

Supporting Statement for Paperwork Reduction Act Submission
Extension of a Currently Approved Collection
Surety Bond Guarantee Program
Quick Bond Guarantee Application and Agreement
(SBA Form 990A)
(Control # 3245-0378)

1. Circumstances Necessitating the Collection of Information:

The Small Business Administration (SBA) is requesting approval for an extension of the Quick Bond Application and Agreement (SBA Form 990A), which expires on August 31, 2015. Through its Surety Bond Guarantee (SBG) Program, SBA can guarantee bid, payment, and performance bonds for small and emerging contractors on contracts up to \$6.5 million, and up to \$10 million with the signed certification of a Federal contracting officer.. See, Section 411 of the Small Business Investment Act of 1958, as amended, 15 U.S.C. 694b. (Copies of these provisions are attached) The bonds are required to bid on and secure construction, service, and supply contracts for federal, state, local, and private entities. SBA's guarantee provides the incentive necessary for sureties to bond these small and emerging contractors, providing greater access to contracting opportunities.

The SBG Program consists of the Prior Approval Program and the Preferred Surety Bond (PSB) Program. In the Prior Approval Program, sureties must apply for each bond guarantee and must receive SBA approval prior to issuing bonds. PSB Sureties can issue, monitor, and service bonds without SBA's prior approval. This information collection, the Quick Bond Guarantee Application and Agreement, is a streamlined application that is used in the Prior Approval Program for contract amounts that do not exceed \$250,000. It is a combination application and bond guarantee agreement that is submitted by the small business contractor and its surety agent seeking to obtain a bond under the SBG program. This streamlined application has helped to address sureties' concerns over what was perceived as excessive SBG Program paperwork, and has complemented the surety industry practice of using a shortened application for smaller bond amounts.

Revisions

Minor changes are being made to SBA Form 990A for clarification purposes.

- In Part A I, "LLC" is being added as a selection for the Type of Organization since there is currently no place to report a business as a LLC.
- In Part B, II, the language referencing the project start and completion dates is being revised for clarification and consistency. The "3rd Low" under "Bid Spread" is being eliminated because it is not needed for application decisions.
- In Part C, a minor change will separate "Returned/Withdrawn" since they are different disposition choices for the application.
- In Part D, "Denver or Seattle" is being changed to "appropriate area office" since the SBG Program field structure has changed. The sentence describing how to locate and contact SBA staff and participating surety companies and agents is being revised for clarity.

2. How, By Whom, and For What Purpose Information Will Be Used:

The data collected on this form is used by SBG program personnel who process SBG applications to evaluate eligibility criteria and the likelihood of successful contract completion by the applicant. Decisions to approve or decline applications are based on the information presented.

The information collected is also used by program management to monitor program performance and to report on program demographics.

3. Technological Collection Techniques:

The SBG program provides contractors and surety agents the option of using the E-application (E-app) System to transmit application data to SBA. Surety agents or employees who input information on behalf of an applicant must be authorized by a participating surety to submit applications and issue bonds. SBA reviews the information submitted and determines whether to approve or decline the application for SBG assistance. Currently approximately 99% of all SBG applications are submitted via this internet based system. The Quick Bond Guarantee Application and Agreement is also available in PDF format on the agency's website.

<https://www.sba.gov/content/bond-guarantee-application-forms>

4. Avoidance of Duplication:

Other than the general information about the business, the information on this form is not otherwise collected by SBA.

5. Impact on Small Businesses and Other Small Entities:

The Quick Bond Guarantee Application and Agreement necessarily impacts small businesses, but does not have a significant economic impact on these entities. The form is designed to collect only the information needed for a specific transaction.

6. Consequences If Collection of Information Is Not Conducted:

The data collected on the Quick Bond Guarantee Application and Agreement is used to approve or decline bond guarantee applications for smaller contract amounts. If the information contained on this form was not collected, SBA would be unable to make reasonable underwriting decisions.

7. Existence of Special Circumstances:

Some of the business and financial information collected is confidential, but is necessary for SBA to make informed judgments about the applicant's eligibility and likelihood of success in the SBG program. The collected information is accessible only to those employees who "need to know" to process and make decisions on SBG applications. Disclosure of information is governed by the Freedom of Information Act. 5 U.S.C. 552.

8. Solicitation of Public Comments:

Consistent with the Paperwork Reduction Act (5 U.S.C. 1320) and the implementing OMB regulations, 5 CFR 1320.11, SBA published the required public comment notice in the Federal Register on March 19, 2015 (80 FR 14429). The comment period closed on May 18, 2015; no comments were received.

9. Payments or Gifts:

Payments or gifts to respondents are not provided.

10. Assurance of Confidentiality:

The data collected can be accessed only by SBA personnel who have “a need to know”. All information submitted to SBA through the SBG electronic application system is protected by SBA’s security controls in accordance with federal requirements. Respondents are notified with the application that disclosure of confidential information submitted to the Agency will be protected to the extent permitted by law, including the Freedom of Information (5 U.S.C. 552)the Privacy Act (5 U.S.C. 552a, and the Right to Financial Privacy Act (12 U.S.C. 3401).

11. Questions of a Sensitive Nature:

Each proprietor, partner, officer, director, and owner of the small business applicant for a surety bond is asked to provide his or her social security number. SBA is authorized under the Small Business Investment Act to make all investigations deemed necessary to determine whether individuals seeking assistance such as a guaranteed surety bond, have not engaged in, or are about to engage in any acts that would violate that act. The social security number facilitates this investigation and helps to identify and differentiate one individual from another with same or similar names. Respondents are advised that providing the social security number is voluntary and also of the protections afforded under the Privacy Act. No other questions of a sensitive nature are asked. This information collection is retrieved by the name of the small business applicant and not by any personal identifiers for the proprietor, partner, officer, director, owner, or other individuals.

12. Estimation of the Hourly Burden of the Collection of Information:

The estimated annual burden imposed on respondents is based upon past experience of applicants using the Quick Bond Guarantee Application and Agreement. The total estimated cost burden includes the cost to provide and maintain the data. It consists of clerical duties, such as computer input, and professional responsibilities, including the underwriting evaluation of the data provided. SBA estimates that approximately 500 small businesses and 20 Prior Approval Sureties would submit this form.

Total Annual Responses = 4,450

Hours Per Response = 5 minutes or .084 hours

Total Estimated Annual Burden Hours = 371

The following estimated annual cost burden to respondents is based on 371 burden hours.

Clerical Employee Time – equivalent to a GS-7, Step 5

124 hours x \$21.49/hour = \$2,665

Professional Employee Time – equivalent to a GS-11, Step 4

247 hours x \$30.87/hour = \$7,625

The total estimated annual cost burden to respondents = \$10,290

13. Estimate of the Total Amount of Cost Burden for Submission:

There is no additional cost to respondents that is associated with the Quick Bond Guarantee Application and Agreement.

14. Estimated Annualized Cost to the Federal Government:

The estimated annual cost to the Federal government includes professional duties, including the evaluation of information provided to reach a decision on the application.

Professional Employee Time – GS-13, Step 5

371 hours x \$45.33/hour = \$16,817

15. Explanation of Program Changes in Items 13 or 14 on OMB Form 83-1:

There is a minimal increase to the annual burden hours due to a slight calculation error in the previous submission.

The annual cost burden to respondents has decreased. In the previous submission, the same number of burden hours was used for both clerical and professional employee time, which erroneously doubled the burden hours used in the cost burden calculation. In this submission, 1/3 of the burden hours are related to clerical duties and 2/3 to professional duties.

The annualized cost to the Federal government increased slightly due to the minimal increase in the annual burden hours.

16. Collection of Information Whose Results Will Be Published:

This collection of information will not be published, except for aggregated statistical data in various agency performance or budget reports.

17. Expiration Date for Collection of Information:

SBA will display the expiration date.

18. Exceptions to Certifications in Block 19 on OMB Form 83-1:

None.

B. Collection of Information Employing Statistical Methods:
Not Applicable.