

Supporting Statement
U.S. Small Business Administration
Paperwork Reduction Act Submission
Surety Bond Guarantee Program
(SBA Form 994)
(OMB Control # 3245-0007)

The Small Business Administration (SBA) is requesting approval for an extension of the information collection for the Surety Bond Guarantee (SBG) Program, which expires on 11/30/2025.

A. Introduction:

The purpose of this submission prior to the control's expiration in fiscal year 2025 is for the revision of an existing information collection in OMB Control No. 3245-0007 consisting of SBA Form 994, "Application for Surety Bond Guarantee Assistance." There are no additional revisions to the information collection in the OMB Control No. 3245-0007 which consists of SBA Form 990, "Surety Bond Guarantee Agreement;" SBA Form 991 "Surety Bond Guarantee Agreement Addendum;" SBA Form 994B "Surety Bond Guarantee Underwriting Review;" SBA Form 994F "Schedule of Work in Process;" and SBA Form 994H "Default Report, Claim for Reimbursement, Report of Recoveries and Record of Administrative Action."

Since the last renewal, there have been changes in Agency regulations related to the SBG program. One specific change relates to the prior criminal history of the Principal and requires a revision to SBA Form 994.

B. OMB Clearance is Requested for the Following Forms:

- SBA Form 990 – Surety Bond Guarantee Agreement (completed by the surety)
- SBA Form 991 – Surety Bond Guarantee Agreement Addendum (completed by the small business)
- SBA Form 994 – Application for Surety Bond Guarantee Assistance (completed by the small business)
- SBA Form 994B – Surety Bond Guarantee Underwriting Review (completed by the surety)
- SBA Form 994F – Schedule of Work in Process (completed by the small business)
- SBA Form 994H – Default Report, Claim for Reimbursement, Report of Recoveries and Record of Administrative Action (completed by the surety)

C. Need & Method for the Information Collection:

1. Circumstances Necessitating the Collection of Information:

Section 411 of the Small Business Investment Act, 15 U.S.C. 694b, authorizes the Administrator to guarantee bid, payment, and performance bonds on contracts for small business contractors and specifies the necessary conditions for granting surety bond guarantee assistance and for paying claims resulting from any contractor defaults. The Surety Bond Guarantee (SBG) program relies on Surety partners to conduct comprehensive and standard underwriting procedures to ensure small businesses possess the credit, capacity, and character to perform a contract successfully. The Surety Bond Guarantee program regulations at 13 C.F.R. part 115 requires certain information to be collected regarding the type of bond and the amount of the guarantee. 13 C.F.R. 115.13 requires information from the applicant Principal(s) to determine eligibility of all applicable Principal owners of a small business applicant. 13 C.F.R. 115.19 specifies the use of the Surety's guarantee application and consequences, including denial of liability, if the terms and conditions of the guarantee are not followed.

This information is collected electronically and is self-administered by the Surety or agents. The SBG Program relies on Surety partners to conduct comprehensive and standard underwriting procedures to ensure small businesses possess the credit, capacity, and character to perform a contract successfully. The SBG Program forms do not capture all surety industry procedures or data requirements but ensure that the surety and small business complies with SBA's legislative and [regulatory requirements](#). (Copies of these provisions are attached).

Summary of Changes

Notice of Proposed Rule [88 FR 63534](#), Criminal Justice Reviews for the SBA Business Loan Programs and Surety Bond Guarantee Program, amends regulations governing SBA's Surety Bond Guarantee program for criminal background reviews at [13 CFR 115.13](#). SBA has addressed the comments received and submitted the final rule to the Federal Register for imminent publication. Based on these regulatory changes since the last publication of the form in December 2023, SBA revised the information collected as follows:

SBA Form 990 – Surety Bond Guarantee Agreement

No changes.

SBA Form 991 – Surety Bond Guarantee Agreement Addendum

No changes.

SBA Form 994 – Application for Surety Bond Guarantee Assistance

Revises SBA form 994, Part V by replacing all individual criminal history questions with new question 2: "Are you currently incarcerated, serving a sentence of imprisonment imposed upon

an adjudication of guilty, or under indictment for a felony? If an individual's answer is “Yes” to question 2, the applicant is not eligible for SBA assistance.”

SBA Form 994B – Surety Bond Guarantee Underwriting Review

No changes.

SBA Form 994F – Schedule of Work in Process

No changes.

SBA Form 994H – Default Report, Claim for Reimbursement, Report of Recoveries and Record of Administrative Action

No changes.

2. How, By Whom, and For What Purpose Information Will Be Used:

The data on five of the six forms in this information collection (Forms 990, 991, 994, 994B, and 994F), is used by SBG staff in the Underwriting Division who are responsible for processing SBG applications and evaluating the likelihood that the applicant will successfully complete the bonded contract. Based on the information on these forms, SBG employees make decisions to approve or not approve SBG applications for surety bond assistance.

With respect to the sixth form, SBA Form 994H, SBG employees in the Claims and Recovery Division (CRD) review the information submitted by the surety to request claims reimbursements in the event of contract default. CRD employees determine whether the surety's claim meets SBA regulatory requirements prior to payment, and then SBA pays its guaranteed share of allowable losses and expenses.

This information collection is also used by program managers and SBA senior management to monitor program performance and success and to report on program demographics.

3. Technological Collection Techniques:

Contractors and surety professionals can submit these SBG forms online. Currently, 100% of this information collection is submitted electronically by surety professionals to SBA. The forms are also available in PDF format on SBA's website for those who want to submit a paper application. To help alleviate burden after the initial submission, the forms are prepopulated with available information previously entered in the system.

4. Avoidance of Duplication:

The forms are designed to minimize burdens and avoid duplication of information collected. SBA Forms 990, 991, 994, 994B, 994F and 994H are designed so that there are minimal duplicative requests for the same information. Other than the basic identification and demographic information about the business, the information is not otherwise collected by SBA on more than one form, and in those instances, the information is auto populated after initial entry.

5. Impact on Small Businesses and Other Small Entities:

This information collection impacts small business concerns – the contractors and surety companies that participate or seek to participate in the SBG program. However, the economic impact on these entities is not significant. In addition, the forms are designed to collect only that which is necessary for the particular transaction. For example, Forms 990, 994, and 994B are designed so that only a minimal amount of information must be completed, depending on the circumstances of the application. SBA Form 991 must be completed only if the contractor has begun the work prior to submitting the SBG application to SBA. Finally, as noted above, for those applications submitted electronically, the forms are pre-populated with the information entered into the system, thereby minimizing the amount of time necessary to complete the form.

6. Consequences If Collection of Information Is Not Conducted:

SBA is responsible for administering the SBG Program efficiently and timely, while protecting taxpayer dollars. SBA Forms 990, 991, 994, 994B, and 994F provide data that is used by SBA to review an applicant's experience, financial condition, and character to decide whether to approve a bond guarantee. SBA uses the claims information submitted by the surety on the SBA Form 994H to determine the legitimacy of paying the claim. If this information was not collected or was not collected as frequently, SBA's ability to make sound underwriting and claims decisions in the Surety Bond Guarantee Program would be compromised and taxpayer dollars would be placed at risk. Further reducing obstacles would place SBA at odds with statutory and regulatory requirements for the information collection.

7. Existence of Special Circumstances:

Information is submitted for each bond guaranteed, and some of the information is confidential (business and financial). This information is necessary for SBA to make sound judgments. The collected information can be accessed only by Agency personnel who have "a need to know", (i.e., those who are involved in analyzing the applications and bond claims) and is protected to the extent permitted by law. Disclosure of information is governed by Freedom of Information Act and the Privacy Act.

8. Solicitation of Public Comments:

On September 15, 2023, SBA published Federal Register Notice, “Criminal Justice Reviews for the SBA Business Loan Programs and Surety Bond Guarantee Program” ([88 FR 63534](#)). In this notice SBA announced the intention to revise regulations and stated that the proposed rule would require the revision of SBA Form 994, “Application for Surety Bond Guarantee Assistance” contained within OMB 3245-0007. Comments were due by November 14, 2023. SBA received a total of 19 comments on the proposed rule notice. SBA reviewed and considered comments and has submitted a final rule to the Federal Register.

9. Payments or Gifts:

Payments or gifts to respondents are not provided.

10. Assurance of Confidentiality:

SBA is collecting only the minimum information required to identify the Principal and the Surety/agent that benefit from SBA’s guarantee and ensure they are eligible for Federal financial assistance. The applicant business and any indemnitor of the bond are required by law to provide their social security numbers, or other taxpayer identification numbers, to do business with SBA. Other individuals signing the application (e.g., officers and directors who are not indemnitors) are requested to voluntarily provide their social security numbers. Written consent is obtained through paper and electronic certification to authorize SBA’s collection of such information on each SBA form.

Personally identifiable information is protected in accordance with SBA Cybersecurity and Privacy Policy, federal policies, guidelines, industry practices and standards which consists of encryption, access controls, least privileges, role-based permissions, Cybersecurity Awareness Training for all SBA staff, signed Rules of Behavior, and data minimization. A Privacy Impact Assessment has been conducted on the Capital Access Financial System affiliated with this form. Also, the information collected is protected to the extent permitted by law including the Freedom of Information Act and the Privacy Act, where applicable. SBA provides respondents with a summary statement of the laws governing the Agency’s protection and disclosure of confidential and sensitive information as part of SBA Form 994. SBA restricts access to the information to those personnel with a need to know.

The information collected is protected to the extent permitted by law. SBA incorporated various statements required by law and executive orders to advise each respondent (both the loan Applicant(s) and Lenders) of, among other things, the protections against disclosure of sensitive and confidential information under the “Freedom of Information Act” (5 U.S.C. § 552), “Right to Financial Privacy Act of 1978” (12 U.S.C. § 3401), the Privacy Act (5 U.S.C. § 552a), and other executive orders or legislation governing federal financial assistance.

The information collected subject to these privacy laws are required by the laws stated above in Section 1 to obtain an SBA guarantee. As stated above, these data are used to make underwriting and claims reimbursement decisions in the program.

All information submitted to SBA through the electronic application system is protected by SBA's electronic security controls in accordance with National Institute of Standards and Technology.

SBA's System of Records Notifications (SORN) are found at SBA SORN 21: [SBA Privacy Act Issuance \(govinfo.gov\)](https://www.govinfo.gov)

SBA's Privacy Impact Assessments are found at the following location: [Small Business Administration \(sba.gov\)](https://www.sba.gov)

Routine Uses: Some of the information collected may be checked against criminal history indices of the Federal Bureau of Investigation. When the information collected indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature, SBA may refer it to the appropriate agency, whether Federal, State, local, or foreign, charged with responsibility for or otherwise involved in investigation, prosecution, enforcement, or prevention of such violations. See, SBA's Privacy Act System of Records, at 74 Fed. Reg. 14890 (2009) (as amended from time to time) for other published routine uses for the collected information.

11. Questions of a Sensitive Nature:

The applicant business and any indemnitor of the bond are required by law to provide their social security numbers, or other taxpayer identification numbers, to do business with SBA. Other individuals signing the application (e.g., officers and directors who are not indemnitors) are requested to voluntarily provide their social security numbers. SBA is authorized under the Small Business Investment Act (Act) to make all investigations deemed necessary to determine whether individuals seeking assistance (such as a guaranteed surety bond) have not engaged in, or are about to engage in, any acts that would violate the Act. The social security number facilitates this investigation and helps to identify and differentiate one individual from another with the same or similar names. This information is protected as outlined in the previous section.

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

SBA Form 990, Surety Bond Guarantee Agreement:

The estimated annual burden imposed by this information collection is based upon SBA's analysis of the Fiscal Year 2023 submissions in the SBG Program. There was a total of 123 respondents – 123 sureties and agents.

The total estimated burden is based on electronic submissions of the forms. SBA estimates that there will be a total of 7,200 electronic responses. The electronic responses include the application forms that are submitted to SBA electronically by sureties and agents.

Total Annual Responses = 7,200

Hours per Response = 10 minutes or .17 hours

Total Estimated Annual Burden Hours = 1,224

The total Estimated Burden Hours to respondents is 10 minutes per response, or .17 hours. The following estimated annual cost burden to respondents is based on median hourly wage rates reported in the [2022 BLS Occupational Employment Statistics](#). Professional Employee Time involves data and non-data entry duties, such as post completion management.

Professional Employee Time – (Insurance Sales Agents equivalent)

- $1,224 \text{ hours} \times \$27.82/\text{hour} = \$34,052$

The total estimated annual cost burden to respondents = \$34,052

SBA Form 991, Surety Bond Agreement Addendum:

The estimated annual burden imposed by this information collection is based upon SBA's analysis of the Fiscal Year 2023 submissions in the SBG Program. There was a total of 45 respondents – 16 small businesses, 16 contract owners, and 13 sureties and agents.

The total estimated burden is based on electronic submissions of the forms. SBA estimates that there will be a total of 60 electronic responses. The electronic responses include the application forms that are submitted to SBA electronically by sureties, agents, and contract owners and small businesses to the small business' surety agents.

Total Annual Responses = 60

Hours per Response = 10 minutes or .17 hours

Total Estimated Annual Burden Hours = 10.2

The total Estimated Burden Hours to respondents is 10 minutes per response, or .17 hours. The following estimated annual cost burden to respondents is based on median hourly wage rates reported in the [2022 BLS Occupational Employment Statistics](#). Professional Employee Time involves data and non-data entry duties, such as post completion management.

Small Business Time – (Miscellaneous Construction and Related Workers equivalent)

- $3.4 \text{ hours} \times \$21.58/\text{hour} = \$73.27$

Contract Owner Time – (Purchasing Managers, Buyers, and Purchasing Agents)

- $3.4 \text{ hours} \times \$63.15/\text{hour} = \$214.71$

Professional Employee Time – (Insurance Sales Agents equivalent)

- $3.4 \text{ hours} \times \$27.82/\text{hour} = \$94.59$

The total estimated annual cost burden to respondents = \$382.67

SBA Form 994, Surety Bond Guarantee Agreement:

The estimated annual burden imposed by this information collection is based upon SBA's analysis of the Fiscal Year 2023 submissions in the SBG Program. There was a total of 2,016 respondents – 1,886 small businesses and 130 sureties/agents.

The total estimated burden is based on electronic submissions of the forms. SBA estimates that there will be a total of 18,600 electronic responses. The electronic responses include the application forms that are submitted to SBA electronically by sureties, agents, and small businesses to their surety agents.

Total Annual Responses = 18,600

Hours per Response = 15 minutes or .25 hours

Total Estimated Annual Burden Hours = 4,650

The total Estimated Burden Hours to respondents is 15 minutes per response, or .25 hours. The following estimated annual cost burden to respondents is based on median hourly wage rates reported in the [2022 BLS Occupational Employment Statistics](#). Professional Employee Time involves data and non-data entry duties, such as post completion management.

Small Business Time – (Miscellaneous Construction and Related Workers equivalent)

- $2,325 \text{ hours} \times \$21.58/\text{hour} = \$50,173.50$

Professional Employee Time – (Insurance Sales Agents equivalent)

- $2,325 \text{ hours} \times \$27.82/\text{hour} = \$64,681.50$

The total estimated annual cost burden to respondents = \$114,855.00

SBA Form 994B, Surety Bond Guarantee Underwriting Review:

The estimated annual burden imposed by this information collection is based upon SBA's analysis of the Fiscal Year 2023 submissions in the SBG Program. There was a total of 119 respondents – 119 sureties and agents.

The total estimated burden is based on electronic submissions of the forms. SBA estimates that there will be a total of 650 electronic responses. The electronic responses include the application forms that are submitted to SBA electronically by sureties and agents.

Total Annual Responses = 650

Hours per Response = 10 minutes or .17 hours

Total Estimated Annual Burden Hours = 111

The total Estimated Burden Hours to respondents is 10 minutes per response, or .17 hours. The following estimated annual cost burden to respondents is based on median hourly wage rates reported in the [2022 BLS Occupational Employment Statistics](#). Professional Employee Time involves data and non-data entry duties, such as post completion management.

Professional Employee Time – (Insurance Sales Agents equivalent)

- $111 \text{ hours} \times \$27.82/\text{hour} = \$3,074.11$

The total estimated annual cost burden to respondents = \$3,074.11

SBA Form 994F – Schedule of Work in Process

The estimated annual burden imposed by this information collection is based upon SBA's analysis of the Fiscal Year 2023 submissions in the SBG Program. There was a total of 836 respondents – 725 small businesses and 111 sureties and agents.

The total estimated burden is based on electronic submissions of the forms. SBA estimates that there will be a total of 3,800 electronic responses. The electronic responses include the application forms that are submitted to SBA electronically by sureties, agents, and small businesses to their surety agents.

Total Annual Responses = 3,800

Hours per Response = 10 minutes or .17 hours

Total Estimated Annual Burden Hours = 646

The total Estimated Burden Hours to respondents is 10 minutes per response, or .17 hours. The following estimated annual cost burden to respondents is based on median hourly wage rates

reported in the [2022 BLS Occupational Employment Statistics](#). Professional Employee Time involves data and non-data entry duties, such as post completion management.

Small Business Time – (Miscellaneous Construction and Related Workers equivalent)

- $323 \text{ hours} \times \$21.58/\text{hour} = \$6,970.34$

Professional Employee Time – (Insurance Sales Agents equivalent)

- $323 \text{ hours} \times \$27.82/\text{hour} = \$8,985.86$

The total estimated annual cost burden to respondents = \$15,956.20

SBA Form 994H, Default Report, Claim for Reimbursement, and Report of Recoveries:

The estimated annual burden imposed by this information collection is based upon SBA's analysis of the Fiscal Year 2023 submissions in the SBG Program. There was a total of 21 respondents – 21 sureties.

The total estimated burden is based on electronic submissions of the forms. SBA estimates that there will be a total of 850 electronic responses. The electronic responses include the application forms that are submitted to SBA electronically by sureties.

Total Annual Responses = 850

Hours per Response = 15 minutes or .25 hours

Total Estimated Annual Burden Hours = 213

The total Estimated Burden Hours to respondents is 15 minutes per response, or .25 hours. The following estimated annual cost burden to respondents is based on median hourly wage rates reported in the [2022 BLS Occupational Employment Statistics](#). Professional Employee Time involves data and non-data entry duties, such as post completion management.

Professional Employee Time – (Insurance Sales Agents equivalent)

- $213 \text{ hours} \times \$23.96/\text{hour} = \$5,911.75$

The total estimated annual cost burden to respondents = \$5,911.75

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

Total Annualized Cost to the respondents = \$174,231.41

Total Estimated Annual Burden Hours to the respondents = 6,853 burden hours

14. Estimated Annualized Cost to the Federal Government:

SBA Form 990, Surety Bond Guarantee Agreement:

The estimated annual cost to the Federal government includes professional duties, including the evaluation of information provided to reach a decision on the application. The total Estimated Burden Hours to the Federal government is 6 minutes per response, or .10 hours.

Employee Time – GS 13, Step 5 ([DC/MD/VA locality](#))

720 hours x \$64.28 = \$46,281.60

SBA Form 991, Surety Bond Agreement Addendum:

The estimated annual cost to the Federal government includes professional duties, including the evaluation of information provided to reach a decision on the application. The total Estimated Burden Hours to the Federal government is 6 minutes per response, or .10 hours.

Employee Time – GS 13, Step 5 ([DC/MD/VA locality](#))

2 hours x \$64.28 = \$128.56

SBA Form 994, Surety Bond Guarantee Agreement:

The estimated annual cost to the Federal government includes professional duties, including the evaluation of information provided to reach a decision on the application. The total Estimated Burden Hours to the Federal government is 6 minutes per response, or .10 hours.

Employee Time – GS 13, Step 5 ([DC/MD/VA locality](#))

930 hours x \$64.28 = \$59,780.40

SBA Form 994B, Surety Bond Guarantee Underwriting Review:

The estimated annual cost to the Federal government includes professional duties, including the evaluation of information provided to reach a decision on the application. The total Estimated Burden Hours to the Federal government is 6 minutes per response, or .10 hours.

Employee Time – GS 13, Step 5 ([DC/MD/VA locality](#))

65 hours x \$64.28 = \$4,178.20

SBA Form 994F – Schedule of Work in Process

The estimated annual cost to the Federal government includes professional duties, including the evaluation of information provided to reach a decision on the application. The total Estimated Burden Hours to the Federal government is 10 minutes per response, or .17 hours.

Employee Time – GS 13, Step 5 ([DC/MD/VA locality](#))

323 hours x \$64.28 = \$20,762.44

SBA Form 994H, Default Report, Claim for Reimbursement, and Report of Recoveries:

The estimated annual cost to the Federal government includes professional duties, including the evaluation of information provided to reach a decision on the application. The total Estimated Burden Hours to the Federal government is 6 minutes per response, or .10 hours.

Employee Time – GS 13, Step 5 ([DC/MD/VA locality](#))

85 hours x \$64.28 = \$5,463.80

Total Annualized Cost to the Federal Government = \$136,595.00

Total Estimated Annual Burden Hours to Federal Government = 2,125

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

No changes.

16. Collection of Information Whose Results Will Be Published:

This collection of information will not be published, except for statistical data in various agency performance or budget reports.

17. Expiration Date for Collection of Information:

SBA will display the expiration date.

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

None. Part B. Collection of Information Employing Statistical Methods:

Not Applicable.