

Supporting Statement for Paperwork Reduction Act Submission 0702-0120

A. JUSTIFICATION

1. Circumstances for the Information Collection

Statutory Requirement. Section 341 of the National Defense Authorization Act for Fiscal Year 2006 (PL 109-163) requires the Secretary of Defense to submit to Congress an annual report not later than June 30 of each year including an estimate of the percentage of functions (other than functions that are inherently governmental) that Department of Defense civilian employees will perform and an estimate of the percentage of such functions that contractors will perform during the fiscal year during which the report is submitted.

2. Purposes and Use of Information

Background. This program will greatly enhance the ability of the Army to identify and track its contractor workforce. Modern systems do not have contractor manpower data that is collected by the Contractor Manpower Reporting System – i.e., Estimated Direct Labor Hours, Estimated Direct Labor Dollars and Organization supported. Existing financial and procurement systems have obligation amounts of an unknown mix, and the Department of the Army is not able to trace the funding to the organization supported. Like all other Federal Government agencies, the Army's reliance on service contractor employees has increased significantly over the past few years. Moreover, this trend is likely to continue. Hence, it is more important than ever, that Government agencies have an accurate picture of what is rapidly becoming a "balanced workforce" consisting of Federal employees and contractor personnel.

Additionally, reliance on contractors in support of military operations will continue (and likely grow). Reflective of this trend, directives have been published that address this fact and how Commanders are to maintain contractor visibility. This guidance emphasizes the fact that armed forces are deploying and will deploy without a standard means of tracking the contractor workforce. Even more importantly, there is no approved system available for reporting contractor visibility or formal policy that lays out the required personnel data fields. Since there are no standard accountability procedures or contractor visibility reporting systems, it stands to reason that there is no way to accurately account for the total workforce and to plan for that workforce.

The Contractor Manpower Reporting System represents a program aimed at obtaining information regarding the use of contractor employees by the Army. Based upon the degree of success and lessons learned, the Department of Defense may well institutionalize a reporting process to better track its contractor workforce. Additionally, if successful, it is anticipated that other Federal agencies may employ a similar reporting system for their activities.

This data collection effort is especially notable due to the fact that, unlike prior Army initiatives, the fund cite information is no longer being requested and a series of easy-to-use drop down menus have been added to the system. In the previous data collection effort, contractors were expected to know their appropriation data. Just that fact that this information had to be provided can be a rather laborious effort due to the fact that the appropriation data field is 64 characters long. Another enhancement to this data collection effort is the drop down menus for the

identification of the Army organizational customer supported. In this regard, rather than have the contractor go into the system and “guess” whom they are providing support services to, the system is now designed with drop down menus that start from the top level – Country and guide the contractor down to the last level – Unit. The Army organization supported is also known as the Unit Identification Code (UIC).

DoD Support for Program. The DoD Business Initiative Council (BIC) Executive Steering Committee sponsored by the Under Secretary of Defense for Acquisition, Technology, and Logistics supports this program. The very core of this initiative focuses on the fact that Department-level leadership, planners, and programmers lack visibility of labor and costs associated with the contractor workforce, as well as the numerous organizations and missions supported by them.

3. Use of Technological Collection Techniques

Electronic Information Collection Process. The Army will use a streamlined, user-friendly, and secure web site to obtain contractor work force information. Located at <https://www3.natick.army.mil/cmrs/cmrmmain.html>, this web site allows contractors the option of uploading their data via XML or entering their data directly into the web site via short drop-down menus. The data will be reconciled with various Government systems, such as the Defense Contract Action Data System and Operational Data Stores, in order to determine the level of compliance with the reporting requirement and for statistical validation.

- a. The information requested, such as the Reporting Period, Contract Number, Task/Delivery Order Number, Customer Name and Address, Contracting Office Name and Address, Federal Supply Class or Service Code, Contractor Name and Address, Contractor Cost of Collection, Value of Contract Instrument, and the Number and Value of Estimated Direct Labor Hours will be used to facilitate the accurate identification of the function performed and to facilitate estimate the reliability of the data.
- b. The Estimated Direct Labor Hour Rate is requested for use in estimation of contractor manpower equivalent. This information is extracted directly from the contractor because there is no other credible data source. The information will be submitted directly.
- c. Each contractor will determine their cost for submitting information on the Contractor Manpower Reporting System web site. Given the streamlined menu of data requested and the user-friendly web site for submitting the data, it is anticipated that the costs for reporting this information will be minimal. The cost elements will likely include the manhours spent entering the data, manhours spent configuring current systems, and the manhours spent collecting the data. There must be a means of tracking how much it costs to collect this data.
- d. The contractor name, address, and point of contact with an email address are requested to facilitate reconciliation of the data and clarification of any ambiguous entries with the contractor.
- e. Contract manpower estimates are relevant variables for determining and prioritizing Army manpower requirements for force structure and infrastructure. The estimated level of contract support provided to an organization within a function is used as an offset for the purpose of allocating any further in-house resources to meet an organization’s requirements. The estimated

level of contract support of an organization also provides, for planning purposes, a gross estimate of that organization's functional capability in various war-fighting and non-war-fighting scenarios.

4. Duplication of Effort. The data collection requirement has been narrowly tailored to maximize the use of existing records already maintained by contractors. Modern systems do not have contractor manpower data that is collected by the Contractor Manpower Reporting System. Existing financial and procurement systems have obligation amounts of an unknown mix, and the Department is not able to trace the funding to the organization.

5. Impact on Small Entities. The information collection does not have a significant economic impact on small entities. The data collection requirement has been narrowly tailored to maximize the use of existing records already maintained by contractors. The data collections have been tailored to minimize the impact on all contractors by using electronic data collection, providing help desk support and limiting reported data to only a small number of easy-to-obtain data elements. The execution of the data collection will be prospective. A priced line item will be included in the contract or task order so the contractors are compensated for the reasonable cost of providing the data.

The small business community had the highest rate of compliance compared to the larger corporations for the first data collection effort. Experience shows that small businesses tended to report more often and have less data errors.

6. Consequence If Information is not Collected

Without this data collection, the following problems will occur or persist:

- a. The Department will not have credible contract manpower estimates when performing its Total Force Analysis risk assessments, and to accommodate that significant increase in reliance on contractor employees that is expected to result from public-private competition.
- b. The lack of visibility of contract services impacts planners and programmers as they work to prioritize spending and consider the level of contractor support on the same basis as civilian and military personnel.
- c. The data collected will be valuable in validating the savings due to outsourcing. The issue of contractor cost growth after competition has been completed has been a continuing controversy.
- d. The data collected will aid in monitoring the true size of the Federal Government. Reporting contract support of organizations at the level of detail of function performed and organization supported provides an auditable basis for enforcing the downsizing of government, which can otherwise be avoided by merely shifting the work to the private sector without savings.
- e. Reporting contractor manpower requirements prevent duplication of effort when validating requirements and making decisions as to requests for additional in-house manpower within an organization and function. Allocation of military or civilian manpower to functions already performed by contractors in that organization cannot be avoided without access to information on the total requirement being performed by all sources of labor. The magnitude of the problem

is unknown, but in the cases in which such duplication of effort between in-house and contractor manpower has been accidentally discovered during manpower surveys, the extra cost has been substantial.

7. Special Circumstances. This information collection is consistent with guidelines in 5 CFR 1320.5(d)(2). The information is intended to be reported on an annual basis in order to minimize the reporting burden on contractors. Information pertaining to the small number of in-theater contracts would be reported monthly. The Contractor Manpower Reporting System web site, however, offers contractors the flexibility to submit information throughout the fiscal year as contracts or task orders are performed.

There is no requirement for respondents to submit paper documents as all data is collected electronically.

There is no requirement for respondents to retain records that they are not otherwise required to maintain.

Statistical methods will be used to interpolate missing values (e.g., those contracts excluded from the data collection effort). The missing values are expected to be de minimis.

8. Public Notice and Comments. The 60-day notice was published in the Federal Register on November 27, 2006 (71 FR 68567). No comments were received.

9. Payments or Gifts to Respondents. Respondents will be reimbursed for reasonable costs associated with their submitting this information. Most contractors have expressed the opinion that the cost of reporting the data will be de minimis as their systems are already set up to report this information to the government via XML software which is part of Excel and Oracle software packages. In the case of contractors who must set up the XML data feed for the first time, there is a one-time set up cost of about \$400 based on 20 hours to install the software at \$20 per hour at the very most. Even inputting the data manually on an annual basis via the web site will only take a few minutes. Thus, this effort would add only about \$400 to the cost of performance of each contract in the worst case scenario. In all cases, the contractors will be reimbursed for all costs of reporting the data.

10. Assurance of Confidentiality. The data collection effort assures respondent contractors that the raw data will be treated as proprietary when associated with the contract number or a contractor name.

11. Questions of a Sensitive Nature. Questions of a sensitive nature are not asked.

12. Estimates of Burden. It is estimated that there will be approximately 4,149 respondents based on a query of the DD 350 databases. The query identified the number of contractors for contract actions awarded.

It is estimated that the annual burden hours will be 344 assuming 5 minutes (0.083 hours) per response (4,149 actions times 0.083). At an hourly rate of \$20, the total cost of data reporting for all 4,149 contractors would be about \$6,880. The costs of reporting the data will be reimbursed

to each contractor. It is estimated that data reporting will only take 5 minutes, whether it is reported via XML or input manually.

13. Additional Annual Cost Burden. The data collection requirement has been narrowly tailored to maximize the use of existing records already maintained by contractors. There are no capital costs or start-up costs for respondents. The XML software is part of Excel and Oracle, which most contractors will have already. If a contractor is not already using XML, there will be a one time set-up costs of about \$400 based on 20 hours to install XML at \$20 per hours. Under the worst case scenario in which all contractors will have to set-up XML for the first time, it would cost the government approximately \$1,659,600 to reimburse contractors for the data collection (20 hours time \$20 per hour times 4,149 contractors). For those businesses that do not have access to the Internet, the contractor will either borrow, or buy a computer will Internet capability so that they may enter their data into the secure web site. In any case the contractors will be reimbursed for the time spent reporting the data.

14. Annual Cost Burden to Government. The estimated annual cost to the Government is expected to be approximately \$500,000 for a support contractor. These estimated costs include developmental costs, training, monthly status reports to monitor compliance, design and maintenance of the web site and a help desk. Any additional costs to the government will be the time that each contractor will spend reporting the data via XML or by inputting the data manually via the web site. In either case, the data reporting time should not exceed 5 minutes. It is anticipated that only a handful of contractors will have to set-up the XML data feed for the first time in order to comply with this effort. Those costs are discussed in paragraph 13 above.

15. Explanation of Burden Change. This is an extension of a previously approved collection for which there is no change in burden.

16. Publication of Results. Results will not be published.

17. Display of Control Data. Approval not to display the expiration date is not being sought.

18. Exception to the Certification Statement. No exceptions are being sought.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Inferential statistical methods will not be generally employed. Statistical information will be used solely for the purposes of interpolating missing data and estimating data reliability. Only the most pertinent data is sought via the electronic data collection web site. Vendor pay systems and other accounting systems that have been used in the past to interpolate data do not provide the complete data set needed to identify the Reporting Period, Federal Service Code or Supply Code, and Customer Name. These are all necessary to the identification of any information that is beyond average set of values from the rest of the data.