

SMALL BUSINESS ADMINISTRATION (SBA)  
Supporting Statement for Paperwork Reduction Act Submission  
Economic Injury Disaster Loan Application (EIDL) COVID-19  
OMB Control Number 3245-0406

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. 116-123 (March 6, 2020), economic injury resulting from the current coronavirus pandemic (COVID-19) is eligible for such loans. The *Coronavirus Aid, Relief, and Economic Security Act*, Pub. L. 116-136 (April 27, 2020) and the *Paycheck Protection Program and Health Care Enhancement Act*, Pub. L. 116-139 (April 24, 2020) appropriated funds to provide financial assistance to eligible small businesses that are experiencing economic injury as result of the COVID-19 pandemic. In an effort to expedite the processing time and provide immediate financial assistance, SBA developed a streamlined information collection, which was approved on an emergency basis on March 27, 2020. With this submission SBA is requesting approval of additional revisions described below.

The collection currently consists of the following forms:

- Form 3501 - EID-COVID19 Application is being revised
  - to reflect the fact that agricultural enterprises are now eligible for COVID-19 related economic injury loans;
  - to remove question specific to faith-based organizations; and
  - to revise questions regarding criminal history of applicants. Specifically, SBA is removing a question asking whether the applicant has been arrested in the last 6 months and revising other questions to address only felonies, not all criminal offenses.
- Form 3502 - Economic Injury Disaster Loan Supporting Information is being to revised to specify that agricultural enterprises should fill out cost of operation information.
- Form 3503 - Verification of Eligible Entity for Emergency EIDL Advance is being revised to remove agricultural enterprises from the list of ineligible entities.
- Form 3504, Economic Injury Disaster Loan Supporting Information - Faith Based Entity
  - This form is being cancelled since it is no longer required for this loan program.

SBA is also submitting the electronic version of the forms described above. This version collects the same information as the forms described above but is formatted as one document to provide a more seamless experience for applicants.

**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 eligible applicants (small businesses and nonprofits) in support of their application for an economic injury loan, including the advance (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 advance (grant) are submitted electronically, through a portal managed by the company with which SBA has contracted to provide loan processing services.

- 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 received emergency approval of this information collection, including 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. That approval expires on September 30, 2020. SBA will publish the 60-day comment notice, and will resubmit this information collection to OMB for review and approval if necessary to meet program needs. Any comments received in response to the notice will be addressed at the time of any resubmission.

**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. The burdens reported below are based on the number of applications received to date, plus the number that will likely be submitted in response to the funds appropriated by the *Paycheck Protection Program and Health Care Enhancement Act*. Accordingly, SBA estimates that 10 million small businesses will apply for an EIDL COVID loan, including an advance, for a total hour burden of 16,667,667.

**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. 10,000,000 respondents x 30 minutes = 5,000,000 public burden hours.

Economic Injury Disaster Loan Supporting Information (Form 3502) total response time is one hour for a total of 10,000,000 million hours

Verification of Eligible Entity for Emergency EIDL Advance (SBA Form 3503) response time is 10 minutes for a total of 1,666,667, 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 minimal level of expertise that is required to respond. The annual hourly cost estimate is calculated below  
 $1,666,667 \times \$25.35 = \$42,250,008$

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 total annualized cost to the Federal Government: \$396,010,700

SBA has entered into a contract for services related to processing EIDL-COVID loans. SBA has obligated \$350 million on this contract. SBA will also incur costs associated with the approximately 3,500 individuals temporarily contracted to assist with said loan processing. The estimated costs for these temporary individuals is \$42,588,000, based on the GS-9, Step -1 rate of pay for persons in the "Rest of the United States" (RUS) for a minimum of 480 hours per person over a 12 week period.

The extra costs associated with SBA employees that would not have been incurred without this collection is estimated at approximately \$3,422,700. This estimate is based on the OT rate for an employee at the GS-9, Step 1 rate (RUS) (\$38.03) for a three-month period. SBA estimates that each employee would work an average of 15 OT hours per week. [  $90,000 \times 38.03$  ]

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

The burden has been increased to reflect activity for the program to date as well as the future estimated activity in response to the new funding.

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