

**SUPPORTING STATEMENT
FOR INFORMATION COLLECTION SUBMISSION
9000-0078, MAKE-OR-BUY PROGRAM**

A. Justification.

1. Administrative requirements. Price, performance, and/or implementation of socio-economic policies may be affected by make-or-buy decisions under certain Government prime contracts. This information collection requirement pertains to information that an offeror/contractor must submit in response to the requirements of the provisions in 15.407-2, Make-or-buy programs, and the related clause at 52.215-9, Changes or Additions to Make-or-Buy Program, of the Federal Acquisition Regulation (FAR).

Accordingly, FAR 15.407-2, Make-or-Buy Programs—

(a) Sets forth circumstances under which a Government contractor must submit for approval by the contracting officer a make-or-buy program, i.e., a written plan identifying major items to be produced or work efforts to be performed in the prime contractor's facilities and those to be subcontracted;

(b) Provides guidance to contracting officers concerning the review and approval of the make-or-buy programs; and

(c) Prescribes the contract clause at FAR 52.215-9, Changes or Additions to Make-or-Buy Programs, which specifies the circumstances under which the contractor is required to submit for the contracting officer's advance approval a notification and justification of any proposed change in the approved make-or-buy program.

The estimated burden to the public under this clearance changed from 450 hours to 237 hours (TAB B) based upon a decrease in the number of respondents to 79 from 150 based upon a survey of selected agencies. The estimated annual cost per hour decreased from \$72 to \$43.35/hour as a result of incorporating the FY 2012 General Schedule salary table. The burden to the Government decreased as well based upon the decrease in the number of respondents(see Tab C).

2. Uses of information. The information is used to assure the lowest overall cost to the Government for required supplies and services.

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 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.

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.** A notice was published in the *Federal Register* at 77 FR 43080, on July 23, 2012 concerning the extension of a previously approved information collection, pertains to implementation of requirements of the provisions in 15.407-2, Make-or-buy programs, and the related clause at 52.215-9, Changes or Additions to Make-or-Buy Program, of the FAR. One respondent submitted public comments on the extension of the previously approved information collection. The analysis of public comments is summarized as follows:

Comment: The respondent commented that the extension of the information collection would violate the fundamental purposes of the Paperwork Reduction Act because of the burden it puts on the entity submitting the information and the agency collecting the information.

Response: In accordance with the Paperwork Required Act (PRA), agencies can request an OMB approval of an existing information collection. The PRA requires that agencies use the Federal Register notice and comment process, to extend the OMB's approval, at least every three years. This extension, to a previously approved information collection, pertains to implementation of requirements of the provisions in FAR 15.407-2, Make-or-buy programs, and the related clause at FAR 52.215-9, Changes or Additions to Make-or-Buy Program. The information is

used to assure the lowest overall cost to the Government for required supplies and services.

Comment: The respondent commented that the agency did not accurately estimate the public burden challenging that the agency's methodology for calculating it is insufficient and inadequate and does not reflect the total burden. For this reason, the respondent provided that the agency should reassess the total burden hours and revise the estimate upwards to be more accurate, as was done in FAR Case 2007-006. The same respondent also provided that the burden of compliance with the agency's information collection requirement greatly exceeds the agency's estimate and outweighs any potential utility of the extension. Further, the respondent commented that the estimate of 150 respondents subject to this requirement annually across the entire Government is far too low. The respondent offered that at least ten times and potentially as many as one hundred times as many respondents are subject to these make-or-buy requirements. The respondent stated that the estimate of three responses per respondent is also substantially understated. Contractors that hold cost reimbursement contracts subject to the requirements may be required to submit this type of information upwards of 50 times per year, especially for larger contracts. The respondent further believes that while the estimated eight hours of burden per response is not out of the realm of reasonableness and is more realistic than other estimates provided, the estimate is understated, and that most companies will require two to three times that amount of time per response.

Response: Serious consideration is given, during the open comment period, to all comments received and adjustments are made to the paperwork burden estimate based on reasonable considerations provided by the public. This is evidenced, as the respondent notes, in FAR Case 2007-006 where an adjustment was made from the total preparation hours from three to 60. This change was made considering particularly the hours that would be required for review within the company, prior to release to the Government.

The burden is prepared taking into consideration the necessary criteria in OMB guidance for estimating the paperwork burden put on the entity submitting the information. For example, consideration is given to an entity reviewing instructions; using technology to collect, process, and disclose information; adjusting existing practices to comply with requirements; searching data sources; completing and reviewing the response; and transmitting or disclosing information. The estimated burden hours for a collection are based on an average

between the hours that a simple disclosure by a very small business might require and the much higher numbers that might be required for a very complex disclosure by a major corporation. Also, the estimated burden hours should only include projected hours for those actions which a company would not undertake in the normal course of business. Careful consideration went into assessing the estimated burden hours for this collection. An informal survey of the primary agencies that would require submission of the information for this collection indicated that the total estimated annual burden remains a valid estimate. Additionally, a review of the estimated burden by agency experts revealed that the estimated burden was realistic.

At any point, members of the public may submit comments for further consideration, and are encouraged to provide data to support their request for an adjustment.

9. Explanation of any decision to provide any payment or gift to respondents, other than remuneration 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. An informal survey, conducted in January 2013, of the primary agencies that would require submission of the information for this collection indicated that the total estimated annual burden remains a valid estimate. Additionally, a review of the estimated burden by agency experts revealed that the estimated burden was realistic.

Time required to read and prepare information is estimated at 8 hours per response. The estimated annualized cost per hour has decreased from \$71.75 to \$55.00, as a result of using the OPM salary table for calendar year 2012. We estimated an hourly rate equivalent to a GS-112, Step-5, or \$40.66 per hour, plus 36.45 percent overhead burden which is the rate mandated by OMB for A-76 public-private competitions, and rounded to the nearest whole dollar or \$55.00.

Annual Public Burden and Cost

Respondents/yr.....	150
Responses per respondent.....x	<u>3</u>
Total annual responses.....	450
Hrs/response.....x	<u>8</u>
Total burden hours.....	3,600
Cost per hour.....x	<u>\$55.00</u>
Total Public cost.....	\$198,000

14. **Estimated cost to the Government.** Time required for Government review is estimated at 8 hours per response. The estimated annualized cost per hour has decreased from \$71.75 to \$55.00, as a result of using the OPM salary table for calendar year 2012. We estimated an hourly rate equivalent to a GS-112, Step-5, or \$40.66 per hour, plus 36.45 percent overhead burden which is the rate mandated by OMB for A-76 public-private competitions, and rounded to the nearest whole dollar or \$55.00.

Annual Government Burden and Cost

Estimated total annual responses.....	450
Review time per response x	<u>8</u>
Total burden hours.....	3,600
Cost per hour..... x	<u>\$55.00</u>
Total Government cost.....	\$198,000

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 requirements in the FAR remain unchanged. The estimated responses and burden hours for the public remain the same. Based upon an informal survey, conducted January 2013, of the agencies making most use of the "make or buy" program, there were an estimated 237 annual responses as opposed to the 450 that existed in the current approved collection (see attached). However, the informal survey did not include all agencies, thus; the previously approved estimate of 450 responses remains a reasonable estimate. Based on use of the OPM salary table for calendar year 2012, an adjustment was made to the hourly rate for the public and Government personnel preparing, reporting and reviewing the requirements under this collection.

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

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.