

SUPPORTING STATEMENT FOR EXECUTIVE ORDER 13806 SURVEY: ASSESSING AND STRENGTHENING THE MANUFACTURING AND DEFENSE INDUSTRIAL BASE AND SUPPLY CHAIN RESILIENCY OF THE UNITED STATES

OMB No. 0704-AALC

PART A: JUSTIFICATION

A.1. Introduction and authoring laws and regulations

A.1.1. Overview

The Department of Defense requests clearance to collect data necessary to assess industrial base capabilities and capacities in support of Executive Order 13806: Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States.

Executive Order (EO) 13806 directs the Department of Defense (DoD) to assess, analyze, and make recommendations that would promote a more robust, secure, resilient and innovative industrial base. The EO requires a new survey of industry because information collected during previous government surveys does not include data related to industrial capacity with respect to military readiness, ongoing military operations, and the strategic planning of DoD.

The survey is designed to gather information about a company's ability to increase capacity while considering predetermined limitations like workforce buildup, production space, machinery availability, and supply chain. The survey also requests information about the cost and time required to increase capacity.

The information collected will be used by DoD to: (1) identify shortfalls in the industrial base supply chain (tiers 1-7); (2) conduct scenario-based modeling activities to assess industry's ability to meet DoD requirements, and (3) make actionable policy, legislative, investment, and/or additional analysis recommendations to the President to strengthen the U.S. industrial base and supply chains.

DoD is not performing a statistical analysis. Data collection is not based on statistical sampling and will not be used to draw generalized conclusions of the defense industrial base universe. Whereas a typical survey might target a percent (sample) of the companies and draw conclusions about the overall state of industry, DoD is attempting to determine industry's ability to meet national defense requirements on a case-by-case basis using a deterministic optimization model. For each area of the supply chain, the population is equal to the sample size. Only the portions of the defense industrial base supply chain for which respondents provide data will be assessed in the DOD analyses.

The data collection success criterion is not based on the percentage of responses received, but the ability to gather specific, deterministic information to determine whether the capacity for a specific product under study is enough to meet national requirements. For example, assume

DoD's demand for a product is X and the surveyed companies provide capacity Y . If $Y > X$, then the model concludes that industry is capable of meeting the production requirement for that specific product. On the other hand, if $Y < X$, the model will identify a shortfall for that product. To avoid inaccurate conclusions, the EO evaluation team will assess whether the available capacity data used in the analysis is representative of the total capacity available in the market. If it is not sufficiently representative, the EO evaluation team may recommend the collection of additional data for that specific part of the supply chain to accurately estimate the total capacity in the market and complete the analysis.

DoD is leading the study; the data collected from the survey and other government sources will be grouped by sectors and areas of interest. Sectors include: aircraft, chemical, biological, radiological, and nuclear munitions, electronics, ground systems, strategic and critical materials, missiles, munitions, nuclear, sensors, shipbuilding, space, and soldier systems. Areas of interest include: workforce development, organic base, cybersecurity for manufacturing, and software. For each of the sectors and areas of interest, a working group composed of subject matter experts from DoD and other government agencies will review and assess the data received from the survey and other sources. The Institute for Defense Analyses (IDA), a federally funded research and development center (FFRDC), is conducting scenario-based analyses on behalf of DoD. Hereinafter, we will refer to all the personnel supporting the EO as the "EO team." The scenario-based analyses will include a comprehensive assessment of industrial base risks, industry's ability to meet production requirements, and actions required to reduce risk by strengthening the industrial base and associated supply chains. The EO team will base their assessments on results derived from the following analyses:

- An **industrial base risk assessment** will identify supply chain risks based on previous assessments, consolidate the data by sectors, evaluate the current status of the risks, and establish prioritized mitigation strategies based on the likelihood of occurrence and its impact to the Department. The EO team will define main risk categories and develop overall recommendations to mitigate the risks through policy and legislative changes, and investment decisions. The EO team may also recommend deep-dive assessments of specific areas of the industrial base and supply chain.
- **Scenario-based analyses using modeling & simulation** will examine industry's ability to respond to national security requirements. The deterministic optimization model, developed by IDA, will evaluate industry's capabilities and capacities against scenario-based requirements using the data collected through the survey. The outputs of the modeling and simulation activity will provide an assessment of defense weapon system shortfalls and inventory risk, estimates of prioritized industrial base investments, optimal mitigation costs, labor cost estimates, and optimal purchasing strategies. The EO team will use these outputs to provide recommendations to meet national security requirements.

A.1.2. Background

Since 1994, the Office of the Deputy Assistant Secretary of Defense for Manufacturing and Industrial Base Policy (MIBP), within the Office of Under Secretary of Defense for

Acquisition, Technology and Logistics (AT&L), has provided Congress with an Annual Industrial Capabilities (AIC) report summarizing DoD's industrial capabilities-related guidance, assessments, and actions. The AIC report provides a description of and status on the assessments of the industrial base and a list of investments to be funded in the future under the authorities of Title III of the Defense Production Act (DPA) of 1950.

Recent industry surveys gather information on the status quo of the industrial base – they do not request information related to industry's ability to increase capacity to meet scenario-based requirements. In addition to collecting information on the status of the defense industrial base, the survey for EO 13806 aims to gather information related to risk mitigation options and improvements in supply chain robustness. Although there have been studies and surveys that partially address the data required to run the IDA model, there is no information available about a company's ability to increase capacity and there is limited information about the cost and time required to achieve the production requirements and the input/output ratios to manufacture a product. As such, a request of industry is necessary in order to properly determine if the industrial base is capable of meeting specific scenario-based requirements.

A.1.3. Legal authority

EO 13806, signed by the President on July 21, 2017, directs DoD – in coordination with the Departments of Commerce, Labor, Energy, and other supporting agencies – to identify, assess, and make recommendations in support of a more robust, secure, resilient and innovative industrial base.

A.2. Description of collection

MIBP will have oversight of all EO 13806 data collection activities. MIBP, IDA, and the other members of the EO team will be the primary users of the data. MIBP will provide an unclassified public report summarizing the response to the EO. Classified appendices providing further information in each of the sectors may include aggregated information from the survey, but individual information provided by industry will not be published.

A.2.1. Industry Outreach Strategy

The EO team will maximize survey responses by conducting (1) direct outreach of targeted facilities and (2) indirect outreach via other partner agencies and industry associations. Direct outreach will include meetings such as focus groups, town halls, etc. and/or phone calls with industry to provide information about EO 13806 and request participation in the survey. Indirect outreach will include information dissemination via MIBP and other agencies websites, briefing slides, and speaking engagements at large industry events to amplify messaging around the existence of EO 13806 and promote participation in the survey. All outreach materials aim to stimulate industry engagement and encourage survey responses. Outreach material will include background on the EO, intentions of the survey and assessment, the requirements of the EO response, and frequently asked questions (FAQs).

A.2.2. Follow-up surveys

This is a one-time data collection to support EO 13806. No follow-up surveys are planned.

A.2.3. Implementation Data Collection Instruments

EO 13806 survey data collection will begin in December 2017 for a period of 30 days. The data collection period may be extended.

Industry will receive the survey via the following mechanism(s):

- Directly from the government. The survey will be posted on MIBP's public-facing website (www.businessdefense.gov) as a downloadable Excel document. MIBP's website will provide background information on the EO as well as FAQs and contact information for a survey help desk. The same web content and downloadable Excel document will be provided to the EO 13806 partner agencies and organizations for posting on their respective websites (e.g. Department of Commerce's Manufacturing Extension Partnership website).
- Via industry associations. Industry associations include, but are not limited to, the Aerospace Industries Association, the National Defense Industrial Association, and other similar organizations, who will send the survey (downloadable Excel document) out to their industry members with the accompanying background information and instructions. This activity may also occur related to an industry engagement activity as outlined in Section A.2.1.

Once surveys are received, the EO team will review the data for integrity and share it (electronically and securely) with IDA for analyses via the model. The model outputs will be provided back to the EO team for use in creating recommendations per the EO instructions.

A.3. Use of information technology to collect the information

The EO team will employ information technology to standardize, accurately collect, and protect business confidential data. The EO team will also use information technology to assist with response tracking and follow-up with industry to clarify/complete survey data.

Industry access to the survey instrument will be provided in multiple ways. Industry will have access to the EO survey through MIBP and other partner agency websites. Industry also may request the survey via phone and/or e-mail.

MIBP expects that in most cases, industry will download the survey as a downloadable Excel document directly from MIBP or partner agencies' websites. All survey responses will be collected electronically via encrypted email with completed surveys (Excel documents) attached.

The assessment will include a modeling and simulation exercise using a software developed by IDA.

A.4. Why the information collected will not duplicate existing information

While some data may be available, additional data (i.e., lower tiers of the supply chain) is necessary to run IDA's model. DoD identified gaps in the existing data with the objective of

reducing the scope of the survey and requesting only information not currently available via existing government sources. Information about capacity projections under different scenarios is unique and not already available for use or adaptation from another cleared source.

A.5. Minimizing burden on small businesses or other small entities

The EO team will encourage small businesses providing defense-related products to complete the survey, as they are often a critical and/or sole source supplier for key technology in the industrial base. Preliminary engagement with small businesses indicate they are interested and enthusiastic about the opportunity to provide this information directly to the government.

The survey collects the minimum amount of information required for the IDA model. In addition, a survey help desk will be available by phone or email to facilitate survey completion and minimize the burden on small businesses.

A.6. Consequences of not collecting information or collecting it less frequently

This one-time data collection seeks to assess the ability of the industrial base to meet national security needs. If the information is not collected, DoD will be unable to determine if the industrial base is capable of meeting output requirements in specific ongoing and emergency scenarios. This knowledge is essential in meeting the requirements of EO 13806 to assess and make recommendations in support of a more robust, secure, resilient and innovative industrial base.

A.7. Special circumstances

The proposed data collection activities are consistent with the guidelines set forth in 5 CFR 1320.5 (Controlling Paperwork Burden on the Public, General Information Collection Guidelines). There are no circumstances that require deviation from these guidelines.

A.8. Solicitation of public comment and other consultation with the public

A.8.1. Federal Register Notice (FRN)

The Department of Defense is requesting emergency processing of this request under 5 CFR § 1320.13, and requested a waiver of the 60-day FR Notice requirement under 5 CFR § 1320.13(d). The 30-day FRN was published on October 26, 2017 at 82 FR 0704-AALC. If DoD receives comments in response to this Notice, they will be forwarded to OMB.

A.8.2. Consultation for Survey Development and Data Collection

The EO team consulted with industry analysts, researchers, survey developers, IDA's model development team, and sector subject matter experts to design the survey and develop the implementation of the data collection discussed in this information clearance. Since this assessment is not based on a statistical model, no plan to evaluate statistical results is necessary.

Table 1. Individuals consulted on the survey design and implementation of the data collection

Name	Phone number	Affiliation
------	--------------	-------------

Dr. Jim Thomason	703-845-2480	IDA
Dr. Justin Lloyd	703-845-6671	IDA
Ms. Julie Kelly	703-845-6961	IDA
Dr. Daniel Lago	703-845-2199	IDA

A.8.2. Consultation with Industry for Survey Test

The EO team conducted a beta test of the survey with companies from the industrial base. The survey was revised based on findings from the beta test. The beta test provided an accurate estimate of respondent burden as required by OMB. The beta test also assessed flow and respondent comprehension.

A.9. Payments or gifts to respondents

No payments or gifts are being offered to respondents as an incentive to respond to the survey.

A.10. Assurances of confidentiality

Privacy Act Statement, System Record of Notice, and Privacy Impact Assessment are not required for this collection because the DoD will not request personal information for a system of records. Personally-Identifiable Information (PII) will not be collected.

The data collected will reside in DoD servers for a period of five years. IDA will only use the survey data for EO modeling and simulation purposes, and will delete it once outputs and associated reports are completed and delivered to MIBP.

Information gathered through this data collection will be considered proprietary and sensitive but unclassified according to DoD Manual 5200.01. Proprietary information is Freedom of Information Act (FOIA) exempt.

A.10.1. Data protection

The EO team will use strict procedures for maintaining the security and integrity of data. Secured, firewalled electronic systems and computer networks are used for the storage and processing of the data. The survey will include the following privacy warning regarding data handling:

“This is a voluntary survey. Information provided will be deemed proprietary and sensitive but unclassified according to DoD Manual 5200.01. Proprietary information is Freedom of Information Act (FOIA) exempt and will not be published or disclosed unless required by law. The Government shall protect against the unauthorized use or release of information that includes contractor attributional/proprietary information. Note that information will be received and processed by personnel supporting the Executive Order (EO), including DoD personnel, DoD support contractors, and Federally Funded Research and Development Center (FFRDC) personnel. Other government agencies may have access to the data to support DoD. DoD support contractors and FFRDC personnel supporting the EO have executed non-disclosure

agreements with the DoD prohibiting them from disclosing sensitive information to unauthorized personnel. Information will not be shared with any other non-government entities, other than in aggregate form.”

A.11. Justification for sensitive questions

A.11.1. Recruitment materials and baseline survey

No personal sensitive information will be collected. The survey includes questions related to product price, minimum sustainment rate, and production capacity. This type of information is considered proprietary and sensitive but unclassified according to DoD Manual 5200.01.. To encourage industry participation, the introduction to the survey will remind respondents that DoD will not publish individual respondent data outside government organizations supporting the EO.

A.12. Estimates of public reporting burden

The EO 13806 survey has approximately 100 data entry fields including basic information about the respondent. Many of these data fields allow the respondent to select options from a dropdown menu to reduce the time required to complete the survey. The survey is divided into two main sections – (1) general facility information, and (2) product specific information– and is designed to be filled out by a representative of a facility in the DoD supply chain who understands the utility of their products and has insight into the facility’s manufacturing lines and production capacity. We estimate that the time to fill out both sections is approximately 180 minutes for a qualified respondent entering a single product, with 120 minutes for each additional product. The respondent may include information for up to 15 products supplied by his/her company to the DoD. The number of products entered by each company will vary according to the diversification of the products they provide. For the purpose of this exercise, DoD assumes each respondent will enter an average of 4 products per survey (based on previous data collection). Based on an average of 4 products per survey, the total time to fill out the survey is 540 minutes.

From the universe of potential respondents, using a conservative estimate of respondents based on historical data, the time limitations, and the voluntary nature of this data request, the EO team expects to receive responses from 1,000 members of the supply chain.

The total respondent burden is approximately 9,000 hours. Table 2 provides a detailed calculation of the estimated time to complete the EO 13806 survey.

Table 2. Annual burden estimates

Modality of completion and respondent type	Number of respondents	Frequency	Number of responses	Average burden per response (in minutes)	Total annual burden (in hours)
--	-----------------------	-----------	---------------------	--	--------------------------------

Baseline Survey	1,000	1	1,000	540	9,000
-----------------	-------	---	-------	-----	-------

A.13. Annual cost to the respondents (other)

There are no direct costs to respondents associated with this survey, other than time to complete the survey. The EO team will collect and maintain all survey data, and is responsible for all costs associated with data collection, storage, processing, and other functions related to these data.

A.14. Annualized cost to federal government

The EO team budgeted labor costs by estimating the number of hours for required staff at various wage levels, multiplied by the applicable wage rates. The EO team budgeted labor costs for services and data collection activities associated with this submission, including developing the forms.

Table 3. Annual data collection costs to the federal government

Fiscal Year	Direct Labor Cost
2017	\$85,000
2018	\$137,000
Total	\$222,000

A.15. Program changes or adjustments to the information collection request

This is a new data collection request with a new associated burden.

A.16. Plans for public information collection results

Aggregated data will be published in a DoD report to the White House by April 2018. Any data or report that is publicly released will be aggregated so it does not reveal business proprietary or sensitive information.

A.16.1. Time schedule for analysis and reporting

The expected period of survey data collection begins December 2017 for a period of 30 days. Data collection dates may be extended. The EO team will analyze the data and produce a report in April 2018.

A.17. Displaying the OMB approval expiration date

DoD is not requesting an exception to the requirement to display the OMB approval expiration date. The EO evaluation team will display the OMB expiration date on recruitment materials and surveys.

A.18. Exception to certification statement

DoD is not requesting an exception to the certification requirements at 5 CFR 1320.9 and related provisions at 5 CFR 1320.8(b)(3).