

**SUPPORTING STATEMENT
FOR INFORMATION COLLECTION SUBMISSION
9000-0082, ECONOMIC PURCHASE QUANTITY—SUPPLIES**

A. Justification.

1. **Administrative requirements.** The provision at 52.207-4, Economic Purchase Quantity—Supplies, invites offerors to state an opinion on whether the quantity of supplies on which bids, proposals, or quotes are requested in solicitations is economically advantageous to the Government. Each offeror who believes that acquisitions in different quantities would be more advantageous is invited to (1) recommend an economic purchase quantity, showing a recommended unit and total price, and (2) identify the different quantity points where significant price breaks occur. This information is required by Public Law 98-577 and Public Law 98-525.

2. **Uses of information.** The information is used by contracting officers, inventory managers, and requirements development activities to avoid acquisitions in disadvantageous quantities and to develop a database for future acquisitions of the items of supply.

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 generally consistent with guidelines in 5 CFR 1320.6.

8. **Efforts to consult with person outside the agency.** A notice was published in the *Federal Register* at 77 FR 43077, on July 23, 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. The respondent opposes granting the extension of the information collection requirement.

Response: In accordance with the Paperwork Reduction 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 the provision at FAR 52.207-4, Economic Purchase Quantity-Supplies, which invites offerors to state an opinion on whether the quantity of supplies on which bids, proposals, or quotes are requested in solicitations is economically advantageous to the Government. Each offeror who believes that acquisitions in different quantities would be more advantageous is invited to (1) recommend an economic purchase quantity, showing a recommended unit and total price, and (2) identify the different quantity points where significant price breaks occur. This information is required by Public Law 98-577 and Public Law 98-525. Not granting this extension would consequently eliminate FAR clauses that provide a benefit to the public and the agency collecting the information.

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 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 burden for this collection. There is no centralized database for the collection of the information associated with this requirement. The solicitation provision of this information collection is not required to be inserted in contracts for the General Services Administration multiple award schedule contract program where numerous agencies place orders for supplies. In addition, a contracting officer can determine not to include the provision in a solicitation for supplies under certain circumstances. Further, the FAR requirements to conduct market research significantly reduced the applicability of the provision because Government quantities are more in line with industry practices. However, based on the information submitted by the respondent an adjustment is made to the estimated burden. 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 hours and cost burden.**
 The public commenter stated that the estimated 1,524 respondents is significantly understated, as the requirements likely apply to ten to twenty times as many respondents. However, the commeter did not provide the source of the estimate, so it could be relied on with any degree of certainty to make an adjustment as recommended. The Government does not maintain a centralized database for the information, but in consideration of the public comment, the estimated number of respondents is increased by 100% to 3,000. The estimated number of responses is unchanged despite the respondents comment that it is unrealistically low for larger companies that perform extensive government contracts. The estimated number of responses remains as a valid assumption for the average among small and large companies providing the information for this collection.
 An adjustment is made to the estimated responses time based on the comment that 0.83 is too low to comply with under an hour. The estimate is increased to one hour.

Estimated respondents/yr.....	3,000
Responses annually.....	<u>x 25</u>
Total annual responses.....	75,000
Estimated hrs/response.....	<u>x 1</u>
Estimated total burden/hrs.....	75,000
Estimated cost to public (\$32.73 ¹ + 36.45% OH ²).....	\$3,349,506

14. **Estimated cost to the Government.** Time required for Governmentwide review is estimated at 1 hour per response.

Annual Reporting Burden and Cost

Reviewing time/hr.....	1
Responses/yr.....	<u>x 75,000</u>
Review time/yr.....	75,000
Average wages/hr(\$32.73).....	<u>x \$32.73</u>
Total Government cost.....	\$2,454,750

15. **Explain reasons for program changes or adjustments reported in Item 13 or 14.** This submission requests an extension of OMB

¹ The cost of \$32.73 per hour is based on a GS-12 Step 5 Salary (Base GS Salary table 2012)

² The 36.45% fringe benefit rate is derived from Circular No. A-76, Revised Supplemental handbook (Memorandum M-07-02 dated October 31, 2007).

approval of an information collection requirement in the Federal Acquisition Regulation (FAR). The information collection requirement in the FAR remains unchanged. However, an upward adjustment is made to the burden based on consideration of the public comment. Additionally, the costs are adjusted for based on an update to the wage rates for the personnel preparing or reviewing the information.

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.