

**SUPPORTING STATEMENT**

**U.S. Department of Commerce**

**Bureau of Industry and Security**

**Defense Industrial Base Assessment:**

**Air Force Supply Chain**

**OMB Control No. 0694-0119**

**A. Justification**

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

The U.S. Department of Commerce's Bureau of Industry and Security (BIS), Office of Technology Evaluation (OTE), in coordination with the U.S. Department of Defense (DOD), U.S. Air Force Sustainment Center (AFSC) is conducting a survey and assessment of organizations affiliated with the sustainment of U.S. Air Force systems supported by the AFSC.

The resulting data will define the structure and interdependencies of organizations that participate in U.S. Air Force sustainment operations, including maintenance, repair, and overhaul, and identify their associated supply chains. This effort will also aid AFSC's ability to understand and respond to supply chain deficiencies, foreign sourcing and dependency, financial performance, incidents of cyber security, use of critical minerals and other challenges facing the defense industrial base.

In the long term, U.S. Government stakeholders will be better informed to develop targeted planning and acquisition strategies to ensure the availability and security of the supply chain network that supports U.S. Air Force missions and programs.

The AFSC has been analyzing the supply chains affiliated with their sustainment programs for a number of years, however primarily at the prime contractor level. Consequently, their activities have not generated adequate visibility into the comprehensive supply chain network. Through its partnership with BIS, AFSC will be able to more accurately identify any constraints to the manufacture and sustainment of select products and services deemed essential to defense programs, in addition to detection of vulnerabilities among interrelated supply chains.

The OTE survey is designed to provide detailed information on several categories of defense industrial base health and competitiveness, including mergers and acquisitions; capability; key inputs; program participation; financial information; employment; cyber security incidents, research and development; and industry challenges.

The resulting data will allow both OTE and AFSC to benchmark industry performance, identify key sole source dependencies within the supply chain, as well as raise awareness of obsolescence issues influencing domestic manufacturing readiness and overall supply chain resilience.

During the design and development of the proposed survey, OTE first collected requirements from the AFSC stakeholders at Tinker Air Force Base (AFB) in Oklahoma City but also field tested the instrument with several companies, government experts, and laboratories. These engagements included Raytheon Space and Airborne Systems (SAS) and The Aerospace Corporation, both in El Segundo, The Marvin Group, Teledyne Technologies, NASA's Jet Propulsion Laboratory (JPL), Naval Air Systems Command (NAVAIR), Naval Air Station Patuxent River, and Directors of Engineering at the U.S. Air Force 448, 638, 748, and 848 Supply Chain Management Groups.

OTE has authority under Section 705 of the Defense Production Act of 1950, as amended, 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 federal agencies, such as NASA, DHS, HHS, or the DNI. The assessments focus on manufacturing, workforce, resiliency, and financial and economic issues affecting key industrial sectors or critical technologies.

The enclosed questionnaire is the primary source of supplier information needed for a defense industrial base assessment of this type.

OTE is the focal point among civilian federal agencies for industrial base and critical technology surveys and assessments by virtue of the aforementioned statute and executive order. OTE retains the authority by statute to execute its data collection responsibilities on a mandatory basis and has conducted more than 60 surveys and assessments of this kind since the mid-1980s under various Department program.

These assessments generally review in detail those industries with challenges relating to

manufacturing technology, employment, access to foreign markets, financial performance, inventories, surge and co-production, supply chain resilience, foreign sourcing, partnerships, intellectual property and other factors which may affect their ability to support defense and national security programs. This 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 10,000 companies representing multiple facets of the defense industrial base and related supply chains supporting AFSC-related missions and programs.

The survey is a one-time only request. Both quantitative and qualitative information obtained from the instrument will be compiled into a relational database for analysis by OTE analysts. This data is needed to assess the status of both prime and sub-tier suppliers to the U.S. Air Force and identify issues and challenges for consideration in the execution of AFSC's supply chain risk management planning. The qualitative questions, specifically, are used to complement the statistical data.

By anonymizing the data and sharing insights to the broader sustainment community, OTE intends to improve the monitoring of industry's overall performance while raise awareness of shared risks to mission implementation, any of which could adversely affect defense-related production and readiness, and ultimately the warfighter.

**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 in Excel format. Each respondent will receive a personalized distribution letter signed by BIS

management and a project overview fact sheet which outlines the scope of information required. The letter will contain directions to the BIS survey landing page, where the respondent will be redirected to a Census Bureau portal where both Excel and PDF version of the survey are housed. This approach was used successfully for the 2015 DSS Critical Facility, 2017 NASA Rocket Propulsion, and 2019 DHS ICT Software surveys. All three surveys were approved by OMB.

The statistical data requested in the survey adheres closely to categories of questions and survey nomenclature common to the aerospace and defense sector. The relevance of these fields also has been verified through both onsite and remote field-testing. Nearly all respondents will have the information computerized and will be able to retrieve it in the format requested.

Select questions will require thought and perhaps discussion among several individuals for proper responses. Such questions do not lend to standardized 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, neither public nor private. Some of the basic corporate data, such as address location, stock symbol and leadership profiles, is submitted by companies 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.**

Many companies among defense sector supply chains are medium-to-large companies with more than 500 employees. Nonetheless, this survey will also be distributed to small businesses. The 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 on an alternate form of submission. Based on previous collections, OTE is expecting the vast majority of 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 evaluation of the entire U.S. Air Force sustainment supply chain, a survey is the only method available to define the ecosystem of capabilities and relationships. Furthermore, the mandatory collection serves as the only method for OTE to carry out its responsibilities under the Defense Production Act and EO 13603. Without the survey-based information, OTE could not obtain company specific information necessary to perform a robust, accurate evaluation of U.S. industrials base health and competitiveness. Examples of such information include mergers and acquisitions; capability; key inputs; program participation; financial information; employment; cyber security incidents, research and development; and industry challenges.

The resulting data will allow both OTE and AFSC to benchmark industry performance, identify key sole source dependencies within the supply chain, as well as raise awareness of obsolescence issues influencing domestic manufacturing readiness and overall supply chain resilience.

**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 of course contain business confidential information, all of which will be protected by the Bureau of Industry and Security (BIS).

**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 particular authority is renewed every three years (last renewed in 2019) to support BIS industrial base assessment needs.

OTE staff developed the AFSC survey in consultation with industry and government experts over a period of several months. The following is a list of individuals who participated in the process:

Government

Andre Stefanovich, Jet Propulsion Laboratory, 818-354-4693

Brenton Kernes, Air Force Sustainment Center (448), Tinker AFB, 405-582-1901

Jeffrey Hubert, Air Force Acquisition, 571-256-8716

Jennifer Schmidt, Air Force Sustainment Center (448), Tinker AFB, 405-736-7180

Joseph Martin, Office of the Assistant Secretary of the Navy, 571-256-7893

Kenneth Robeson, Naval Air Systems Command, 301-342-2416

Stacy Wallis, Air Force Sustainment Center (448), Tinker AFB, 405-734-8343

Industry

David Gussman, The Marvin Group, 424-318-4327

Gail Johnson-Roth, The Aerospace Corporation, 310-336-0030

Jennifer Watson, Raytheon Space and Airborne Systems, 972-952-5217

Joan Procopio, Raytheon Space and Airborne Systems, 310-607-7325

Kurt Kutyla, Raytheon Space and Airborne Systems, 310-647-4388

Melanie Cibik, Teledyne Technologies, 805-373-4605

Paul DeLaRosa, Teledyne Technologies, 805-871-1411

Randall William, The Aerospace Corporation, 310-336-5681

**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 instrument, cover letter and fact sheet all 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 DPA (50 U.S.C.A. app. Section 2061 et. seq.). This section prohibits the publication or disclosure of such information unless the President of the United States determines that its withholding is contrary to the national defense.

The survey will be administered and housed on a secure U.S. Department of Commerce server. Submitted surveys will not be shared with non-government entities, other than in aggregate form. The U.S. Department of Commerce will protect the confidentiality of such information pursuant to the appropriate disclosure exemptions under the Freedom of Information Act (FOIA), should it be the subject of a FOIA request. OTE has a long 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 AFSC 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 participating in the subject AFSC mandatory survey will be 140,000 hours. This estimate is based on a sample of 10,000 respondents with an average completion time of 14 hours per survey.

This burden estimate is subject to variations among respondents because of differences in product/service participation, record keeping, company size and type, and other variables.

The estimate is based on past OTE data collections, as well as feedback from organizations that have completed OTE surveys. OTE has conducted surveys of various industries and sectors, including NASA's rocket propulsion sector, underwater acoustic transducers, strategic materials, microelectronics, healthcare products, and others.

The estimated total cost to respondents of this particular information collection is \$4,900,000. This estimate was calculated by assuming a respondent average work rate of \$35 per hour multiplied by the total burden hours of 140,000.

**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 \$2,067,170 over the three-year



period, or \$689,057 annually. A major portion of this cost is the survey itself, which includes preparation, collecting, verifying and tabulating the information, and analyzing the data. Other relevant costs will be incurred in field testing the survey, summarizing the analysis and findings, partnering with the Census Bureau, preparing the final report, and report printing and distribution.

The direct employee costs were calculated by multiplying estimated aggregate hours spent on the project (156 weeks) by the annual pay of one GS-15, Step 10 (\$170,800x3= \$512,400); one GS-14, Step 10 (\$157,709x3=\$473,127); one GS-13, Step 10 (\$133,465x3=\$400,395); and one GS-12, Step 10 (\$112,240x3=\$336,720). The direct employee costs are \$1,722,642 over the three-year period, or \$574,214 annually.

Indirect or overhead costs associated with the project are calculated as 20 percent of the above mentioned direct employee costs, or  $.2 \times \$1,722,642 = \$344,528$  over the three-year period, or \$114,843 annually. A review of OTE data collection budgets and ledgers from previous years indicates costs for maintenance, telephone, computers, and space rental charges represent 20 percent of total employee costs.

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

Because the scope of this collection of information falls within BIS's generic authority "DOC/BIS National Security and Critical Technology Assessments of the U.S. Industrial Base," (Control Number 0694-0119), there is no increase in burden hours being requested.

This is the first time OTE has used this authority since its renewal on August 31, 2019 (a total of 308,000 burden hours were authorized). Therefore, an unused balance of 168,000 annual burden hours (308,000 less 140,000) will remain if the survey is approved under this authority.

**16. For collections whose results will be published, outline the plans for tabulation and publication.**

The data collected by OTE will be aggregated before publishing to protect the confidentiality of the respondent information. The surveys will be provided electronically to the 10,000 respondents in multiple waves, (2,000 Year 1; 4,000 Year 2; 4,000 Year 3). Analysis will be started in May 2020 and a draft report will be prepared by September 2022. The final report is planned for internal publication in December 2022.

**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. OTE will display the expiration date of this information collection authority Control Number 0694-0119 on all surveys and instructional information the public receives.

**18. Explain each exception to the certification statement.**

Not applicable.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not applicable.