

Supporting Statement for Paperwork Reduction Act Submissions

A. Justification for Agency Form No.: SBA Form 1222 and SBA Form 1224

1. *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.*

SBA Form 1222 --- “Notice of Award” (NOA). The Federal Grant and Cooperative Agreement Act of 1977, requires each agency to use a grant or cooperative agreement as evidence of the legal relationship between the agency and the recipient of financial assistance from the agency. The Small Business Administration (SBA) uses this form as such evidence and as a formal notification of a grant award or a cooperative agreement award for the various financial assistance programs funded by the SBA. The form is used to identify grant awards when the Agency does not anticipate substantial involvement with the recipient during performance. It is used to identify a cooperative agreement award when substantial involvement by SBA is anticipated with the recipient during performance. See 31 U.S.C. 6304 to 6305. (See Attachment 1) Section A. 5. Reporting Requirements of the NOA includes the financial and programmatic reporting requirements that are necessary to document the expenses of the award recipients, to verify that the recipient has agreed to be responsible for government funds and that the money is spent appropriately. (See Attachment 2.)

SBA Form 1224 --- “Grant/Cooperative Agreement Cost Sharing Proposal.” SBA uses this form to verify the recipient’s share of the project cost. The project cost may include but is not limited to cash and third-party in-kind contributions. The collection of this information is necessary to specify the dollar value and/or percentage share of the cost contributed by the recipient and to obtain the recipient’s certification that it will meet the criteria for cost sharing or matching as outlined in the applicable Administrative Requirements, Cost Principles, and Audit Requirements at 2 CFR Part 200 (OMB Circular A-110) and/or 2 CFR Part 2701. (See attached)

SBA made the following changes to Form 1222 NOA: (Please see attached revised form)

Block 12 Approved Budget, Federal Share and Non-Federal Share

The revised form now allows for four (4) columns for the budget breakdown. Previously the form only had columns for the Federal share and Non-Federal share. The new form now has two additional columns, Non-Federal Cash and Non-Federal Program Inc. This will allow SBA to determine whether the Non-Federal Cash portion will match the Federal Share.

Block 12 Approved Budget, line j. (Indirect cost)

The calculation for determining an indirect rate was: (___% of S & W/TADC) ___% of salaries and wages, divided by total allowable direct cost costs has been deleted. This calculation is no longer the only one allowed. There are many ways to calculate an indirect rate and therefore this formula was removed from the form as it does not apply to every grantee.

Block 14 (Cost Principles and Uniform Administrative Requirements)

This section was updated to reflect changes to 2 CFR Chapter I and Chapter II, Part 200. (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule) became effective for mandatory use (except where indicated) by grantor agencies for all awards issued after December 26, 2014.

2. *Indicate how, by whom, 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 is used to oversee and evaluate the recipient's programmatic and financial performance and to ensure compliance with the NOA terms and conditions. The information is also used to report in the aggregate, the accomplishments of, among other programs, the SBDC and WBC Programs to Congress and OMB for budget planning purposes. The information is used by the SBA programs, Grant/Cooperative Agreement Recipient representatives, Project Director, Lead SBDC Director, WBC Directors, Assistant Directors, Accountants, Dean/Provost of the education institution, Certifying Financial Officers, Executive Directors, SBDC Project Officer, Grants Management/Agreement Officers, SBA Technical Representatives, Program Managers, District Directors, Regional Administrators, Financial examiners and auditors. The SBA and the Grantees have used this information on both the forms and the programmatic reports for the purpose of determining whether the goals and objectives as specified in the Small Business Act are met, and whether the tax-payers monies are spent properly and in support of the program.

3. *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.*

The use of automated, electronic, mechanical, or other technological collection techniques are used in a variety of ways to organize and prepare this collection of information. However, SBA requires original signatures on Forms 1222 and 1224. Form 1222 is filled out electronically by SBA personnel and then emailed to the Grantee for signature. The Grantee signs the form and returns the original to SBA. Form 1224 is available electronically and is fillable on-line. However, the reports that are required by Form 1222 are frequently submitted electronically by email. Electronic submission reduces the burden of responses by eliminating duplication of effort between report periods. Moreover, the forms must be printed, signed, and submitted by non-electronic means.

4. *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 forms do contain minimal duplication (such as name, address, etc.) to facilitate identification of the grantee but the focus is on the reporting requirements. Additionally, while subsequent

reports may require the same type of information, each set of data is unique to the reporting period.

5. *If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.*

The reports required by Form 1222 are prepared by the various SBA program award recipients, which include for-profit, non-profit, universities, colleges, state government. The data collected does not impact small businesses directly. Only universities, colleges and state-sponsored government agencies fill out SBA Form 1224.

6. *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 reduce burden.*

The data being collected is required by regulations or OMB Circulars and if not collected or was collected less frequently than stipulated in the NOA, SBA would not have the information necessary to determine the grant recipient's compliance with the terms and condition of the NOA and would be in violation of those regulations or circulars. Further, if the information is not collected, SBA's ability to evaluate its various award programs would be greatly impaired.

7. *Explain any special circumstances. Explain any special circumstances that would cause an information collection to be conducted in a manner etc.*

No special circumstances exist.

8. *Federal Register Notice. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received. 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 format (if any), and on the data elements to be recorded, disclosed, or reported.*

SBA published a notice in the Federal Register on February 11, 2015 at 80 FR 7670. The comment period closed on April 13, 2015; no comments were received.

9. *Payment or Gift to Respondents. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.*

SBA will not provide any payment or gift to respondents, other than amount awarded to recipients of the grant or cooperative agreement awards.

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

Any confidential or sensitive information that is collected will be protected from disclosure to the extent permitted by law, including the Freedom of Information Act, 5 USC 552 and the Privacy Act, 5 USC 552a. In addition, the Agency restricts access to the information collected to those personnel with a need to know.

11. *Questions of a sensitive nature. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and 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 person from whom the information is requested, and any steps to be taken to obtain their consent.*

No questions of a sensitive nature are asked.

12. *Estimates of Hourly and Cost Burden*

SBA Form 1222 – Approximately 64 Notice of Awards were sent out in Fiscal Year 2014 by the SBDC Office The WBC Office issues approximately 105 Notice of Awards. These awardees must submit an annual report and semi-annual report. The Office of Grants Management (OGM) issues approximately 500 SBA Form 1222s for such grants as Microloan, Federal and State Technology Program (FAST), and State Trade and Export Promotion (STEP), among others, each year which requires quarterly (4) reports each year. The resulting total is 2338.

SBDC

Respondent	64
<u>Responses per year</u>	<u>x 2 (reports)</u>
Total responses	128

WBC

Respondents	105
<u>Responses per year</u>	<u>x 2(reports)</u>
Total responses	210

OGM

Respondents	500
<u>Responses per year</u>	<u>x 4 (reports)</u>
Total responses	2000

Total estimated responses 2338 per year

It is estimated to take 80 burden hours for the collection of this information according to a small survey of grant recipients. The hourly cost burden is calculated using an average of salaries of State/Program Directors and Assistant State/Program Directors. Each of these people contributes to writing, gathering information, reviewing and proofreading the reports submitted which is approximately 40 hours each.

2338 responses x 80 hour = 187,040 burden hours

Average salary of State/Program Directors \$87,000 (approx. \$42.04 per hour)

Average salary of Assistant State/Program Directors \$72,000 (approx. \$34.37 per hour)

State/Program Directors - \$42.04 x 40 hours = \$1,681.60

Assistant State/Program Directors - \$33.37 x 40 hours = \$1,334.80

Total – \$3,016.40 x 2338 = \$7,052,343.20 - total cost burden for Form 1222

B. SBA Form 1224 – This form is submitted once per year by the 64 SBDCs and once per year by the 105 WBCs. It takes approximately 20 minutes (or .33 hours) to fill the form out by the State/Program Director or Assistant State/Program Director. No other grantees submit SBA Form 1224.

Average of salaries - \$38.20 per hour

Burden hours - approximately 20 minutes (or .33 hours)

Total Burden hours - .33 hours x 169 responses per year = 55.77 hours

\$38.19 x .33 hours x 169 responses = \$2,129.86 total cost burden for Form 1224

Total for both forms – \$7,054,473.06

13. *Start up or Capital costs. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information. Do not include hour cost burden from above.*

There are no additional costs other than the ones cited above.

14. *Costs to the Federal Government. Provide estimates of annualized costs to the Federal Government. Also provide a description of the method used to estimate cost, including a quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.*

SBA Form 1222 - A Program Manager with an average salary of a GS-13, step 5 with an hourly rate of \$39.70 reviews and provides a summary of the reports submitted. Each review takes approximately 2 hours. \$39.70 x 2 hours x 2338 responses = \$185,637.20 annual cost to the Federal Government.

SBA Form 1224 - A Program Manager with an average salary of a GS-13, step 5 with an hourly rate of \$39.70 reviews this for completeness and accuracy which takes approximately 15 minutes or .25 hours. $\$39.70 \times .25 \text{ hours} \times 170 \text{ responses} = \$1,687.25$ annual cost to the Federal Government.

Total = \$187,324.45 cost to the Federal Government

15. *Program Changes or Adjustments. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.*

There is a decrease in the number of responses (2568 in FY 2012 to 2338 in FY 2015) due to the reduction in the number of reports required to be submitted by the WBC grantees. The WBC grantees were required to submit quarterly reports, but are now only required to submit semi-annual reports. There has also been a slight decrease in the number of WBC respondents (110 in 2012 to 110 in 2015). Both of these factors also reduced the estimated number of burden hours on the grantees.

16. *Publication of Information Collection. For collection of information whose results will be published, outline plans for tabulation and publication. Address complex analytical techniques. . Provide time schedules for the entire project. . .*

No publication is anticipated other than in the aggregate as part of Agency, OSBDC or WBC reports.

17. *Expiration Date. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why the display would be inappropriate.*

The expiration date for OMB approval of the information collection will be displayed.

18. *Exception to the Certification. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submission" of OMB Form 83-I*

There is no exception to the certification statement identified in Item 19 of OMB Form 83-I.

- 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.