

SMALL BUSINESS ADMINISTRATION (SBA)  
Supporting Statement for Paperwork Reduction Act Submission  
Economic Injury Disaster Loan Application (EIDL) COVID-19

Justification

1. ***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.***

Section 7(b) of the Small Business Act, 15 USC 636, as amended, authorizes the Small Business Administration to make disaster loans to businesses, including loans for economic injury disaster loans. According to the *Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020*, Pub. L. 16-123, economic injury resulting from the current coronavirus pandemic (COVID-19) is eligible for such loans. Sec.1110 of the *Coronavirus Aid, Relief, and Economic Security Act*, once approved, will provide economic injury grants to recipients of such loans. In an effort to expedite the processing time and provide immediate assistance, SBA has developed a new information collection that streamlines some of the information typically collected in processing business disaster loans.

2. ***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 will be collected from small businesses and nonprofit applicants in support of their application for an economic injury loan or grant related to COVID-19. SBA's Office of Disaster Assistance (ODA) will use the information in determining whether to approve or disapprove a loan application.

3. ***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.***

Applicants for an economic injury loan and related grant benefit, have the option to complete the application on-line via the Electronic Loan Application (ELA) process and submit it electronically. The ELA is part of SBA's Disaster Credit Management System (DCMS), a loan processing system that enables disaster loan applicants to retrieve and modify existing data records and allows some reduced data entry on their part.

4. ***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.***

Every effort is being taken to minimize the collection burden. In some instances applicant may have previously submitted similar information to SBA in connection with a previous loan application; however, that information would be stale and would need to be updated for this COVID-19 assistance.

5. ***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 impacts small businesses; however, it will not have a significant economic impact on them. The requested information is designed to collect the minimum information necessary to prudently process the applications.

6. ***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.***

This information will only be collected once at the time of application for assistance. If this information were not collected, ODA could not process the requests for financial assistance because there would be no basis upon which to make eligibility or credit decisions. Since this information is only collected once, it cannot be collected less frequently.

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

No special circumstances exist.

8. ***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.***

SBA has submitted a concurrent request for emergency approval of this information and waiver of the required comment period in order to facilitate moving forward with providing financial assistance to small businesses affected by the COVID-19 pandemic. SBA will comply with all normal PRA procedures, including publication of the 60-day comment notice, following receipt of the emergency approval and resubmit this information collection to OMB for review. Any comments received in response to the notice will be addressed at that time.

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

There are no payments made or gifts given to respondents.

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

The application informs applicants that information collected is protected to the extent permitted by law, including the Privacy Act, 5 U.S.C. 552a and the Freedom of Information Act, 5 U.S.C. 552. SBA maintains personally identifiable information in SBA's Privacy Act System of Records (SBA 20).

11. ***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.*

This information collection does not request information of a sensitive nature.

- 12. 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.**

The burden for this information collection is difficult to estimate at this time but based on the number of applications received as of March 25, 2020, using the current business loan application, SBA estimates a total of 1,000,000 applicants. As necessary SBA will submit updated burden information. Based on the calculations below the total hour burden is 2,666,667.

**Calculation:**

The EID-COVID19 Application (Form 3501)(regardless of business formation type) is filled out by 100 percent of disaster business loan applicants and takes an estimated 30 minutes to complete. 1,000,000 respondents x 30 minutes = 500,000 public burden hours.

Economic Injury Disaster Loan Supporting Information (Form 3502) total response time is one hour for a total of 1,000,000 million hours

Verification of Eligible Entity for Emergency EIDL Advance (SBA Form 3503) response time is 10 minutes for a total of 166,667,000 hours

Economic Injury Disaster Loan Supporting Information - Faith Based Entity (SBA Form 3504) response time is 30 minutes x 2000 respondents for a total of 1000 hours

**PUBLIC BURDEN-Cost**

The cost estimate for a respondent is based on GS 9, step 1 (\$25.35 per hour-RUS), which is the level of expertise (minimal) that is required to respond. The annual hourly cost estimate is calculated below  $2,666,667 \times \$25.35 = \$67,600,000$ .

- 13. 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.**

No additional annual costs beyond those identified in #12 above are anticipated.

- 14. 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.**

Estimated annualized cost to the Federal Government:

It takes ODA personnel approximately 3 hours per loan application to evaluate the information provided, perform a credit analysis, and process the application (both paper and ELA) to a decision.

Typically, expertise equivalent to a GS-9, Step 1 (\$25.35 per hour-RUS) is required to process these applications using either method.

1,000,000 responses at 3 hours per response = 3,000,000 x \$25.35 = **\$76,050,000**  
**estimated cost to Federal Government**

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

This is a new collection.

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

Published SBA disaster loan data includes verified loss and approved loan amount totals for both home and business disaster loans, segmented by city, county, zip code and state. The information is published quarterly on the SBA.gov website.

17. ***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.***

SBA will display the expiration date of OMB approval.

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

There are no exceptions to the certification statement.

- A. ***Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used.***

Not Applicable