

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

**Defense Industrial Base Assessment:
U.S. Air Force/Boeing C-17 Aircraft Program Industrial Base
OMB Control No. 0694-0119**

A. Justification

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

The Bureau of Industry and Security's Office of Technology Evaluation (OTE) is conducting an industrial base survey and assessment of the supply chain impacts resulting from cancellation of the U.S. Air Force/Boeing C-17 aircraft program. This study is being conducted at the request of the Defense Department's Office of Economic Adjustment (OEA) and in close coordination with the City of Long Beach, California.

The principal goal of this effort is to characterize the industrial base impacts resulting from the recent cancellation of the C-17 aircraft program. This information will help ongoing and future initiatives by OEA and the City of Long Beach, among other municipal organizations impacted by C-17 aircraft production losses, to implement economic transition and assistance programs.

These assistance programs are intended to (A) minimize the impacts of lost C-17 business on participating subcontractors and suppliers that support the C-17 aircraft program while also (B) helping affected companies take the necessary steps to remain healthy and competitive.

The mission of the Defense Department's OEA is to support economic adjustment strategies involving technical and grant assistance for companies in the defense industrial base that are impacted by cuts in U.S. defense spending. These adjustment strategies generally focus on regional job creation and community economic diversification.

In addition to learning of the current and pending impacts resulting from the C-17 aircraft program's cancellation, the resulting survey-based database will allow OEA to benchmark industry performance, identify key interdependencies within the supply chain network, as well as raise awareness of part obsolescence and diminishing domestic manufacturing capabilities.

During its design and development of the survey instrument, OTE conducted site visits, gathered inputs from industry, academia, and the U.S. Government, and later field tested the draft instrument with both companies and government experts. Among them were Honeywell International, The Boeing Company, the City of Long Beach, and regional offices of the U.S. Department of Commerce's International Trade Administration (ITA).

BIS' OTE has authority under Section 705 of the Defense Production Act of 1950 (DPA) and Executive Order 13603 to conduct assessments and collect information in support of the U.S.

industrial base. These assessments are normally undertaken in partnership with the U.S. Department of Defense or with other U.S. federal agencies and typically focus on defense manufacturing capability, supply chain resiliency, workforce, investment and financial performance, and economic issues affecting key industrial sectors or critical technologies.

The enclosed survey questionnaire, which covers a five-year period, is the primary source of information needed for a defense industrial base assessment of this type.

By virtue of the above mentioned statute and executive order, OTE is the focal point for industrial base and critical technology analyses among civilian federal agencies, which includes mandatory data collection authority to carry out these responsibilities. OTE has conducted nearly 60 surveys and assessments of this kind in the past 29 years under various defense industrial base programs.

These studies typically review in detail those industries with challenges relating to workforce/STEM, international competition and trade, investment, sales, and financial performance, manufacturing capability, supply chain resilience, foreign sourcing and dependencies, USG program participation, cyber security, and other factors affecting the support of defense and national security programs. This survey instrument is designed to collect information necessary to conduct such 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 650 industry organizations affiliated with the C-17 aircraft program.

The survey is a one-time only request. Quantitative data obtained from the survey responses will be compiled into a database for analysis, with publication consisting only of aggregate, nonproprietary results with no business confidential information. This data is needed to assess the impacts of C-17 program cancellation on the industrial base and for the development and implementation of adequate economic transition and assistance programs.

Additionally, qualitative questions are used in limited cases to complement the statistical information.

Through analysis of the aggregated survey results, the overall goal is to first characterize the industrial base impacts resulting from the cancellation of the C-17 aircraft program and then implement appropriate economic adjustment strategies to address said impacts.

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 asking firms to provide electronic submissions. Each respondent will receive a personalized letter and overview fact sheet which outline the requirements of the study and scope of information required. The letter will contain directions to the dedicated U.S. Department of Commerce portal where the respondent can gain access to the Excel survey instrument and corresponding PDF materials. This approach was successfully implemented for the 2016 Textiles, Apparel, and Footwear, 2017 Integrated Circuit Design and Manufacturing, and 2017 Rocket Propulsion surveys. All three survey instruments were reviewed and approved by OMB.

The statistical information requested in the survey tracks closely with categories adopted in the industry and verified by field tests. Almost all responding companies will have the necessary information stored electronically and will be able to retrieve it in the form requested. Other limited questions will require thought and perhaps discussion among several individuals for proper responses. These particular questions do not lend themselves to computer automation. However, such 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 data requested by OTE is submitted by companies to the U.S. Census Bureau. However, the Census Bureau is precluded by law from releasing information on specific companies and organizations.

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

The C-17 aircraft program supply chain network is comprised of medium and large companies, primarily; however, the survey will be distributed to some small businesses. The survey instrument was designed to minimize the burden on all respondents. If for any reason the respondent cannot complete the survey in Excel format, OTE will work closely with the respondent to facilitate an alternate form of survey submission. Based on previous survey instruments, OTE expects almost all companies 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.

For the assessment of the U.S. Air Force/Boeing C-17 aircraft program, a survey is the only method available for OTE to carry out its responsibilities under the Defense Production Act and Executive Order 13603. Without the survey instrument, OTE could not obtain company specific information on workforce/STEM, investment, sales, and financial performance, domestic manufacturing capability, supply chain resilience, foreign sourcing and dependencies, USG program participation, cyber security, and other factors affecting C-17 aircraft program supplier health and competitiveness. This information will help ongoing and future initiatives by OEA and

the City of Long Beach, among other municipal organizations participating in C-17 aircraft production, to implement adequate economic transition and assistance programs.

This method of data collection will allow OEA and other stakeholders to more accurately monitor industry trends and benchmark performance related to the cancellation of the C-17 program. Absent the insights generated from this information, such as reduced U.S. manufacturing capability, sole source non-U.S. supplier relationships, or USG program interdependencies, U.S. defense and civil capabilities could be jeopardized.

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 response information will contain business confidential information which will be protected by the U.S. Department of Commerce, Bureau of Industry and Security, consistent with OMB guidelines and 15 CFR Part 702.

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,” as approved under OMB Control No. 0694-0119. This authority is renewed by OMB every three years (last in 2016) to support ongoing BIS industrial base assessment needs.

OTE developed the survey in consultation with U.S. Government and industry experts over a period of several months. The following is a list of select individuals who provided input:

Government

- Daniel Glasson, Office of Economic Adjustment, 703-901-7670
- John Thornquist, Washington State Department of Commerce, 206-256-6109

Industry:

- Art Sauls, Composite Solutions Corporation, 253-245-5119

- Don Adkins, Precision Coil Spring Company, 626-444-0561
- James Fullaway, The Boeing Company, 714-896-4512
- Michael Tate, Honeywell International, 602-738-1357
- Thomas Innocenti, Teledyne Controls, 310-765-3682
- Tracy Knuff, Eaton Industrial Corporation, 616-831-8384

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 U.S. Department of Commerce portal. Information submitted will not be shared with any non-government entity, other than in aggregate form. 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 respondents by this survey and assessment of the U.S. Air Force/Boeing C-17 aircraft program industrial base will be approximately 6,500 hours. This is based on distributing surveys to approximately 650 respondents with an average time of 10 hours needed to complete each survey.

This burden estimate is subject to variations due to discrepancies in the levels of participation in the C-17 supply chain network, record keeping, company size, and other areas. The 10 hour projection is based on OTE's overall past experience, as well as specific feedback from industry participants in information collections such as bare printed circuit boards, cartridge and propellant actuated devices, underwater acoustic transducers, strategic materials, microelectronics, the U.S. space sector, healthcare products, and others.

The estimated total cost to respondents of this information collection is calculated as \$227,500. This estimate was made by assuming an average hourly respondent work rate of \$35 multiplied by 6,500 total burden hours.

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 \$318,647 over a one-year period. A major portion of this cost is related to the survey questionnaire, which includes preparing, 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, about one-year equivalent, or 52 weeks and taking the one-year annual pay of one GS-15, step 10 and one GS-12, step 10. The direct employee costs are \$265,539.

Indirect or overhead costs associated with the project are calculated as 20 percent of the direct employee costs, or \$53,108. 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 third time BIS has used this authority in FY2017 (a total of 201,000 hours authorized in 2017). An unused balance of 183,300 annual burden hours (189,800 less 6,500 hours) will remain if the survey instrument 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 distributed to the 650 companies in September 2017. The analysis will begin in November 2017 and a compendium of results will be prepared by January 2018. The final results presentation is planned for February 2018.

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 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.