

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

**Defense Industrial Base Assessment:
U.S. Infrastructure for Underwater Acoustic Transduction Systems
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. Department of the Navy, Office of Naval Research (ONR) is undertaking a defense industrial base assessment of the U.S. Infrastructure for Underwater Acoustic Transduction Systems. The principal purpose of this data collection and assessment is to analyze the health and competitiveness of the industry and other supporting elements in the industrial base and to develop recommendations to ensure the ability of the industry to support Navy missions and programs.

By working together, OTE and ONR seek to benchmark the underwater acoustic transducer infrastructure (companies, universities, government facilities) in order to better understand the complicated supply chain which supports defense critical systems. ONR is concerned about the aging workforce that is responsible for maintaining and upgrading our nation's underwater acoustics transducer technology base combined with the issues of tightening defense budgets and limited commercial applicability. OTE will be able to analyze the health of the industrial base that supports individual Navy programs, better understand the interdependencies among programs and suppliers, as well as evaluate the possible need for Navy driven 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, government facilities) in the U.S. infrastructure for underwater acoustic transduction systems. Information collected will include government/commercial revenue, financial and operational health, employment and skills, production capacity, ownership, unique capabilities and technologies, test and calibration capabilities, and other relevant topics. When completed, OTE will highlight companies/organizations that provide critical, unique and necessary capabilities for the Navy and the national security community. In addition, OTE will be able to identify warning signs of financial, economic, workforce and other competitiveness problems for particular firms/products/services/unique capabilities that could be impacted by declining defense budgets.

While ONR is the lead organization working with OTE, a number of private small and medium size companies, universities and government facilities have also provided input regarding the survey. This includes the Naval Undersea Warfare Center, BTEch Acoustics, Wilcoxon and the University of Rhode Island.

OTE has authority under Section 705 of the Defense Production Act of 1950, as amended and Executive Order 13603 (replaced EO 12656), to conduct assessments and collect information 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 enclosed 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 firms/organizations that participate in the U.S. infrastructure for underwater acoustic transduction systems; 2- determine sales, capital investment, research & development spending, calibration capability, workforce levels, etc.; understand respondent supply chain relationships; gather information on U.S. and non-U.S. customers; 3- identify trends and develop findings regarding the U.S. infrastructure for underwater acoustic transduction systems; and 4- provide government and industry representatives with a comprehensive overview of the infrastructure as a benchmark to plan for projected budget cuts and market challenges which 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 50 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 100 companies and organizations (universities and government facilities) representing all aspects of U.S. infrastructure for underwater acoustic transduction systems that directly support the development, production and sustainment of products and services across the defense and commercial 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. infrastructure for underwater acoustic transduction systems.

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, 2012 CAD/PAD industry and 2012 Commercial Electro-Optical Satellite Imagery and the 2012 U.S. Space Industry 'Deep Dive' 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. underwater acoustic transduction 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. underwater acoustic transduction infrastructure, we are expecting almost all organizations 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. infrastructure for underwater acoustic transduction systems 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 firms/organizations that participate in the U.S. infrastructure for underwater acoustic transduction systems; 2- determine sales, capital investment, research & development spending, calibration capability, workforce levels, etc.; understand respondent supply chain relationships; gather information on U.S. and non-U.S. customers; 3- identify trends and develop findings regarding the U.S. infrastructure for underwater acoustic transduction systems; and 4- provide government and industry representatives with a comprehensive overview of the infrastructure as a benchmark to plan for projected budget cuts and market challenges which 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

Mike Traweek, Office of Naval Research – 703-696-4112
Steven Crocker, U.S. Navy – 401-832-6131
Darrell Spires, U.S. Department of Commerce – 202-482-1954

Industry

Gene Cumm, Northrop Grumman – 410-260-5414
J. Clay Shipps, Wilcoxon – 301-216-3030

David A. Brown, BTech Acoustics – 401-261-9813
University

Christopher Baxter, University of Rhode Island – 401-874-6575
Victor W. Sparrow, Pennsylvania State University – 814-865-3162
Kevin B. Smith, Naval Postgraduate School – 831-917-4902

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. Infrastructure for Underwater Acoustic Transduction Systems survey effort will be approximately 1,400 hours. This is based on distributing surveys to approximately 100 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 \$49,000. This estimate was calculated by assuming a respondent average work rate of \$35 per hour multiplied by the total burden hours of 1,400.

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. This is the fourth time BIS has used this authority in FY2012 (a total of 318,400 authorized hours). An unused balance to the authority of 82,380 annual burden hours (83,780 minus 1,400) will remain if the survey assessment is approved under this authority.

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 100 companies/organizations in late July 2012.

The analysis and report writing will be started in November 2012 and a draft report will be prepared by the end of February 2013. The final report is planned for publication in May 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.