

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
9000-0152, SERVICE CONTRACTING**

A. Justification.

1. **Administrative requirements.** This collection of information covers FAR coverage that requires that offerors when submitting a proposal responding to a solicitation estimated at \$100,000 or more, for services being acquired on the basis of the number of hours to be provided, must identify uncompensated overtime hours and the uncompensated overtime rate per hour, whether at the prime or subcontract level. This includes uncompensated overtime hours that are in the indirect cost pools for personnel whose regular hours are normally charged direct. This language implements 10 U.S.C. 2331.

2. **Uses of information.** The information is used by Government contracting officers to ascertain the cost realism of proposed labor rates for professional employees. Proposals which include unrealistically low labor rates, or which do not otherwise demonstrate cost realism, will be considered by the contracting officer in a risk assessment and evaluated appropriately. The primary purpose for obtaining the information and using it during the source selection process is to discourage the use of mandatory uncompensated overtime in proposals from the professional and technical services industry.

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.

4. **Efforts to identify duplication.** This requirement is issued under the 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 business is the minimum consistent with applicable laws, Executive Orders, regulations and prudent business practices.

6. **Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Absent this information, contracting officers would not be able to perform an adequate cost realism assessment of offerors' proposed labor rates.

7. **Special circumstance for collection.** Collection is consistent with the 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 74 FR 18718, April 24, 2009, made this requirement available to the public and requested comments. No major problems regarding this requirement were reported.

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

10. **Describe assurance of confidentiality provided to respondents.** This information will be disclosed only to the extent consistent with prudent business practices and current regulatory and statutory requirements.

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

12. **Estimated total annual public hour burden.** The burden placed on offerors is the time required to identify and support any hours in excess of 40 hours per week included in their proposal or subcontractor's proposal. It is estimated that offerors will take about 30 minutes to identify and support any hours in excess of 40 hours per week included in their proposal or subcontractor's proposal.

Number of respondents:	<u>19,906</u>
No. of responses per respondent:	<u>1</u>
Total annual responses:	19,906
Hours per response:	<u>.50</u>
Total hours:	9,953

13. **Estimated total annual public cost burden.**

Average cost per hour:	\$20.34
Hours per response:	<u>.50</u>
Total annual responses:	19,906
Total annual public hours:	9,953
Average cost per hour:	<u>20.34</u>
Total annual cost to public:	\$202,444

14. **Estimated annual cost to the Government.** It is estimated that there will be 17,500 service contracts awarded annually at \$100,000 or more, of which 65 percent or 11,375 contracts will be competitively awarded. About 7 proposals will be received for each contract award. Of the total 79,625 (11,375 x 7) proposals received, only 25 percent or 19,906 proposals are expected to include uncompensated overtime hours. It is estimated that Government contracting officers will take about 15 minutes to review the offerors' proposals and ascertain the cost realism of the proposed labor rates.

Number of responses:	
	\$19,906
Average hours per response:	<u>.25</u>
Total hours:	4,977
Average cost per hour:	<u>\$24.61</u>
Total annual cost to the Government:	\$122,484

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 of this collection will not be published.

17. **Approval not to display expiration date.** Not applicable.

18. **Explanation of exception to certification statement.** Not applicable.

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B. Collections of Information Employing Statistical Methods.

Statistical methods will not be employed.

