

**Justification for Information Collection 9000-0166,  
American Recovery and Reinvestment Act—Reporting  
Requirements - One Time Reporting for Prime Contractors**

**A. Justification.**

**1. Administrative requirements.** On February 17, 2009, the President signed Public Law 111-5, the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), including a number of provisions to be implemented in Federal Government contracts. This interim rule implements section 1512, which is also known as the "Jobs Accountability Act." Paragraph (c) of section 1512 requires contractors that receive awards (or modifications to existing awards) funded in whole or in part by the Recovery Act, to report quarterly on the use of the funds.

The FAR case adds a new subpart 4.15, and a new clause, 52.204-11 that require contractors to report on use of Recovery Act funds. Contracting officers must include the new clause in solicitations and contracts funded in whole or in part with Recovery Act funds, except classified solicitations and contracts. Commercial item contracts and Commercially Available Off-The-Shelf (COTS) item contracts will be covered, as well as actions under the simplified action threshold.

**2. Use of information.** The objective of the Recovery Act is to create jobs, restore economic growth, and strengthen America's middle class through measures that modernize the nation's infrastructure, enhance America's energy independence, expand educational opportunities, preserve and improve affordable health care, provide tax relief, protect those in greatest need, and provide for other purposes. This rule implements section 1512 of the Recovery Act which requires contractors, as a condition of receipt of funds, to report quarterly on their use of those funds. These reports will be made available to the public. Combined with the other provisions of the law, the Recovery Act is designed to provide unprecedented transparency to the American taxpayer.

**3. Use of information technology.** Contractors subject to the clause will be required report quarterly on their use of the Recovery Act funds, using the online reporting tool available at [www.FederalReporting.gov](http://www.FederalReporting.gov).

**4. Describe efforts to identify duplication.** The rule

includes the reporting requirements stipulated by FFATA in FAR Case 2008-039 FFATA flowdown and 2008-037 Financial Disclosure.

These cases are in process and as they are finalized, and to the extent possible (e.g., within the FAR Council's ability to control), they will be amended to avoid duplication, overlap, or conflicts with the requirements of this interim rule.

**5. If the collection of information impacts small businesses describe any methods used to minimize the burden.**

The rule requires Federal prime contractors to respond to all of the reporting requirements, eliminating some of the reporting burden on first-tier subcontractors despite the fact that they will have to provide some information to the prime contractor. Also, all of the reporting elements applied to first-tier subcontractors, a significant percentage of which will be small businesses, are one-time collection burdens.

**6. Describe the Consequences to Federal activities if the collection is not conducted or is conducted less frequently.**

If the collection is not conducted or is conducted less frequently, a burden will be placed on agencies' contracting officers to enforce the requirements of the rule, as the public will not have access to the Federal award data, as mandated by the Recovery Act.

A public outcry is likely to be heard if the collection requirements are not met, as the objective of the Recovery Act, to empower the American taxpayer with information on the use of Recovery Act funds.

**7. Special circumstances for collection.** No special circumstances for collections exist.

**8. Efforts to consult with persons outside the agency.** Under the procedures established for development of the FAR, agency and public comments for FAR Case 2009-009 will be sought. Any substantive comments received from interested parties outside the agency will be considered in the formation of a final rule. In addition, comments are being sought via the Notice published in the *Federal Register* at 75 FR 58389, September 24, 2010.

**9. Explanation of any decision to provide any payment or gift to respondents, other than reenumeration of contractors or guarantees.** No such payments or gifts are contemplated.

**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.** Integrity in contracting is of critical importance, and it is necessary for contractors to report Recovery Act funds. Information of a classified nature is exempted from the reporting requirements.

**12. Estimated total annual public hour burden.** Any award funded by the Recovery Act will contain the clause at 52.204-11. This clause requires contractors to report on use of Recovery Act funds. The clause imposes public reporting burden on prime contractors and, in a more limited way, on their first-tier subcontractors. The Federal Procurement Data System (FPDS) indicates that there are 129,331 active and unique prime federal contractors as of February 2009. The estimate for the number of active and unique prime federal contractors that will participate in awards funded by the Recovery Act is 20,013. This is based on using a factor of .16 of 129,331, derived by dividing 129,331 by \$517B in procurement obligations for fiscal year 2008 or by dividing estimated Recovery Act dollars for contracts (estimated between \$60B - \$80B, using \$80B for calculation purposes) by \$517B. Of the estimated 20,013 Recovery Act prime contractors, it is estimated that 20%, or 4,003, will be small businesses. It should be noted that this is 20% of prime contractors which is not to be confused with the 23% small business contracting goal which is based on dollars and that continues to apply to both Recovery Act spending as well as agencies ongoing procurement spending.

The number of first-tier subcontractors estimated to participate in Recovery Act awards is 60,039. This was derived by estimating three first-tier subcontractors for each prime contractor. Of these 60,039 Recovery Act first-tier subcontractors, it is estimated that 25%, or 15,010, will be small businesses.

Based on the above, the estimated total number of small businesses, prime and subcontractors, to which this rule will apply is 19,013 and the estimated total number of other than small businesses to which this rule will apply is 61,039.

Though Section 1512 requires that the reports be completed by the prime contractor for all data elements, for practical purposes, the prime contractor will have to obtain certain information from their first-tier subcontractors, hence the flow-down requirements of (d)(10) of the clause. Additionally, the information required on the prime contractor award varies from that required for the first-tier subcontract awards. For instance, the elements at paragraphs (d)(1)-(9) are collection burdens associated with the prime contract award while the elements in (d)(10)(i)-(ix) are associated with first-tier subcontracts.

Finally, the elements required by Section 1512 of the Recovery Act are a combination of those that will be updated in each quarterly report, such as jobs created and retained and progress and those that are one-time collection burdens, such as award number and date and all of the reporting requirements for first-tier subcontracts. Therefore, the following analysis separately estimates the burden associated with one-time reporting elements for prime contractors on whom the burden will apply. The parenthetical reference after each reporting element description refers to the FAR clause or to FFATA and FederalReporting.gov. The hours estimated per response include the time for reviewing instructions, searching existing data sources, gathering the data, and completing the collection of information. The estimated total annual burden associated with this reporting burden is as follows:

**One-Time Reporting Elements for the prime contractors-**

- a. The award number for both its Government contract and first-tier subcontracts ((d)(1) and (d)(10)(viii));
- b. Program or project title, if any, for its Government contract ((d)(4));
- c. A description of the overall purpose and expected outcomes or results of the contract and first-tier subcontracts, including significant deliverables and, if appropriate, units of measure ((d)(5) and (d)(10)(vii));
- d. Name of the first-tier subcontractor ((d)(10)(ii));

- e. Amount of the first-tier subcontract award ((d)(10)(iii));
- f. Date of the first-tier subcontract award ((d)(10)(iv));
- g. Applicable North American Industry Classification System (NAICS) code ((d)(10)(v)); and
- h. Funding agency ((d)(10)(vi)).

Responses/yr	25016
Reviewing time/hr	<u>X.025</u>
Review time/yr	625
Average wages \$33/hr. + 32.85% OH)	<u>X\$44</u>
Total Government cost	\$27,500

**15. Explain reasons for program changes or adjustment reported in Item 13 or 14.** Public cost burden for Item 13 increased primarily as a result of the fact that the new online reporting tool developed for the purposes of collecting this information centrally will not currently pre-populate these data fields. However, future enhancements may allow for pre-population of some data elements. The elements are primarily FFATA-related and administrative in nature. Contractors will have much of this information on hand or readily available to them in the contract. For those elements not readily available, the government has a publicly available spreadsheet of all Recovery Act funded contract actions that is updated daily at <https://www.fpds.gov>. By filtering this report by their company name or DUNS number and locating their award by PIID (and modification number, if applicable), all of these administrative data elements will be displayed. A Frequently Asked Question (FAQ) explaining how to locate the TAS using the spreadsheet has been posted and will be expanded to cover the additional data elements. Therefore, only a small amount of time/cost is necessary in the adjustment. Item 14 was adjusted to reflect policy decisions made regarding the system development and burden for FederalReporting.gov as well as the role of contracting officers. FederalReporting.gov is not based on eSRS. Contracting officers are responsible for reviewing reports for consistency with award information available to contracting officers and identifying significant errors and material omissions.

**16. Outline plans for published results of information collection.** Results of this information collection will be

published. The Public will be able to access the information through a Government hosted website.

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

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

**B. Collections of Information Employing Statistical Methods.** Statistical methods are not used in this information collection.