

Supporting Statement
OMB Control No. 0704-0533
Defense Federal Acquisition Regulation Supplement (DFARS)
DFARS Subpart 249 - Termination of Contracts

A. Justification

1. Requirement. This statement supports a new request for OMB clearance 0704-0533 to cover Defense Federal Acquisition Regulation Supplement (DFARS) part 249, Termination of Contracts, and a related clause at DFARS 252.249-7002, Notification of Anticipated Contract Termination or Reduction. This clause is prescribed at DFARS 249.7003(c) for inclusion in all contracts under a major defense program. In accordance with section 1372 of the National Defense Authorization Act for FY 1994 (Pub. L. 103-160) and section 824 of the National Defense Authorization Act for FY 1997 (Pub. L. 104-201), this clause requires contractors, within 60 days after receipt of notice from the contracting officer of anticipated termination or substantial reduction, to provide notice of the anticipated termination or substantial reduction to first-tier subcontractors with a subcontract of \$650,000 or more and requires flowdown to lower-tier subcontractors with a subcontract of \$150,000 or more.

2. Purpose. The purpose of this requirement is to help establish benefit eligibility under the Job Training Partnership Act (29 U.S.C. 1661 and 1662) for employees of DoD contractors and subcontractors adversely affected by contract termination or substantial reductions under major defense programs.

3. Information technology. Improved information technology is used to the maximum extent practicable. When DoD, the prime contractor, and the contractor/subcontractors are capable of electronic interchange, this information collection requirement may be accomplished electronically.

4. Duplication. As a matter of policy, DoD reviews the DFARS to eliminate unnecessary duplication. This request for information applies solely to DoD contracts and does not duplicate any other requirement.

5. Small business. The burden applied to small businesses is the minimum consistent with applicable laws, Executive Orders, regulations and prudent business practices.

6. Consequences for noncollection. Every attempt has been made to keep the frequency of collection to a minimum. However, in

order to meet the requirements of the statute and fulfill the objectives of providing the information, contractors are required to provide timely notification to subcontractors, upon receipt of notification from the contracting officer.

7. Special circumstances. Collection of the information does not require any of the special circumstances cited at 5 CFR 1320.5(d)(2).

8. Public comments and consultation. This information collection is consistent with the guidelines in 5 CFR 1320.5(d). Public comments were solicited in the Federal Register on November 6, 2014 (79 FR 65912) as required by 5 CFR 1320.8(d). No comments were received.

9. Payment to respondents. No payment or gift will be provided to respondents, other than remuneration of contractors under their contracts.

10. Confidentiality. This information is disclosed only to the extent consistent with prudent business practices, current regulations, and statutory requirements.

11. Sensitive questions. No sensitive questions are involved.

12. Estimate of public burden. The estimated costs are based on the advice of senior DoD officials, who estimate that such notification of the termination or substantial reduction in a major defense program does not occur, on the average, more than once or twice per year. We estimate that a contractor under a major defense program is may have an average of 50 subcontractors with subcontracts that are \$650,000 or more. Of those first-tier subcontractors, we estimate that 80 percent of them will have an average of 4 lower-tier subcontractors with subcontracts that are \$150,000 or more. We estimate this takes 2 hours for the first notification and .5 hours per each additional notification.

2 prime contractors x 2 hours per initial notification = 4 hours

2 prime contractors x 49 add'l notifications x .5 = 49 hours

40 subcontractors x 2 hours per initial notification = 80 hours

40 subcontractors x 3 add'l notification x .5 = 60 hours

42 respondents 260 notifications 193 hours

Accordingly, the estimated the public burden is as follows—

Number of respondents (initial)	42
Responses per respondent	x 6.19
Number of responses	<hr/> 260
Average hours per response	x .74
Estimated hours	<hr/> 193
Cost per hour	X \$54
Total annual Public cost	<hr/> \$10,422

* The fully burdened rate of \$54 was developed using 2014 hourly labor rate of \$39.31 for a GS-13, step 5, plus a burden of 36.25 percent from OMB Circular A-76.

13. Estimated nonrecurring costs. We estimate that there are no nonrecurring costs, i.e., capital and start-up, or operation and maintenance costs.

14. Estimated cost to Government. DFARS 252.249-7002 requires prime contractors to submit the requested information directly to the subcontractors. Since the Government does not review or participate in any manner in the transaction, there is no Government burden associated with this requirement.

15. Program changes. This is a new request for OMB clearance.

16. Publication. Results of this collection will not be published.

17. Expiration date. No approval, to not display the expiration dates for OMB approval of the information collection, is required.

18. Certification. There are no exceptions to the certification accompanying this Paperwork Reduction Act submission.

B. Collections of Information Employing Statistical Methods

Statistical methods will not be employed.