

**SUPPORTING STATEMENT  
U.S. Department of Commerce  
Bureau of Industry and Security**

**Defense Industrial Base Assessment: U.S. Space Industrial Base ‘Deep Dive’  
OMB Control No. 0694-0119**

**A. Justification**

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

The Bureau of Industry and Security (BIS), Office of Technology Evaluation (OTE), in coordination with the U.S. Air Force (USAF), the National Aeronautics and Space Administration (NASA) and the National Reconnaissance Office (NRO) is undertaking a defense industrial base assessment of the U.S. space industrial base supply chain network. The principal purpose of this data collection and assessment is to gain an understanding of the complicated industrial supply chain which supports the development, production and sustainment of products and services across the defense, intelligence community, civil and commercial space sectors.

By working together, the multi-agency single survey construct is intended to lessen the burden on respondents who are usually subjected to multiple agency space surveys. The subsequent single database highlighting multiple supplier tiers is intended to provide the participating agencies with an integrated data set benchmarking the U.S. space industrial base. OTE will be able to analyze the health of the space industrial base that supports respective service/agency programs, better understand the interdependencies among agencies, programs and suppliers, evaluate the need for technology infusion, Title III funding and other strategic investments, and develop targeted planning and acquisition strategies.

The survey is designed to provide information on defense prime contractors as well as sub-tier suppliers (companies, universities, non-profits, government facilities) in the U.S. space industrial base for more than 180 individual agency space programs encompassing 13 major product & service segments. Information collected will include government and commercial-based revenues, financial statement and operational health data, employment and skill level information, production capacity and capability data, and ownership details, among other relevant topics.

When completed, OTE will be able to highlight companies/organizations that provide critical, unique and necessary capabilities for the national security space community, civil and commercial space sectors. In addition, OTE will be able to identify early warning signs of financial, economic, workforce and other competitiveness problems for particular firms/products/services that could be impacted by declining defense and civil space budgets.

Assisting OTE in this survey and assessment are representatives from a number of agencies, including the USAF, NASA, NRO, the U.S. Army and the U.S. Navy. A number of private small and medium size companies, such as Ball Aerospace, Altius Space Machines, Eltron

Research & Development, and Barber Nichol Inc., also have provided input to the survey, as have non-profit organizations like the Aerospace Industries Association.

OTE has authority under Section 705 of the Defense Production Act of 1950, as amended, and Executive Order 13603 (replacing E.O. 12656) to conduct assessments and collect information from industry in support of the U.S. industrial base. These assessments are normally undertaken in partnership with Department of Defense or with other federal agencies. They usually focus on industrial, financial, and economic issues affecting key industrial sectors or critical technologies. The survey questionnaire, which covers the period 2008 to 2012, is the primary source of information needed for a defense industrial base assessment of this type.

The information gained from the survey will be used to: 1- quantify and assess the products and services of companies/organizations that directly or indirectly participate in the U.S. space industrial base; 2- determine supplier performance and behavior in the marketplace by evaluating respondent revenue data, capital expenditure, research and development spend and workforce investment, while also documenting their suppliers and customers, both foreign and domestic; 3- identify trends and develop findings regarding the U.S. space industry supply chain network; and 4- provide both government and industry representatives with a comprehensive overview of the U.S. space supply chain network, by affiliated organization and program, as a benchmark to plan for projected budget cuts and any marketplace disruptions that could negatively affect U.S. industrial, intelligence and military capabilities.

OTE is the focal point for industrial base and critical technology analyses among civilian Federal agencies by virtue of the above mentioned statute and executive order, which includes mandatory data collection authority to carry out these responsibilities. OTE has conducted approximately 47 assessments of this nature in the past 20 years under various related defense industrial base programs. Assessments generally review in detail those industries experiencing employment, international competition, financial, production, investment, foreign sourcing and dependencies and other difficulties which may affect their ability to support the industrial base, including defense and national security programs. The survey instrument is designed to collect information that facilitates this kind of in-depth analysis.

**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 all applicable Information Quality Guidelines.**

OTE intends to survey approximately 9,000 companies and organizations (universities, non-profits and government facilities) representing all aspects of the U.S. space industrial supply chain that directly or indirectly supports the development, production and sustainment of products and services across the defense, intelligence community, civil and commercial space sectors.

The survey is a one-time only request. Quantitative data obtained from the survey will be compiled into an aggregate database for analysis and eventual publication. This data is needed to

assess trends in products and services, sales, capital investment, research & development, international competition, foreign sourcing and dependencies, unique capabilities and technologies, program interdependencies and other factors. Qualitative questions are used in some limited cases to complement the statistical data. Using the aggregated survey data, the overall goal is to enable the private sector and government agencies to monitor trends, benchmark industry and government performance, and raise awareness of the implications of potential budget cuts and market disruptions to the U.S. space industry supply chain.

**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.**

To lessen the burden on respondents, OTE is encouraging firms to provide electronic responses. Each respondent will receive a personalized letter and project overview fact sheet which outlines the requirements of the study and the scope of information required. The letter will also contain directions to the BIS website where the respondent can gain access to the Excel survey instrument. This approach was used successfully for the 2011 Defense Supply Chain Network, 2012 CAD/PAD industry and 2012 Commercial Electro-Optical Satellite Imagery surveys. All three surveys were reviewed and approved by OMB.

The statistical information requested in the survey tracks closely with categories and groups commonly used in the industry and verified by field-testing the OTE survey. Almost all firms and organizations will have the information computerized and will be able to retrieve it in the form requested on the survey. Other limited questions will require thought and perhaps discussion among several individuals for proper responses. These questions do not lend themselves to standardized computer automation. However, the questions only require brief responses in the text boxes provided.

**4. Describe efforts to identify duplication.**

The information sought in the survey is unique and not available from any other source, either public or private. Some of the basic corporate background data requested is submitted by firms in a statistical sample to the U.S. Census Bureau. However, the Census Bureau is precluded by law from releasing information on specific companies.

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

While the majority of U.S. space industry organizations are large and medium size firms, this survey will be distributed to a number of small businesses. The electronic survey instrument was designed to minimize the burden on all respondents. If for any reason the respondent cannot complete the survey in Excel, OTE will work with the respondent on an alternate form of

submission. However, due to the high-tech nature of the U.S. space industry, we are expecting almost all firms to respond electronically.

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

In the case of this defense industrial base assessment of the U.S. space industry supply chain a survey is the only method available for OTE to carry out its responsibilities under the Defense Production Act of 1950, as amended, and Executive Order 13603. Without the information gathered from the survey, OTE could not: 1- quantify and assess the products and services of companies/organizations that directly or indirectly participate in the U.S. space industrial base; 2- determine supplier performance and behavior in the marketplace by evaluating respondent revenue data, capital expenditure, research and development spend and workforce investment, while also documenting their suppliers and customers, both foreign and domestic; 3- identify trends and develop findings regarding the U.S. space industry supply chain network; and 4- provide both government and industry representatives with a comprehensive overview of the U.S. space supply chain network, by affiliated organization and program, as a benchmark to plan for projected budget cuts and any marketplace disruptions that could negatively affect U.S. industrial, intelligence and military capabilities.

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

There are no special circumstances that will result in the collection of information in a manner inconsistent with the guidelines of 5 CFR 1320.6. Survey responses will contain business confidential information, which will be protected by the U.S. Department of Commerce, Bureau of Industry and Security.

**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 recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

The Federal Register notice is not applicable to this collection because it falls within the scope of the BIS generic authority entitled, "National Security and Critical Technology Assessments of the U.S. Industrial Base," approved under OMB Control No. 0694-0119. This authority is renewed every three years (last renewed in 2010) to support on-going BIS defense industrial base assessment needs.

OTE staff developed the survey in consultation with industry and government experts over a period of several months. The following is a list of those individuals who provided input and advice:

#### Government

Deb Peeler, U.S. Air Force – 703-253-1313  
Tim Douglas, U.S. Air Force – 703-253-1385  
Ted Bujewski, NASA – 202-358-1542  
Rodney Liesveld, NASA – 202-358-3607  
Tim Murphy, National Reconnaissance Office – 703-808-2275  
Bill Marck, National Reconnaissance Office – 703-808-1173

#### Industry

Frederick Doyle, Ball Aerospace & Technologies Corp. – 303-533-5294  
Paul J. Grimmer, Eltron Research & Development – 303-530-0264  
Robert Linden, Barber Nichols – 303-327-8635  
Ronnie Johnson, United Launch Alliance – 303-269-5498  
Jonathan Goff, Altius Space Machines – 801-362-2310  
Laryssa Densmore, Raytheon – 310-647-2101

#### University

Caroline Himes, University of Colorado at Boulder – 303-492-6412

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

This survey will not involve any payment or gifts to respondents.

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

The survey, cover letter and fact sheet provide assurance to the respondents that the information collected through the survey will be deemed business confidential and will be treated in accordance with Section 705 of the Defense Production Act of 1950, as amended (50 U.S.C.A. app. Section 2061 et. seq.). This section prohibits the publication or disclosure of such information unless the President determines that its withholding is contrary to the national defense. The survey will be administered and the data collected via a secure Internet server. Information submitted will not be shared with any non-government entity, other than in aggregate form, and the U.S. Department of Commerce will protect the confidentiality of such information pursuant to the appropriate exemptions from disclosure under the Freedom of

Information Act (FOIA), should it be the subject of a FOIA request. OTE has a long and successful track record of protecting business confidential information collected under the above statute.

**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 survey will not collect information that could be construed as being of a sensitive nature, such as information concerning sexual behavior and attitudes, religious beliefs and other matters that are commonly considered sensitive or private.

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

OTE estimates that the total burden placed on the respondents by this Defense Industrial Base Assessment: U.S. Space Industrial Base 'Deep Dive' survey effort will be approximately 126,000 hours. This is based on distributing surveys to approximately 9,000 respondents with an average time of 14 hours needed to complete the survey.

This burden estimate is subject to variations among individual respondents because of differences in product/service participation, record keeping, organization size and type, location in supply chain and other variables. The estimate is based on the past experience of OTE, as well as feedback from companies and organizations that have completed OTE surveys. OTE has conducted surveys of various industries and sectors, including imaging and sensors, NASA supply chain network, cartridge and propellant actuated devices, counterfeit electronics, 5-axis machine tools, microelectronics, healthcare products and others.

The estimated total labor cost to respondents of this information collection is \$4,410,000. This estimate was calculated by assuming a respondent average work rate of \$35 per hour multiplied by the total burden hours of 126,000.

**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 Question 12 above).**

Not Applicable.

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

The estimated cost to the Federal government for the survey is \$350,725. A major portion of this cost is related to the survey questionnaire, which includes preparation, collecting, verifying and tabulating the information, and analyzing the data. Other costs will be incurred in field testing

the survey, summarizing the analysis and findings, preparing the final report, and report printing and distribution. The direct employee costs were estimated by assuming the hours spent on the project as about one-year equivalent, or 52 weeks, and taking the one-year annual pay of one GS-15, step 10 and one GS-14, step 10. The direct employee cost is \$292,271.

Indirect or overhead costs associated with the project are calculated as 20 percent of the direct employee cost, or \$58,454. A review of OTE budgets from previous years indicates costs for building maintenance, telephone, computers, and space rental charges generally run about 20 percent of total employee costs.

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

Because the nature of this collection of information falls within BIS's generic authority entitled, "DOC/BIS National Security and Critical Technology Assessments of the U.S. Industrial Base," (OMB Control No. 0694-0119), there is no increase in burden hours (no adjustments or program changes).

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

All data collected will be aggregated before publishing to protect company confidentiality. The surveys will be provided electronically to the 9,000 companies/organizations in early June 2012. The analysis and report writing will be started in October 2012 and a draft report will be prepared by the end of February 2013. The final report is planned for publication in April 2013.

**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. BIS will display the expiration date of this information collection authority on all survey and instructional instruments the public receives.

**18. Explain each exception to the certification statement.**

Not applicable.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not applicable.