

Paperwork Burden Analysis
OMB Clearance Number 0704-0259

A. Justification

1. This is a request to extend OMB Clearance Number 0704-0259 that expires on August 31, 2008. The clearance covers Defense FAR Supplement (DFARS) Part 216, Types of Contracts, and the related clauses at DFARS 252.216-7000, Economic Price Adjustment—Basic Steel, Aluminum, Brass, Bronze, or Copper Mill Products, DFARS 252.216-7001, Economic Price Adjustment—Nonstandard Steel Items, and DFARS 252.216-7003, Economic Price Adjustment—Wage Rates or Material Prices Controlled by a Foreign Government. Each clause requires contractors to submit certain information that the contracting officers use to adjust established contract prices:

a. Paragraph (c) of the clause at DFARS 252.216-7000 requires the contractor to notify the contracting officer of the amount and effective date of each decrease in any established price. Paragraph (d) of the clause permits the contractor to submit a written request to the contracting officer for an increase to the contract price.

b. Paragraph (f)(2) of the clause at DFARS 252.216-7001 requires the contractor to furnish a statement identifying the correctness of the established prices and employees' hourly earnings that are relevant to the computations of various indices. Paragraph (f)(3) of the clause requires the contractor to make available all records used in the computation of labor indices upon the request of the contracting officer.

c. Paragraph (b)(1) of the clause at DFARS 252.216-7003 permits the contractor to provide a written request for contract adjustment based on increases in wage rates or material prices that are controlled by a foreign government. Paragraph (c) of the clause requires the contractor to make available its books and records that support a requested change in contract price.

2. The information is used by contracting officers to evaluate contractor requests for price adjustments.

3. Improved information technology is used to the maximum extent practicable. This information collection requirement may be accomplished electronically where the DoD and the contractor are capable of electronic interchange.

4. As a matter of policy, DoD reviews the Federal Acquisition Regulation (FAR) to determine whether adequate language already exists. The language in DFARS Part 216 and the clauses at 252.216-7000, -7001, and -7003 apply solely to DoD and is not duplicative of language in the FAR. Similar information is not otherwise available to contracting officers.

5. The collection of information is not expected to have a significant impact on a substantial number of small businesses or other small entities. The requirements for information collection are only occasional, as the circumstances dictate, and the burden on large and small entities is the minimum consistent with law, regulation, and prudent business practice.

6. The information is collected as the need arises to adjust contract prices. Less frequent collection would impede contracting officers from performing their administrative functions in

an efficient manner and would result in increased cost risk for the Government and the contractor.

7. The information will not be collected in a manner that requires an explanation of special circumstances.

8. Public comments were solicited in the Federal Register on May 5, 2008 (73 FR 24577) as required by 5 CFR 1320.8(d) (copy attached). No comments were received in response to the Federal Register Notice.

9. No payment or gift will be provided to respondents to this information collection requirement other than remuneration of contractors.

10. The information collected will be disclosed only to the extent consistent with prudent business practices, current regulations, and in accordance with the requirements of the Freedom of Information Act. No assurance of confidentiality is provided to respondents.

11. No sensitive questions are involved.

12. Estimated Cost. The public burden is estimated as follows--

a. Paragraph (c) of the clause at DFARS 252.216-7000 requires contractors to notify the contracting officer of the amount and effective date of each decrease in any established price. Paragraph (d) permits the contractor to submit a written request to the contracting officer for an increase in contract price. For the period 2004 through 2007, the average annual number of DoD fixed-price economic price adjustment contracts for metal products was 4.¹ While the reporting requirements at DFARS 252.216-7000 only apply to basic metal products, we currently have no way of distinguishing contract actions for basic metals from other metal products. However, we estimate that 3 of the 4 actions were for basic metal products for which the clause and reporting requirement apply. We also estimate that it takes the contractor four hours to prepare and submit the information required by this clause. Estimated public burden--

Number of Respondents	3
Responses Per Respondent	<u>x 1</u>
Number of Responses	3
Average Hours Per Response	<u>x 4</u>
Estimated Hours	12
Cost Per Hour ²	<u>x \$29.00</u>
Total Annual Public Burden	<u>\$348.00</u>

¹ Data source is the DD 350 database and FPDS-NG for the FY07 data.

² Based on 2008 OPM GS-09, Step 5 salary, plus 32.85% estimated overhead computed as follows:

GS-09 Step 5 Hourly Rate	\$21.61
Times Estimated Overhead	<u>32.85%</u>
Equals	<u>\$28.70</u>
Rounded to	<u>\$29.00</u>

b. Paragraph (f)(2) of the clause at DFARS 252.216-7001 requires the contractor to furnish a statement identifying the correctness of the established prices and employee hourly earnings that are relevant to the computation of various indices. Paragraph (f)(3) of the clause requires the contractor to make available all records used in the computation of labor indices upon the request of the contracting officer. The contractor submits this information once per contract at contract completion. As stated above, we have no way of distinguishing contract actions for nonstandard steel from other metal products. However, we estimate that the one of the 4 actions discussed in 12a above were for nonstandard steel items for which the clause and reporting requirement apply. We also estimate that it takes contractors approximately eight hours to identify, certify, and make available records. Estimated public burden--

Number of Respondents	1
Responses Per Respondent	<u>x 1</u>
Number of Responses	1
Average Hours Per Response	<u>x 8</u>
Estimated Hours	8
Cost Per Hour	<u>x \$29.00</u>
Total Annual Public Burden	<u>\$232.00</u>

c. DFARS 252.216-7003(b)(1) requires the contractor to provide a written request for a contract adjustment within 10 days of an increase in wage rates or prices that are established and controlled by a host country. For the period 2004 through 2007, DoD awarded, on average, 193 fixed-price economic price adjustment contracts³ with performance outside the United States. This clause applies to all those contracts. We estimate that contractors may ask for contract adjustments based on this clause twice each year. We also estimate that it will take four hours for the contractor to prepare and submit each request for contract adjustment. Estimated public burden--

Number of Respondents	193
Responses Per Respondent	<u>x 2</u>
Number of Responses	386
Average Hours Per Response	<u>x 4</u>
Estimated Hours	1,544
Cost Per Hour	<u>x \$29.00</u>
Total Annual Public Burden	<u>\$44,776.00</u>

d. Total Estimated public burden—

	<u>2008</u>
Number of Respondents ⁴	197
Responses Per Respondent ⁵	<u>x 1.98</u>
Number of Responses ⁶	390

³ Data source is DD 350 database.

⁴ Number of respondents equals sum of respondents in 12a-c, i.e. 3 + 1 + 193 = 197

⁵ Number of responses per respondent is the weighted average for 12a-c, i.e., 390 responses divided by 197 respondents equals 1.98.

⁶ Number of responses equals sum of responses in 12a-c, i.e., 3 + 1 + 386 = 390

Average Hours Per Response ⁷	<u>x 4</u>
Estimated Hours	1,564
Cost Per Hour	<u>x \$29.00</u>
Total Annual Public Burden	<u>\$45,356.00</u>

13. There is no annual cost to respondents or record keepers other than the hourly burden shown in items 12 and 14.

14. Government review of the submissions from contractors is estimated to take eight hours per submission, assuming that electronic processes will be used. The estimated Government burden--

Number of Responses ⁸	390
Average Hours Per Response	<u>x 8</u>
Estimated Hours	3,120
Cost Per Hour	<u>x \$29.00</u>
Total Annual Government Burden	<u>\$90,480.00</u>

15. Use of the average historical data for fiscal years 2004 through 2008 results in the following revised estimates—

Public burden:

	<u>2008</u>	<u>2004</u>	<u>Change</u>
Hours	1,564	1,592	-28
Dollars	\$45,356	\$42,984	\$2,372

The decrease in the amount of hours can be attributed to the decrease in the number of fixed-price economic price adjustment contracts for metal products reported while the increase in cost is caused by the increase in the estimated cost per hour. We adjusted our estimated burdens to reflect the average annual awards for the period 2004 through 2007. We believe the use of a four year average more accurately reflects future requirements.

16. Results of this information collection will not be published.

17. We do not seek approval not to display the expiration date for OMB approval of the information collection.

18. There are no exceptions to the certification accompanying this Paperwork Reduction Act submission. The information to respondents required by 50 CFR 1320.8(b)(3) will be provided in a separate Federal Register notice announcing the OMB approval of this collection of information.

B. Collections of Information Employing Statistical Methods.

Results will not be tabulated. Statistical methods will not be employed.

⁷ Average hours per response is weighted average hours for 12 a-c, i.e., (12 + 8 + 1,544 = 1,564 hours) divided by (3 + 1 + 386 = 390 responses) = 4 average hours (rounded) per response.

⁸ Equals number of responses in 12d above.