

U.S. Small Business Administration
Paperwork Reduction Act Submission
Supporting Statement for
Affiliation Worksheet - Paycheck Protection Program
OMB Control Number (3245-0416)

A. Justification

1. Explain the circumstances that make the collection of information necessary.

Section 1102 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. 116-136, authorizes SBA to guarantee loans made by banks or other financial institutions under a new 7(a) program titled the “Paycheck Protection Program” (PPP) to small businesses, certain non-profit organizations, veterans’ organizations, Tribal business concerns, independent contractors and self-employed individuals adversely impacted by the Coronavirus Disease (COVID-19) Emergency. The Economic Aid to Hard-Hit Small Businesses and Venues Act (Economic Aid Act), Pub. L. 116-260, renewed SBA’s authority to make PPP loans and added authority for Second Draw PPP Loans under Section 7(a)(37) of the Small Business Act.

SBA’s authority to approve PPP loan guaranty applications expired on June 30, 2021. PPP borrowers have until maturity of the loan to apply for loan forgiveness (which may be as late as 2026) and SBA can review a PPP loan at any time. Borrowers with affiliates, as defined in SBA’s regulations at 13 CFR 121.301(f), were required to disclose such affiliation when they applied for a PPP loan and certify that they were eligible to receive the loan under the SBA’s rules in effect at the time the application was submitted. This information collection is necessary to provide additional information regarding the size of a borrower and its affiliates to help SBA evaluate the certification during any loan review.

2. How, by whom, and for what purpose will the information be used.

SBA Form 3511, *Affiliation Worksheet* – During SBA’s loan review process, SBA will be reviewing the borrower’s eligibility certification, including the borrower’s compliance with size and affiliation requirements. If SBA determines that supplemental information is necessary, to evaluate the borrower’s eligibility certification, the borrower will be required to complete and submit the Affiliation Worksheet.

3. Use of automated, electronic, mechanical, or other technological collection techniques.

Borrowers will submit the requested information directly to their Lenders who will determine how the information is submitted. After receiving the SBA Form 3511 from the borrowers, lenders will submit the forms by uploading them electronically to SBA via the Paycheck Protection Platform (the “Platform”). The form is available to Lenders via the Platform at <https://forgiveness.sba.gov/>.

4. Avoidance of duplication.

There are no known sources of information that could be used for the PPP in lieu of the requested information. The data requested is unique to each borrower, including its affiliates and to the circumstances of each particular PPP loan.

5. Impact on small businesses or other small entities.

This information collection impacts a substantial number of small businesses. However, the information collected is designed to lessen the burden on both small businesses and lenders by requesting the minimum information necessary for SBA to make prudent decisions. The fact that the information is

submitted electronically and not in paper form, also helps to mitigate any burden on borrowers and lenders.

6. *Consequences if information is not collected.*

Failure to collect the information requested could result in improper payments if loans were issued to borrowers that are not eligible, or forgiveness payments are remitted to lenders for ineligible borrowers. Failure to collect the information could also impact SBA's ability to ensure its lending partners are complying with Loan Program Requirements applicable to the PPP.

7. *Existence of special circumstances.*

The form provides that borrowers must submit the completed worksheet within 10 days of receipt from the lender. Under the Loan Program Requirements applicable to the PPP, SBA will, subject to any SBA review of the loan or loan application, remit the appropriate forgiveness amount to the lender, plus any interest accrued through the date of payment, not later than 90 days after the lender issues its decision to SBA. SBA requires that the borrower submit the information within 10 days so that the lender can provide the information to SBA and SBA can receive and review the information within the required statutory timeframe.

8. *Solicitation of public comment.*

SBA published the 60-day notice required under 5 CFR 1320.8(d) in the Federal Register on July 1, 2021, at 86 FR 35144. The comment period closed on August 30, 2021. No comments were received.

9. *Payment or gift to respondents.*

No gifts or payments are provided to any respondents.

10. *Assurances of confidentiality.*

The information collected is protected to the extent permitted by law including the "Freedom of Information Act" (5 U.S.C. § 552), "Right to Financial Privacy Act of 1978" (12 U.S.C. § 3401), and the Privacy Act (5 U.S.C. § 552a) where applicable.

11. *Questions of a sensitive nature.*

Information that is retrieved by a personal identifier is maintained in SBA's Privacy Act System of Records governing the disclosure of such information, specifically SBA 21—Loan System. See Federal Register Notice at 74 FR 14890 (April 1, 2009) as amended by notices published at 77 FR 15835 (03/16/2012) and 77 FR 61467 (10/09/2012), for details regarding routine uses and other terms governing the use of the information.

12. *Estimate of the hourly burden and cost burden for the collection of information.*

This information collection will be requested from all borrowers who answered "yes" to question 3 on the borrower's application as well as from those borrowers who did not respond in the affirmative, but who, based on the information available to SBA, have affiliates. As a result, SBA estimates that approximately 37,500 borrowers will complete and submit the Affiliation Worksheet in connection with SBA loan reviews. The estimated time to respond is 45 minutes, yielding 28,125 total burden hours, with an estimated cost of \$1,279,688 for borrowers.

The Affiliation Worksheet will be reviewed for completeness and submitted to SBA by the Lender. SBA estimates that approximately 5,000 Lenders will review and submit Affiliation Worksheets. SBA estimates 15 minutes to review for completeness and submission of this document, for a total of 9,375 hours. Total estimated costs for responding lenders are \$426,563.

For borrowers and lenders, the combined hourly burden is 37,500 hours and the combined hourly cost is \$1,706,250.

Estimated cost used is the salary for a GS-11, Step 1 Federal employee's annual salary of \$72,539 or \$34.76 hourly rate based on the 2022 General Schedule for Sacramento California (Base), plus estimated fringe benefits of 30.9% of salary, for a total hourly rate of \$45.50. The GS-11 pay grade is utilized in preparing this estimate as it is equivalent to the position normally held by a white-collar employee in a mid-level position.

13. Estimate of total annual cost excluding cost included above in number 12.

There are no start-up, capital or other costs to respondents as a result of this information collection.

14. Estimated annualized cost to the federal government

SBA Form 3511, Affiliation Worksheet

SBA estimates approximately 37,500 worksheets will be submitted and reviewed by contractors and SBA staff. Cost of this contractor review of the Affiliation Worksheet is \$3,455,750.

SBA estimates time for SBA staff to review the Affiliation Worksheet to be 20 minutes, for a total of 12,500 hours, and a total cost of \$568,750.

Total cost to the Federal Government is estimated at \$4,024,500.

Estimated SBA staff cost is determined by taking the salary for a GS-11, Step 1 Federal employee's annual salary of \$72,539 or \$34.76 hourly rate based on the 2022 General Schedule for Sacramento California (Base), plus estimated fringe benefits of 30.9 percent of salary, for a total hourly cost of \$45.50.

15. Explanation of program changes in items 13 or 14 on OMB Form 83-I.

There has been no change in burden hours.

16. Collection of information whose results will be published.

Aggregated results from this information collection may be included in business loan data that is routinely published on SBA's website or in periodic reports to the Congress and/or OMB.

17. Expiration date for collection of this data.

The OMB expiration date will be displayed on the form.

18. Exceptions to the certification on Block 19 on OMB Form 83-I.

There are no exceptions.

19. Collections of Information Employing Statistical Methods

This is not applicable.