

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION SUBMISSION
Pre-Award Reporting Requirements for the National Science Foundation (NSF)
Small Business Innovation Research (SBIR)/ Small Business Technology Transfer
Research (STTR) Program

SUPPLEMENTARY INFORMATION

Section A. Justification

This request is for approval of pre-award reporting requirements for the [NSF Small Business Innovation Research \(SBIR\)/ Small Business Technology Transfer Research \(STTR\) \(NSF 22-551\) Programs](#).

The NSF SBIR/STTR programs focus on transforming scientific discovery into products and services with commercial potential and/or societal benefit. Unlike fundamental or basic research activities that focus on scientific and engineering discoveries, the NSF SBIR/STTR programs support the creation of opportunities to move fundamental science and engineering out of the lab and into the market at scale, through startups and small businesses representing deep technology ventures.

The NSF SBIR/STTR programs have two phases: Phase I and Phase II. Phase I is a 6-12 month experimental or theoretical investigation that allows the awardees to determine the scientific and technical feasibility, as well as the commercial merit of the idea or concept. Phase II further develops the proposed concept, with a goal of working toward the commercial launch of the new product, process, or service being developed.

The NSF SBIR/STTR programs request the Office of Management and Budget (OMB) approval of this clearance that will allow the SBIR/STTR programs to collect information from a selected group of Phase I and Phase II applicants—those that have been reviewed by independent experts and that NSF Program Directors are considering recommending for funding—for the purpose of making a funding decision. This information includes, but is not exclusive to, a list of company officers and the corresponding ownership status of each company officer within the startup, whether the startup is associated or affiliated with other companies, whether there exist any relationships (personal, financial, and/or professional) between project personnel, and the locations of all the facilities where significant research will be performed for the proposed project. Such data will enable the NSF Program Directors to evaluate a given company's business structure, ascertain the level of commitment of the Principal Investigator (PI) and co-PIs to the startup venture, and identify conflicts of interests (if any), as part of the due diligence process that the programs undertake to verify there are no fraudulent or inappropriate business practices prior to recommending the small business for an award.

In addition, NSF is directed—under the Small Business Administration (SBA) Policy Directive—to issue and collect a *Funding Agreement Certification* from each SBIR/STTR awardee at the time of award. The certification is used to ensure continued compliance with specific program requirements during the life of the funding agreement. Since this is a mandate from SBA to all federal agencies (that have a SBIR/STTR Program) and not a mandate from NSF, *the public burden estimated in this clearance request will only take into account the due diligence questions completed by small businesses, and not the SBA Funding Agreement*.

A.1 Circumstances Requiring the Collection of Data

The primary reason for this data collection is to fulfill its monitoring and management responsibilities, and to answer queries from Congress, OMB, SBA, and NSF management. This is especially important given the [heightened national security](#) concerns from the Pentagon and Capitol Hill that emerging technologies—funded by the SBIR/STTR programs—are being transferred to adversary nations.

Owing to this, NSF SBIR/STTR programs need to collect current and standardized information as part of the due diligence process that the programs undertake to verify there are no fraudulent or inappropriate business practices prior to recommending the small business for an award. This information is specifically important to support compliance checking, auditing, and/or legal purposes, and are needed for effective pre-award management, administration, and/or program monitoring.

This level of oversight is needed given that most NSF SBIR/STTR awardees are early-stage start-up companies that are both small and new to government funding. The reporting requirements listed above are in addition to the proposal data submitted by these small businesses.

A.2 Purposes and Use of the Data

The *SBIR/STTR Pre-Award Reporting Requirements* have been designed primarily for due diligence, compliance checking, and pre-award management purposes.

In addition, the collection of these data serves several purposes, including:

- Responding to Congressional requests and, inquiries from the general public, and NSF's Office of the Inspector General;
- Addressing feedback from NSF's external merit reviewers who serve as advisors;
- Providing evidence for litigations, auditing, and other legal investigations; and
- Supporting the agency's policymaking and internal evaluation and assessment needs.

A.3 Use of Information Technology to Reduce Burden

All components in the collection will utilize electronic forms and electronic submissions to minimize data errors and respondent burden. In some cases, Program Directors, NSF staff, and/or NSF authorized representatives may contact the respondents for clarifications or follow-up questions to ascertain data veracity and robustness, as well as quality assurance.

A.4 Efforts to Identify Duplication

The *SBIR/STTR Pre-Award Reporting Requirements* do not duplicate other efforts undertaken by NSF, other federal agencies, or other data collection agents.

A.5 Small Business

N/A

A.6 Consequences of Not Collecting the Information

If the information was not collected, NSF would be unable to conduct its compliance checking and perform the necessary due diligence process to assess whether the small businesses are suitable for funding. The absence of this information would also preclude NSF from reporting adequately and suitably to Congress when summoned to testify.

A.7 Special Circumstances Justifying Inconsistencies with Guidelines in 5 CFR 1320.6

Data collected for the *SBIR/STTR Pre-Award Reporting Requirements* will comply with 5 CFR 1320.6. First, a valid OMB control number will be displayed at the beginning of the electronic form. Second, as the reporting requirement is mandatory, the NSF SBIR/STTR programs will communicate clearly, through proposal solicitations, that collection of this information is required.

Selected applicants will be asked to submit one set of responses on behalf of the small business, for Phase I and Phase II (if applicable) applications.

A.8 Federal Register Notice and Consultation Outside the Agency

The agency's notice, as required by 5 CFR 1320.8(d), was published in the *Federal Register Bulletin* on 28 June 2022, at 87 FR 13728. No comments from the public were received.

A.9. Payments or Gifts to Respondents

Not applicable

A.10. Assurance of Confidentiality

Respondents will be informed that any information on specific individuals will be maintained in accordance with the Privacy Act of 1974. Every data collection instrument will display both OMB and Privacy Act notices.

Respondents will be told that data collected are available to NSF officials and staff, as well as authorized contractors and/or grantees who manage the data and data collection software. Data will be processed according to federal and state privacy statutes. The data collection system will limit access to personally identifiable information to authorized users. Data submitted will be used in accordance with criteria established by NSF for monitoring research and education grants and in response to Public Law 99-383 and 42 USC 1885c.

A.11 Questions of a Sensitive Nature

In the *SBIR/STTR Pre-Award Reporting Requirements*, personal information, including name, job title, and ownership status are being requested.

A.12 Estimates of Response Burden

A.12.1. Number of Respondents, Frequency of Response, and Annual Hour Burden

Respondents: Principal Investigators (PIs) listed on the NSF SBIR/STTR Proposals

Estimated Number of Annual Respondents: 750

Frequency: Once

Average Time: 0.167 hours

Estimated Total Burden Hours: 125 hours per year

A.12.2. Estimates of Annualized Cost to Respondents for the Hour Burdens

The overall annualized cost to the respondents is estimated to be \$3,375.

The following table shows the annualized estimate of costs to PIs who are generally post-docs. This estimated hourly rate is based on the National Institute of Health (NIH) fellowship stipend in FY 2022. According to the [stipend schedule](#), a fellow with zero years of postdoctoral experience would receive a stipend of \$54,835. When divided by the number of standard annual work hours (2,080), this calculates to approximately \$27 per hour.

Table 1. Annuitized Cost to Respondents

Respondent Type	No. of Respondents	Burden Hours Per Respondent	Average Hourly Rate	Estimated Annual Cost
PIs	750	0.167	\$27	\$3,375
Total				\$3,375

A.13 Estimate of Total Capital and Startup Costs/Operation and Maintenance Costs to Respondents or Record Keepers

Not applicable.

A.14 Estimates of Costs to the Federal Government

Program Directors who review progress and final grant reports generally are in the GS-15 salary ranges. Based on a step one average of these grades (OPM General Schedule Pay Table for 2022), an average hourly salary is \$80 per hour. It is further estimated that about 0.25 hour is needed to review each response, leading to a \$60,000 estimated annual cost to the Federal Government.

A.15. Changes in Burden

Not applicable – this is a new collection for NSF.

A.16. Plans for Publication, Analysis, and Schedule

Not applicable.

A.17. Approval to Not Display Expiration Date

Not applicable.

A.18 Exceptions to Item 19 of OMB Form 83-I

No exceptions apply.