

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
CONTRACT FINANCING (9000-0138)**

A. Justification.

1. **Administrative requirements.** The Federal Acquisition Streamlining Act of 1994, Pub. L. 103-355, provided authorities that streamlined the acquisition process and minimize burdensome government-unique requirements. Sections 2001 and 2051 of the Federal Acquisition Streamlining Act of 1994 substantially changed the statutory authorities for Government financing of contracts. Sections 2001(f) and 2051(e) provide specific authority for Government financing of purchases of commercial items, and sections 2001(b) and 2051(b) substantially revised the authority for Government financing of purchases of non-commercial items.

Sections 2001(f) and 2051(e) provide specific authority for Government financing of purchases of commercial items. These paragraphs authorize the Government to provide contract financing with certain limitations.

Sections 2001(b) and 2051(b) also amended the authority for Government financing of non-commercial purchases by authorizing financing on the basis of certain classes of measures of performance.

To implement these changes, DOD, NASA, and GSA amended the Federal Acquisition Regulation by revising Subparts 32.0, 32.1, and 32.5; by adding new Subparts 32.2 and 32.10; and by adding new clauses to 52.232.

2. **Uses of information.** The coverage enables the Government to provide financing to assist in the performance of contracts for commercial items and provide financing for non-commercial items based on contractor performance.

3. **Consideration of information technology.** We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically. Nothing in the FAR precludes the use of electronic interchange.

4. **Efforts to identify duplication.** This requirement is being issued under the Federal Acquisition Regulation (FAR) which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.

5. **If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** The burden applied to small businesses is the minimum consistent with applicable laws, Executive Orders, regulations, and prudent business practices.

The rule may affect each small entity receiving a Federal contract for commercial items, if buyer provided financing is customary in the market for those supplies and if it is in the interests of the Government to provide financing. These will likely be limited to higher value contracts because of the administrative effort involved in contract financing.

With respect to performance-based financing, small entities receiving fixed-price type contracts for non-commercial supplies may benefit from the availability of performance based financing. That form of financing is to be used whenever practical. When it is used, it would be in the place of progress payments based on cost, which require special accounting and administrative responsibilities, which are not necessary for performance-based financing payments.

6. **Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Collection of information on a basis other than solicitation-by-solicitation is not practical.

7. **Special circumstances for collection.** Collection is consistent with guidelines in 5 CFR 1320.6.

8. **Efforts to consult with persons outside the agency.** Under the procedures established for development of the FAR, agency and public comments were solicited and each comment addressed before finalization of the text. A notice published in the *Federal Register* at 72 FR 31815, June 8, 2007, made the burden estimate available to the public and requested comments. No major problems regarding these estimates were reported.

9. **Explanation of any decision to provide any payment or gift to respondents, other than reenumeration of contractors or guarantees.** Not applicable.

10. **Describe assurance of confidentiality provided to respondents.** This information is disclosed only to the extent consistent with prudent business practices and current regulations.

11. **Additional justification for questions of a sensitive nature.** No sensitive questions are involved.

12 & 13. **Estimated total annual public hour and cost burden.** Commercial financing awarded competitively under the procedures of offeror-proposed commercial financing require offerors to propose an individualized contract financing approach, including a complete description of when payments are to be made, what prompts payment of a financing payment, and how much each financing payment is to be. Requests for payment submitted by a contractor must include an appropriately itemized and totaled statement of the financing payments requested and such other information as is necessary for computation of the payment, prepared in accordance with the direction of the Contracting Officer. Time required for reading and preparing information is estimated at 2 hours per request for commercial financing and 2 hours per request for performance-based financing.

Annual Recordkeeping Burden and Cost - COMMERCIAL FINANCING

Total annual responses.....	5,000
Review time per response.....	x 2
Total burden hours.....	10,000
Average wages + overhead (\$20/hr + 100% OH).....x	\$40
Estimated cost to public(x \$20/hr + 100% OH)...	\$400,000

14. **Estimated cost to the Government.**

Annual Recordkeeping Burden and Cost - PERFORMANCE BASED FINANCING

Total annual responses.....	6,000
Review time per response.....	x 2
Total burden hours.....	12,000
Average wages + overhead (\$20/hr + 100% OH).....x	\$40
Total Government Cost (\$20/hr + 100% OH)...	\$480,000

15. Explain reasons for program changes or adjustments reported in Item 13 or 14. This submission requests an extension of OMB approval of an information collection requirement in the FAR. The information collection requirement in the FAR remains unchanged.

16. Outline plans for published results of information collections. Results will not be tabulated or published.

Approval not to display expiration date. Not applicable.

Explanation of exception to certification statement. Not applicable.

B. Collections of Information Employing Statistical Methods.

Statistical methods are not used in this information collection.