

**SUPPORTING STATEMENT  
FOR PAPERWORK REDUCTION ACT SUBMISSION 9000-0068  
ECONOMIC PRICE ADJUSTMENT**

**A. Justification.**

1. **Administrative requirements.** FAR 16.203, Fixed-price contracts with economic price adjustment, and associated clauses at 52.216-2, 52.216-3, and 52.216-4 provide for upward and downward revision of the stated contract price upon occurrence of specified contingencies. In order for the contracting officer to be aware of price changes, the firm must provide pertinent information to the Government.

2. **Uses of information.** The information is used to determine the proper amount of price adjustments required under the contract.

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 person outside the agency.** A notice was published in the *Federal Register* at 77 FR 69442, on November 19, 2012. One respondent submitted comments. 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 FAR 16.203, Fixed-price contracts with economic price adjustment, and associated clauses at 52.216-2, 52.216-3, and 52.216-4 which provide for upward and downward revision of the stated contract price upon occurrence of specified contingencies. In order for the contracting officer to be aware of price changes, the firm must provide pertinent information to the Government. The information is used to determine the proper amount of price adjustments required under the contract. 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. The respondent indicated that .25 hours or 15 minutes per response for the level of effort involved under the relevant clauses is unrealistically low. 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, and although the respondent did not provide a specific recommendation for an increase of time per response, an adjustment is made to the estimated total 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.** We pulled data from the Federal Procurement Data System - Next Generation (FPDS-NG) for fixed-price contracts with economic

price adjustments (EPAs) for fiscal years 2009 (11,804), 2010 (12,159), and 2011 (11,872) and averaged the 3 years for an average of 11,945. The number of contracts for the respective years was reduced by modifications and all other administrative actions making the data pure number of awarded contracts. The data was also manipulated to include a unique number of vendors for each year by drilling down to use only one DUNS number per vendor for each of those years. Time required to read and prepare information is estimated at 1.5 hours per completion.

Annual Public Burden and Cost

Number of respondents.....	11,945
Number of responses per respondent.....	x <u>1</u>
Total responses.....	11,945
Preparation time per response.....	x <u>1.5</u>
Total burden hours.....	17,918
Average wages (\$32.73 <sup>1</sup> + 36.25% <sup>2</sup> OH).....	x <u>\$44.59</u>
Estimated cost to the public.....	\$798,964

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

Annual Reporting Burden and Cost

Total annual responses.....	11,945
Review time per response.....	x <u>1</u>
Total burden hours.....	11,945
Average wages and overhead (\$32.73/hr + 36.25% OH)...	<u>\$44.59</u>
Total Government cost (hrs x \$32.73/hr + 36.25% OH)...	\$532,627

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 requirement in the FAR remains unchanged. The estimated annual reporting burden has increased from what was published in the Federal Register at 74 FR 64085, on December 7, 2009. The estimated total burden hours has increased from 1,337 to 17,918. The upward adjustment on based

<sup>1</sup> The cost of \$32.73 per hour is based on a GS-12 Step 5 salary (Base GS Salary Table 2012).

<sup>2</sup> The 36.25% fringe benefit rate is derived from OMB Memorandum M-08-13, dated March 11, 2008.

on information from the Federal Procurement Data System and consideration of information from the public comments. The number of responses is adjusted from 5,346 to 11,945 based on FPDS data, and the estimated hours per response is adjusted from 15 minutes to 1.5 hours based on public comments. The respondent stated that 15 minutes per responses only accounted for one-third of the effort. The 1.5 hours allows for additional time to meet the requirements under the relevant clauses.

**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