

**SUPPORTING STATEMENT
FOR INFORMATION COLLECTION SUBMISSION
9000-0066, PROFESSIONAL EMPLOYEE COMPENSATION PLAN**

A. Justification.

1. **Administrative requirements.** FAR 22.1103 requires that all professional employees are compensated fairly and properly. Accordingly, FAR 52.222-46, Evaluation of Compensation for Professional Employees, is required to be inserted in solicitations for negotiated service contracts when the contract amount is expected to exceed \$650,000 and the service to be provided will require meaningful numbers of professional employees. The purpose of the provision at FAR 52.222-46 is to require offerors to submit for evaluation a total compensation plan setting forth proposed salaries and fringe benefits for professional employees working on the contract.

2. **Uses of information.** The Government will use this information to determine if professional employees are compensated fairly and properly. Plans indicating unrealistically low professional employees' compensation may be assessed adversely as one of the factors considered in making a contract award.

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. Nothing in the FAR precludes the use of electronic interchange.

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 45612, on August 1, 2012. One respondent submitted public comments on the extension of the previously approved information collection. The analysis of the 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 Reduction Act (PRA), agencies can request OMB approval of an existing information collection. The PRA requires that agencies use the Federal Register notice and comment process, to extend OMB's approval, at least every three years. This extension, to a previously approved information collection, pertains to the provision at FAR 52.222-46, Evaluation of Compensation for Professional Employees, in solicitations for negotiated service contracts when the contract amount is expected to exceed \$650,000 and the service to be provided will require meaningful numbers of professional employees. FAR 22.1103 requires that all professional employees shall be compensated fairly and properly. The purpose of the provision at FAR 52.222-46 is to require offerors to submit for evaluation a total compensation plan setting forth proposed salaries and fringe benefits for professional employees working on the contract. Plans indicating unrealistically low professional employees compensation may be assessed adversely as one of the factors considered in making a contract award. Not granting this extension would remove Government evaluators' discretion to adversely assess offers containing unrealistically low professional employees compensation, and would result in the Government's inability to ensure that professional employees are fairly and properly compensated for their work.

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. The respondent stated that the estimate of one response per respondent annually

and .5 hours of burden per response is understated, many companies submit upwards of 100 plans per year, and the burden is more likely in the range of five hours. For this reason, the respondent provided that the agency should reassess the estimated 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 information collection requirement greatly exceeds the agency's estimate and outweighs any potential utility of the extension.

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, and although, the respondent provided specific estimates of responses and burden hours that cannot be confirmed, it is determined that an upward adjustment is warranted at this time based upon consideration of the information provided in the public comment. The information collection requirement has been revised to reflect an overall increase in the total public burden hours from 4,225 to 52,220.

9. **Explanation of any decision to provide any payment or gift to respondents, other than re-enumeration 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.**

Recordkeeping Burden:

Number of respondents	13,055 ¹
Responses per respondent	x <u>1</u> ²
Total responses	13,055
Estimated hours/response	x <u>3</u> ³
Estimated total burden hours	39,165
Average cost per hour	x <u>45</u> ⁴
Total recordkeeping cost to the public	\$1,762,425

Reporting Burden:

Number of respondents	13,055 ⁵
Responses per respondent	x <u>2</u> ⁶
Total responses	26,110
Estimated hours per response	x <u>0.5</u> ⁷
Estimated total burden hours	13,055
Average cost per hour	x <u>25</u> ⁸
Total reporting cost to the public	\$326,375

Total public burden:

Number of respondents	13,055
Responses per respondent	x <u>3</u>

¹Number of contractors with unique DUNS numbers awarded contracts in Service Codes C, D, Q, and R in Fiscal Year 2011, according to data from the Federal Procurement Data System (FPDS).

² On-going throughout the year.

³ Updated estimate based on consideration of public comments.

⁴ Based on 2012 OPM General Schedule salary tables. Used salary for the equivalent of a GS-12, Step 5, or \$32.73/hour, plus an overhead rate of 36.25%, based on OMB Memorandum M-08-13, rounded to the nearest dollar, or \$45/hour.

⁵ See #1.

⁶ Average of two proposals for each professional services solicitation.

⁷ Reporting burden is remains unchanged from previously approved estimate.

⁸ A low labor rate is used for reporting because it is essentially a clerical duty. Based on 2012 OPM General Schedule salary tables. Used salary for the equivalent of a GS-7, Step 5, or \$18.45/hour, plus an overhead rate of 36.25%, based on OMB Memorandum M-08-13, rounded to the nearest dollar, or \$25/hour.

Total responses	39,165
Estimated hours per response	<u>1.333333</u>
Estimated total burden hours	52,220
Average cost per hour	<u>x 35.00</u>
Total cost to the public	\$1,827,700

Item 14. **Estimated cost to the Government.** Time required for Government review is estimated to be 30 minutes.

Annual Government burden and cost:

Number of respondents	13,055
Responses per respondent	<u>x 2</u>
Total responses	26,110
Estimated hours per response	<u>x 0.5</u>
Estimated total burden hours	13,055
Average cost per hour	<u>x 45⁹</u>
Total Government cost	\$587,475

Item 15. **Explain reasons for program changes or adjustments reported in items 13 or 14.** The information collection requirement has been revised to reflect an overall increase in the total public burden hours from the previously approved estimated total public burden based on consideration of: (a) Public comments received; (b) Updated Fiscal Year 2011 Federal Procurement Data System data of the number unique contractors with contracts awarded for professional services (e.g., contracts awarded in Service Codes C, D, Q, and R) at a value of \$650,000 and above; and (c) Updated public and government labor and overhead rates.

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.

⁹ Based on 2012 OPM General Schedule salary tables. Used salary for the equivalent of a GS-12, Step 5, or \$32.73/hour, plus an overhead rate of 36.25%, based on OMB Memorandum M-08-13, rounded to the nearest dollar, or \$45/hour.