection: However, SBA is removing the following forms, which are associated with the grant and debenture funding components of the NMVC programs, since those activities have now ended and not anticipated to be resumed.

*SBA Forms 2210, Instructions for NMVC Debenture Draw  
2211, Application for SBA Commitment of Leverage  
2216, SSBIC Interview Questions  
2219; Operational Assistance Grant Performance Report  
Standard Forms 270, Request for Advance or Reimbursement  
424(A & B), Application for Federal Financial Assistance  
425. Federal Financial Report*

2. **HOW, BY WHOM, AND FOR WHAT PURPOSE INFORMATION WILL BE USED.**

Information collections under OMB Control Number 3245-0332:

- SBA Form 2184, NMVC Application, Part I, Questionnaire
- SBA Form 2185, NMVC Application, Part II, Exhibits
- SBA Form 2208, Amendment to NMVC Application
- SBA Form 2217, Request for SBA Approval of Management Services Fees and Other Fees
- SBA Form 468, Schedules 9/10/11
- SBA Form 468, Annual financial report
- SBA Form 468, Annual financial report – short form
- SBA Form 1031, Portfolio financing report
- SBA Form 480, Size status declaration
- SBA Form 34, Bank Identification Form

- NMVC Application, Part I, Questionnaire, SBA Form 2184; and
- NMVC Application, Part II, Exhibits, SBA Form 2185.

For the four NMVCCs currently participating in the NMVC program, the original applications submitted using Forms 2184 and 2185 are now part of each NMVCC's 'participation agreement' that serves as the contractual agreement under which each company participates in the NMVC program. As such, at any time an NMVCC seeks to amend its operations (e.g., changes to management team, capital certificate, board members, etc), the NMVCC must amend the pertinent sections of its original application and submit to SBA for approval of the changes. SBA uses the information collected to make informed and proper selections in considering whether NMVCCs seeking changes to their original application have met the necessary conditions for SBA's final approval.

- Bank Identification Form, SBA Form 34.

This is an OMB-approved form (Control Number 3245-0081). SBA uses the information collected to identify the federally insured institution from which NMVCC payments on SBA-guaranteed debentures must be wired.

- Annual Financial Report, SBA Form 468; Annual Financial Report (Short Form), SBA Form 468; and Annual Financial Report, SBA Form 468, Schedules 9, 10, and 11.

The SBA Form 468 is an existing OMB-approved form (Control Number 3245-0063) that is approved for use in the SBA's Small Business Investment Company (SBIC) Program. The form requests current information about an NMVCC's financial condition and about the number and types of investments an NMVCC has made. SBA requires the NMVCC to submit this form annually, and to submit the Short Form quarterly or upon request by the SBA. SBA uses the information collected to evaluate an NMVCC's creditworthiness to ensure the fiscal stability and integrity of debentures guaranteed by SBA and to evaluate an NMVCC's regulatory compliance. SBA also uses these collections of information to report on the outputs and outcomes of the NMVC program.

- Portfolio Financing Report, SBA Form 1031, Size Status Declaration, SBA Form 480.  
These are existing OMB-approved forms, Control Numbers 3245-0078 and 3245-0009 respectively. SBA requires that an NMVCC collect information on these forms about each financing it makes, including information about the small business receiving the financing. An NMVCC must submit the SBA Form 1031 to SBA within 30 days after making a financing; it must retain the SBA Form 480 in its files and make it available for SBA review at any time. SBA uses the information collected in SBA Forms 1031 and 480 to ensure the eligibility of small businesses receiving financing and to report on the outputs and outcomes of the NMVC program. The SBA Form 1031 is approved for use in the SBA's SBIC Program.
- Amendment to NMVC Application, SBA Form 2208.  
SBA requires an NMVCC to submit this form each time it reports to SBA, and requests SBA approval of, an amendment to any aspect of its application for the NMVC program (which has been incorporated by reference into its participation agreement governing its participation in the program). SBA uses the information collected on this form to determine, based on the NMVCC's application as amended, whether the NMVCC should remain an NMVCC.
- Request for SBA Approval of Management Services Fees and Other Fees, SBA Form 2217.  
SBA collects this information only when an NMVCC requests SBA prior approval of such fees. SBA uses the information collected to evaluate the NMVCC's request, on behalf of the small businesses to which the NMVCC will be charging services, for financial reasonableness and consistency with the objectives of the NMVC program.

3. **TECHNOLOGICAL COLLECTION TECHNIQUES.**

All forms used in the NMVC program are accessible from SBA's website:  
<http://www.sba.gov/content/funding-reporting-forms>.

SBA requires NMVCCs to submit all SBA reporting forms in electronic format and hardcopy in the same way SBA requires SBICs to submit such forms. The SBA Form 468 electronic reporting software designed specifically for NMVCCs also includes Schedules 9, 10 and 11, to enable submission in electronic format of those information collections.

4. **AVOIDANCE OF DUPLICATION.**

There is no duplication of information. All information requested after the application process is for oversight of investment activities, which may change significantly on a quarterly basis.

5. **IMPACT ON SMALL BUSINESSES OR OTHER SMALL ENTITIES.**

The information SBA collects through SBA Forms 2184 and 2185 should already be maintained by or available to NMVCC applicants. For example, in order to determine the quality and capability of an NMVCC applicant's management team, SBA asks for resumes of management team members and performance data for investment, community development lending, and/or grants management experience of each such team member.

The information SBA collects through SBA Form 34 is the minimum necessary to enable SBA to evaluate whether applicants have fulfilled the statutory and regulatory requirements of the program.

The information SBA collects from NMVCCs through SBA Forms 468, 1031, and 480 is generally created or maintained in the day-to-day operations of managing a business (for example, financial statements and due diligence information concerning small businesses in which the NMVCC invests or seeks to invest). Small business concerns in which NMVCCs invest are required to complete SBA Form 480. SBA Form 480 is a certification of small business size status, which is required to ensure that the recipients of investments and other assistance from NMVCCs are eligible small businesses. This form contains minimal data collection elements and contains only the minimum data necessary to meet the purpose of the form.

The information SBA collects from NMVCCs through SBA Forms 2208 and 2217 is the minimum necessary to enable SBA to determine whether an NMVCC is qualified to receive Federal funds as required by the SBI Act. The information SBA obtains from operating NMVCCs in regard to management services fees, requires knowledge and proof of the prevailing wage for similar services charged in the NMVCC's geographical area. NMVCCs can accomplish this by keeping quotes on file from local service providers.

6. **CONSEQUENCES IF COLLECTION IS NOT CONDUCTED.**

The information SBA collects is critical to the accomplishment of the objectives of the NMVC program. There is no similar information collection available that SBA can use to accomplish these purposes as required by the SBI Act. Without this collection of information, SBA would be unable to meet its statutory responsibilities and effectively administer the NMVC program, ensuring safety and soundness.

7. **SPECIAL CIRCUMSTANCES.**

SBA collects some proprietary trade secret information in the NMVC application, which is in effect a business plan for operation of an NMVCC. SBA also collects confidential financial and/or trade secret information in the form of past investment and business experience of certain individuals involved with an NMVCC applicant. SBA is authorized by section 354(b) of the SBI Act to collect such information from applicants to the NMVC program, and such information is critical to SBA's ability to effectively select applicants for participation and to administer the program. SBA maintains the confidentiality of such information to the extent permitted by law, including the Freedom of Information Act (5 USC 552) and other related Federal laws.

8. **SOLICITATION OF PUBLIC COMMENT.**

SBA published a notice in the Federal Register on September 22, 2014, at 79 FR 56615. SBA received no comments.

9. **PAYMENTS 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 for designation as NMVCCs and to finally approved NMVCCs responding to this collection, which includes 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.

Except for Exhibit C (Statement of Personal History) in SBA Form 2185, none of the information collection is retrieved by an individual's name or other personal identifier. Exhibit C is transmitted to SBA's Office of Inspector General and may be disclosed to other criminal justice agencies (including but not limited to the Federal Bureau of Investigation), to assist SBA in determining eligibility for the NMVC program. Use and disclosure of the Exhibit C information is covered by a Privacy Act system of record, *Office Of Inspector General Records Other Than Investigations Records—SBA-4*.

11. **QUESTIONS OF A SENSITIVE NATURE.**

This information collection does not contain any questions of a sensitive nature concerning matters that are commonly considered private (for example, religious belief).

12. **ESTIMATE OF THE HOUR BURDEN OF THE COLLECTION OF INFORMATION.**

SBA considered its experience from using the forms in this information collection in the NMVC and SBIC programs and from burden estimates already assigned to approved forms. For purposes of this extension request, SBA has limited the number of respondents to the current NMVC program size of four NMVCCs. Additionally, SBA assumes there will be no future applicants to the program.

SBA estimates the burdens for completing this information collection in the following table, which indicates each form, the number of respondents, the frequency of the responses, and the time required to complete each collection.

The estimated annual hour burden for this collection of information is outlined in the following table:

Information Collection	Title	Description of respondents	Total number of respondents	Frequency of responses Per year From each respondent	Total Number of Responses per year from all respondents	Hour Burden for each respondent to complete	Total Hour Burden per year for all respondents to complete
<b>APPLICATION</b>							
SBA 2184	NMVC application, part I	NMVC APP	0	1	0	120	0
SBA 2185	NMVC application, part II	NMVC APP	0	1	0	120	0
<b>TOTAL ANNUAL BURDEN FOR APPLICATION (one year)</b>					<b>0</b>		<b>0</b>
<b>FUNDING</b>							
SBA 34	Bank identification	NMVCC	4	1	4	0.3	1.2
<b>REPORTING</b>							
SBA 468	Annual financial report	NMVCC	4	1	4	17	68
SBA 468	Annual financial report – short form	NMVCC	4	3	12	15	180
SBA 468	Schedules 9/10/11	NMVCC	4	3	12	6.5	78
SBA 1031	Portfolio financing report	NMVCC	4	15	60	0.2	12
SBA 480	Size status declaration	NMVCC	4	15	60	0.1	6
SBA 2208	Amendment to NMVC application	NMVCC	4	3	12	1	12
SBA 2217	Request for Approval of Management Services Fees	NMVCC	4	1	4	4	16
<b>TOTAL ANNUAL BURDEN FOR FUNDING AND REPORTING</b>					<b>168</b>		<b>373.2</b>
<b>TOTAL ANNUAL BURDEN (for entire information collection)</b>					<b>168</b>		<b>373.2</b>

SBA estimates that the yearly salary range for an NMVCC's management team members and senior staff, based on the salaries of management team and senior staff members of approved NMVCCs, will be between \$52,000 (or \$25 per hour) and \$156,000 (or \$75 per hour). SBA cannot assume to know the salaries of NMVC program applicants, since they will be coming from a wide range of backgrounds (varying from non-profit community development to for-profit venture capital). In the following table, SBA uses either the \$25 or \$75 hourly wage rate, depending on the seniority level of the individual that SBA estimates will complete that form, to determine the annualized cost to respondents for the forms listed in the preceding table:

Information Collection	Title	Description of Respondents	Total Respondents	Total Responses	Total Hour Burden Per Year	Cost Per Form Per Hour	Cost Per Form Per Year
<b>APPLICATION</b>							
SBA 2184	NMVC application, part I	NMVC APP	0	0	0	\$75	\$0.00
SBA 2185	NMVC application, part II	NMVC APP	0	0	0	\$75	\$0.00
<b>TOTAL ANNUAL BURDEN FOR APPLICATION (one year)</b>			<b>0</b>	<b>0</b>	<b>12,000</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>							
SBA 34	Bank identification form	NMVCC	4	4	1.2	\$25	\$30.00
<b>REPORTING</b>							
SBA 468	Annual financial report	NMVCC	4	4	68	\$75	\$5,000.00
SBA 468	Annual financial report – short form	NMVCC	4	12	180	\$75	\$13,500.00
SBA 468	Schedules 9/10/11	NMVCC/SSBIC	4	12	78	\$75	\$5,850.00
SBA 1031	Portfolio financing report	NMVCC	4	60	12	\$25	\$300.00
SBA 480	Size status declaration	NMVCC	4	60	6	\$25	\$150.00
SBA 2208	Amendment to NMVC application	NMVCC	4	12	12	\$25	\$300.00
SBA 2217	Request for Approval of Management Services Fees	NMVCC	4	4	16	\$75	\$1,200.00
<b>TOTAL ANNUAL BURDEN FOR FUNDING AND REPORTING</b>			<b>4</b>	<b>168</b>	<b>373.2</b>	<b>0</b>	<b>026,330.00</b>
<b>TOTAL ANNUAL BURDEN (for entire information collection)</b>			<b>4</b>	<b>168</b>	<b>12,373.2</b>	<b>\$900.00</b>	<b>\$26,330.00</b>

**13. ESTIMATE OF TOTAL ANNUAL COST BURDEN FROM COLLECTION OF INFORMATION.**

SBA estimates the costs for completing this information collection as follows:

a) Total capital and start-up costs.

**NMVCC Application.** SBA assumes that no additional NMVCC applications will be filed. However, the total costs for an additional application round are estimated as follows:

• Attorney fees	\$50,000
• Accounting, financial, advisory fees	\$25,000
• Grant issuance fee	<u>\$ 5,000</u>
TOTAL:	\$80,000

It is important to note that although each applicant must pay SBA a grant issuance fee (see Section 357 of the SBI Act), SBA will make a full refund to each applicant that does not receive final approval (and, therefore, a grant award).

b) Total operation and maintenance costs.

**NMVC Program Reporting and Funding Forms.** SBA bases its estimation of total costs per year for this collection on the current NMVC program size of four NMVCCs:

• Accounting, financial, advisory fees	\$25,000
• Postage/Courier costs	<u>\$ 250</u>
TOTAL:	\$25,250
x 4 program participants = \$101,000	

**14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT.**

SBA estimates that the total annual cost to the Federal Government from this information collection to be approximately \$23,722.00, based upon the current NMVC program size of four NMVCCs. These numbers are based on the hourly rate for the Washington-Baltimore area (rounded to the nearest dollar) for the salary of a GS-13, Step 5 at approximately \$58 per hour. SBA uses the GS-13 level as a mid-point wage rate for all forms, even though the staff processing such forms will range from GS-15s to GS-9s. The number and grade level of staff reviewing any individual form will vary according to the information disclosed within the form and the additional reviews required to process.

The SBA Office of Investment currently employs one GS-14 senior financial analyst as a direct liaison to the four NMVCCs. However, the day-to-day operations of the NMVC program crosses many offices with the Office of Investment and relies upon the support services of other offices within SBA, such as the Office of General Counsel (OGC) and the Office of the Chief Financial Officer (OCFO). Since many offices with a wide range of employee duties will be involved in the review of this information collection, using a mid-level salary to calculate a cost burden should reflect a more balanced estimate of the cost to the Federal government.

The annual burden to the Federal Government per hour per form is calculated in the following table:

Information Collection	Title	Description of Respondents	Total Responses	Total Hours of Review Necessary Per Form	Total Number of Employees Needed	Cost Per Form Per Hour	Cost Per Form Per Year
<b>APPLICATION</b>							
SBA 2184	NMVC application, part I	NMVC APP	0	18	6	\$6,264.00	\$0.00
SBA 2185	NMVC application, part II	NMVC APP	0	20	6	\$6,960.00	\$0.00
<b>TOTAL ANNUAL BURDEN FOR APPLICATION (one year)</b>			<b>0</b>	<b>38</b>	<b>12</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>							
SBA 34	Bank identification	NMVCC	4	.25	1	\$14.50	\$58.00
<b>REPORTING</b>							
SBA 468	Annual financial report	NMVCC	4	16	1	\$928.00	\$3,712.00
SBA 468	Annual financial report - short form	NMVCC	12	8	1	\$464.00	\$5,568.00
SBA 468	Schedules 9/10/11	NMVCC/SSBIC	12	8	1	\$464.00	\$5,568.00
SBA 1031	Portfolio financing report	NMVCC	60	.25	1	\$14.50	\$870.00
SBA 480	Size status declaration	NMVCC	60	.25	1	\$14.50	\$870.00
SBA 2208	Amendment to NMVC application	NMVCC	12	.25	1	\$14.50	\$174.00
SBA 2217	Request for Approval of Management Services Fees	NMVCC	4	30	1	\$1,740.00	\$6,960.00
<b>TOTAL ANNUAL BURDEN FOR FUNDING AND REPORTING</b>			<b>168</b>	<b>63</b>	<b>8</b>	<b>0</b>	<b>0</b>
<b>TOTAL ANNUAL BURDEN (for entire information collection)</b>			<b>168</b>	<b>101.00</b>	<b>20</b>		<b>0</b>

**15. EXPLANATION OF PROGRAM CHANGES IN ITEMS 13 AND 14 IN OMB FORM 83-I.**

The program changes reflected in Items 13 and 14 of OMB Form 83-I are the result of the reduction in number of NMVC program participants

**16. COLLECTIONS OF INFORMATION WHOSE RESULTS WILL BE PUBLISHED.**

SBA does not plan to publish the results of these information collections. However, SBA may publish information received from this collection in a limited aggregate form if necessary to respond to such things as requests from Congress or OMB.

**17. EXPIRATION DATE FOR COLLECTION OF INFORMATION.**

SBA will display the expiration date set by OMB for this collection of information.

**18. EXCEPTIONS TO CERTIFICATIONS IN BLOCK 19 ON OMB FORM 83-I.**

There are no exceptions to the certifications contained in Item 19 on OMB Form 83-I.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

SBA will not employ the use of statistical methods for this collection of information.

**Attachments:**

- Federal Register Notice
- Authorizing Statutory and Regulatory Provisions
- SBA Form 2184, NMVC Application, Part I, Questionnaire
- SBA Form 2185, NMVC Application, Part II, Exhibits
- SBA Form 2208, Amendment to NMVC Application
- SBA Form 2217, Request for SBA Approval of Management Services Fees and Other Fees
- SBA Form 468, Schedules 9/10/11
- Information collections approved under other OMB Control Numbers:
  - SBA Form 468, Annual financial report (long and short) (#3245-0063)
  - SBA Form 1031, Portfolio financing report (#3245-0078)
  - SBA Form 480, Size status declaration (#3245-0009)
  - SBA Form 34, Bank Identification Form (#3245-0081)