

Supporting Statement for Paperwork Reduction Act Submission 0702-0120

A. JUSTIFICATION

1. Circumstances for the Information Collection

Statutory Requirement. Section 807 of the National Defense Authorization Act for Fiscal Year 2008 requires the Secretary of Defense not later than the third quarter of each fiscal year to submit to Congress an annual inventory of the activities performed during the preceding year pursuant to contracts for services for or on behalf of the Department of Defense.

House Report 111-166 for NDAA 2010 at page 349 recommends that the methodology used by the Army to compile the service contract inventory should be used by the other services.

NDAA 2010 Section 803 requires display of annual budget requirements for procurement of contract services.

2. Purposes and Use of Information

Background. This program will greatly enhance the ability of the Army to identify and track its contractor workforce. Current systems do not have contractor manpower data that is collected by the Contractor Manpower Reporting System – i.e., Direct Labor Hours, Direct Labor Dollars and Organization supported. Existing financial and procurement systems have obligation amounts of an unknown mix of services and supplies, 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 "multi-sector 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.

This information is being used to help identify contracts for in-sourcing and to justify contract services in the Army budget in compliance with 10 USC sections 235 and 2330a.

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).

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://cmra.army.mil/> this web site allows contractors the option of entering their data directly into the web site via short drop-down menus or batch loading.

- 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, Value of Contract Instrument, and the Number and Value of 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 Direct Labor Hours are requested for use in calculating 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 may 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, the costs for reporting this information have been minimal. The cost elements can include the manhours spent entering the data, manhours spent configuring current systems, and the manhours spent collecting the data. We have found that during the first five years of reporting, most contractors are choosing to absorb the cost of reporting CMRA into overhead.
- 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 is a relevant variable for determining and prioritizing Army manpower requirements for force structure and infrastructure. The 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 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. Current 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 of supplies and services, 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 has 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.

f. The Department will not be compliant with the National Defense Authorization Act for Fiscal Year 2008 Section 807 and the National Defense Authorization Act for Fiscal Year 2010 Section 803.

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. 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. The website also offers a bulk loader to upload information from multiple contracts and task orders into the system at one time.

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.

8. Public Notice and Comments. The 60-day notice was published in the Federal Register on July 1, 2010. 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. 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.

It has been determined that the information being collected in this system is business related information and that no PII was being collected.

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 12,215 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 4,014 assuming 5 minutes (0.083 hours) per response (12,215 actions times 0.083). At an hourly rate of \$20, the total cost of data reporting for all 12,215 contractors would be about \$80,280. The costs of reporting the data will be reimbursed to each contractor. It is estimated that data reporting will only take 5 minutes. However, as noted above most contractors are not charging for the data collection.

13. Annual Cost Burden to Government. The estimated annual cost to the Government is expected to be approximately \$500,000 for staff. These estimated costs include developmental costs, training, monthly status reports to monitor compliance, design and maintenance of the web site and a help desk. The data reporting time should not exceed 5 minutes.

14. Explanation of Burden Change: This is extension of a previously approved collection for which there is no change in burden with respect to each respondent.

15. Publication of Results. Results (minus proprietary information) will be published on a public website.

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

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

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Statistical methods are not being used because the Department of Defense and Congress have determined that reporting real data from contractors is more reliable, as discussed in statutory section. The Under Secretary of the Army, the Under Secretary for Personnel and Readiness and the Director of Cost and Program Evaluation have all determined that statistical estimation is less reliable and accurate than collecting this data.