

Department of the Treasury
Departmental Offices
State Small Business Credit Initiative
1505-0227

A. Justification

1. Circumstances necessitating the collection of information

Section 3301 of the American Rescue Plan Act of 2021, codified at 12 U.S.C. § 5701 *et seq.* (“the SSBCI statute”) provides \$10 billion for the Department of the Treasury (Treasury) to make payments to states of the United States, the District of Columbia, U.S. Territories (Puerto Rico, U.S. Virgin Islands, Guam, Northern Mariana Islands, and American Samoa), and Tribal governments (collectively, “eligible jurisdictions”) to help address the economic fallout from the pandemic and lay the foundation for a strong and equitable recovery by providing direct support to eligible jurisdictions for programs that increase access to credit for small businesses. Specifically, ARPA provided \$9.5 billion to fund small business credit and investment programs of eligible jurisdictions and \$500 million for technical assistance (TA) to qualifying small businesses. Treasury intends to award \$200 million of the \$500 million in federal grants to eligible jurisdictions that submit a complete SSBCI capital program application by the relevant deadlines (“eligible recipients”) for the provision of legal, accounting, and financial advisory services to qualifying small businesses (TA Grant Program).

Capital Program Application:

The SSBCI statute (12 U.S.C. §§ 5703(a), (b)(3), 5704(a), (b)(2), and 5705(a), (b)(4)) requires eligible jurisdictions to submit a complete application for capital program funding. Treasury has received OMB approval to collect these applications, which are vitally important for Treasury to review and approve in order to distribute funding to eligible jurisdictions.

Capital Program Reporting:

The SSBCI reporting requirements are contained in two different documents. The interim final rule focuses on demographics-related data of those who own or control small businesses that participate in SSBCI, whereas the Capital Program Reporting Guidance captures these and all of the other data elements that Treasury requires. These two documents are further described below. Eligible jurisdictions need to know what the reporting requirements are in order for them and for their partner lenders and other financial entities, to build and modify their data collection systems to obtain this information. Lenders and other financial entities need to know what the requirements are before agreeing to partner with eligible jurisdictions to implement their SSBCI capital programs.

The mechanics of the data reporting are as follows. SSBCI data reporting requirements are imposed at the level of the participating jurisdiction (i.e., state, the District of Columbia, territory, or Tribal government). A participating jurisdiction may have a direct capital program, where the jurisdiction itself runs the program and would directly engage in the collection of data for purposes of SSBCI reporting. However, for many programs, participating jurisdictions may

work with program providers (i.e., those entities making loans or investments with SSBCI funding) that implement the capital programs in order to collect the data. In these instances, the program provider would request the information that the participating jurisdiction is required to report, through a form that the borrower or investee would be asked to complete at or around the time it applies for a SSBCI-supported loan or investment. Treasury's SSBCI interim final rule and Capital Program Reporting Guidance would impact the contents contained in such a form. In the scenario where a participating jurisdiction works with a program provider to collect information for reporting, the information collection would flow to Treasury as follows: Borrower or investee → Program provider (e.g., bank) → Participating Jurisdiction → Treasury.

Interim Final Rule

Treasury has authority under the SSBCI statute (12 U.S.C. §§ 5706, 5709) to issue an interim final rule on collecting demographics-related data of those who own or control small businesses that participate in SSBCI for purposes of implementation, compliance and reporting, and understanding program outcomes. First, issuing this interim final rule is important for the implementation of and compliance with the program requirements regarding allocations related to business enterprises that are owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses). Second, this interim final rule is being issued to ensure compliance with legal requirements related to nondiscrimination and nondiscriminatory uses of federal funds, where such laws are applicable to a participating jurisdiction and any contracted entity operating SSBCI programs on the jurisdiction's behalf, because all SSBCI funds are considered federal financial assistance for purposes of such requirements. Third, issuing this interim final rule is important for SSBCI implementation and compliance because some participating jurisdictions will partner with lenders or other financial entities that may be subject to laws that prohibit these entities from inquiring about the race, color, religion, national origin, or sex of an applicant or any other person in connection with a credit transaction, unless such information is required by statute or regulation, such as this interim final rule.

Capital Program Reporting Guidance

The SSBCI statute, 12 U.S.C. § 5706, requires eligible jurisdictions to submit to Treasury quarterly and annual reports. These reports must contain certain data elements set forth in § 5706(a) and (b). Treasury also has authority under § 5709 to issue other guidance to establish additional reporting requirements that are necessary to carry out the purposes of SSBCI. Issuing guidance requiring additional reporting requirements enables Treasury to collect not only the quarterly and annual information required under § 5709, but also more detailed information about the eligible jurisdictions' SSBCI-supported programs and the small businesses that receive SSBCI funding through the program providers (e.g., lenders and investors) who partner with the eligible jurisdictions. This collection of SSBCI program-level, provider-level, and transaction-level (i.e., small business level) information in annual reports, and collection of certain program level information in quarterly reports, is necessary in order for Treasury to implement and determine compliance, as well as evaluate program outcomes.

The Capital Program Reporting Guidance sets forth the SSBCI reporting requirements for all participating jurisdictions beyond the required demographics-related data elements set forth in the SSBCI interim final rule. The quarterly report from a participating jurisdiction must include

basic information about the jurisdiction’s SSBCI-supported programs (e.g., program name and type) and program-level information on the use of the jurisdiction’s SSBCI funds (e.g., program total allocated funds expended, obligated, or transferred (EOT); program allocated funds EOT for direct administrative costs; and program income). The basic program information substantially overlaps with information collected through the SSBCI application and will be prepopulated with information where possible. The annual report must include information about the jurisdiction’s SSBCI-supported program providers (e.g., provider regulatory ID, provider type), the specific terms of its SSBCI-supported loans and investments (e.g., loan APR, equity security type), and the performance of its SSBCI-supported loans and investments (e.g., SSBCI funds lost, subsequent private financing). The provider-level information need only be collected once for each provider and partially overlaps with information collected through the SSBCI application if the participating jurisdiction knew who the provider would be and relayed that information in its application. The loan or investment transaction-level information need only be collected once for each loan or investment. There are only a handful of data elements that will be collected on performance of the loan or investment in the years after the transaction is consummated and only when that information is available (e.g., when an investment is written off).

TA Grant Program Application:

Eligible recipients are required to submit an application with a TA plan in order to receive TA funding. Treasury will review and approve the application before distributing funds to jurisdictions.

2. Method of collection and use of data

Capital Program Application:

Treasury will use the submitted information to determine if the applicants meet the eligibility requirements in order to receive the SSBCI capital program funds.

Treasury will collect information from applicants, which may include eligible states, territories, the District of Columbia, and Tribal governments, through an online application portal. The application includes the collection of eligibility information and program details including:

- Points of contact for the eligible jurisdiction and those administering the program;
- Designation support for the implementing entity, as well as any delegation of authority documentation;
- Statement on legal actions that have been taken or will be taken in order to receive SSBCI funds;
- Underserved narrative that details how an applicant plans to use the federal contributions for their approved programs to help provide access to capital for small businesses in low- and moderate-income, minority, and other underserved communities, including women- and minority-owned small businesses;
- Enrolled loan data table for Capital Access Programs (CAPs), including historic information for programs that have operated before and estimates for the life of the SSBCI program;
- Other Credit Support Programs (OCSPs) information including: a summary of the background of the program, a summary of the program guidelines, a description of the

anticipated benefits of the program, a description of how the program will “cause and result” in \$1 of new private credit for every \$1 of SSBCI funds; a description of how the program will ensure a meaningful amount of lender or investor capital is at risk; and a description of how the program will provide credit support that meets all of the requirements regarding borrower and investor size and loan and investment amounts;

- OCSF Additional Considerations including: a description of the program’s management team, operational capacity, and internal accounting and administrative controls systems;
- OCSF Independent Financial Audit or Program Financial Statements;
- Leverage Ratio Data Tables for all proposed programs, using a provided template;
- Compliance and Oversight Narrative describing what reporting mechanisms, audits, or other internal controls and compliance activities (a) the applicant has in place or (b) need to be implemented to enable the applicant to conduct oversight and meet annual and quarterly reporting requirements for the proposed program(s);
- Assurances of Compliance with Civil Rights Requirements; and
- Financial institution information for receipt of funds.

The information collected in applications will be evaluated by Treasury staff to determine eligibility to receive SSBCI funds, as well as distribute funds.

Capital Program Reporting – Interim Final Rule and Capital Program Reporting Guidance:

The information will be collected by the participating jurisdictions (or their contracted entities, lenders, investors, or other program providers) from small businesses and will be reported to Treasury on an annual and quarterly basis. Eligible jurisdictions must provide the information using the format specified on Treasury’s website, which will be a portal that Treasury sets up. The information collected in annual and quarterly reports will be used by Treasury staff to evaluate the capital program allocations for implementation and compliance reasons and to generally assess program outcomes.

TA Grant Program Application:

Treasury will use the submitted information to determine if the applicants meet the eligibility requirements in order to receive TA Grant Program awards.

Treasury will collect information from applicants, which may include eligible states, territories, the District of Columbia, and Tribal governments, through an online application portal. The application includes the collection of eligibility information and program details including:

- Points of contact for the eligible jurisdiction and those administering the program;
- Delegation of authority documentation;
- Information about the subrecipient that has been designated to carry out the TA plan described in the TA Grant Program application;
- Joint Applicant Designation Documentation - documentation stating that the governing officials of the Co-Applicant Tribal governments have designated certain entities their authority;
- Written plan on how the jurisdiction will carry out its TA program that includes a data-driven assessment of the needs of eligible beneficiaries in the eligible recipient’s jurisdiction; the organizational capacity and ability of the TA providers; the connection

between the TA project and SSBCI or other program that supports small businesses; the strategy and efforts to reach SEDI-owned businesses and VSBs that are eligible beneficiaries; and performance goals;

- Detailed proposed budget and narrative justification for the proposed budget;
- Current Negotiated Indirect Cost Rate Agreement or Cost Allocation Plan
- Assurances of Compliance with Civil Rights Requirements; and
- Financial institution information for receipt of funds.

The information collected in applications will be evaluated by Treasury staff to determine eligibility to receive TA Grant Program funds, as well as distribute funds.

3. Use of information technology

Treasury will manage the submission process with the use of existing and widely available technology such as a web portal and e-mail.

4. Efforts to identify duplication

There is no overlap with other SSBCI or Treasury data collections except as described above. Where there is overlap, SSBCI intends to prepopulate the data to the extent feasible.

5. Impact on small entities

This collection of information is not expected to have a significant impact on small entities, but we believe some of the smaller Tribal governments will require additional outreach. We are not aware of any flexibilities in this area due to the statutory requirement. Because of this, Treasury will do outreach and education with our Tribal partners. Treasury is also offering Tribal governments the opportunity to apply for SSBCI funding as a group of Tribal governments, thereby, potentially resulting in a single report for the group of Tribal governments.

6. Consequences of less frequent collection and obstacles to burden reduction

Treasury cannot program without using application forms to discern eligibility of programs. While Treasury does not anticipate frequent collection of the application forms in the future, Treasury must maintain this collection in order to adequately assess requests for modifications that involve the addition of new capital and TA programs.

SSBCI is statutorily required to have annual and quarterly reporting. While not all of the data elements in the interim final rule and Capital Program Reporting Guidance are mandated by statute, they are integral for implementation, compliance, and understanding program outcomes, as explained above in the answer to question 1.

7. Circumstances requiring special information collection.

There are no special circumstances causing the information collection to be conducted in a manner described in 5 CFR 1320.6.

8. Solicitation of comments on information collection

Treasury solicited public comments on this information collection for 60 days following publication of a notice in the Federal Register on March 30, 2022 (87 FR 18474). No comments were received. In addition, Treasury solicited comments on the IFR and intends to publish a final rule incorporating those comments.

9. Provision of payments to recordkeepers

No payments or gifts are provided to respondents.

10. Assurance of confidentiality

The SSBCI is subject to all federal regulations with respect to confidentiality of information.

11. Justification of sensitive questions

We are collecting transaction-level details that include demographics-related data of those who own or control small businesses that participate in the SSBCI. Treasury has completed a Privacy and Civil Liberties Impact Assessment (PCLIA) for SSBCI reporting and will comply with all applicable privacy laws regarding this information collection. This PCLIA, which Treasury publishes on its website and may revise from time to time as needed, details the justification and process for the collection of certain information, including sensitive demographic information.

There is no sensitive information being collected in the Capital Program application or the TA Grant Program application.

12. Estimated burden of information collection

Treasury expects to receive applications from approximately 500 eligible jurisdictions who previously submitted a Notice of Intent. SSBCI estimates the burden of such collection to be approximately 5 hours per application response. SSBCI estimates the total one-time burden to be 2,500 hours (500 responses * 5 hours/program). Using the standard total compensation for accountants and auditors, the estimated cost of this information collection is \$118,750.¹

The interim final rule will add annual reporting requirements related to the demographics of those who own or control small businesses that participate in SSBCI-supported loan and investment transactions. The addition of the collection of the required data fields will increase total annual burden by 13,050 hours. The eligible jurisdictions will need to collect such demographic data from small businesses to use in the annual compliance reporting, as well as for implementation of the program and understanding program outcomes. As reflected in Table 1 below, the requirements are expected to affect 174 transactions with small businesses per

¹ See Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Accountants and Auditors, on the internet at <https://www.bls.gov/oes/current/oes132011.htm>. Base wage of \$35.37/hour increased by 46 percent to account for fully loaded employer cost of employee compensation (benefits, etc.) for a fully loaded wage rate of \$51.64. 13,050 multiplied by \$51.64 equals \$673,902.

jurisdiction per year. As shown in Table 2, there are 500 jurisdictions (thus 500 respondents), and thus a total of 87,000 transactions that are affected per year. It is estimated to take 0.15 hours to complete the reporting per transaction for an annual burden of 13,050 hours. Using the standard total compensation for accountants and auditors, the estimated cost of this information collection is \$673,902.²

The Capital Program Reporting Guidance sets forth more annual reporting requirements and quarterly reporting requirements for participating jurisdictions. The annual reporting requirements include reporting on SSBCI information at the program level, provider level, and transaction level (i.e., small business level), in addition to the demographics-related information described in the interim final rule. As reflected in Table 2, the annual reporting requirements—not including the demographics-related reporting requirements—are expected to take 0.33 hours to complete for an annual burden of 29,000 hours. Using the standard total compensation for accountants and auditors, the estimated cost of this information collection is \$1,497,560.

The quarterly reporting requirements include reporting of certain information on the use of SSBCI funds at the program level. The collection of this information has an expected annual burden of 300 hours annually. As reflected in Table 2, the quarterly reporting requirements are expected to be reported 4 times a year to Treasury for each of the 500 jurisdictions and estimated to take 0.15 hours to complete for an annual burden of 300 hours. Using the standard total compensation for accountants and auditors, the estimated cost of this information collection is \$15,492.

Treasury expects 500 applications for TA Grant Program Funding. Treasury estimates the burden of such collection to be approximately 4 hours per application response. SSBCI estimates the total one-time burden to be 2,000 hours (500 responses * 4 hours/program). Using the standard total compensation for accountants and auditors, the estimated cost of this information collection is \$103,280.

Table 1: Number of Transactions Per Respondent Per Year	Values
Approximate number of transactions in SSBCI 1.0 (baseline)	21,000
Divided by 56 (for number of respondents in SSBCI 1.0)	375
Multiplied by 6.5 (size of SSBCI 2.0)	2438
Multiply by .5 (expected to be fewer loans/investments because average loan/investment size is expected to be larger in SSBCI 2.0)	1219
Divided by seven years to result in annual number of transactions	174

Table 2: Summary of Burden and Opportunity Costs

² See Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Accountants and Auditors, on the internet at <https://www.bls.gov/oes/current/oes132011.htm>. Base wage of \$35.37/hour increased by 46 percent to account for fully loaded employer cost of employee compensation (benefits, etc.) for a fully loaded wage rate of \$51.64. 13,050 multiplied by \$51.64 equals \$673,902.

Reporting	# Respondents	# Responses Per Respondent	Total Responses	Hours per response	Total Burden in Hours	Cost to Respondent (\$51.64 per hour*)
SSBCI Capital Application	500	1	500	5 hours	2,500	\$129,100
Interim Final Rule (demographics-related data elements in Annual Report)*	500	174	87,000	0.15 hours (9 minutes)	13,050	\$673,902
Reporting Guidance – Annual Report (non-demographic data)*	500	174	87,000	0.33 hours (20 minutes)	29,000	\$1,497,560
Reporting Guidance – Quarterly Report*	500	4	2,000	0.15 hours (9 minutes)	300	\$15,492
SSBCI TA Grant Program Application	500	1	500	4 hours	2,000	\$103,280
Total	2,500		177,0		46,850	\$2,419,334
<p>*This burden captures the cost of participating jurisdictions and their financial entity partners (if any) to collect the data elements and report the data elements to Treasury. Data elements, as described in the answer to question 1, can be program information from the jurisdictions; provider information from jurisdictions and their financial entity partners (if any); and transaction level information from jurisdictions, their financial entity partners (if any), and small businesses. There is wide spectrum of jurisdiction capital programs, but this burden estimate accounts for the information collection—whether the collection is by the jurisdiction itself or its financial entity partner—and the jurisdiction’s reporting of that information to Treasury through the portal referenced in question 3.</p>						

13. Estimated total annual cost burden to respondents

Other than the time described above, there is no cost burden associated with the collection of the data. No purchases of equipment or services are necessary to complete these collections.

14. Estimated cost to the federal government

The cost to the federal government is Treasury staff time and IT systems requirements to develop the information collection portal, follow up with participating jurisdictions, review the reporting, collect reporting data, and report the results.

Item	Cost (\$)
Contract Cost: \$3,000,000	\$3,000,000
* ³ Staff Salaries [20 GS-13 step 1 employees spending approximately 10% of time annually for this administrative and financial data collection] $20 \times \$103,690 = \$2,073,800 \times 1.4 = \$2,903,320 \times .10 = \$290,332$.	\$290,332
Total	\$3,290,332

15. Reasons for change in burden

The burden is increasing by 2,000 hours due to the addition of the time required to complete a TA Grant Program application.

16. Plans for tabulation, statistical analysis and publication

Treasury will conduct numerous types of analysis on this data. These analyses will include assessments of the effectiveness of the program (e.g., reach, amounts funded) as well as compliance checks. It is possible that a review/publication may result from these analyses. In addition, this analysis may be made available to the public for transparency on Treasury’s website.

17. Reasons why displaying the OMB expiration date is inappropriate

Displaying the OMB expiration date is inappropriate because it will likely create confusion by leading respondents to believe that the forms and other instruments sunset as of the expiration date. Non-display of the expiration date is requested.

18. Exceptions to certification requirement

There are no exceptions to the certification statement.

³ <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2021/DCB.pdf>