

PAPERWORK REDUCTION ACT SUBMISSION  
SUPPORTING STATEMENT FOR SBIR/STTR DATABASE (TECH-NET)

A. JUSTIFICATION

1. Circumstances necessitating the collection of information.

*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.*

Background

The Small Business Act (the Act) requires the Small Business Administration (SBA) to maintain searchable, electronic databases that include pertinent information concerning each SBIR and STTR award made through the programs. (See 15 U.S.C. §638k, attached) One of these databases must be available to the public and is referred to as the public database in the Act; however, for greater clarity SBA refers to it as the awards database. The second database, identified in the Act as the government database, and referred to by SBA as the Commercialization database, is not accessible to the public. Both the Awards database and the Commercialization database are maintained by SBA as part of an internet-based system titled Technology Resource Network or Tech-Net.

The Awards (public) Database

The Awards (public) database must include information on the name, size, location, and identifying number for each small business concern (SBC) receiving a Phase I or Phase II award from a Federal agency. The database must also contain a description of each Phase I or II award received by that SBC, including an abstract, the name of the Federal agency making the SBIR or STTR award, and the date and amount of the award. In addition, for purposes of the STTR Program only, this database must also include information concerning whether the SBC or the research institution initiated the collaboration on each assisted STTR project; whether the SBC or the research institution originated any technology relating to the assisted STTR project; the length of time it took to negotiate any licensing agreement between the SBC and the research institution under each assisted STTR project; and how the proceeds from commercialization, marketing, or sale of technology resulting from each assisted STTR project were allocated between the SBC and the research institution. In order to ensure that the TECH-Net information collection is uniform and consistent across agencies, SBA is seeking approval for the entire system.

Some of this information is currently collected by the Federal agencies that participate in those programs for use by those agencies. However, the reauthorizing legislations cited above require SBA to collect additional information for this database that is not currently collected by the participating federal agencies. Specifically, for purposes of the STTR Program only, this database must also include information

concerning whether the SBC or the research institution initiated the collaboration on each assisted STTR project; whether the SBC or the research institution originated any technology relating to the assisted STTR project; the length of time it took to negotiate any licensing agreement between the SBC and the research institution under each assisted STTR project; and how the proceeds from commercialization, marketing, or sale of technology resulting from each assisted STTR project were allocated between the SBC and the research institution. In order to ensure that the TECH-Net information collection is uniform and consistent across agencies, SBA is seeking approval for the entire system.

### The Commercialization (government) Database

For the commercialization database, the Small Business Act (the Act) requires SBA to collect the following information from each Phase II applicant: revenue from the sale of new products or services resulting from the research conducted under the award; additional investment from any source, other than Phase I or II SBIR or STTR awards, to further the research and development conducted under the award; narrative information that a SBC receiving a Phase II award voluntarily submits to further describe the outputs and outcomes of its awards; and, for each Phase I or Phase II applicant that does not receive an award, the name, size and location of the applicant, an abstract of the project, and the Federal agency to which the application was made.

The Small Business Act also requires SBCs to update the information in this database at the time of application for a Phase II award and upon completion of the Phase II award. The Act also requires participating agencies to request the SBCs to voluntarily update such information annually for a period of five years following the termination of the award period. SBA also has discretionary authority to collect any additional information that the SBA and the participating agencies deem necessary for program evaluation. As a result, SBA is also requesting updates concerning prior Phase II awards not only from Phase II applicants but also from Phase I applicants.

### 2. How, by whom and for what purpose information will be used

*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 from the current collection.*

SBA, as the overall Administrator for the SBIR and STTR Programs, is required to collect and report to the Congress information regarding awards made to SBCs by each Federal agency participating in these programs

For the Awards (public) database, the TechNet system stores a 200-word technical abstract prepared for each award by the awardees. These abstracts summarize the research effort that has been supported by the Federal Government. From this database various reports are generated and used to conduct program reviews and audits performed by the Government Accountability Office (GAO) and other agencies, and to identify potential duplication of research and development efforts funded by the SBIR/STTR agencies. SBA also uses the information in the public database to report on

technology and demographical statistics regarding the two programs to Congress annually.

The data in the Commercialization (government) database will be used by the SBA, the GAO, and authorized SBA contractors to assess the commercial impact of the SBIR and STTR programs. Project accomplishments, commercialization and sales data can only be viewed by Congress, GAO, agencies participating in the SBIR and STTR Programs, Office of Management and Budget (OMB), Office of Science and Technology Policy (OSTP), Office of Federal Procurement Policy (OFPP), and other authorized persons (for example, authorized SBA contractors) who are subject to a nondisclosure agreement with the Federal Government covering the use of the database.

### 3. Technological collection techniques

*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.*

Both the Awards (public) database and the Commercialization (government) database required by the reauthorization legislation will be accessed and maintained using the TechNet online platform. Tech-Net allows potential research partners and investors to view research and development efforts that are ongoing in the two Programs, increasing the investment opportunities for the SBCs that participate in the programs.

The information for the Commercialization (government) database is collected from SBIR and STTR applicants via an on-line questionnaire. Program applicants will be presented with the questionnaire during the on-line application process of each agency. The commercialization questionnaire is designed to minimize respondent burden in several ways. For example, award information and other data from the Awards (public) database will populate the questionnaire automatically, requiring only verification by the applicant; and totals or percentages will be calculated automatically as the data is entered.

### 4. Avoidance of Duplication

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

The SBA is not currently collecting this statutorily mandated information through any other SBA programs or systems. Currently, there are no other centralized database systems other than Tech-Net that contain SBIR or STTR award data that crosses agency boundaries. The system affords each agency the ability to periodically check for duplicative funding of technologies by agencies, and to cost-share on technologies being developed at one agency that also has relevance at another.

### 5. Impact on small businesses or other small entities

*If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-1), describe any methods used to minimize burden.*

There is no significant economic impact on the small businesses or small entities that will provide the information collected for the Tech-Net databases. The information requested is primarily the type of information that businesses are expected to maintain as part of the ordinary course of business, or is information that these SBCs would necessarily have to compile in order to complete the OMB approved application process at the federal agencies that participate in the SBIR/STTR programs.

6. Consequences if collection of information is not conducted

*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 Small Business Act, 15 U.S.C. § 638(b)(6) requires SBA to independently survey and monitor the operation of the SBIR and STTR Programs with participating agencies. In support of this statutory requirement, the Small Business Act (15 U.S.C. § 638(k)) specifically requires SBA to establish a “public” and “government” database to collect information on this program. The purpose of the two databases is to enable evaluation and monitoring of the programs and provide certain information about the programs to the public. Failure to collect this information would hamper the ability to effectively evaluate and assess the programs. The agencies and SBA would be in violation of the statute if the information is not collected and reported. Likewise, collecting this information less frequently, e.g., pursuant to every other award, would also be in violation of the statute.

7. Existence of special circumstances

*Explain any special circumstances that would cause an information collection to be conducted in a manner requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than 3-years . . . or requiring respondents to submit proprietary trade secret, 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.*

The statute directs SBA to request that all SBCs receiving a Phase II award voluntarily update certain information about the award annually for a period of five years. All other information collected should require the respondents to retain records, other than grant/contract or tax records, for no more than three years.

8. Solicitation of Public Comment

*If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency’s notice . . .soliciting comments on the information collection. . . 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 record keeping, disclosure, or reporting format.*

SBA published a notice requesting public comment on this information collection in the Federal Register, 73 FR 59027, on October 8, 2008, which included a request for comment on Tech-Net. No comments were received on this information collection. SBA has worked with the participating agencies in developing its data gathering strategy, and to ensure that each could provide the standardized data format issued by SBA.

9. Payment or gifts

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

There will be no payments or gifts given to any respondent.

10. Assurance of confidentiality

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

The Tech-Net databases will house legislatively mandated information on all SBIR and STTR awards and applicants for awards, some of which is confidential outcome and output information that will be relevant to measuring the effectiveness and success of the programs. Confidential information will be available solely for program evaluation purposes by the Federal Government or, by other authorized persons who are subject to a use and nondisclosure agreement with the Federal Government covering the use of the database.

Pursuant to 15 U.S.C. §638(k)(4), all information provided to the Commercialization (government) Tech-Net Database is privileged and confidential and not subject to disclosure pursuant to 5 U.S.C. § 552 (Government Organization and Employees) and must not be considered to be publication for purposes of 35 U.S.C. § 102 (a) or (b). Further, although the collection of other business information may implicate the Trade Secrets Act, the agency will protect the confidentiality of this information to the extent permitted by law.

11. Questions of a sensitive nature

*Provide 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 take to obtain the consent.*

Each applicant to the SBIR or STTR program is being asked to provide their Federal Tax ID number or social security number as part of the application process. These numbers are needed to uniquely identify the participating firms over time. Firms funded by the SBIR or STTR programs may undergo name or address changes which makes it difficult to link the program award with the eventual commercial impact. The Federal Tax ID number provides

a unique way to identify the participating firms and often is the only way to track the economic effect of these awards over time.

Additionally, SBA must report to the Congress on the number of SBIR and STTR awards that are made to firms that are also HUBZone certified and the Federal Tax ID number is the only identifier that is common to each of these programs. Although the EIN/TIN information is collected, it is not part of the database that is available to the public. The information is used by SBA to fulfill its responsibilities for oversight and reporting on each program's implementation of the SBIR and STTR programs.

The first page of the Commercialization (government) database notifies respondents that the information provided for this database will be considered commercially sensitive, treated as confidential, and is exempted from disclosure under the Freedom of Information Act. It will be available only to authorized persons within the reporting firm and to those Federal officials with specific clearance. The data will be protected using Point-To-Point Session Encryption. All logins are protected by "https," the industry standard for encryption.

12. Estimate of the hourly burden of the collection of information

*Provide estimates of the hour burden of the collection of the information.*

(a) *Awards (public) database.* This database contains records of SBIR and STTR awards. SBA estimates that approximately 7,000 SBIR and STTR awards\* will be made to about 3,500 SBCs annually and that approximately 0.5 hours per award is required to provide the information required for the Awards database. The total annual burden hours associated with these awards is therefore estimated to be 3,500 hours.

(b) *Commercialization (government) database.* This database contains information from all SBIR or STTR applicants that have won Phase II awards in the past. SBA estimates that approximately 3,000 firms are likely to have had prior Phase II awards. Each of these Phase II awardees will be asked to complete the survey upon application and to voluntarily update such information annually for a period of five years. SBA estimates that each of these respondents will require approximately 1.0 hour to complete the survey each year for a total of 3,000 hours a year.

(c) This database will also contain information for each Phase I and Phase II applicant that does not receive an award. Each year an estimated 13,500 applicants submit approximately 27,000 applications that are not approved for awards: 25,000 for the SBIR program and 2,000 for STTR. SBA estimates that these non-awardees require about 0.5 hour each to provide the requested information for the database. This represents a total burden of about 13,500 hours per year.

(\*Each award or non-award equals one response.)

A financial officer of the SBCs will likely input this information. SBA has assumed that the officer's pay is equal to a GS-14, step 1 employee in the Washington, DC area, who makes on average \$49.22/hour. At this hourly rate, the estimated annual cost burden for

Awards (public) database information, with an estimated annual burden of 3,542 hours, is \$174,337. The cost burden for Commercialization survey, with an estimated annual burden of 3,000 hours, is \$147,660 and the estimated annual cost of the information collected from the non-awardees, with an estimated annual burden of 13,502 hours, is \$664,568. The total estimated annual cost associated with these databases and surveys is \$986,565.

13. Estimate of the total annual cost burden for submission

*Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information.*

SBA estimates that there will be no total annual cost burden to respondents or record keepers resulting from collection of the information for the Awards (public) or the Commercialization (government) databases. The information requested should be collected and retained in the ordinary course of business and no special equipment is needed in order to comply with the information request

14. Estimated annualized cost to the Federal Government

*Provide estimates of annual costs 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 for items 12, 13, and 14 in a single table.*

The SBA estimates that annual cost to the federal government of collecting and maintaining these two databases will be \$20,000 to support the data collection and contractor operational support required for the Awards (Public) and Commercialization (Government) database systems. This amount is based upon similar costs associated with maintaining the SBA's Pro-Net database system, which was the model used to design Tech-Net. It includes a flat rate of programmer analyst labor @ \$12,300 per annum and a database administrator @ \$10,072 per annum.

15. Explanation of program changes in Items 13 or 14 on OMB Form 83-I

*Explain reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-1.*

The data reported in items 13 and 14 are basically the same as those previously reported for clearance of this form. The data has remained consistent because of the ebbs and flows among the several SBIR participating agencies.

16. Collection of information whose results will be published

*For collection 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 the information, completion of report, publication dates, and other actions.*

SBA will report on the data collection activity to each participating federal agency. After the data has been received and verified by SBA and the reporting agencies, SBA will prepare its annual reports, which are submitted to the Congress and OMB as well as to each participating federal agency, SBA District Offices and all interested parties. The Annual Report for the SBIR program is submitted in October of each calendar year. The Annual Report for the STTR program is submitted in July of each calendar year. No quantitative operations are performed on the data for these reports.

17. Expiration date for collection of information

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

Not applicable

18. Exceptions to certifications in Block 19 on OMB Form 83-I

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

Not applicable.

19. Is this ICR related to the American Recovery and Investment Act of 2009 (ARRA)?

Yes\_\_\_ No X

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS.

Not applicable



