

SUPPORTING STATEMENT
U.S. Department of Commerce
National Institute of Standards and Technology
Hollings Manufacturing Extension Partnership (HMEP) Program
Application Requirements
OMB Control No. 0693-XXXX

A. JUSTIFICATION

This is a request for Office of Management and Budget approval for a new collection of information.

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

The objective of NIST HMEP centers is to enhance productivity, technological performance, and strengthen the global competitiveness of small- and medium-sized U.S. based manufacturing firms.

Ernest Frederick "Fritz" Hollings was a Democratic United States Senator from South Carolina from 1966 to January 3, 2005. Senator Hollings was a strong supporter of technology and U.S. industrial competitiveness issues. The Senator introduced the Technology Competitiveness Act of 1988, which became part of the Omnibus Trade and Competitiveness Act. From this legislation, that set up the Manufacturing Extension Partnership (MEP) program, Senator Hollings became known as the "Father" of MEP. He maintained his support for the MEP program through his retirement in 2005. Upon his retirement, the program was re-designated the Hollings Manufacturing Extension Partnership in his honor.

The MEP started in 1989 with centers in three states - South Carolina, Ohio, and New York. Today, NIST Hollings Manufacturing Extension Partnership is a national network of affiliated manufacturing extension centers and field offices serving small manufacturers in all 50 states and Puerto Rico. NIST Hollings Manufacturing Extension Partnership centers are independent, non-profit entities, including corporations, universities, community colleges, or state governments.

Manufacturing extension centers are part of the HMEP national system of extension service providers. Currently, the HMEP national system consists of over 400 centers and field offices located throughout the United States and Puerto Rico. Information regarding HMEP and these centers is provided in the information packet that can be obtained as explained above or on-line at <http://www.mep.nist.gov>.

The objective of the projects funded under this program is to provide manufacturing extension services to primarily small-and medium-sized manufacturers in the United States. These services are provided through the coordinated efforts of a regionally-based manufacturing extension center and local technology resources.

The focus of a center is to provide those manufacturing extension services required by the small- and medium-sized manufacturers in its service region utilizing the most cost effective, local, leveraged resources for those services. It is not the intent of this program that the centers perform research and development.

The NIST HMEP statutory authority is 15 U.S.C. § 278k. The NIST HMEP implementing regulations are set forth in 15 C.F.R. Part 290.

To receive NIST HMEP funding, eligible proposers, i.e., U.S.-based not-for-profit institutions or organizations, must submit proposals in response to NIST/HMEP competition notices announcing the availability of funds and request for proposals (RFPs), which are published in the *Federal Register* and on Grants.gov Web site. MEP interprets not-for-profit organizations to include universities, state and local governments.

Projects awarded under this program will have a budget and performance period of one year. Each award may be renewed on an annual basis subject to the review requirements described in 15 CFR 290.8. Renewal of each project shall be at the sole discretion of NIST and shall be based upon satisfactory performance, priority of the need for the service, existing legislative authority, and availability of funds.

A non-federal cost share contribution from the applicant is required. At a minimum, the applicant must provide per the following table cost share towards the total capital, operating and maintenance costs for the center.

Year of Center Operation	Maximum NIST Share
1-3	1/2
4	2/5
5 and beyond	1/3

The applicant's share of the center expenses may include cash and in-kind contributions. However, at least 50% of the applicant's total cost share (cash plus in-kind) must be in cash. Applicants are encouraged to propose more than the minimum cost share. The source and a detailed rationale for the total proposed level of the cost share, both cash and in-kind, must be documented in the budget submitted with the proposal and will be considered as part of the evaluation review.

This request is for the information collection requirements associated with submission of proposals for NIST HMEP funding. The intent of the collection is to meet statutory requirements for NIST HMEP, as well as compliance with 15 U.S.C. 278k, as implemented in 15 CFR Part 290.

2. Explain 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 applicable NIST Information Quality Guidelines.

NIST/HMEP issues competition notices announcing the availability of funds and RFPs after programmatic funding becomes available to perform new or additional program activities or based on the need to compete a NIST MEP region due to lack of coverage. Additionally, HMEP references several resources that may expedite the completion of a successful proposal and ultimately an award.

The collection is comprised of a response to the following:

The information is used by the review panel to evaluate the merits of a proposal against the prescribed criteria in the funding solicitation. The panel is comprised of experts who determine whether the proposals meet the HMEP evaluation and award criteria. Multiple panels may be established based on the scope of the competition notice announcing the availability of funds.

All qualified proposals will be evaluated based on the applicant's ability to align the proposal deliverables to NIST MEP's Next Generation Strategy: Continuous Improvement, Technology Acceleration, Supplier Development, Sustainability and Workforce. The NIST MEP Next Generation Strategy is a publically available document that can be found at www.mep.nist.gov.

NIST must determine that a proposal successfully meets the following award criteria for the proposal to be eligible for and receive funding under the Program:

- (1) ***Identification of Target Firms in Proposed Region.*** Does the proposal clearly address the entire service region providing for a large enough population of targeted firms of small- and medium-sized manufacturers that the applicant understands and can serve relative to the level of funding proposed?
 - i. ***Market Analysis.*** Demonstrated understanding of the service region's manufacturing base, including business size, industry types, product mix, and technology requirements.
 - ii. ***Geographical Location.*** Physical size, concentration of industry, and economic significance of the service regions manufacturing base. Geographical diversity of the center will be a factor in evaluation of proposals.
- 2) ***Technology Resources.*** Does the proposal assure strength in technical personnel and programmatic resources, full-time staff, facilities, equipment, and linkages to external sources of technology to develop and transfer technologies related to NIST research results and expertise in the technical areas noted in the MEP regulations found at 15 CFR part 290, as well as from other sources of technology research and development?

3) **Technology Delivery Mechanisms.** Does the proposal clearly and sharply define an effective methodology for delivering advanced manufacturing technology to small-and medium-sized manufacturers and mechanism(s) for accelerating the adoption of technologies for both process improvement and new product adoption?

i. **Linkages.** Development of effective partnerships or linkages to third parties such as industry, universities, nonprofit economic organizations, and state governments who will amplify the centers technology delivery to reach a large number of clients in its service region.

ii. **Program Leverage.** Provision of an effective strategy to amplify the centers technology delivery approaches to achieve the proposed objectives as described in 15 CFR290.3(e).

4) **Management and Financial Plan.** Does the proposal define a management structure and assure management personnel to carry out development and operation of an effective center?

i. **Organizational Structure.** Completeness and appropriateness of the organizational structure, and its focus on the mission of the center. Assurance of full-time top management of the center.

ii. **Oversight Board.** Clearly presented Board structure with a membership representing small and medium manufacturing as well as committed partners.

iii. **Leadership.** Demonstrated experience of leadership team in manufacturing, outreach and partnership development.

iv. **Program Management.** Effectiveness of the planned methodology of program management.

v. **Internal Evaluation.** Effectiveness of the planned continuous internal evaluation of program activities.

vi. **Plans for Financial Matching.** Demonstrated stability and duration of the applicants funding commitments as well as the percentage of operating and capital costs guaranteed by the applicant. Identification of matching fund sources and the general terms of funding commitments. The total level of cost share as well as the amount of cash cost share relative total cost share will be considered as part of the review.

vii. **Budget.** Suitability and focus of the applicants detailed one-year budget and budget outline for years 2-5 and beyond.

The evaluation of the ability of the applicant to meet the criteria listed above is to be presented in the proposal as presented below:

- A. An executive summary of the proposed project, consistent with the Evaluation Criteria stated in this notice.
- B. A description of the proposed project, sufficient to permit evaluation of the proposal, in accordance with the proposal Evaluation Criteria stated in this notice.
- C. A detailed budget for the proposed project that breaks out all expenses for year 1 of operation and identifies all sources of funds to pay these expenses.
- D. A budget outline for annual costs, and sources of funds for potential years 2 through 5 and beyond. It is expected, especially for newly created centers, that year one costs are lower because of the ramp-up of operations from start-up to the point where the center is fully operational and services are being provided. If such a ramp-up of operations is to occur, this should be reflected in the budget outline for years 2 through 5 and beyond. A detailed budget and budget narrative will be required prior to each of years 2 through 5.
- E. A description of the qualifications and proposed center operational or management activities of key personnel who will be assigned to work on the proposed project.
- F. A statement of work that discusses the specific tasks to be carried out, including a schedule of measurable events and milestones.

In addition, the proposal must contain the requirements identified in 15 CFR 290.5(a)(3), which are:

- a. A plan for the allocation of intellectual property rights associated with any invention or copyright which may result from the involvement in the Center's technology transfer or research activities consistent with the conditions of 15 CFR 290.9.
- b. A statement that provides adequate assurances that the host organization will contribute the required cost share. (Although the MEP regulation, 15 CFR 290.5 (a)(3)(ii), states that applicants should provide evidence that the proposed Center will be self-supporting after six years, this requirement is no longer in effect, as indicated above.)
- c. A statement describing linkages to industry, government, and educational organizations within its service region.

- d. A statement defining the initial service region including a statement of the constituency to be served and the level of service to be provided, as well as out-year plans.
- e. A statement agreeing to focus the mission of the Center on manufacturing extension service and technology transfer activities and not to exclude companies based on state boundaries.
- f. A description of the planned Center sufficient to permit NIST to evaluate the proposal in accordance with 15 CFR 290.6.
- g. A proposed plan for the annual evaluation of the success of the Center by the Program, including appropriate criteria for consideration and weighting those criteria.
- h. A plan to focus the Center's technology emphasis on areas consistent with NIST technology research programs and organizational expertise.

The information collected is essential for NIST to perform the appropriate review of a proposal to determine if an award should be granted. The information collected as part of the proposal submission for review and award determination is not disseminated to the public.

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.

NIST will use the standard process of Grant.gov registration for HMEP proposals. After this process, HMEP proposals may be submitted electronically via Grants.gov (www.grants.gov).

In addition to the written proposal, the following forms are required and their burden hours are not included in this submission:

- SF-424 - Application for Federal Assistance
- SF-424a - Budget Information – Non-Construction Programs
- SF-424b - Assurances – Non-Construction Programs
- CD-511 - Certification Regarding Lobbying
- CD-346 - Applicant for Funding Assistance

4. Describe efforts to identify duplication.

The uniqueness of HMEP is that it is specifically designed to provide direct support to support, promote, and accelerate innovation in the United States through high-risk, high-reward research in areas of critical national need. MEP's mission is focused: to support, strengthen, and grow

U.S. manufacturing. To do this, it **provides customized and direct assistance to manufacturers** through its nationwide network of MEP centers.

While extension programs are not unique to the federal government, the NIST HMEP is the only manufacturing program focused on the full spectrum of term competitiveness issue facing industry. Other agencies are focused on mission specific projects, outreach to support specific needs or basic research. Their assistance programs do not lend themselves to the specific needs of HMEP. Because HMEP proposals are unique and submitted in unique geographic regions or for specific programmatic needs, the proposals submitted by the various businesses do not duplicate each other. Each proposal is unique with regard to the programmatic objective being addressed or the geographic region being served and therefore do not duplicate others.

The proposal criteria are intended to provide HMEP with the overall best return on the federal investment and maximize the direct impact with manufacturers in addressing the programmatic strategic objectives: Continuous Improvement, Technology Acceleration, Supplier Development, Sustainability and Workforce.

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

Every effort has been made to streamline the information collection requirement for ease of all proposers, especially small businesses. Consideration was given to the expense involved in preparing proposals. The type of information being collected is essential for NIST to be able to perform the appropriate technical and budget reviews so that the most meritorious proposals are selected for funding. The information collected is readily available to the potential proposer and, thus, does not impose an unnecessary or additional burden. The *Federal Funding Opportunity* provides all the specific instructions and references for proposal preparation and submission. It has gone through numerous technical, administrative, and legal revisions to provide greater clarification to the public on how to prepare competitive HMEP proposals.

Competition notices announcing the availability of funds and RFPs will be published in the *Federal Register* and Grants.gov Web site. These notices will provide the public with the specific information on HMEP funding availability, guidelines for proposal submission, proposal deadline, etc. HMEP believes the burden on potential small business proposers is small in comparison to the benefits that would accrue if their proposals were funded.

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

If the collection is not conducted, HMEP will not be able to obtain the information required to evaluate the merits of a proposal. A proposal is essential to collect the required technical and budget information for reviewers to determine the worthiness of a proposal and hence the best

application of the federal investment. HMEP would not be able to accomplish its mission without soliciting proposals, evaluating them, and making funding decisions in accordance with the HMEP legislation and implementing regulations.

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

If a proposer elects to submit their proposal electronically, there are no special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines. Since HMEP accepts proposals submitted electronically, the need for paper submission of multiple copies is eliminated, should the proposer choose this option.

If, however, a proposer elects to submit their proposal in paper form, special circumstances require them to submit an original and two copies of any proposal. The original and two copies of the proposals are necessary for HMEP due to multiple reviews of the proposals. Proposals received under a competition receive review by a panel of experts. Grants officials and legal staff also review proposals, as appropriate. Furthermore, many proposers elect to include color graphics depicting the specifics of their proposal. These features do not lend themselves to the limited authorized copying capabilities of HMEP. To contract out the reproduction of these proposals increases the risk of exposing proprietary information and introduces a significant time delay in reviewing, evaluating, and funding proposals. Multiple reviews of proposals are essential in HMEP meeting its objectives of fair and adequate competition.

8. Provide 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 soliciting public comments was published on August 17, 2009 (Vol. 73, page 41371). Two comments were received.

Both comments challenged the estimated burden hours identified in the notice relative to developing a proposal for an award. The comments were applicable to the burden for supporting an ongoing award not a response to a competition per this announcement. As such, did not apply.

The additional comment spoke to the application of the America Competes Act relative to the management of awards. While this is an ongoing activity being addressed by the Program with existing recipients, the points made in the comment do not directly apply to any proposed solicitation related actions.

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

Respondents whose proposals are selected for funding receive awards using the cooperative agreement financial assistance-funding instrument. No other payments or gifts are provided to respondents.

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

The government will protect confidential/proprietary information on business operations and trade secrets possessed by any company or participant to the full extent of the law. Such information will be withheld from disclosure pursuant to the following statutes:

- a. Trade Secrets Act - 18 U.S.C. § 1905 (http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=browse_usc&docid=Cite:+18USC1905).
- b. Freedom of Information Act (FOIA) - 5 U.S.C. § 552(b) (http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=browse_usc&docid=Cite:+5USC552).
- c. Economic Espionage Act – 18 U.S.C. § 1832 (http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=browse_usc&docid=Cite:+18USC1832).

These assurances are stated in the NIST HMEP Funding Opportunity Announcement. In the collection, review, and handling of information in proposals, NIST HMEP presumes that all proposals contain confidential/proprietary information, whether or not so identified by the proposer. All individuals who have access to NIST HMEP proposals must sign a NIST HMEP Conflict of Interest and Confidentiality Agreement.

One copy of each incomplete, nonresponsive, or non-selected proposal will be retained for three (3) years for record keeping purposes and all copies are destroyed. After three (3) years the remaining copy will be destroyed.

If an award is issued, the original proposal is maintained in the NIST official award file. Unneeded copies are shredded and any remaining copies are maintained under strict security at HMEP.

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.

Not applicable. The information collected does not include questions of a sensitive nature.

12. Provide an estimate of the total annual burden hours for the collection of information.

The burden hours for the collection of information are estimated at **1,344** based on approximately 4 proposals per competition (3) = **12 proposals at 112 hours per proposal**. A breakdown of burden hours for proposal submission is as follows:

Read instructions, plan activities, and gather information	8 hours
Prepare project narrative	8 hours
Prepare Proposal Elements Per Criteria (Listed under Ques. 2)	80 hours
Professional Review of Proposal	8 hours
Clerical preparations (data input, assembly, text editing, photocopying, etc.)	8 hours
TOTAL	112 hours

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

Proposers who submit their proposals electronically (approximately 50 percent anticipated out of 4 proposals for any related competition) will not incur any duplicating costs; those that elect to submit by paper (approximately 50 percent out of 4 proposals for a total of 2 per competition), however, may incur some duplicating costs if done outside their company. It is expected that for every competition, of the 2 proposers that submit by paper, approximately 50 percent will not incur any duplicating costs as they will be included in the organization's overhead pool. For the remaining 50 percent or 1 proposer per competition that may use outside duplicating services, it is estimated that the cost would be approximately **\$100** (1 proposal per competition (3) x \$100 for duplicating services = **\$300**).

No travel expenses will be required of any proposers. NIST MEP will be conducting on-site visits of eligible organizations at their facilities.

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

An average of approximately 40 professional hours and 4 clerical hours are needed for proposal review. Using loaded wage rates of \$116 per hour for professional time and \$41 per hour for clerical time, each proposal costs the government approximately \$4,804 [(\$116 x 40 = \$4,640) + (\$41 x 4 = \$164)]. For approximately 4 proposals per competition, the review process cost is \$19,216 (\$4,804 x 4). The total professional cost is \$18,560 (\$4,640 x 4) and the total clerical cost is \$656 (\$164 x 4) for a total of \$19,216.

For each of the approximate 4 proposals per competition (75 percent of 4) that may participate in an on-site visit, an additional 48 professional hours may be required for review, yielding a cost of

\$5,568 per proposal (\$116 x 48). For approximately 3 proposals the total professional cost is \$16,704 (\$5,568 x 3).

For each competition, 1 proposal will be selected for funding. An additional 16 professional hours or \$1,856 (\$116 x 16) and 2 clerical hours or \$82 (\$41 x 2) are required for final processing and award, yielding a total cost for this action of \$1,938 per award (\$1,856 + \$82).

In summary, the estimate of annualized cost to the Federal government for the proposal review process is \$37,858 (\$19,216 + \$16,704 + \$1,938). The total professional cost is **\$37,858** (\$18,560 + \$16,704 + \$1,856) and the clerical cost is **\$738** (\$656 + \$82) = **TOTAL: 38,596**.

Note that not every proposal will receive the same number of reviews as some will drop out during prescreening. The above calculations are based on estimates. Grants administration costs are not included because they are a normal and customary part of the functions of NIST.

15. Explain the reasons for any program changes or adjustments.

This is a new submission thus a program change.

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

Not applicable.

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.

Not applicable.

18. Explain each exception to the certification statement.

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection of information does not employ statistical methods.