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SUPPORTING STATEMENT

U.S. Small Business Administration
Paperwork Reduction Act Submission for
Microloan Program

(Survey to Study Participation Level in SBA Microloan Program)

OMB Control Number _3245-_____.

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.

This information collection is necessary for SBA to meet requirements imposed by Section 853(c) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (NDAA 2019), Pub. L.115-232 (8/13/2018). It requires the SBA to study the level of participation by intermediaries that are eligible to participate in the Agency's Microloan Program. To that end SBA plans to conduct a survey of this group of intermediaries to determine the reasons why some of them do not participate in the program. The survey will explore ways to encourage increased participation in the microloan program, and also ways to decrease the costs associated with participation. Generally, the survey will look at the operations of the intermediaries, including structure, size, area of operations, and the nature of the services that they provide.

Intermediaries that are eligible for the program but do not currently participate will be asked to identify some of the factors that contribute to their non-participation in the program. The survey will also explore what factors could make the program more appealing to intermediaries and lead them to participate.

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 will be used by SBA staff, program managers, and Agency management to study and report on participation, or non-participation in SBA's microloan Program by eligible intermediaries. The report will be delivered by the SBA to the Committee on Small Business and Entrepreneurship of the Senate, and the Committee on Small Business of the House of Representatives. The report will cover:

1) the operations (including services provided, structure, size, and area of operation) of a representative sample of—

(A) intermediaries that are eligible to participate in the microloan program and that do participate; and

- (B) intermediaries that are eligible to participate in the microloan program and that do not participate;
- (2) the reasons why eligible intermediaries described in paragraph (1)(B) choose not to participate in the microloan program;
- (3) recommendations on how to encourage increased participation in the microloan program by eligible intermediaries described in paragraph (1)(B); and
- (4) recommendations on how to decrease the costs associated with participation in the microloan program for eligible intermediaries.

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.

SBA plans to use commercially available survey software to conduct the survey. The survey, or a link to the survey, will be published in a Federal Register notice, sent to intermediaries that currently participate in the Program as well as microenterprise development organizations that might be eligible to participate in the Program, but currently do not, and to trade organizations that work closely with organizations that might be eligible to participate.

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 SBA Microloan Program and there are no other sources of information that are currently available that would meet the purpose of the survey.

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-I), 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 and other entities potentially eligible to participate in the Program. This information collection will not have a significant economic impact on the microloan intermediaries or other potentially eligible entities.

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.

Failure to collect the requested information would impair SBA's ability to meet requirements imposed by Section 853(c) of NDAA 2019.

7. Existence of Special Circumstances

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

No special circumstances exist for this information collection.

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 March 4, 2019 at 84 FR 7411. 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.

The information gathered will not be of a confidential nature.

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 does not anticipate collecting any information that would be considered sensitive as a result of this survey.

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 an estimated 500 respondents that will complete the survey. The estimated burden hours and costs are as follows:

Completion of Survey: The estimated burden hours are 20 minutes per completed survey times 500 respondents, or 167 total hours. These burden hours include the time to open and complete the survey questions. Based on a GS-11 (Step 5) annual salary, the hourly rate is \$36.95. The annual cost to respondents is 167 hours x \$36.95 per hour = \$6,171, or \$12.34 per respondent.

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 no 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 estimated cost to government is approximately \$11,585.

The government cost includes costs to develop the survey, locate and notify potential respondent organizations, review/analyze survey results, and develop and deliver report to Congress. The cost to the Federal government is estimated to be approximately 80 hours of financial analyst time to develop the survey questions, 20 hours of financial analyst time to locate and notify respondent organizations, 80 hours financial analyst time to review/analyze the survey results and 40 hours of financial analyst time to develop and deliver the report. Based on a GS-13, Step 5 annual salary, the hourly rate is \$52.66. The estimated cost for this survey is 220 hours x \$52.66 per hour = \$11,585.

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.

No Program changes or adjustments are reported, as this is a new survey.

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 and Agency leaders. SBA does not anticipate publishing information beyond summary data. SBA anticipates this project being completed by 8/30/2019.

17. Expiration Date for Collection of this Data

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

This is a one-time data collection.

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.

- 1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.*

This collection has not been conducted previously. For this initial study, SBA estimates the potential respondent universe to be 1,500 organizations, with an expected response rate of 33%

for the collection as a whole. However, if SBA does not receive the expected response rate, the report to Congress may only reflect general observations, rather than statistically significant conclusions.

2. *Describe the procedures for the collection of information.*

The collection will be facilitated through the use of commercially available survey software. A link will be provided for the survey. SBA will inform potential respondents through:

Federal Register Notice of Survey;

Direct emails to organizations that currently participate in the SBA microloan program;

Coordination with trade organizations that work closely with potential respondents; and

Direct emails to organizations that may be eligible, but do not currently participate in the SBA Microloan Program. As an example, see the list of Certified Development Financial Institutions at https://www.cdfifund.gov/Documents/CDFI%20List%202-25-2019_Final.xlsx

3. *Describe methods to maximize response rates and to deal with issues of non-response.*

No special methods will be deployed.

4. *Describe any tests of procedures or methods to be undertaken.*

No tests of procedures or methods will be undertaken.

5. *Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.*

Staff in the Office of Capital Access