

SUPPORTING STATEMENT
U.S. Department of Commerce
Bureau of Industry and Security
National Security and Critical Technology
Assessments of the U.S. Industrial Base
OMB Control No. 0694-0119

A. Justification

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

Under authority of Section 705 of the Defense Production Act of 1950, as amended and related Executive Orders 12656 and 13603, the Bureau of Industry and Security (BIS) conducts surveys and assessments of critical U.S. industrial sectors and technologies. Undertaken at the request of various policy, research and development (R&D), and program and planning organizations within the Department of Defense and the Armed Services, Department of Homeland Security (DHS), NASA and other agencies, BIS research, data collection and analysis provide needed information to benchmark industry performance and raise awareness of diminishing manufacturing capabilities.

Many Defense and other agencies can no longer afford to conduct such comprehensive surveys and assessments themselves, nor do they possess the analytical capabilities or legal authority to require industry responses. This has made BIS's survey authority, combined with staff expertise and experience, a cost-effective tool for monitoring the U.S. defense industrial base. BIS has a long history of assisting government agencies and industries to better understand critical industrial supply chains, economic trends and trade issues that impact vital sectors and technologies, and overall U.S. national security.

Historically, such assessments were conducted under individual information collection authorizations obtained by BIS from the Office of Management and Budget (OMB), a process that can require a considerable amount of time to obtain. In all cases, the reason for OMB authorization were to obtain permission (under the Paperwork Reduction Act) to collect sensitive business information, generally through the use of a mandatory survey of an industry sector or technology deemed critical to the nation's security. It is not unusual for BIS to submit similar survey instruments in support of each unique assessment, the primary difference being the particular industry/technology being evaluated. The use of a generic clearance process (fast-track) allows BIS to conduct the data collection and final assessments in a shorter timeframe, thus providing policy and program offices with needed results in a timely manner.

Most surveys under this generic clearance include questions necessary to obtain data on employment, supply chain, financial performance, production, technology and service capabilities, R&D, investment, competitive outlook, export controls and other relevant information. Some surveys include a few non-standard questions, depending on the industry and the needs of the partner agency.

BIS utilizes the Defense Production Act of 1950 (DPA), as amended, to both collect and protect

the business proprietary information submitted by the survey respondents. Executive Orders 13603 and 12656 delegate to the Department of Commerce the authority to assess the capabilities of the U.S. industrial base to support the national defense and defense program needs, and develop policy recommendations to improve the international competitiveness of specific domestic industries.

By conducting these surveys and assessments in cooperation with experts from the private sector, academia and other government agencies, BIS ensures that its final assessments are relevant and provide useful findings and recommendations for both government policy-makers and industry leaders.

The following survey-based assessments were conducted since the previous extension approval, including several written reports, such as Footwear, Textiles and Apparel, and Strategic Materials (Titanium, Carbon Fiber and Rare Earth Elements).

Survey Titles:

Integrated Circuit Design and Manufacture
Rocket Propulsion
C-17 Aircraft Supply Chain
Bare Printed Circuit Boards
Underwater Acoustics Transducers
Cost-Metrics and Diminishing Manufacturing Sources and Material Shortages
Space Industry ‘Deep Dive’
Electro-Optical (EO) Satellite Imagery

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.

The collected information is used by BIS's Office of Technology Evaluation (OTE) to prepare an assessment of the financial health, production capabilities and competitiveness of the identified industry sector or technology area. Data elements of OTE survey-based assessments are typically comprised of employment, financial performance, supply chain, production, R&D, investment, export control, competitive outlook, technology and service capability, and foreign sourcing practices of domestic facilities engaged in activity related to defense programs and overall national security. This may include both prime contractor and subcontractor entities, and limited public entities and organizations.

The number of surveys required per assessment varies with the size of the sector and the scope of the project.

BIS surveys usually request three years of historical data, and estimated data for a single year into the future. BIS typically conducts a survey and furnishes a final report within 12 to 18

months of the formal request.

The Section 515 Information Quality Guidelines apply to this information collection and comply with all applicable information quality guidelines, i.e., OMB, Department of Commerce, and specific operating unit guidelines.

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.

Distribution of surveys and the obligation to respond will be accomplished and conveyed electronically through the Internet. Some companies prefer to send the completed survey on an encrypted disk, hand delivered to BIS. Other respondents are offered the option of receiving the survey in manual form in instances where the respondent access to the Internet is limited.

Information technology will be incorporated into the execution of the survey in order to reduce the overall burden on industry respondents, especially small businesses.

BIS has conducted numerous industry and technology surveys in the past 25 years and actively pursues the refinement and updates of its survey techniques and information technology to minimize the burden on the respondents.

4. Describe efforts to identify duplication.

In partnering with other agencies, including the Census Bureau and private organizations involved with a particular industry or technology, BIS will avoid duplication of information being gathered. The vast majority of information that BIS collects from each industry or technology is not obtainable elsewhere.

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

Most technology and industry sectors have a spectrum of large, medium and small (less than 500 employees) businesses. For small firms, BIS has developed and implemented estimate thresholds to relieve these entities from the obligation of responding to portions of the survey instrument. For example, small businesses may only have to provide financial data in aggregated figures while the remaining survey respondents provide full balance sheet and income statement results.

Moreover, prior to submission to OMB, BIS makes every effort to minimize the information collection burden that a survey imposes on the public. For example, BIS circulates a draft survey to government and university experts and representatives of companies within the target industry or sector as a “field test.” Comments received are factored into the survey form. Additional inputs obtained from facility site visits and outside research are also added to the survey. The survey form, typically in Excel format, is constructed for clarity and ease of completion. Drop down and check-the-box answers are used throughout the survey form, thus reducing the overall

burden on industry, especially small businesses.

Additionally, to minimize the time needed to complete the survey form, questions are clearly labeled and grouped by subject. Most of the data requested is common organization management information, requiring a minimal amount of time to gather and insert. There are a minimal number of open-ended questions (typically the most time-consuming and low-yield format) but it does allow respondents to better explain their views on topics of concern. BIS surveys usually request three years of historical data, and estimated data for a single year into the future.

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

The survey data obtained from industry and other organizations is essential for BIS to adequately assess the health and competitiveness of key domestic sectors and any affiliated critical technologies. Questions addressing fundamental business activities such as supply chain management, production, technological development, financial performance, capital investment, R&D expenditures and foreign sourcing all contribute to the robustness of the final report. Limited or total shutdown of data collection would seriously impact the ability of BIS to complete what have been unique, comprehensive assessments for the Defense Department, other agencies and the related industrial community. This could have serious programmatic and in some cases, national security consequences, especially during times of budget uncertainty.

An industry survey and assessment represents the beginning of a mutually beneficial relationship between BIS, the subject industry, and key defense-related agencies. The data, and the findings and recommendations generated from the data, are essential elements to fully understanding the challenges and future prospects facing U.S. industry. BIS final reports allow industry and government leaders to develop informed strategies to address the many issues facing critical sectors and technologies.

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.

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 notice requesting public comment was published in the Federal Register on March 6, 2019. No public comments were received.

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, however final copies of the assessment (public version) will be provided to the respondents upon request.

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

Both the survey and the accompanying cover letter will provide assurances 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. (1993)). This section prohibits the publication or disclosure of such information unless the President determines that its withholding is contrary to the national defense.

Information submitted will not be shared with any non-government entity, other than in aggregate form, and the Department will protect the confidentiality of such information pursuant to the appropriate exemptions from disclosure under the Freedom of Information Act (FOIA) if it is the subject of a FOIA request. BIS, Office of Technology Evaluation has a long and successful track record in protecting confidential business information collected pursuant to the Defense Production Act.

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.

Not applicable.

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

BIS estimates that the total annual public burden placed on industry by this survey authority will be approximately 308,000 hours. This is based on past surveys and the data collected annually in support of several assessments conducted in a typical year. BIS estimates it will receive surveys from approximately 28,000 companies annually, and that each survey will require an average completion time of 11 hours, with a range of 8 to 14 hours. As noted in Question 5, BIS has taken actions to minimize the burden of the information collection, especially on small businesses and organizations.

This estimate is subject to variations among individual organizations because of differences in record keeping, organization size, and other variables. The estimate is based on the experience of BIS in conducting surveys for more than 25 years. BIS recently conducted surveys of multiple industries and sectors, including: Integrated Circuit Design and Manufacture, Rocket Propulsion, C-17 Aircraft Supply Chain, Bare Printed Circuit Boards, Underwater Acoustics Transducers, and Cost-Metrics and Diminishing Manufacturing Sources and Material Shortages. The projected burden estimate of future surveys includes feedback obtained from these respondents.

The estimated total labor cost to the 28,000 projected respondents of this information collection is \$8,371,440. In calculating this cost, we estimated that respondents would take an average of 11 hours to complete the survey form and that the average hourly cost to each respondent would be approximately equal to that of a Federal employee working on the assessment. The cost was calculated by determining the total number of burden hours the respondents would require to complete the survey form, assuming a response rate of 75 percent (21,000 responses out of 28,000 survey forms distributed), and multiplying those hours (estimated at 231,000 hours with 75 percent response rate) by the hourly cost in salary of a Federal employee at the GS-13 level:

- $(\$75,628/2,087 \text{ hours}) = \text{hourly rate}$
- $\$36.24 \text{ per hour} \times 231,000 \text{ hours} = \$8,371,440$

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 annual cost to the Federal government for the survey is \$361,820. A major portion of this cost is related to the survey questionnaire, which includes survey preparation, collecting and verifying the information, and storing the information for analytical purposes. Other costs are incurred in preparing the final report and summarizing assessment findings, conclusions and recommendations. The direct costs were estimated by determining the total Federal employee hours allocated to each assessment and multiplying the total hours of the employees assigned to the assessment by the gross average hourly pay of a GS-13, step 1 or \$36.24. Since it is estimated that a maximum of 3 such assessments are being conducted by BIS at any one time, the annual costs are calculated as follows: $[36.24 \times 40 \text{ hours} \times 52 \text{ weeks} \times 4 \text{ persons}] = \$301,517$.

Assuming four GS-13 employees working an average of 40 hours per week for 52 weeks, the estimated time to complete the study, the costs to the federal government are outlined below:

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|---|------------------|
| Employee Salaries (52 weeks x 40 hours x 4 employees) | \$301,517 |
| Federal Government Overhead @ 20% | <u>\$60,303</u> |
| Total: | \$361,820 |

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

The number of respondents/responses (increase) and burden hours (decrease) have been adjusted based upon recent survey and assessment experience.

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 and organization confidentiality.

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. All manual and Internet-based surveys will display the expiration date.

18. Explain each exception to the certification statement.

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable. This collection will not employ statistical methods.