

Appendix C - Supporting Statement Instructions – SBIR Phase II

General Instructions

A Supporting Statement, including the text of the notice to the public required by 5 CFR 1320.5(a)(i)(iv) and its actual or estimated date of publication in the Federal Register, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below, and must contain the information specified in Section A below. If an item is not applicable, provide a brief explanation. When Item 7 of IC Data Part 1 is checked "Yes," Section B of the Supporting Statement must be completed. OMB reserves the right to require the submission of additional information with respect to any request for approval.

Specific Instructions

A. Justification

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.

P.L. 106-554, the "Small Business Reauthorization Act of 2000, H.R. 5567" (the "Act") was enacted on December 21, 2000. The Act requires certain agencies, including the Department of Education (ED), to establish a Small Business Innovation Research (SBIR) program by reserving a statutory percentage of their extramural research and development budgets to be awarded to small business concerns for research or research and development (R/R&D) through a uniform, highly competitive, three-phase process each fiscal year. The Act further requires the Small Business Administration (SBA) to issue policy directives for the general conduct of the SBIR programs within the Federal Government.

Awards are made on the basis of competitively reviewed applications. The Department is requesting approval of this grant application package for the information used to apply for new grants under the Small Business Innovation Research (SBIR) Phase II program. Phase II is the principal research and research and development effort. It requires a more comprehensive application, outlining the effort in detail including the commercial potential. Phase II applications must be Phase I grantees with findings that appear sufficiently promising as a result of Phase I. Applications are evaluated based on published criteria by panels of experts.

The purpose of this program is to stimulate technological innovation in the private sector, strengthen the role of small business in meeting Federal research and research and development needs, increase the commercial application of Department of Education (ED) supported research results, and improve the return on investment from Federally-funded research for economic and social benefits to the Nation.

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.

The grant application package is necessary to standardize applications for the SBIR program across participating program offices within the Department of Education and to ensure that the information required by SBIR program directives is collected efficiently and with the least amount of burden to the applicants. Without the information contained in this application package, the Department would not be able to comply effectively with the legislative mandate and conduct expert peer reviews to make Phase I and Phase II SBIR funding decisions.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision of adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The Department provides electronic access to forms and instructions for SF-424, ED 424 and ED 524 (OMB No. 1890-0004) to record much of the information required by P.L. 106-554 and the SBA Policy Directive. Some required information items are outside the scope of these forms. The Department uses Grants.gov APPLY and the e-Reader module of the U.S. Department of Education's e-Grants Web Portal processes for this program to expedite the application review and project awards. Concurrently, this electronic process is intended to reduce applicant burden.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use of the purposes described in Item 2 above.

As stated in Item 3, the Department uses ED standard forms to collect basic descriptive applicant information. In addition, this package seeks to reduce burden and duplication by addressing SBA Policy Directive collection mandates in a consolidated SBIR grant application package.

5. If the collection of information impacts small businesses or other small entities (Item 8b of IC Data Part 2), describe any methods used to minimize burden.

The SBIR program is purposefully targeted for small business concerns. In keeping with the legislative and regulatory intent of the SBIR program, the Department has developed this uniform and consolidated grant application package.

6. Describe the consequences 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 reducing burden.

The Department would not comply with the legislative mandate (P.L. 106-554) if this collection was not conducted each year in which its extramural research and research and development budget exceeds \$100 million.

7. Explain any special circumstance that would cause an information collection to be conducted in a manner:

- requiring respondents to report information to the agency more often than quarterly;
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;

- requiring respondents to submit more than an original and two copies of any document;
- requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;
- in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;
- requiring the use of a statistical data classification that has not been reviewed and approved by OMB;
- that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

At the discretion of the applicant, proprietary information may be included in an application. This would be for the purpose of explaining the proposed research and/or research and development activity. Confidentiality assurances and information protection mechanisms are explained in item 9.

8. 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 in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instruction and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

In 2003, the Department consulted with the SBIR Program Manager (Ms. JoAnne Goodnight) at the National Institutes of Health (HHS) regarding the agency's implementation of the SBIR program to solicit comment and review on the ED grant application package. In fact, the Department proposes to use the same instructions (see "Grant Application Preparation Instructions and Requirements" – Section of those proposed by the NIH for applicants to use in the development of

a succinct “commercialization Plan” as required by the SBA’s SBIR Policy Directive (see Section E – Grant Application Preparation Instructions and Requirements of the Application Package.).

Additionally, the Department provided a copy of the grant application package to Mr. Maurice Swinton, the SBA Assistant Administrator for the Office of Technology. Mr. Swinton oversees the office responsible for government-wide oversight of the SBIR program and the development and issuance of the SBIR Policy Directive. The Department requested a review of this document from the SBA. On February 6, 2003, we received the following response:

“I have reviewed the FY 2003 U.S. Department of Education Small Business Innovation Research Program Phase II Grant Application Package. Based upon my review, the application package adheres to the guidelines set forth in the SBA’s SBIR Policy Directive for the content and format of agencies SBIR solicitations.”

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

There are no payments or gifts to respondents other than the remuneration of grantees.

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

There are assurances of confidentiality provided to applicants using this data collection. These respond to requirements contained in the SBIR Policy Directive (Appendix – Instructions for SBIR Program Solicitation Preparation) “Proposal Cover Sheet” {Section 3 (b) (11), page 60093}; and, “Considerations – Proprietary Information” {Section 5 (k) (1) (i), page 60095}.

The assurances in the ED grant application package are contained on:

- *Page 19 – Section E – Grant Application Preparation Instructions and Requirements {part A “Protection of Information in Applications;”*
- *Page 23 - (D) “Legend for Proprietary Information;” and*
- *Page 35 – (C) (1) “Rights in Data Developed Under SBIR Funding Agreements.”*

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. 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 persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary**

widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

- If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 16 of IC Data Part 1.
- Provide estimates of annualized cost to respondents of the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.

Estimates of Hour Burden for this Information Collection:

Number of Applications: 50

Hours Needed to Complete: 75

Total Burden Hours: 3,750

Estimates of Annual Cost Burden to Respondents for this Information Collection:

Preparation of Application (\$28.00 per hour x 3,750 Burden hours) = \$105,000

Postage and Printing (\$50.00 per application x 10 applications**) = \$500.00

Total Cost Burden = \$105,500

**10 app may submit their grant application in paper copy. Most will submit electronically.

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14.)

- The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life); and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.
- If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

- **Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.**

There are no other respondent costs beyond these provided under Item 12.

14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include 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. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.

Estimates of Annualized Cost to the Federal Government:

Work of Program Staff (\$44.23 per hour x 300) = \$13,269

Reviews by outside reviewers (10 reviewers working 1-3 days x \$1,500) = \$15,000

Total Estimated Cost to the Federal Government = \$28,269

15. Explain the reasons for any program changes or adjustments reported in Item 16 of IC Data Part 1.

There are no program changes or adjustments from the previous information collection.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

Some information that is collected from the applicants is reported to the SBA in order to comply with the requirements of the legislative mandate (P.L. 106-554) and the SBA Policy Directive ("Federal Register/Vol. 67, No. 185 / Tuesday September 24, 2002; "See Section 10 – Annual Report to the Small Business Administration," page 60090.) In addition, the Department of Education publishes selected information about recipients of grant awards on the ED SBIR website (firm name, address, phone number, email address, award amount, Principal Investigator, project title and abstract.)

All publications generated by SBIR grantees are submitted and publicly available via the National Rehabilitation Information Center (NARIC) (www.naric.com). Results for the SBIR Phase II program are included in the National Institute on Disability and Rehabilitation Research (NIDRR) Government Performance and Results Act (GPRA) measures and are available for public review on the Department of Education's website at:
(<http://www.ed.gov/about/reports/annual/2009plan/g1nationaldisability.doc>)

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

OMB approval of this collection with the expiration date will be displayed.

18. Explain each exception to the certification statement identified in the "Certification for Paperwork Reduction Act Submissions" Form.

There are no exceptions to the Certification Statement.

B. Collections of Information Employing Statistical Methods

NOTE: This collection does not employ statistical methodology.

The agency should be prepared to justify its decision not to use statistical methods in any case where such methods might reduce burden or improve accuracy of results. When item 7 on IC Data Part 1 is checked "Yes," the following documentation should be included in the Supporting Statement to the extent that it applies to the methods proposed:

1. Describe the potential respondent universe (including a numerical estimate) and any sampling or other respondent selection method to be used. Data on the number of entities (e.g., establishments, state and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.
2. Describe the procedures for the collection of information, including:
 - Statistical methodology for stratification and sample selection.
 - Estimation procedure.
 - Degree of accuracy needed for the purpose described in the justification.
 - Unusual problems requiring specialized sampling procedures, and
 - Any use of periodic (less frequent than annual) data collection cycles to reduce burden.
3. Describe methods to maximize response and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield "reliable" data that can be generalized to the universe studied.
4. Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of tests may be submitted for approval separately or in combination with the main collection of information.
5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other persons who will actually collect and/or analyze the information for the agency.

This collection does not employ statistical methodology.

