

Supporting Statement for Paperwork Reduction Act Submission
Community Navigators Pilot Program, OMB Control Number: 3245-0423

PART A.

Summary of Revisions

This information collection is currently approved under emergency procedures. SBA is requesting approval for standard review and approval with the following substantive and non-substantive revisions. Some of the changes are in response to public comments; others as a result of issues that came to light while working with our IT contractor team to develop the electronic version of the form.

There were some changes to the order of questions, to make sure that all voluntary demographic questions about the client were in one place. The reordering of questions makes for a more natural flow and should increase form accuracy. It also is clearer which sections should be completed by the advisor versus the client.

As a result of public comments, SBA added a client signature field to the confidentiality statement for small business clients to note their consent to the data collection.

Based on OMB feedback, SBA revised the purpose of collection and Privacy Act statements to clarify circumstances and authority for collection and protection of the info.

Based on public comment received from Hubs and Spokes (grantees and their contractors) in the program since this information collection was submitted for OMB's review, SBA made a few additional changes, including adding options for categories of counseling assistance, a 'date of counselling' field, and adding back in which stakeholder should complete which section of the form. SBA also added help text to clarify that 'dollars of funding sought' relates to funding applications submitted. The purpose of these changes is to make the form easier to use.

SBA does not believe that these changes would increase the reporting burden estimates for the form appreciably. If anything, they will make the form easier to complete and improve the quality of data received.

Justification

1. Circumstances Making the Collection of Information Necessary

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.

The American Rescue Plan Act of 2021 (Pub. L. 117-2 §5004) authorizes SBA to establish a Community Navigator Pilot Program. Under this authority, SBA will make grants to private nonprofit organizations, resource partners, States, Tribes and units of local government to ensure

the delivery of free community navigator services to current or prospective owners of small businesses in order to improve access to COVID-related assistance programs and resources.

Navigators will provide outreach, education and technical assistance to small businesses. They will focus on COVID recovery and utilization of SBA and other government programs in communities that are under-engaging with these resources.

The SBA must collect information to fulfill information and reporting requirements in alignment with OMB [M-21-20](#), *Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources* to ensure that programs are achieving results for effective stewardship of these funds. President Biden has required that ARP programs design, track, and report on new programs to ensure trust from the public. This data collection also helps ensure that it meets Executive Order 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government* to ensure program equity.

2. Purpose and Use of the Information Collected

Indicate how, by whom, how frequently, 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.

This information collection consists of two parts. One is the application information to be submitted by the non-profit or State/local government organizations seeking a Community Navigator grant. The second part consists of the reporting and recordkeeping requirements that successful Community Navigator applicants (“Grantees”) must comply with to carry out the terms of the grant award. These reporting and recordkeeping requirements include the collection of demographic and business information from the Grantees’ clients and the Grantees’ network of business advisors providing technical assistance to those clients.

Application:

Applicants for this program will submit a written proposal consisting of:

1. A cover letter with identifying information and DUNS
2. A technical proposal with project description and overview, staffing, description of proposed service area, partner organizations and outline of SMART goals;
3. Budget proposal and narrative; and
4. Attachments and exhibits such as partner organization commitment letters and state and local government support letters

SBA uses this information to evaluate each applicant and select awardees for a Community Navigator grant. To date SBA has selected 51 grantees organizations. At this time SBA does not anticipate making any additional grants unless additional funding becomes available.

Program and Financial Reports and Recordkeeping:

Successful Grantees will be expected to provide quarterly performance and financial reports to SBA utilizing the designated electronic systems.

For quarterly performance reporting, grantees will collect demographic and business information from clients and the business advisor working with the client on SBA Form 3516. The information is collected to help SBA's oversight and management of the Community Navigator Pilot Program, ensure program equity and integrity and to meet Congressional and Executive Branch reporting requirements. All clients seeking assistance from a Grantee and its network of business advisors will need to provide business information using SBA Form 3516 one time (the first time they meet with a business advisor). Business advisors will also complete the Business Advisor section of SBA Form 3516.

Grantees will electronically transmit the data collected from clients and business advisors on SBA Form 3516 along with a narrative providing an update on how the Grantee is meeting its pre-defined SMART goals (as documented in the Notice of Award). Appendix B provides the output metrics and evaluations that will be used and are outlined in the Notice of Funding Opportunity. Detailed guidance will also be provided to successful awardees in the Notice of Award.

Financial reports will be submitted electronically to the SBA using the SF-425 Federal Financial Report (FFR) and any supporting documentation. Additionally, at the end of each fiscal year, Grantees will submit all the information listed above plus report all unliquidated obligations (if any) on SF Form 425.

Grantees will be required to submit these quarterly narrative performance and financial reports electronically to SBA within thirty (30) days of the completion of each three (3) month period. This information is pertinent to SBA's analysis of each Grantees' program activity and will assist SBA in evaluating the impact of each Grantee and whether they are achieving desired program results and whether they are appropriately utilizing grant funds in support of this program. The information will also be used to support SBA's performance plans, evaluations and other submissions made to the Office of Management and Budget, (OMB) the White House and the Congress in alignment with the Government Performance and Results Modernization Act, OMB Circular A-11, Circular A-136, OMB M-21-20, *Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources* and any other reporting requirements.

3. Use of Information Technology and Burden Reduction

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 burden. Insert any applicable electronic web address.

The SBA is committed to promoting the use of technology to lessen the burden of data collection. Applicants will submit their grant applications through Grants.gov. The Agency allows and encourages Grantees to collect information from small business clients (recipients of their technical assistance) and business advisors (those providing the technical assistance) via electronic means. Additionally, the SBA is building an electronic system, COMNAVS, that will enable Grantees to transmit their quarterly and annual data to SBA. This system has its alpha

release in January 2022 and is expected to be fully functional by April 2022. The use of electronic systems to apply and report will greatly lessen the burden on respondents and SBA, ultimately allowing for more efficient services to clients.

4. Efforts to Identify Duplication and Use of Similar Information

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 requested information is unique to the Community Navigator Pilot Program and is not collected through other programs at SBA or elsewhere. Each report provides new data on activities that happened during the reporting period; that data cannot be substituted for any other period.

5. Impacts on Small Businesses or Other Small Entities

If the collection of information impacts small business or other small entities, describe any methods used to minimize burden.

To implement and support the Community Navigator Pilot Program, SBA will collect information from two different sets of small entities. Small entities such as local government or Tribes that have been awarded a Community Navigator grant and the small businesses (“clients”) that receive technical assistance from the Grantees. This information collection will not have a significant impact on a substantial number of any of these small entities. To minimize the burden on these respondents, SBA utilized the Grants.gov platform to collect applications from entities that applied for the Community Navigator grant.

All clients will be asked to complete the business information sections of SBA Form 3516 one time, when they meet with their business advisor. Business advisors also complete a section of SBA Form 3516 after meeting with the client. The grantees will be encouraged to utilize the electronic (web-based) version of SBA Form 3516 to collect the business information from the clients. SBA will provide an application programming interface or API and other support to enable grantees to leverage electronic data collection with SBA’s designated system. This will reduce the burden on grantees and their business advisors and small businesses.

The Grantees will be asked to transmit the client information and results obtained by the small business as a result of technical assistance provided (e.g., small business successfully receives SBA loan after loan packaging assistance provided by Grantee) to SBA quarterly through an online portal being created for this purpose.

Use of technology by the Grantees will be encouraged in an effort to further minimize time and effort to collect the data represented on SBA Form 3516.

6. Consequences of Collecting the Information Less Frequently

Describe the consequence to 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 data collected is critical to SBA's ability to meet regular reporting requirements and performance management functions. As an American Rescue Plan Act program, SBA will need to provide regular reports to the White House, OMB and Congress. This is a \$100 million grant program so it is also critical that SBA collects this information for proper management and oversight of the program. Without the data collection, SBA will be unable to effectively manage the program and ensure equity, a core tenet of the program. If the information is collected less frequently, SBA would not be able to intervene in a timely manner when performance issues arise or if the intended results of the program are not being achieved.

7. Special Circumstances Relating to the Guideline of 5 CFR 1320.5

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

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary, trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

SBA Form 3516 requests some confidential and proprietary information (e.g., race, gender, gross revenues/sales) as a means to ensure equitable access to and support from the Grantees. However only the client, the Grantee and SBA will be privy to the individualized confidential and proprietary information, protecting the integrity of the data. SBA has instituted procedures to protect confidentiality to the extent permitted by law and only aggregate and summary data will be provided in public reports.

Outside the Agency. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency’s notice, soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. 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 form, and on the data elements to be recorded, disclosed, or reported.

SBA published the 60-day notice on October 14, 2021, at 86 FR 57243 in the Federal Register. The Agency received public comment from three SBDCs, including one Grantee of the program itself.

Each comment mentioned similar overall concerns with the form. The SBDCs mentioned that asking clients to provide sensitive demographic or proprietary data to the government may erode trust between Grantee and client, hindering the success of the program.

SBA understands the concern but will retain the questions. The SBA values this data to ensure equity and measure the reach of the program in various underserved areas of the country. The form explains how the information will help SBA to meet these objectives and clearly states that responding to the demographic questions is voluntary. The form also notifies respondents how SBA will protect the information collected and that SBA will only share aggregate data with the public and will not use the data outside of the context of SBA’s oversight of the Community Navigator Pilot Program.

The comments also pointed out various specific instances on the form that they think were unnecessary. All comments referenced the voluntary solicitation of social security numbers (SSN).

The reason for collecting SSNs is to verify that clients received SBA assistance, especially those sole proprietors that do not have an EIN. These sole proprietors are a key target of the program. SBA is authorized to collect this SSN information for identification purposes (EO 9397). SBA will therefore keep the voluntary question on the form.

In addition to these public comments, SBA also held listening sessions and individual meetings with our grantees to discuss their data management processes and any concerns they may have with the information collection. Many of the comments were in line with the public comments received on the 60-day notice.

In late December through January, SBA published the 30-day public comment notice. During this period, SBA received additional feedback from Hubs and Spokes and based on this feedback we have made a few minor revisions to the form. As described in the ‘summary of revisions’ these are quality of life changes that will make the form easier to fill out for its users. The changes clarify the instructions by providing additional help text to explain how a field should be

completed and simplify the process for identifying the assistance being sought by providing additional options that align with current updates on the ground.

Since the Community Navigator Pilot Program only began in December 2021 and most grantees did not begin direct service until January 2022, SBA sees this feedback as particularly useful, as it comes from those who are using and interacting with the form.

9. Explanation of Any Payment or Gift to the Respondents

Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.

Other than disbursement of grant funds to grantees, no payments or gifts will be made to respondents.

10. Assurance of Confidentiality Provided to Respondents

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

Any personal information collected will be protected to the extent permitted by law, including the Privacy Act of 1974, 5 U.S.C. 552a, and the Freedom of Information Act, 5 U.S.C. 552. In addition, to the extent permitted under FOIA, confidential business information (CBI) will only be disclosed to contractor or Agency personnel assigned to work on the Community Navigator Program. The data will be stored at the SBA in systems which adhere to all Federal Government data protection requirements. SBA Form 3516 also notifies respondents that information will be kept confidential to the extent permitted by law, including the terms and conditions outlined in the relevant Privacy Act System of Record (SBA-11), where applicable. The form includes a signature field for clients to consent that they understand the above written confidentiality statement.

11. Justification for Sensitive Questions

Provide additional justification for any questions of a sensitive nature, such as sexual behavior or attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

To conform to Executive Order 13985, respondents will be asked for the following information which may be considered sensitive: gender, veteran status, ethnicity, race, sexual orientation, and disability status to ensure program equity. Race and ethnicity questions were written in compliance with the OMB Standards for the Classification of Federal Data on Race and Ethnicity. Collection of this information is voluntary. The form contains statements that describes how the information they provide will be used and handled.

The information collected is in response to compliance with various reporting requirements, including those to the White House, OMB, and Congress. Additionally, it is essential to the mission of the agency and to monitoring business performance. SBA has instituted procedures to protect confidentiality to the extent permitted by law and only aggregate and summary data will be provided in public reports.

Additionally, SBA, through Form 3516, is voluntarily asking for business EINs from clients receiving technical assistance and SSNs for those entrepreneurs without registered businesses. This will help us trace duplicate entries in the system and allow us to better report the unique number of clients served through the program.

The Tax ID (EIN or SSN) is also the unique business identifier already used by SBA's loan and financial assistance programs. In order to verify financial assistance received by the client, it is necessary to use the same unique identifier. Without the Tax ID, SBA will not be able to verify whether the client receiving services from Grantees also received SBA financial assistance.

12. Estimates of Hour Burden, Including Annualized Hourly Costs

Provide estimates of the hour burden of the collection of information. Indicate the affected public, number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.

The SBA estimates the total annual burden is 37,250 hours for grant applicants (application plus quarterly reporting for one year) and 99,999 hours for SBA Form 3516 (client and Grantee (including business advisors) together). The total annualized hour and costs burdens are set out below in Exhibit 1. The burden is based on the current burden experienced by respondents for similar SBA programs.

Application: We received 745 applications to the program, which was launched with emergency approval. There are 51 Grantee "Hubs" that manage 450 additional sub-awardee "Spokes." SBA has updated the estimates provided during the emergency approval process. The burden calculation below is based on an average Federal grant proposal/application taking 50 hours with grant writers on average receiving \$33¹ per hour. Additionally, SBA estimates the quarterly reports will take approximately two hours each quarter.

SBA Form 3516 will collect data on the clients served by the Grantees' network of business advisors. This form will be completed by both the client and the business advisor working with the client. The client will only complete the form one time while the business advisor will document the client's needs with each visit. Not all clients will utilize this technical assistance more than once – we estimate about half of all counseling clients will have multiple visits. We also estimate that follow-up visits will require only about half as much time to complete the form.

¹See Grant writer salary: <https://www.eries.com/salary/job/grant-writer/united-states#:~:text=The%20average%20pay%20for%20a,is%20between%20%2449%2C703%20and%20%2485%2C517>

The cost burden for SBA Form 3516 is based on an estimated median annual income of \$66,500 for small business owners, which equates to an hourly rate (2000 work hours per annum) of \$33² and an estimated median annual income for business advisors of \$50,000 which equates to an hourly rate of \$25.

Exhibit 1. Information Collection Burden Estimates Per Year

	Actual Number of Respondents	Number of Responses	Frequency of collection	Average Time spent	Total Burden (hours)	Total Cost Burden
Grantee Application & Reporting						
Proposal creation (Application)	745	745	One time	50 hours	37,250	\$1,229,250
Grantee Quarterly Reports to SBA	51	51	4x/year	2 hours	408	\$13,464
Grantee Total	796				37,658	\$1,242,714
SBA Form 3516						
First Visit - Client	200,000	200,000	One time	10 minutes	33,333	\$1,099,989
First Visit – Business Advisor	1000	200,000	One time	10 minutes	33,333	\$833,333
Follow-up Visits – Business Advisor	1000	100,000	4x/year	5 minutes	33,333	\$833,333
Form 3516 Total	202,000	500,000			99,999	\$2,766,755

13. Estimates of Other Total Annual Cost Burden to Respondents or Record Keepers
Provide estimates of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the costs of any hour burden shown in items 12 and 14)

There is no other annual cost burden to respondents or record keepers.

14. Annualized Costs to Federal Government
Provide estimates of annualized cost to the federal government. Provide a description of the method used to estimate cost and any other expense that would not have been incurred without this collection of information.

Since Community Navigators is a new program, SBA will leverage contractor support to build and maintain the information technology system SBA will use to collect performance report

² See http://www.payscale.com/research/US/Job=Small_Business_Owner_%2F_Operator/Salary.

information from Grantees. The estimated cost of the information technology contract for the first year is \$4.5 million and second year is \$3 million.

Additionally, during the first year of the program, SBA will leverage a combination of new staff hires and contract support to fill key program roles such as grants management specialists and program and financial analysts. SBA intends to transition to utilizing all SBA employees during the second year. The first-year estimate of human resource support including SBA staff and contract support is approximately \$2.5 million and \$1.8 million in second year.

15. Explanation for Program Changes or Adjustments

Explain the reasons for any program changes or adjustments reported in items 13 or 14 of OMB form 83-I.

Minor adjustments were made to items 13 and 14 of OMB form 83-I, in line with Question 12, Exhibit 1 above. We had better estimates for the amount of clients and advisors using Form 3516, as well as actual grant applicants. These estimates will continue to become clearer over time.

16. Plans for Tabulation and Publication and Project Time Schedule

For collections of information whose results are planned to be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

Information collected from SBA Form 3516 will only be published in summary or aggregate form as a means of providing SBA management officials, Congress, the White House and OMB with reports on program activity and participant outcomes. SBA expects to produce annual reports to the White House, OMB and Congress on the impact of the Community Navigator Pilot Program leveraging aggregate data to illustrate program objectives and outcomes have been met.

Information regarding the Grantees (name and amount of award) will be published on USASpending.gov.

17. Reason(s) Display of OMB Expiration Date is Inappropriate

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

SBA plans to display the OMB expiration date.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

Explain each exception to the certification statement identified in item 19, “Certification Requirement for Paperwork Reduction Act” of OMB Form 83-I. If Agency is not requesting an exception, the standard statement should be used.

SBA is not requesting any exceptions to the certification.

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, as statistical methods will not be used.