

Small Business Administration
Paperwork Reduction Act Submission
SBIR/STTR Databases (TechNet) OMB Control Number 3245-0356

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.

The Small Business Act (SBA) requires SBA to collect data from the Federal agencies that participate in the SBIR and STTR Programs and report to the Congress information regarding applications by and awards to small business concerns (SBC) by each of these agencies. The SBA also requires SBA to maintain searchable, electronic databases that include pertinent information concerning each SBIR and STTR award made through the programs. SBA maintains one central, relational database, which is referred to as Tech-Net and is located at www.SBIR.gov. In order to more easily differentiate what data is collected, from whom, at what interval, and who has access to it, SBA has subdivided the Tech-Net Database into “sub-databases.” Of these “sub-databases,” the Company Registry, Application Information, and Commercialization Databases are the only collections that record data from program applicants and participants.

The SBA also requires a “simplified, standardized and timely annual report” from each Federal agency participating in the SBIR program. The report includes information that is provided by the SBCs that apply for SBIR and/or STTR awards or that receive such awards. See attached copy of the statutory authority (15 U.S.C. § 638(k)) for a description of this information collection. See also attachments labeled Appendices IV, V, and VII for complete list of the specific information to be collected. These appendices are presented as they appear in the Policy Directives for the SBIR and STTR programs to help alleviate confusion.

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 received 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. The information in the Company Registry, Application Information Database, and the Commercialization Database is used for evaluating and determining eligibility for the SBIR and STTR programs in accordance with the SBIR/STTR Policy Directives issued by SBA.

Company Registry: The database includes ownership information from the small business at time of application for an SBIR or STTR award. The information is used to help determine eligibility for the award. The registry also is used to provide a mechanism for meeting the

statutory requirement that small businesses that are majority-owned by venture capital operating companies (VCOCs), hedge funds and private equity firms be registered. See, 15 U.S.C. § 638(k).

Modification: None.

Application Information Database: The information in this database is collected directly from SBC applicants through the participating agencies online. The data includes company name, size, and location, key individuals associated with the proposed research, project aims, and a 200-word technical abstract.

In addition, for purposes of the STTR Program only, this database also includes 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.

The information is used for program reviews and audits performed by the awarding agencies or the Government Accountability Office (GAO), to help identify potential duplication of research and development efforts funded by the SBIR/STTR agencies.

Modification: None

Commercialization Database This database collects measures of commercial success, such as a company's total sales, external investment amounts, the number of patents filed, the valuation of an initial public offering (IPO), and information on whether the small business merged with another company or was acquired. Only the awardees, SBA, or the awarding Federal agency can change the commercialization data. Awardees can update their information at any time. The collected information is used by the SBA and other agencies to assess the performance of individual awardees and the overall performance and 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 use a nondisclosure agreement with the Federal Government covering the use of the database.

Modification: With this submission, a few data fields are being added to this database to collect information regarding Commercialization. These new fields are being added for consistency with the requirements set out in the SBIR and STTR Policy Directives as well as to provide better metrics for evaluating the commercialization efforts of participating companies. The following is a brief description of the new information and the basis of requesting it.

Spinoff – field was added to capture whether the awardee had created other business spinoffs as result of the work it was able to perform under the award.

Copyright – field was added to capture the number of copyrights resulting from the work performed under the award

Investment Type – field was added to identify the source of the additional investment (eg – venture capital or other private business sources

Sales Type – field added to provide a breakout of sales by customer (eg – public (Federal – State – Local)/private)

Phase III Value – field added for awardee to provide the dollar amount of the Federally fund SBIR/STTR Phase III award

Phase III Launched/Implemented (Commercialization Readiness Program -CRP) – field added for awardee to add start date of Phase III under the CRP

Phase III Narrative – added to allow firm to provide a detailed description of their work on the Phase III award

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 the burden.

Information contained in all of the databases described in the preceding sections is accessed and maintained using the Tech-Net online platform at www.SBIR.gov. The website interface allows for the online submission of SBIR and STTR application and other program data from the participating agencies. SBIR.gov also allows agencies to perform keyword searches, modify the scope of the reports, and create formatted reports of award information that are exportable into Excel files. Potential research partners and investors can also use TechNet to view research and development efforts that are ongoing in the SBIR/STTR programs, increasing the investment opportunities for the SBCs that participate in the programs. .

The information for the Commercialization 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 agency only databases will populate the questionnaire automatically, therefore, requiring only verification by the applicant; totals or percentages will also 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 use 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. As an added check on duplication, SBA checks company records against the System for Award Management (SAM) and Federal Procurement Data System (FPDS) when updating or creating any new record in the TechNet databases.

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-I), describe any methods used to minimize burden.

SBA has and will continue to take steps to minimize the burden associated with this information collection. First, where possible, SBCs only need to submit certain information once; the collection system will auto populate certain fields and the information will be electronically available to all participating agencies. This would obviate the need for SBCs to send the same information to all agencies separately. Second, 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 application process at the federal agencies that participate in the SBIR/STTR programs.

6. Consequences if collection of information is not conducted

Describe the consequence to the 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 SBIR/STTR reporting requirements for small business are designed to help minimize fraud, waste, and abuse in the program. SBA continues to be on the forefront of addressing fraud, waste, and abuse issues by working with the SBA Office of Inspector General (OIG), as well as with the SBIR OIG Working Group comprised of IGs from the eleven agencies participating in the SBIR program.

Further, 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. Failure to collect this information would hamper the ability to effectively evaluate and monitor the programs. The agencies and SBA would not be fully compliant with the statute if the information is not collected and reported. Likewise, collecting this information less frequently, e.g., pursuant to every other award instead of every 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 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 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;*
- 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 SBAAct (15 U.S.C. § 638(k)) requires that data on commercialization be collected and be considered proprietary, and protected from public disclosure. The SBA protects this data by restricting access to the Commercialization database to only those individual government employees who receive access to these databases as part of their job requirements. The SBAAct (15 U.S.C. § 638(k)) also directs SBA to request that all SBCs receiving a Phase I or Phase II award voluntarily update certain information about their awards annually for a period of five years. All other information collected requires the respondents to retain records, other than grant/contract or tax records, for no more than three years.

Further, SBCs have to input some of this information, or update this information, each time they receive an award. That could mean information would be provided more often than quarterly.

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, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize comments received. Describe efforts to consult with persons outside the agency to obtain their views...

SBA published a notice for public comment on this information collection in the Federal Register at 80 FR 31442 on June 2, 2015. The comment period ended on August 3, 2015. SBA did not receive any public comments.

9. Payment of 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.

Pursuant to 15 U.S.C. § 638(k)(4), certain information provided to the Company Registry, Application Information Database, and the Commercialization Database are only accessible to government personnel and are privileged and confidential and not subject to disclosure pursuant to 5 U.S.C. § 552, Freedom of Information Act (FOIA), and must not be considered to be a publication for purposes of 35 U.S.C. § 102 (a) or (b). In addition, the collection of other business information may implicate the Trade Secrets Act and therefore subject to protection under Exemption 4 of the FOIA. Any information not specifically protected will nonetheless be protected to the extent permitted by law.

11. Questions of a sensitive nature

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.

This information collection includes data that is, or may be considered sensitive; however, as discussed below, some of this data is either statutorily required and protected from disclosure, or can be justified as the most effective means to achieve agency objectives.

First, each applicant to the SBIR or STTR program is being asked to provide their Employer Identification Number (EIN) as part of the application. If a company is a sole proprietorship, the EIN is generally the owner's social security number. 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 EIN 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.

Second, the programs also require SBCs to report the ownership percentages for equity investors as required in the SBA Act (15 U.S.C. § 638(k)). This information is sensitive because SBCs do not want this information divulged to competitors. This knowledge has the potential to discourage private investments in the firm.

Third, SBA must also 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 information is collected, this data field is not shared publicly or with any individual who has not been approved for access to the site. Refer to the attached Appendices below for detailed information about the data fields that remain private. The information identified in section 11 of this document is used by SBA to fulfill

its responsibilities for oversight and reporting on each program's implementation of the SBIR and STTR programs.

Fourth, the SBA Act (15 U.S.C. § 638(k)) requires that the programs collect and track potentially sensitive data related to the identity and nationality of the owners of the applicants as well as convictions of fraud related crimes. This data includes information on whether the applicant and awardee is: a woman-owned small business; has a principal investigator who is a woman; is owned by a socially or economically disadvantaged individual; has a principal investigator who is a socially or economically disadvantaged individual; has an investor that is an individual who is not a U.S. citizen or permanent resident alien (include the name of such individual); and has an investor that is an entity, which is not organized under the laws of a State or the United States (include the name of investor) (as defined by 20 U.S.C. §1001 et. seq.).

The website for the Commercialization 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 granted by SBA. The data will be protected using Point-To-Point Session Encryption. All logins are protected by "https," the industry standard for encryption. The same standards, disclosures, and security measures defined and applied in the Commercialization database are being applied to the Application Information Database and the Company Registry. .

12. Estimate the hourly burden of the collection of information

Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated...

Information will be collected from small businesses once whenever possible. This means that the annual reporting burden on small businesses will decrease each year a returning applicant applies to the program because applicants will only be updating changes and confirming data previously reported has not changed. The reporting burden estimates provided below are conservative estimates, since it is assumed that all applicants are applying to the program for the first time. In practice, however, many small businesses applying to the SBIR and STTR programs are returning applicants.

(a) The Company Registry and Application Information Database will contain information from Phase I and Phase II applicants.

For basic company registry information SBA has estimated the following: each year an estimated 14,500 applicants submit approximately 29,500 applications for awards: 27,000 for the SBIR program and 2,500 for STTR. SBA estimates that these applicants require 1 hour to read the directions, gather the required information, and to provide the requested information to the databases. This represents a total burden of about 29,500 hours per year.

For advanced company registry information SBA has estimated the following: Based on the regulatory limits in the program on venture capital, hedge fund, and private equity majority

backed firms we estimate that roughly 2,950 applicants, or 10 percent of the current applicant pool, will provide information that we categorized as “advanced.” We estimate that these applicants will take 5 times the amount of time required by those applicants who only need to report “basic” information. The estimate is approximately 5 total hours of time to gather both basic and advanced company registry information. This represents a total burden of about 14,750 hours per year.

(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 3,500 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 1.5 hours to read the directions, gather the required information, and to complete the survey each year for a total of 5,250 hours a year.

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 \$51.43/hour. At this hourly rate, the estimated annual cost of the information collected from applicants for “basic” company registry information and applicant data with an estimated annual burden of 29,500 hours is \$1,517,185. The estimated annual cost of the information collected from applicants for “advanced” company registry information with an estimated annual burden of 14,750 hours is \$758,593. The cost burden for Commercialization survey, with an estimated annual burden of 5,250 hours, is \$270,008.

The total estimated number of hours to small businesses per year is 49,500 hours. The total estimated annual cost associated with these databases and surveys is \$2,495,295.

13. Estimate the total annual cost burden for submission

Provide an estimate for the total annual cost burden to respondents or recordkeepers 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 Company Registry, Application Information Database, or the Commercialization 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. Annualized Cost to the Federal Government

Provide estimates of annualized 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.

The SBA estimates that the annual cost to the federal government of collecting and maintaining Tech-Net will be equivalent to three full time equivalent government or contractor employees. Employees with the required skills for this work are estimated to be equivalent to the GS 14, step 1 level in the Washington, DC area, who make on average \$51.43 per hour or \$107,325 per

year. The total estimated labor costs for three employees at the above pay rate are estimated to be \$321,975. Hosting for the website and related databases are estimated to cost \$50,000 a year. Total annual combined costs for labor and web and database hosting is \$371,975.

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-I

There is a decrease in burden hours previously reported due to a reduction in the estimated number of firms reporting, including the percentage of firms that would apply as majority venture capital, hedge fund, or private equity firms. This percentage was reduced from 25% to 10%.

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 complex analytical techniques... Provide time schedules for the entire project...

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. Not all of the information collected is specifically set forth in these reports; rather, summary information is published.

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 why the display would be inappropriate.

Not applicable.

18. Exceptions to certification in block 19 on OMB Form 83-I

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

Not applicable.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent select

Not applicable.