

SUPPORTING STATEMENT
U.S. Department of Commerce
Bureau of Economic Analysis
2008 Biomedical Research and Development
Price Index Expenditure Survey
OMB CONTROL NO. 0608-0069

A. Justification

1. Explain the circumstances that make the collection of information necessary.

The Biomedical Research and Development Price Index (BRDPI) is developed and updated annually by the Bureau of Economic Analysis (BEA), Department of Commerce (DOC), under an interagency agreement with the National Institutes of Health (NIH).

The BRDPI measures changes in the weighted-average of the prices of all the inputs (e.g. personnel services, supplies, and equipment) purchased with the NIH budget to conduct biomedical research. It is a vital tool for planning the NIH research budget. Annual changes in the BRDPI approximate how much the total NIH budget should be increased to compensate for price increases and to sustain the level of research effort supported during the previous year. Without periodic updating of the weights, the BRDPI becomes less and less accurate over time and loses its credibility within the Federal budget and policy community. The weights used to construct the index reflect the pattern of NIH expenditures in a designated base year.

The BRDPI estimates for FY 2003 were based on 1993 weights which weakened the reliability of the information collected. The proposed survey modernizes the BRDPI to account for the changing character of biomedical research, which would be better reflected by up-to-date information on the proportions (“or weights”) of funds expended on various categories of research (e.g., wages, scientific instruments, and indirect costs). The new weights and other parameters need to be updated each year – a process referred to as “rebasings” the index. Rebasings is expected to enhance substantially the value and usefulness of the BRDPI as an accurate measure of price movements for NIH-supported biomedical research expenditures. The proposed survey would greatly facilitate the rebasing effort by providing accurate expenditure weights; it is currently the only means available for obtaining statistically credible data on these expenditure weights.

BEA proposes to survey 150 organizations that receive NIH biomedical research awards. Because the top 100 organizations that received NIH awards accounted for about 71 percent of total NIH funding in FY 2005, each of these organizations will be included in the survey sample. An additional 50 organizations will be selected based on a random sample of the remaining organizations that receive NIH grants, in two groups depending on the character of the “Research and Development” that they perform. (See section B.1)

History of the BRDPI:

The BRDPI is developed and updated annually by BEA, DOC, under an interagency agreement with NIH. Because BEA produces certain price indices, and because NIH was seeking a reliable price index focused on the inputs used to perform biomedical research and development, NIH requested BEA in 1979 to develop and update BRDPI estimates annually. These estimates have been, and will continue to be, used extensively by NIH in its budgetary analysis and planning.

(Further information on the BRDPI may be found at NIH's website at <http://ospp.od.nih.gov/ecostudies/brdpi.asp>).

Legal Mandate

This survey will be voluntary. The authority for NIH to collect information for the BRDPI is provided in 45 C.F.R. Subpart C, Post-Award Requirements, Section 74.21 which sets forth explicit standards for grantees in establishing and maintaining financial management systems and records and Section 74.53 which provides for the retention of such records as well as NIH access to such records.

BEA will administer the survey and analyze the survey results on behalf of NIH, through an interagency agreement between the two agencies. The authority for the NIH to contract with DOC to make this collection is the Economy Act (31 U.S.C. 1535 and 1536).

The "Special Studies Authority, 15 U.S.C. § 1525 (first paragraph), permits DOC to provide, upon the request of any person, firm or public or private organization (a) special studies on matters within the authority of DOC, including preparing from its records special compilations, lists, bulletins, or reports, and (b) furnishing transcripts or copies of its studies, compilations and other records. BEA has programmatic authority to perform this work pursuant to 15 U.S.C. § 1527a.

NIH's support for this research is consistent with the Agency's duties and authority under 42 U.S.C. § 282.

2. How, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.

The information for fiscal year 2008 collected in this proposed survey will be used by BEA to develop, update, and rebase the weights used to prepare the BRDPI.

The proposed survey will cover expenditures of NIH award amounts across several major categories and will provide the basis for future BRDPI estimates. The new information collected in this proposed survey will be used in developing, updating, and substantially improving the accuracy and reliability of the BRDPI. Furthermore, without this new information, the annual data needed to estimate the BRDPI for future years would be unavailable due to the loss of prior sources of expenditure data.

The BRDPI survey will be constructed once per year. Respondents to this proposed survey and future surveys will be the top 100 recipients of NIH biomedical research and development grants, according to the most recent data (usually pertaining to the year before the survey year), plus additional institutions that will be selected randomly with probability of selection proportional to the institution's share of NIH awards. For the 2008 BRDPI survey, a total of 150 institutions will receive the letter and survey.

Section 515 of the Information Quality Guidelines applies to the information collected from this survey. The information is collected according to documented procedures in a manner that reflects standard practices accepted by the relevant economic/statistical communities. BEA conducts a thorough review of the survey input data using sound statistical techniques to ensure the data quality before the final estimates are released.

The data are collected and reviewed according to documented procedures including the use of checklists, procedures manuals and on-going review by the appropriate supervisor or team leader. The quality of the data is validated using a battery of computerized edit checks to detect potential errors and to otherwise ensure that the data are accurate, reliable, and relevant for the estimates being made. Data are routinely revised as more complete source data become available.

The collection and use of this information complies with all applicable information quality guidelines, i.e., OMB, Department of Commerce, and those of BEA.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.

The survey will be distributed to the respondents by email. Respondents will be given the option of submitting a completed paper survey by postal (ordinary) mail, attachment to electronic mail, or the Internet to complete and submit the survey. BEA hopes to collect most of the survey data via the Internet. BEA will place the survey form, reporting instructions, and reporting requirements on its Internet Website (<https://www.bea.gov/brdpi/>), which will provide an alternative, and for some, a more convenient way to transmit, access, and/or retrieve information about the BRDPI survey.

4. Describe efforts to identify duplication.

BEA is the only Federal agency that collects and develops information on biomedical research and development expenditures for purposes of developing a price index. The only other information comparable to this survey was information acquired by a similar test survey of nine institutions previously administered by Joel Popkin and Associates, under a contract with NIH. The survey experience demonstrated feasibility, but a survey of only nine institutions does not provide sufficient reliability to support an annual rebasing of the BRDPI. It is for this reason that BEA is proposing a suitable and dependable survey that will produce statistically reliable data based on a much larger sample of institutions or organizations that receive NIH biomedical research or development grants.

5. If collection of information involves small businesses or other small entities, describe the methods used to minimize burden.

This collection of information does not impose a significant impact on small business or other small entities.

6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.

The BRDPI is a vital tool for planning the NIH research budget. Annual changes in the BRDPI approximate how much the total NIH budget should be increased to compensate for price increases and to sustain the level of research effort supported during the previous year. Without periodic updating of the weights, the BRDPI becomes less and less accurate over time and loses its credibility within the Federal budget and policy community. The weights used to construct the index reflect the pattern of NIH expenditures in a designated base year.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with the OMB guidelines.

There are no special circumstances that would require information collection to be conducted in a manner inconsistent with OMB guidelines.

8. Provide the information of the PRA Federal Register notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the 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 record-keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

The Federal Register Notice to solicit public comment was published on August 28, 2007 (Vol. 72, page 49254). No comments were received.

In 2004, seven out of nine potential respondents asked to provide feedback on the proposed survey form expressed interest in participating or willingness to support the survey. These seven organizations said that either they will be able to complete the survey form based on available information within their institutions, or they will be try to support the survey. There have been no comments since that time, therefore these methods still apply.

9. Explain any decision to provide any payments or gifts to respondents, other than remuneration of contractors or grantees.

No payments or gifts are provided under this program.

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

The following confidentiality assurance information is provided on the letter sent to the respondents:

The information provided by the respondents will be held confidential and be used for exclusively statistical purposes. This pledge of confidentiality is made under the Confidential Information Protection provisions of Title V, Subtitle A, Public Law 107-347. Title V is the Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA). Section

512 (on Limitations on Use and Disclosure of Data and Information) of the Act, provides that “data or information acquired by an agency under a pledge of confidentiality and for exclusively statistical purposes shall be used by officers, employees, or agents of the agency exclusively for statistical purposes. Data or information acquired by an agency under a pledge of confidentiality for exclusively statistical purposes shall not be disclosed by an agency in identifiable form, for any use other than an exclusively statistical purpose, except with the informed consent of the respondent.”

Responses will be kept confidential and will not be disclosed in identifiable form to anyone other than employees or agents of BEA without prior written permission from the business or organization filing the data. By law, each employee as well as each agent is subject to a jail term of up to 5 years, a fine of up to \$250,000, or both if he or she makes public ANY identifiable information that is reported about a business or institution responding to the survey.

11. 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.

No questions of a sensitive nature are asked.

12. Provide an estimate in hours of burden of the collection of information.

An estimated 110 institutions are expected to file in the survey. Based on feedback information gathered from potential respondents, an average burden of 11 hours per respondent was derived, producing an annual reporting burden of 1,210 hours. The burden estimate includes time for reviewing instructions, searching existing data sources, gathering or collecting the information from existing databases or records, completing the survey form, and management review of the completed survey form. The actual burden may vary from institution to institution, depending upon the number and variety of the respondent’s transactions and the ease of assembling the data.

The burden of the survey will decrease as the respondents become familiar with the survey and develop routine database reports to respond. This is especially the case for the top 100 respondents that are surveyed each year, and is likely to be the case for many of the other large respondents that are surveyed once every 3 or 4 years.

Cost to the Respondents

The total estimated annual cost of the survey’s burden to the public is \$50,000. This estimate is based on assumptions made on the hourly burden and corresponding direct monetary costs (average wage or salary compensation) to the respondent. Based on the feedback gathered from potential NIH award recipients, this survey will be prepared by a professional employee with an average hourly wage of \$31.75. Assuming the employee completing the survey is entitled to fringe benefits, the total cost (wages plus fringe benefits) to the respondent would be \$41.28 per hour. (Benefits were assumed to be 30 percent of wages, based on the latest available Bureau of Labor Statistics report on Employer Costs for Employee Compensation.) Given the estimated average burden of 11 hours per respondent, and the \$41.28 average hourly compensation rate for the person completing the survey, the total average cost per response or per responding institution would be \$462.34.

13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in # 12 above).

Aside from the estimated hour burden and monetary costs of gathering the data for the survey, and filling out the survey form, the additional annual cost burden to respondents is expected to be negligible. Total capital and start-up costs are insignificant, because new technology or capital equipment would not be needed by respondents to prepare their responses to the survey. Consequently, the total cost of operating and maintaining the technology or capital equipment will also be insignificant. Purchases of services to complete the survey are also expected to be very small.

14. Provide estimates of annualized cost to the Federal government.

The estimated cost to the Federal Government is approximately \$46,000 per year. The estimate includes salaries, overhead, computer processing, printing, mailing, and the cost of developing and administering an Internet-based survey tailored to the requirements of the BRDPI survey.

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

There is an adjustment to the hour burden due to respondents having mastered the completion of the survey since the previous submission. The new estimate of the hour the burden reflects the burden to the entire sample.

16. For collections whose results will be published, outline the plans for tabulation and publication.

Survey mail out is expected to be in July 2008. Data collection, estimation and tabulation will be done from September to November 2008. The final results, analysis and report will be submitted to NIH in the fall of 2008. The BRDPI and some supporting details and analysis is expected to be published by December 2008.

Publication of survey results or data will be governed by CIPSEA. (See Section A.10 on Assurance of Confidentiality.)

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

No request has been made to seek approval to not display the expiration date for OMB approval of the information collection.

18. Explain each exception to the certification statement identified in Item 19 of the OMB 83-I.

There are no exceptions.

