

Supporting Statement for Paperwork Reduction Act Submission
Surety Bond Guarantee Program
Quick Bond Guarantee Application and Agreement
(SBA Form 990A)
(OMB Control # 3245-0378)

The Small Business Administration (SBA) is requesting approval for an extension with change of SBA Form 990A, the Quick Bond Application and Agreement (QuickApp), which expires on July 31, 2018.

The following changes have been made to SBA Form 990A:

- At the top of the form, title field - the QuickApp contract limit amount has been changed from \$250,000 to \$400,000. This change reflects recent corresponding amendment to 13 CFR 115.30(d)(2) that increased the amount.
- In Part A, §1 -additional fields have been added to collect management and ownership information for companies that operate with three principals. In the past the information for the third principal was collected by an addendum to the form.
- In Part A, § II. (c) – language revised to clarify that certification pertains to SBA losses in the surety bond program and not to any delinquent Federal debt. Revised language makes it clear that the reason for ineligibility depends instead on whether the Principal, or any of its Affiliates, have defaulted on an SBA-guaranteed bond resulting in a Loss that has not been fully reimbursed to SBA, or if SBA has not been fully reimbursed for any imminent breach payments.

1. Circumstances Necessitating the Collection of Information:

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. (Copy of this section is 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 small and emerging contractors, providing greater access to contracting opportunities.

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

The SBG Program consists of the Prior Approval and Preferred Surety Bond (PSB) programs. In the Prior Approval Program, sureties must apply for each bond guarantee and receive SBA approval prior to issuance of bonds. PSB Sureties can issue, monitor, and service bonds without SBA approval. This information collection, the QuickApp, is a streamlined application

that is used in the Prior Approval Program for contract amounts that do not exceed \$400,000. It is a combined application and bond guarantee agreement that is submitted by the small business contractor and surety agent seeking to obtain a bond guarantee under the SBG program. This streamlined application addresses concerns over what was perceived as excessive SBG Program paperwork, and conforms to surety industry practices of using a shortened application for smaller bond amounts.

The data collected on this form is used by SBG program personnel who underwrite 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-Apps) 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. Currently approximately 100% of all SBG applications are submitted via this internet based system. The QuickApp is also available as a fillable PDF form on the agency's website.

<https://www.sba.gov/partners/surety-bond-partners-agents/operate-surety-partner-or-agent>

4. Avoidance of Duplication:

Other than the general information about the business, the information on this form is not otherwise collected by SBA or available from other sources.

5. Impact on Small Businesses and Other Small Entities:

The QuickApp 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 QuickApp is used to approve or decline bond guarantee applications for smaller contract amounts which meet program underwriting criteria. 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 are in a

“need to know” position to underwrite 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 1320.8, SBA published the required public comment notice in the Federal Register on January 29, 2018 (83 FR 4112). The comment period closed on March 30, 2018; 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 is in “a need to know” position. All information submitted to SBA through the SBG e-Apps 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 QuickApp. 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 550 small businesses and 26 Prior Approval Sureties would submit this form.

Total Annual Responses = 2,338

Hours per Response = 5 minutes or .084 hours

Total Estimated Annual Burden Hours = 196

The following estimated annual cost burden to respondents is based on 196 burden hours at the rates reported in the 2018 Salary Table-RUS.

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

65 hours x \$22.46/hour = \$1,459

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

131 hours x \$32.27/hour = \$4,227

The total estimated annual cost burden to respondents = \$5,686

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

There is no additional cost to respondents that is associated with the QuickApp.

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 (2018 Salary Table RUS)

2,338 Annual Responses x 5 minutes (.084 hours) per response = 196 hours

196 hours x \$47.38/hour = \$9,286

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

The slight decrease in the total annual responses from the previous submission and minimal decrease to the annual burden hours are due to a slight calculation error in the previous submission and current reporting enhancements.

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.