

U.S. Small Business Administration  
CDC Annual Report Guide  
OMB Control No. 3245-0074

The Small Business Administration (SBA) is requesting approval for the reinstatement with change of a previously approved collection for which approval has expired for the CDC Annual Report Guide.

Part A - SUPPORTING STATEMENT

1. Circumstances Necessitating the Collection of Information:

The 504 Loan Program was authorized under Title V of the Small Business Investment Act of 1958 to foster economic development and to create or preserve job opportunities in both urban and rural areas by providing long-term financing for small business concerns. A Certified Development Company (CDC) is an entity authorized by SBA to deliver 504 financing to small businesses. 13 CFR 120.830 requires CDCs to submit certain reports to SBA, collectively referred to by SBA as the "Annual Report". As the sole regulatory oversight agency for CDCs, the SBA is responsible for performing necessary due diligence so that CDCs are meeting the regulatory and operational requirements of the 504 program to ensure program sustainability.

2. How, By Whom, and For What Purpose will this Information be Used:

The CDC Annual Report Guide is used primarily by the Office of Credit Risk Management, the Office of Financial Assistance, and by all SBA District Offices to obtain information from CDCs regarding their financial condition, their compliance with regulations, and the impact of their assistance to small business. The SBA also uses the information collected to prepare reports to Congress.

3. Technological Collection Techniques:

The SBA Guide 1253 is available digitally on the SBA's website at: <http://www.sba.gov/form-lenders> under the "forms" option.

CDCs are required to submit their responses electronically via email or through the SBA's Capital Access Financial System, for which all CDCs have a free account to which they can upload files. CDCs were previously required to print and ship two copies of the report when submitting the Annual Report in paper form; however, the electronic submission option has proven an effective submission method and significantly reduces cost and time burden for the CDCs and the SBA. All records of CDC Annual Reports are maintained by SBA Headquarters in electronic format only.

4. Avoidance of Duplication:

The SBA has determined that, except for minimal identifying or general loan data, the information being requested is not obtainable through other means. Although CDCs report annually, each report is specific to a period; information from a previous period would not satisfy

the reporting requirements. This information is not obtained through any other separate information collection.

5. Impact on Small Businesses and Other Small Entities:

This collection of information impacts CDCs authorized by SBA to participate in the 504 Loan Program which are all considered small businesses. The option for electronic submission minimizes the economic burden by eliminating the costs of printing and mailing documentation that would be associated with paper submissions. The additional direction and clarifications provided in this revision, along with the addition of optional tables, will also help to minimize the burden of time spent compiling the report.

6. Consequences if Collection of Information is not Conducted:

This guide serves as the SBA's primary means of collecting information to assess CDC regulatory compliance. The SBA is the sole regulator of CDCs and if the information is not collected, it would significantly impact SBA's ability to determine program, regulatory, and operational compliance, which may result in financial or reputational harm to SBA and the 504 program.

7. Existence of Special Circumstances:

There are no special circumstances that would cause this information collection to be conducted in a manner described as a special circumstance.

8. Solicitation of Public Comments:

A 60-day notice and request for comments was published on 10/15/2024 at 89 FR 83069. No comments were received.

9. Payments or Gifts:

No gifts or payments are provided to any respondents.

10. Assurance of Confidentiality:

There is no assurance of confidentiality provided in the CDC Annual Report Guide, SBA form 1253. The information collection consists of perceived controlled unclassified information categorized as personally identifiable information and business proprietorship information. Collection consists of name, address, geographical location, identifying individual salaries exceeding 100k, and contact information.

This form collection is supported by the Capital Access Financial System Privacy Impact Assessment (PIA) and system of records SBA 20 and SBA 21 which are currently being revised. All doctrines can be found at [www.sba.gov/privacy](http://www.sba.gov/privacy).

The information collected will be protected to the extent permitted by law. The CDC’s financial data are protected from disclosure under exemptions 4, 6, and 8 of the Freedom of Information Act, 5 U.S.C. 552.

11. Questions of a Sensitive Nature:

The CDC requires identifying employee salaries which exceed 100k which can be perceived as sensitive as placing in a certain economic class. There are no applicable questions in this guide for vulnerable populations or which may also be perceived as sensitive. Information collections are safeguarded by Role-based access controls, encryption for data at rest and in transit, account permissions, etc., which are further detailed in the associated PIA.

12. Estimate of the Hourly Burden of the Collection of Information:

Number of respondents = ~195, Frequency of response = 1, Annual Hour Burden = 16-40hrs or 28 Hour Avg.

All CDCs must submit this report once annually. There are currently CDCs, and the number of respondents is not expected to vary significantly. Respondents gather and maintain most of the information requested in this information collection during their ordinary course of business such as financial and loan related information. The burden is thus driven by data amalgamation and reporting. A range of 16-40 hours was estimated based on history of submissions (such as number of communications/deficiencies in reporting), avg. CDC resources (team size/expertise), and discussions with industry, resulting in an average of 28 annual hours for this data collection, which is in-line with the historical estimates of this collection.

The SBA estimates that the personnel required to complete this data collection is equivalent to one management analyst to compile the information under the oversight and minor contributions of management/executive leadership. Based on May 2023 Bureau of Labor Statistics Occupational Employment and Wages data, the mean hourly wage nationally for a Management Analyst was \$51.60, which is generally equivalent to a GS-14, Step 4. For management occupations generally, the mean hourly wage nationally was \$87.56, which is generally equivalent to an SES Level V.

Based on the above assumptions, the estimated burden hours imposed by the reporting requirements set out in SBA Guide 1253 are as follows:

- 195 respondents x 1 report per respondent = 195 x 28 hours = 5,460 total annual burden hours for industry.
- Management Analyst: \$51.60 x 24 = \$1,238.40
- Executive Oversight: \$87.56 x 4 = \$350.24
  - o Total for CDC: \$1,588.64
- The estimated annual cost to industry of this collection would be \$309,784.80 and is broken down as follows:  
(195 x \$1,588.64 = \$309,784.80)

The total burden hours have decreased since the last submission; however, the cost has increased due to inflation in wages and modifications to the calculation to include management oversight.

	Annual Time Burden (Hours)	Annual Cost Burden (Dollars)
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Reporting	5,460	309,787
Recordkeeping	0	0
Third Party Disclosure	0	0
Total	5,460	309,787

13. Estimate of the Total Amount of Cost Burden for Submission:

There is no annual cost burden to respondents or record keepers resulting from the collection of this information.

14. Estimated Annualized Cost to the Federal Government:

Analyzing reports:  $195 \times 4 \text{ hours} = 780 \text{ hours} \times \$67.02/\text{hr.} = \$52,275.60$   
 \$67.02 an hour is used as the salary of a program analyst with an average salary equivalent to a GS 13/14 in the Locality Pay Area for Washington-Baltimore-Arlington, DC-MD-VA-WV-PA in FY2024. The review of Annual Reports is performed at SBA Headquarters, located in Washington, DC.

Although the number of CDCs has decreased modestly by approximately 10 since last submission to OMB, thus decreasing the number of reports to analyze, the cost has increased in line with wage increases for the locality.

15. Explanation of Program Changes in Items 13 or 14 on OMB Form 83-1:

The number of CDCs has decreased and, therefore, fewer respondents are required to submit Reports which resulted in lower Annual Burden Hours. However, the cost has increased due to inflation in wages and modifications to the calculation from the last submission to include management oversight to more accurately reflect the cost burden.

	Requested	Previously Approved	Change Due to New Statute	Change due to Agency Discretion	Change Due to Adjustment in Estimate
Annual Responses	195	208	0	0	-13
Annual Time Burden (Hours)	5,460	5,824	0	0	-364
Annual Cost Burden (Dollars)	309,787	167,648	0	0	142,137

16. Collection of Information Whose Results Will Be Published:

From time to time or as part of annual program performance reporting, SBA publishes aggregated data (e.g., number of loans approved; total dollar value of loans approved) based on this information collection. There are no complex analytical techniques utilized other than aggregated data for these publications, and there are no plans to utilize such techniques for any other publications at this time. These reports do not include Personally Identifiable Information.

17. Expiration Date for Collection of Information:

Not applicable; SBA will display the expiration date.

18. Exceptions to Certifications in Block 19 on OMB Form 83-1:

There are no exceptions to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

Part B - COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not Applicable.