

**Supporting Statement for an Evaluation of the Emerging Leaders Initiative**

**U.S. Small Business Administration**

**Supporting Statement for SBA Client Record Forms 641 and 888**

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- Appendix A-1 SBA Form 641
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## **Summary of Changes to Currently Approved Collection:**

This information collection consists of SBA Form 641, Counseling Information Form, and SBA 888, Management Training Report. SBA has made the following minor changes to Form 641:

Q.18. *Military Status*. Removed the term Non-Veteran and added the following terms: No military, Reserve, or National Guard Service; Member of the Reserve; Active Duty; Member of the National Guard; and Spouse of Military Member.

Q.19. *Referred by?* Added VBOC and Boots to Business to the list and corrected USFAC to read USEAC.

Q.45. *Referred Client to:* Added VBOC and PTAC.

*Appendix A*. Under Other, removed "Sell to fill-freight" and added a blank line for free text fill in.

## **PART A. Justification**

### **1. Circumstances Making the Collection of Information Necessary**

**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) statutory mission is to "aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns." The Agency's Office of Entrepreneurial Development (OED), Office of Veterans Business Development and Office of International Trade help to carry out this mission by providing training and counseling programs through partners (such as SCORE, Small Business Development Centers, Women's Business Centers, and Veteran Out Reach Centers) to existing and prospective small businesses. These programs are funded by grants or cooperative agreements. As stated in the Small Business Act, SBA must collect information in order to comply with sections 10, 21, 22, 29, and 32 of the Small Business Act (15 U.S.C. §§ 639, 648, 649, 656, and 675 respectively) which pertain to the information and reporting requirements for these programs. Excerpts of the pertinent texts from these sources are attached.

### **2. Purpose and Use of the Information Collected**

**Indicate how, by whom, how frequently, 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 received from the current collection.**

The recipients of SBA counseling and training grant awards are required by the terms of their Notice of Award and as outlined in each Program Announcement, to collect the information on SBA Form 641 (Counseling Information Form) from each small business or prospective small business that receives one-on-one counseling or advising, and to collect the information on SBA Form 888 (Management Training Report) for each group training session. SBA's Resource Partners submit this information to SBA via the Entrepreneurial Development Management Information System (EDMIS).

The information is pertinent to management's analysis of each OED program or activity funded by SBA and assists SBA in evaluating the impact of each program or activity. The information is also used to support SBA's budget requests, performance plans, evaluations and other submissions made to the Office of Management and Budget, the President and the Congress.

### **3. Use of Information Technology and Burden Reduction**

**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. Insert any applicable electronic web address.**

SBA is committed to promoting the use of technology to lessen the burden of data collection. SBA allows and encourages the Resource Partners to collect this information via their own electronic data base systems. Additionally, SBA has an electronic system that permits Partners using SBA Forms 641 and 888 to transmit the data electronically to SBA. This electronic system greatly lessens the burden on respondents and SBA, ultimately allowing for more efficient services to our clients.

### **4. Efforts to Identify Duplication and Use of Similar Information**

**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.**

The information is unique to the programs identified above and is not collected in other programs at SBA or elsewhere. Each report provides new data on activities that happened during the reporting period; that data cannot be substituted for any other period. OED has worked with other SBA program offices to ensure the requested information is not being collected through other sources and/or partners.

### **5. Impacts on Small Businesses or Other Small Entities**

**If the collection of information impacts small business or other small entities, describe any methods used to minimize burden.**

This data collection obtains information from the small businesses that receive counseling, advising, and/or training from SBA's Resource Partners. In many instances, SBA partner collect

the information via an online platform, which reduces the burden on small businesses. SBA is only requiring information that would be necessary to provide adequate business assistance the small business seeks and has worked with its Resource Partners to eliminate questions that are unnecessary.

#### **6. Consequences of Collecting the Information Less Frequently**

**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.**

The data collected is critical to SBA's ability to meet regular statutory reporting requirements or performance management functions. As the grants provided to these partners exceed \$120M annually, it is critical that SBA collects this information for proper management and oversight of the programs. Without the data collection, SBA will be unable to effectively manage the counseling and training programs. If the information was collected less frequently, SBA would not be able to intervene in a timely manner when performance issues arise.

#### **7. Special Circumstances Relating to the Guideline of 5 CFR 1320.5**

**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 has 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; or**
- **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.**

SBA Form 641 requests some confidential and proprietary information (e.g. number of employees, gross revenues/sales and profits of the business) to be gathered by Resource Partners but is only reported to the SBA in aggregate form.

**Outside the Agency.**

**If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, 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. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting form, and on the data elements to be recorded, disclosed, or reported.**

The required public comment notice was published in the Federal Register on April 3<sup>rd</sup>, 2017 in 82 FR 16268. All comments were due on or before June 2, 2017. No comments on this collection were received.

**9. Explanation of Any Payment or Gift to the Respondents**

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

No payments or gifts will be made to respondents.

**10. Assurance of Confidentiality Provided to Respondents**

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

Public reports based on this data collection will only include aggregate statistics on participants and their business outcomes. Any personal information collected will be protected to the extent permitted by law, including the Privacy Act of 1974 and the Freedom of Information Act (FOIA). In addition, to the extent permitted under FOIA, confidential business information (CBI) will only be disclosed to contractor or Agency personnel assigned to work on these programs. The data is stored at SBA in EDMIS which is password protected and accessible only to the Resource Partner and SBA. In addition to requesting consent to use their names, SBA Form 641 also notifies respondents that information will be kept confidential. SBA Form 888 does not request any Personally Identifiable Information or CBI.

**11. Justification for Sensitive Questions**

**Provide additional justification for any questions of a sensitive nature, such as sexual behavior or 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.**

In this data collection, individuals will be asked for the following information (Form 641 only) which may be considered sensitive: gender, veteran status, ethnicity, race, disability status, and information about their businesses' financial situation, including revenue and financing obtained. Race and ethnicity questions were written in compliance with the OMB Standards for the Classification of Federal Data on Race and Ethnicity. SBA Form 641 contains a consent statement that describes how the information they provide will be handled.

The information collected is in response to statutory mandates and to facilitate compliance with various reporting requirements. Additionally, it is essential to the mission of the agency and to monitoring business performance. SBA only reports the data in aggregate in these reports. Any sensitive information disclosed to SBA is maintained in a Privacy Act System of Record, SBA-11, Entrepreneurial Development Management Information System, which was last published at 74 FR 14889, 14901 (April 1, 2009).

## **12. Estimates of Hour Burden, Including Annualized Hourly Costs**

**Provide estimates of the hour burden of the collection of information. Indicate the affected public, number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.**

The form 641 collects data on counseling clients of Women's Business Centers, Small Business Development Centers, SCORE, and Veterans Business Outreach Centers. The form 641 is filled out by both the client who has come in for counseling and the counselor at the center as the counselor is working with a client. The client does not fill out the 888. The 888 is filled out by the training coordinator who is an SBA grantee. SBA estimates the total annual burden for both forms to be 120,233 hours. The total annualized hour and costs burdens are set out below in Exhibit 1. As these forms are currently in use, the burden is based on the current burden experienced by respondents. The minor revisions of the form will not change the burden per respondent. The cost burden of SBA Form 641 is based on an estimated median annual income of \$66,500 for small business owners, which equates to an hourly rate of \$25<sup>1</sup> and an estimated median annual income for counselors of \$50,000 which equates to an hourly rate of \$18.80.

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<sup>1</sup> See [http://www.payscale.com/research/US/Job=Small\\_Business\\_Owner\\_%2F\\_Operator/Salary](http://www.payscale.com/research/US/Job=Small_Business_Owner_%2F_Operator/Salary).

**Exhibit 1. Information Collection Burden Estimates**

<b>SBA Form</b>	<b>Number of Respondents</b>	<b>Frequency of collection</b>	<b>Average Minutes Spent</b>	<b>Total Burden in Minutes</b>	<b>Total Burden (hours)</b>	<b>Cost Estimate per hour</b>	<b>Total Cost Burden</b>
<b>Form 641</b>							
First Visit	360,000	1	10	3,600,000	60,000	\$ 25.00	\$1,500,000
Follow-Up Visit	87,000	4	8	2,784,000	46,400	\$ 18.80	\$872,320
<b>SBA Form 641 Total</b>	360,000				106,400		\$2,372,320
<b>SBA Form 888</b>	83,000	1	10	830,000	13,833	\$ 18.50	\$255,917
<b>Total</b>	<b>443,000</b>				<b>120,233</b>		<b>\$2,628,237</b>

**13. Estimates of Other Total Annual Cost Burden to Respondents or Record Keepers**  
**Provide estimates of the total annual cost burden to respondents or record keepers resulting from the collection of information.**

There is no other annual cost burden to respondents or record keepers.

**14. Annualized Costs to Federal Government**  
**Provide estimates of annualized cost to the federal government. Provide a description of the method used to estimate cost and any other expense that would not have been incurred without this collection of information.**

There is no cost to the federal government that would not have been incurred without this collection.

**15. Explanation for Program Changes or Adjustments**  
**Explain the reasons for any program changes or adjustments reported in items 13 or 14 of OMB form 83-I.**

Reported changes are a result of a reduction in the number of counseling clients served by Resource Partners. Additionally, the previous submission miscalculated the burden of SBA Form 888. Each training participant does not fill out the form, only one training instructor. Therefore, the burden on the previous submission is over-estimated.

**16. Plans for Tabulation and Publication and Project Time Schedule**

**For collections of information whose results are planned to 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 information, completion of report, publication dates, and other actions.**

The results of this info collection will only be published in summary form as a means of providing SBA management officials, the Congress and the President with reports on program activity and participant outcomes. The reports are typically annual.

**17. Reason(s) Display of OMB Expiration Date is Inappropriate**

**If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

SBA plans to display the OMB expiration date.

**18. Exceptions to Certification for Paperwork Reduction Act Submissions**

**Explain each exception to the certification statement identified in item 19, "Certification Requirement for Paperwork Reduction Act" of OMB Form 83-I. If Agency is not requesting an exception, the standard statement should be used.**

SBA is not requesting any exceptions to the certification.

**B. Collection of Information Employing Statistical Methods. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used.**

Not Applicable, statistical methods will not be used.