

**SUPPORTING STATEMENT
FOR INFORMATION COLLECTION SUBMISSION
9000-0108, BANKRUPTCY**

A. Justification.

1. **Administrative requirements.** Under statute, contractors may enter into bankruptcy, which may have a significant impact on the contractor's ability to perform its Government contract. The Government often does not receive adequate and timely notice of this event. FAR Subpart 42.9, Bankruptcy, prescribes policies and procedures regarding actions to be taken when a contractor enters into proceedings relating to bankruptcy. It establishes a requirement for the contractor to notify the contracting officer upon filing a petition for bankruptcy. It further establishes minimum requirements for agencies to follow in the event of a contractor bankruptcy. The clause at 52.242-13, entitled "Bankruptcy" requires contractors to notify the contracting officer within 5 days after the contractor files for bankruptcy.

2. **Uses of information.** The subject contract clause requires contractors to notify the contracting officer within five days after the contractor enters into bankruptcy.

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 contract by contract 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 73660, on December 11, 2012. No comments were received.

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 used as our baseline data from the American Bankruptcy Institute (www.abiworld.org). Based on this data, business bankruptcies totaled 60,837 in 2009 when the respondent's estimate of 1,000 was used in the currently approved information collection (Because of the Government's stringent contract responsibility requirements in FAR Part 9, the ratio of bankruptcies among Government contractors is very low). According to the American bankruptcy Institute, business bankruptcies declined by 21% between 2009 and 2011 (at present, 2011 is the latest annual data available on bankruptcies). The revised estimate of 790 reflects the 21% decline in business bankruptcies between the two years. We used the estimated 1,000 respondent number from the 2009 information collection as the basis for calculating the 21% decrement for 2012. There is no single data collection process or system, *e.g.*, Federal Procurement Data System (FPDS-NG), that identifies the number of bankruptcies Governmentwide. To date, no public comments or questions have been received regarding the burden estimates included in the currently approved clearance. For the purposes of this clearance, time required for reading and preparing information is estimated at 1 hour per response. The time for recordkeeping is estimated at 15 minutes per respondent. Average wages are for a GS-14, step 9, base rate from the 2012 OPM salary table. This rate is used due to the fact that this is a legal matter requiring attorney review. The overhead rate is based on OPM memo M-08-13, dated March 11, 2008. The average wage for recordkeeping is a GS-9, Step 5, base rate from the 2012 OPM

salary table. The overhead rate is based on OPM memo M-08-13, dated March 11, 2008.

Annual Reporting Burden

Estimated respondents/yr.....	790
Responses annually.....	x <u>1</u>
Total annual responses.....	790
Estimated hrs/response.....	x <u>1</u>
Estimated total burden/hrs.....	790

Annual Recordkeeping Burden

Number of recordkeepers.....	790
Annual hours per recordkeeper.....	x <u>1.25</u>
Total recordkeeping burden hours.....	988

Annual Cost to the Public

Response burden hours.....	790
Average wages + overhead (\$51.40 + 36.25% OH)	x <u>\$70.03</u>
Total response cost to the public.....	\$55,324
Recordkeeping burden hours.....	988
Average wages + overhead (\$22.57 + 36.25% OH) x	<u>\$30.75</u>
Total recordkeeping cost to the public.....	\$30,381
Total response and recordkeeping cost to the public	\$61,413

14. **Estimated Cost to the Government.** Time required for Governmentwide review is estimated at 2 hours per response. Average wages are for a GS-14, step 9, base rate from the 2012 OPM salary table. This rate is used due to the fact that this is a legal matter requiring attorney review. The overhead rate is based on OPM memo M-08-13, dated March 11, 2008.

Annual Reviewing Burden and Cost

Total annual responses.....	790
Review time per response/hrs.....	x <u>2</u>
Total burden hour.....	1,580
Average wages + overhead(\$51.40/hr. + 36.25% OH)	x <u>\$70.03</u>
Total Government cost.....	110,647

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 burden hour requirement in the FAR has decreased due to the reduction in business bankruptcies between

the years 2009 and 2011. The cost to the public in dollars has increased due to the use of updated salary 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.