

SUPPORTING STATEMENT  
U.S. Small Business Administration  
Paperwork Reduction Act Submission for  
Microloan Program  
(Microloan Program Electronic Reporting System)  
OMB Control Number 3245-0352

## JUSTIFICATION

### **1. Circumstances Necessitating the Collection of Information**

*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 applicable section of each statute and regulation that mandates or authorizes the collection of information*

Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) authorizes the Small Business Administration to make direct loans to eligible intermediaries for the purpose of providing loans up to \$50,000 to startup, newly established, or growing small business concerns for working capital or the acquisition of materials, supplies, or equipment. Section 7(m) also authorizes SBA to make grants to these intermediaries to provide small business borrowers with technical assistance. SBA uses the Microloan Program Electronic Reporting System (MPERS) to gather certain information regarding the loan transactions between the intermediaries and the borrowers, as well as the technical assistance that the intermediaries provide to them.

This information collection is also necessary for SBA to meet requirements imposed by § 4(b) (3) of the Small Business Act (Risk Management Database); the Federal Managers Financial Integrity Act (FMFIA) codified at 31 U.S.C. 3512 *et. seq.*; and OMB Circulars A-123 (Management's Responsibility for Internal Controls) and A-129 (Policies for Federal Credit Programs and Non-tax Receivables).

#### Proposed Revisions

This submission does not include any substantive modifications to the information collection.

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

*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 received from the current collection.*

The information collected is used by SBA staff, program managers, and Agency management for intermediary selection, analysis of new loan requests, analysis of requests for loan disbursements, loan monitoring, portfolio risk management, lender oversight and compliance, understanding of short-term and long-term trends and development of outcome measures. These groups use the data to ensure that the Microloan Program meets the needs of various geographical, demographical, and industry markets and segments and to evaluate the safety and soundness of the Microloan Program and its policies. SBA also uses the information to report to its various oversight authorities regarding the number, dollar volume, and portfolio payment performance of its microloan borrowers.

### **3. Technological Collection Techniques**

*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 the burden.*

MPERS collects data electronically using an internet based system that provides data directly to an SBA database from the point of entry at the intermediary's lending site. By providing an alternative to paper-based reporting, MPERS eases the reporting burden and associated costs for the intermediaries and improves information management and portfolio management.

#### **4. Avoidance Of Duplication**

*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 collection is unique to the individual intermediary and microborrower and the circumstances and conditions of the borrower's business operation. There are no other sources of information that are currently available that would meet SBA's purposes.

#### **5. Impact On Small Businesses Or Other Small Entities**

*If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-1), describe any methods used to minimize burden.*

This information collection does not directly impact small businesses or other small entities other than the microloan intermediaries through which the Microloan Program is facilitated. This information collection will not have a significant economic impact on the microloan intermediaries.

#### **6. Consequences If Information Is Not Collected**

*Describe the consequence to the 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 information to be collected is important because it enables the Agency to monitor program outputs and outcomes. The ability to collect this information in MPERS improves the effectiveness of the Microloan Program and allows the Agency to ensure it is meeting its statutory goals. Further, the information collected helps Agency personnel to perform lender oversight and risk management.

#### **7. Existence of Special Circumstances**

*Explain any special circumstances that would cause an information collection to be conducted in a manner, etc.*

SBA collects business information on the small business concerns that receive microloans with Microloan Program loan proceeds. SBA maintains the confidentiality of such information to the extent permitted by law, including the Freedom of Information Act (5 U.S.C. 552).

SBA requires that intermediaries submit microloan data to SBA within seven (7) days of the loan's closing (Portfolio Identification Report). To remain fully abreast of the financial condition of the loan portfolio originated by the microloan intermediary participants, it is imperative that SBA require initial submissions of loan data within this time frame. This ensures that SBA maintains integrity over the use of proceeds from the loan between SBA and the microloan intermediary.

#### **8. Solicitation of Public Comment**

*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. 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 format (if any), and on the data elements to be recorded, disclosed, or reported.*

A 60 day comment notice was published in the Federal Register on November 21, 2018 at 83 FR 58804. No comments were received.

#### **9. Payments or Gifts**

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

No gifts or payments are provided to any respondents.

#### **10. Assurance of Confidentiality**

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

MPERS includes a statement regarding the extent to which personal and confidential information will be protected pursuant to, in particular the Freedom of Information Act, 5 U.S.C. 552 and the Privacy Act, 5 U.S.C. 552a.

#### **11. Questions of a Sensitive Nature**

*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, specific uses to be made of the information, explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.*

SBA collects information on a small business owner's ethnicity, race, gender, disabled veteran status, business revenue, and business income. The Agency collects this demographic and financial information to assess the extent to which the program assists all demographics and to assess the extent to which the program improves the financial health of the small businesses it serves. Such sensitive information is available only to Agency personnel with appropriate security protections. SBA maintains a Privacy Act system of record, SBA -21, to safeguard personal information collected in connection with the Agency's loan programs when such information is used to retrieve the loan file/record. A copy of this notice, as amended on March 6, 2012 and October 9, 2012, is attached. In addition, the MPERS application is subject to tightly controlled security under the Capital Access Login System (CLS) which insures that information is delivered only to those parties with authorized access. A link to the MPERS User's Guide can be found by logging into CLS at <https://caweb.sba.gov/cls>

#### **12. Estimate of the Hourly Burden of the Collection of Information**

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

This information collection applies to the approximately 150 microloan intermediaries that actively participate in SBA's Microloan Program. The estimated burden hours are 19.53 hours

annually times 150 intermediaries, or 2,930 total hours. The estimated burden hours and costs for each reporting requirement are as follows:

- **Intermittent Portfolio Identification Reports.** The estimated burden hours are based on approximately 4,980 microloan borrowers in any given year (note this is the average number of microloans closed in fiscal years 2016, 2017 and 2018). It is estimated that intermediaries will spend approximately 10 minutes for data input of each microloan, or approximately 5.5 hours per intermediary annually. Based on a GS-7 (Step 5) annual salary, the hourly rate is \$24.96. This pay rate is representative of the pay scale for the average intermediary administrative staff member completing this work. The annual cost to respondents is 830 hours x \$24.96 per hour = \$20,717, or \$138.11 per intermediary.
- **Quarterly Portfolio Status Reports.** The estimated burden hours are based on 4 quarterly updates per intermediary, or 600 Portfolio Status Reports annually. It is estimated that intermediaries will spend approximately 30 minutes for data input of each Quarterly Portfolio Status Report, or 2 hours annually. Based on a GS-7 (Step 5) annual salary, the hourly rate is \$24.96. The annual cost to respondents is 300 hours x \$24.96 per hour = \$7,488, or \$49.92 per intermediary.
- **Quarterly MRF/LLRF Status Reports.** The estimated burden hours are based on 4 quarterly reports per intermediary, or 600 MRF/LLRF Status Reports annually. It is estimated that intermediaries will spend approximately 1 hour per quarter, or 4 hours annually. Based on a GS-11 (Step 5) annual salary, the hourly rate is \$36.95. This pay rate is representative of the pay scale for the average intermediary accounting staff member completing this work. The annual cost to respondents is 600 hours x \$36.95 per hour = \$22,170, or \$147.80 per intermediary.
- **Technical Assistance Data.** The estimated burden hours are based on 4 quarterly submissions per intermediary, or 600 technical assistance data submissions annually. It is estimated that intermediaries will spend approximately 2 hours per quarter, or 8 hours annually. Based on a GS-11 (Step 5) annual salary, the hourly rate is 36.95. This pay rate is representative of the pay scale for the average intermediary training staff member completing this work. The annual cost to respondents is 1200 hours x \$36.95 per hour = \$44,340, or \$295.60 per intermediary.

### **13. Estimate of Total Annual Cost**

*Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information. Do not include hour cost burden from above.*

There will be minimal start-up or other costs to the respondents.

### **14. Estimated Annualized Cost to the Federal Government**

*Provide estimates of annualized costs to the Federal Government. Also provide a description of the method used to estimate cost, including a 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.*

The cost to government is approximately \$126,384 annually.

To analyze reporting submissions, the estimated annual cost to the Federal government would be approximately 2400 hours of financial analyst time to review quarterly report submissions in MPERS (4 hours per quarter per intermediary). Based on a GS-13, Step 5 annual salary, the hourly rate is \$52.66. This pay rate is representative of the pay scale for the average SBA analyst staff member completing this work. The annual cost for the financial analyst review is equal to 2400 hours x \$52.66 per hour = \$126,384, or \$842.56 per intermediary annually.

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

*Explain reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.*

This submission includes lower estimated hours than previous burden estimates because the number of intermediaries that participate in the program has decreased from 170 to 150.

**16. Collection of Information whose Results will be published.**

*For collection of information whose results will be published, outline plans for talulation and publication. Address complex analytical techniques. Provide time schedules for the entire project.*

Only summary data will be published. This will be in the course of providing information to Congress, Agency leaders, constituent organizations, and others that will be interested in SBA reports. SBA does not anticipate publishing information beyond summary data.

**17. Expiration Date for Collection of this Data**

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

Not applicable; expiration date will be published.

**18. Exceptions to the Certification in Block 19 on OMB Form 83-I**

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

Not applicable.

**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.