## A. Justification

**1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The General Services Administration’s Federal Supply Schedule program, commonly known as the GSA Schedules program or Multiple Award Schedule (MAS) program, provides federal agencies with a simplified process for acquiring commercial supplies and services. The FSS program is the Government’s preeminent contracting vehicle, accounting for approximately 10 percent of all federal contract dollars with approximately $33 billion of purchases made through the program in fiscal year 2015.

Pursuant to 41 U.S.C. §152(3), an ordering activity has met the requirements for full and open competition while using FSS ordering procedures when:

(A) participation in the program has been open to all responsible sources; and

(B) orders and contracts under those procedures result in the lowest overall cost alternative to meet the needs of the Federal Government.

GSA negotiates pricing on its FSS contracts that it determines to be fair and reasonable. GSA FSS contract pricing is established through one of two techniques:

1. Vertical Pricing: GSA has traditionally used this method to establish FSS prices. It entails comparing a vendor’s prices and price-related terms and conditions with those offered to their other customers. The FSS pricing disclosures required under this model are covered by this supporting statement.
2. Horizontal Pricing: This entails comparing a vendor’s prices and price-related terms and conditions with those offered by other vendors. This model relies on contractor-provided transactional data, readily available commercial pricing data, and contract-level pricing data. GSA is currently conducting a Transactional Data Reporting[[1]](#footnote-1) pilot basis for select Schedules and Special Item Numbers that is covered by a separate information collection.[[2]](#footnote-2)

Under the vertical pricing model, GSA establishes price reasonableness by comparing a contractor’s prices and price-related terms and conditions with those offered to the contractor’s other customers. Through analysis and negotiations, GSA establishes a favorable pricing relationship in comparison to one of the contractor’s customers (or category of customers) and then maintains that pricing relationship for the life of the contract. In order to carry out this practice, GSA collects pricing information and related terms and conditions through Commercial Sales Practices (CSP) disclosures and enforces the pricing relationship through General Services Administration Acquisition Regulation (GSAR) clause 552.238-75, Price Reductions, commonly known as the Price Reductions clause (PRC).

FSS solicitations that contain the basic version of GSAR clause 552.238-74 Industrial Funding Fee and Sales Reporting must provide CSP disclosures in accordance with GSAR 515.408(a)(2).[[3]](#footnote-3) Vendors providing CSP disclosures must submit information in the Commercial Sales Practices Format provided in the solicitation, following the instructions at GSAR [Figure 515.4-2](https://www.acquisition.gov/sites/default/files/current/gsam/html/Part515.html#wp1866508), or submit information in their own format. GSA collects CSP disclosures for new offers, prior to executing bilateral modifications for exercising a contract option period, adding items and Special Item Numbers (SINs), or increasing pricing under the Economic Price Adjustment clause (GSAR 552.216-70). However, if a contractor’s commercial sales practices do not change during contract performance, they can state that no changes have occurred, in lieu of submitting a CSP disclosure, when one would normally be collected.

GSAR 538.273 (b)(2) prescribes the basic PRC for use in all FSS solicitations and contracts except those that include Transactional Data Reporting requirements, which instead include Alternate II of the PRC. The basic PRC is intended to ensure the Government maintains its price/discount (and/or term and condition) advantage in relation to the contractor’s customer(s) upon which the FSS contract is based. The basis of award customer (or category of customers) is identified at the conclusion of negotiations and noted in the contract. Thereafter, the PRC requires FSS contractors to inform the contracting officer of price reductions within 15 calendar days. Per 552.238-75(c)(1), “A price reduction shall apply to purchases under this contract if, after the date negotiations conclude, the Contractor—

(i) Revises the commercial catalog, pricelist, schedule or other document upon which contract award was predicated to reduce prices;

(ii) Grants more favorable discounts or terms and conditions than those contained in the commercial catalog, pricelist, schedule or other documents upon which contract award was predicated; or

(iii) Grants special discounts to the customer (or category of customers) that formed the basis of award, and the change disturbs the price/discount relationship of the Government to the customer (or category of customers) that was the basis of award.[[4]](#footnote-4)

**2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

GSA relies on CSP and PRC disclosures to establish and maintain a basis of award pricing relationship for contracts that do not contain Transactional Data Reporting requirements. Although GSA contracting officers are encouraged to use the applicable techniques from Federal Acquisition Regulation (FAR) subpart 15.4, Contract Pricing, CSP and PRC disclosures underlie GSA’s mechanism for determining fair and reasonable prices under the vertical pricing model described in Section 1.

GSA contracting officers use information from CSP disclosures to negotiate pricing, and terms and conditions, for FSS contracts. They review the disclosures when evaluating proposals for new FSS contracts and modifications to exercise options, add items and SINs, or increase prices. The information from these disclosures is then used as part of setting negotiation objectives and as part of determining price reasonableness.

During contract performance, vendors subject to the basic PRC are required to notify GSA within 15 calendar days of when a price reduction should apply (GSAR 552.238-75(c)(1)). GSA contracting officers use the information from these notifications to ensure the Government maintains the pricing relationship and receives the benefit of lower prices.

**3.** **Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.**

Vendors submit all information associated with this collection electronically through GSA’s eOffer/eMod platform, which is accessible at the Internet site eoffer.gsa.gov.

**4.** **Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

GSA did not identify any duplication of information or similar data being collected.

**5. If the collection of information impacts small businesses or other small entities (item 5), describe any methods used to minimize burden.**

Small businesses hold most of the contracts in the Schedules program and account for a smaller but still very significant share of the overall sales volume. In FY2014, small businesses held 80 percent of the FSS contracts and accounted for only 39 percent of the overall sales. In fiscal year 2015, 36% of the FSS contracts held by small businesses had no sales activity, and another 36% had sales less than $250,000. The vendors who hold these contracts are typically not expending tremendous resources to administer contracts that do not produce high sales.

However, CSP and PRC disclosure requirements do present barriers for small businesses, as the associated costs are incurred with compliance occur before a vendor wins any federal dollars through the FSS contract. GSA is addressing this dynamic through Transactional Data Reporting. Beginning as a pilot program, Transactional Data Reporting will only require a reporting burden as vendors receive and record a sale of an order against their FSS contract, Additionally, GSA will use the transactional data it collects, along with data from other sources, to determine whether an offer is fair and reasonable. Where it applies, elimination of the CSP means fewer vendors will need to invest in additional resources to prepare an offer for a GSA Schedule contract.

Moreover, Transactional Data Reporting presents a lower reporting burden than CSP and PRC disclosures. FSS vendors participating in the Transactional Data Reporting requirement will have an annual reporting burden of approximately $12 million.[[5]](#footnote-5) However, the burden for requiring CSP and PRC disclosures for these contractors would have been $44 million. Thus, Transactional Data Reporting requirements, coupled with the removal of CSP and PRC disclosures, results in an annual burden reduction of $32 million for these FSS pilot vendors.

This is particularly beneficial for small businesses, as they hold 80% of the contracts eligible for inclusion in the FSS pilot. Moreover, if the pilot is successful, then GSA will look to include additional Schedules and Special Item Numbers under Transactional Data Reporting. This would further decrease the reporting burden on vendors, including small businesses.

**6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

CSP and PRC disclosures have traditionally been GSA’s main mechanism for ensuring FSS ordering procedures “result in the lowest overall cost alternative to meet the needs of the Federal Government,” as required by 41 U.S.C. §152(3)(B). They provide GSA with insight into a contractor’s proprietary pricing practices, and there is no other source for this proprietary information.

GSA believes the data it collects under the new Transactional Data Reporting clause,[[6]](#footnote-6) in conjunction with other horizontal pricing techniques, will be a superior method of meeting this statutory obligation.

Transactional Data Reporting is being implemented for the FSS program under a pilot that includes contracts that accounted for 43.2% of the fiscal year 2015 FSS program revenue.

If the pilot is successful, GSA will continue to replace CSP and PRC disclosures with less burdensome horizontal pricing techniques.

For contracts outside of the pilot, GSA will need to continue requiring CSP and PRC disclosures.

**7. Explain any special circumstances**

Vendors may need to provide CSP disclosures more often than quarterly if contract actions requiring CSP disclosures occur more often than quarterly. Unless the contract contains Transactional Data Reporting requirements, CSP disclosures must be made in order for the Government to make a fair and reasonable price determination prior to awarding an FSS contract or executing certain contract modifications.

Also, in accordance with the basic version of the PRC, vendors must also provide notifications of certain price reductions to the contracting officer within 15 calendar days; the price reductions triggering those notifications may occur more often than quarterly. The Government must receive notification within this time period in order to take action while the information is current.

**8. Describe efforts to consult with persons outside the agency.**

GSA engaged the public regarding these pricing disclosures as it pursued proposed rule GSAR 2013-G504, Transactional Data Reporting. GSA proposed to amend the GSAR to include a clause that would require FSS vendors to report transactional data from orders and prices paid by ordering activities. GSA proposed to pair the new clause with changes to the basis of award monitoring, or “tracking customer,” requirement of the existing Price Reductions clause, resulting in a burden reduction for participating FSS contractors. The proposed rule also noted, “...GSA would maintain the right throughout the life of the FSS contract to ask a vendor for updates to the disclosures made on its [CSP] format… if and as necessary to ensure that prices remain fair and reasonable in light of changing market conditions.”

The proposed rule was published in the Federal Register at 80 FR 11619, on March 4, 2015 and stakeholders were engaged through a public meeting on April 17, 2015. In comments received regarding the proposed rule, industry respondents indicated retaining CSP disclosures would cancel out any burden reduction achieved by eliminating the PRC tracking customer requirement. Specifically, respondents were concerned that CSP disclosures still force contractors to monitor their commercial prices, which ultimately causes the associated burden for both disclosure requirements.

As a result of those comments, GSA included CSP disclosure burden estimates as part of this information collection. This is the first time GSA has separated out the CSP disclosure burden. Also, GSA changed the information collection name from “Price Reductions Clause” to “Federal Supply Schedule Pricing Disclosures” to more accurately reflect the scope of the information collected.

An initial notice of request for comments regarding the extension of this information collection was published in the Federal Register at 80 FR 72060 on November 18, 2015. One respondent provided comments on (1) whether FSS pricing disclosures are necessary and have practical utility, and (2) if GSA’s estimates of the collection burden are accurate, and based on valid assumptions and methodology. The following are summaries of those comments and GSA’s responses:

**Comment:** The respondent stated these pricing disclosures no longer have practical utility because pricing under the FSS program is primarily driven by order-level competition. In regards to the Price Reductions clause (PRC), the respondent stated the following:

* GSA’s notice of proposed rulemaking for GSAR case 2013-G504, Transactional Data Reporting, which stated “only about 3 percent of the total price reductions received under the price reductions clause were tied to the ‘tracking customer’ feature. The vast majority (approximately 78 percent) came as a result of commercial pricelist adjustments and market rate changes, with the balance for other reasons.”[[7]](#footnote-7)
* The respondent’s member organizations “overwhelmingly reported that competition in response to known requirements is the most significant driver of reduced pricing for customer agencies.”
* The PRC limits contractors in their ability to offer discounts to certain commercial clients, which undermines competition in the commercial marketplace.

In regards to Commercial Sales Practices (CSP) disclosures, the respondent stated:

* “The current CSP format for disclosures does not provide for consideration of the existing GSA Schedule ordering procedures, creates ambiguity in disclosure requirements, and requires the release of data that exceeds the needs of the government to negotiate fair and reasonable prices.”
* The CSP was developed at a time when the commercial marketplace was less volatile and contractors generally had standard prices and pricelists. However, this is no longer the case, particularly for the service and high-tech industry sectors. As a result, the respondent’s members report “it is difficult to determine how to respond to and appropriately disclose information requested in the CSP format.”

**Response:** The PRC and CSP disclosures are a means for GSA to meet its obligation under 41 U.S.C. §152(3)(B), which requires FSS ordering procedures to “result in the lowest overall cost alternative to meet the needs of the Federal Government.” However, GSA is exploring alternatives to these practices. For example, GSA’s Transactional Data Reporting proposed rule would require FSS contractors to report to GSA transactional data - including descriptions of the items purchased, quantities, and prices paid - on orders placed under their FSS contracts. GSA’s experience with transactional data has shown it can lead to better contract-level and order-level prices. For the proposed rule, GSA proposed removing the basis of award requirement of the PRC when FSS contractors agreed to report transactional data to GSA.[[8]](#footnote-8)

**Comment:** The respondent stated the “higher lift” versus “lighter lift” assumptions are not appropriate because its member organizations consisting of both small businesses and large businesses, and both types use consultants and attorneys to assist in completing pre-award CSP disclosures, which aligns both types closer to the higher lift burden estimates.

**Response:** GSA used this approach to account for the vast disparity in burden among FSS contractors. The amount of “lift” required by a contractor can be affected by factors such as business size, sales volume, and contract-type. The following illustrations show how the burden can vary by each factor:

* A larger business will encounter more obstacles in meeting these requirements, such as coordinating between multiple offices and business lines, than a smaller business with fewer customers.
* Schedule contractors with higher sales volume will likely encounter more situations that require pricing disclosures than those with no sales.
* A higher number of FSS contract line-items requires more expansive CSP disclosures and broader PRC basis of award customer monitoring. Typically, product-oriented contracts have more line-items than a service contract and therefore face a higher burden.

Since a single factor alone does not determine a contractor’s lift, as these factors are independent of each other (e.g. business size does not determine sales volume or contract-type), it would be inappropriate to categorize vendors along business or contract attributes. On the other hand, it is appropriate to separate the burden between heavier lift and lighter lift because there are marked differences in the compliance burden. While many contractors do absorb a higher compliance burden, they are not representative of the Schedules program. The following fiscal year 2014 figures illustrate why most vendors would not fall into the heavier lift category:

* Other-than-small businesses accounted for 63% of the total sales and held 20% of the FSS contracts.
* The top 20 percent of FSS contractors, in terms of FY2014 sales, accounted for 95.7 percent of the overall FSS sales volume.
* 82% of sales were under Schedules that had a majority of sales under service-related SINs, while 18% of sales were made under Schedules that had a majority of sales under product-related SINs. Typically, majority-product contracts have more line items and require a higher burden for FSS pricing disclosure requirements. Some of the majority-service Schedules contain product-related SINs, meaning the service-related sales portion could be under 82%, but service-related sales still undoubtedly account for a majority of the overall FSS sales volume.

**Comment:** The PRC burden does not account for monitoring activities beyond establishing electronic systems to track pricing. The respondent’s members indicated this burden could potentially be 2,000 hours a year for a heavy lift contractor.

**Response:** GSA’s compliance system burden estimate is the highest of the various PRC components because it included monitoring activities. A compliance system encompasses how a contractor maintains compliance with the PRC. Some contractors may invest in an electronic system that requires high upfront investments but automates ongoing monitoring, while others may opt to manually compare their GSA prices to other classes of customers. Accordingly, GSA considered monitoring activities when evaluating the compliance system burden. GSA’s annual compliance system burden estimates consist of annual monitoring activities and an allocated portion of the burden for establishing a compliance system. However, GSA is interested in additional comments on whether monitoring activities would take place outside of a compliance system.

**Comment:** The compliance systems burden of 1,100 hours was taken from the respondent’s comments regarding the 2012 information collection extension but incorrectly spread the burden across a 20-year period. Accordingly, the burden should be 20 times larger than GSA’s estimates.

**Response:** GSA allocated the burden over the full 20-year FSS contract life-cycle because contractors will not establish a new compliance system each year. Typically, a contractor will establish a compliance “system” - which may entail electronic tools or simply be a procedure to manually review pricing - and then commence monitoring activities. Since the compliance system will not be reestablished each year, it should be allocated over the life of the contract. However, GSA invites comments on whether the compliance system burden should be allocated over the full contract life-cycle or another amount of time, such as a single year or a 5-year option period.

**Comment:** The CSP burden is underestimated because it does not account for the work that contractors do to prepare a CSP before it is presented to a contracting officer.

**Response:** GSA considered the upfront work needed to prepare CSPs before they are presented to the contracting officer. However, the contracting officer also spends a considerable amount of time evaluating the CSPs. As such, GSA believes the contractor preparation and contracting officer review burdens are comparable. However, GSA encourages commenters to provide estimates regarding the amount of upfront work needed to prepare a pre-award CSP.

**Comment:** Several of the respondent’s members, most of who fall under the heavy lift category, stated the pre-award CSP burden could exceed 400 hours and the modification preparation burden could be as much as 185 hours.

**Response**: GSA based its CSP burden estimates on the results of a survey it conducted among its FSS contracting officers. Those results showed a wide variance in the amount of time needed to complete CSP-related activities. For example, FSS contracting officer CSP estimates were as high as 2,400 hours for pre-award CSPs and 206 hours for requests to add items or SINs to the contract. Consequently, statistical methods were used to account for outliers within the responses and provide a reliable average estimate for each component. Specifically, the final averages were calculated using an interquartile mean, derived from an interquartile range (IQR) multiplied by 1.5.

**Comment:** Contractors that do not maintain standardized pricelists have a more difficult time preparing CSP disclosures and often obtain additional training and/or hire consultants to meet the CSP requirements.

**Response:** As previously noted, GSA recognized there are several factors that affect the burden and therefore separated contractors into those with heavier lifts and lighter lifts. Contractors that have a difficult time preparing CSP disclosures and therefore choose to obtain additional training and/or hire consultants may fall into the heavier lift category.

**Comment:** The heavier lift versus lighter lift methodology may not capture all of the heavier lift contractors because many small businesses that would fall in the lighter lift category due to their sales volume still endure a high compliance burden.

**Response:** As noted above, the heavier lift and lighter lift categories are not determined by a single factor like FSS sales volume; they are reflective of the overall compliance burden. Small businesses with a high compliance burden would fall into the heavier lift category. Conversely, many larger service providers with a high sales volume concentrated in a small number of contracts and fewer contract line-items may fall in the lighter lift category.

**Comment:** The respondent’s small business members report compliance with these disclosure requirements is particularly challenging because unlike larger contractors, they do not have the resources to invest in compliance. This results in a barrier to entry to the FSS program for small innovative firms.

**Response:** GSA requires these disclosures as one method of meeting its statutory obligations to provide the “lowest cost alternative,” but is exploring options to lower burden. As part of GSA’s Transactional Data Reporting proposed rule, GSA proposed removing the basis of award requirement of the PRC when FSS contractors agreed to report transactional data to GSA.[[9]](#footnote-9)

**Comment**: The hourly rate GSA used for its estimates ($68/hour) is understated. For example, some outside consultants hired by contractors to assist with the disclosures may be paid as much as $200 an hour. The respondent recommended GSA measure the burden by the number of hours or determine a more accurate hourly rate.

**Response:** The $68/hour rate consists of a $50/hour base rate and $18/hour (36% above the base rate) for fringe benefits. The 36% fringe benefit rate, taken from Office of Management and Budget (OMB) Circular No. A-76,[[10]](#footnote-10) recommends cost factors to ensure that specific government costs are calculated in a standard and consistent manner to reasonably reflect the cost of performing commercial activities with government personnel. The standard A-76 cost factor for fringe benefits is 36.25%; GSA opted to round to the nearest whole number for the basis of its burden estimates.

Regarding the base rate, GSA believes these disclosure functions are typically performed by contract administrators with occasional assistance from higher-paid professionals, such as attorneys and consultants. The most comparable labor category to a contract administrator that was analyzed by the Bureau of Labor Statistics (BLS) is a buyer and purchasing agent, whose responsibilities include negotiating contracts. BLS’s most recently published hourly rate for this type of professional was $28.14/hour;[[11]](#footnote-11) incorporating the 36% fringe benefit factor, the total rate is $38.27/hour. However, GSA chose to use the higher $68/hour rate to account for the occasional involvement of higher-paid professionals.

**Comment:** The respondent calculates the annual PRC burden to be $850 million when applying GSA’s hourly rate ($68/hour) to their estimate of 12.5 million hours a year. As a result, the value of price reductions should exceed $850 million in order for the PRC’s benefits to outweigh its costs.

**Response:** GSA requires these disclosures as one method of meeting its statutory obligations to provide the “lowest cost alternative,” but GSA is exploring alternative methods. As part of GSA’s Transactional Data Reporting proposed rule[[12]](#footnote-12), GSA proposed removing the basis of award requirement of the PRC when FSS contractors agreed to report transactional data to GSA.

**Comment:** The respondent provided comments in opposition to GSAR case 2013-G504, Transactional Data Reporting.

**Response:** GSA is not providing responses to comments on Transactional Data Reporting because they are not directly related to this information collection request.

A second notice of request for comments regarding the extension of Information Collection 3090-0235, Federal Supply Schedule Pricing Disclosures, was published in the Federal Register at 81 FR 21346 on April 11, 2016. One respondent provided comments on (1) whether FSS pricing disclosures are necessary and have practical utility; (2) the information collection burden on small business; (3) estimates of the upfront work contractors do to prepare a pre-award CSP; (4) whether or not PRC monitoring takes place outside of a compliance system; and (5) whether a compliance burden should be allocated over the full 20 year life of a contract or over a smaller period of time.

Following receipt of these comments, GSA increased its burden estimates by 13% over the projections provided for the first and second comment periods.[[13]](#footnote-13) Summaries of the second round of comments and GSA’s responses are as follows:

**Comment:** The CSP and PRC information collections are not necessary and limit the ability of innovative commercial companies to participate in the Multiple Award Schedule program. GSA should use its authority to explore alternatives to implement procedures that deliver best value solutions to federal customers without unduly burdening government contractors. Too often it appears that GSA takes a restrictive view of its statutory authority for the program. GSA’s authority to craft alternatives is in fact broad.

The commenter gave two specific recommendations:

1. Establish a new “Comprehensive, Competitive Services Schedule (CCSS)” for high tech products and professional services. This concept would consist of the GSA and offerors negotiating agreements that establish key terms and conditions that would govern at the order-level.
2. Launch a Transactional Data Transformation Project led by GSA’s new Technology Transformation Service to assist federal agencies in aggregating, managing, and analyzing transactional data.

**Response:** The CSP disclosures and the PRC basis of award tracking customer provision have traditionally been the primary technique for GSA to gather the information needed to make fair and reasonable price determinations on its FSS contracts. Yet, GSA’s experience in using transactional data and accompanying horizontal pricing techniques has continually proven to be a less burdensome, but more effective method for meeting the Government’s pricing objectives. As such, GSA is expanding the use of transactional data and horizontal pricing techniques on the Schedules program under the new Transactional Data Reporting rule.

FSS contracts that include the new Transactional Data Reporting clause (GSAR clause 552.238-74 Alternate I) will no longer be subject to CSP disclosures or the PRC basis of award tracking customer provision, resulting in a significant reporting burden reduction for FSS vendors. Transactional Data Reporting is being implemented on a pilot basis and will apply to select Schedules and Special Item Numbers. The contracts that may be included in the pilot represent up to 43.2% of the total GSA Schedules sales volume (this figure does not include contracts administered by the Department of Veterans Affairs). GSA will evaluate the pilot after one year. If the pilot is successful, GSA may expand Transactional Data Reporting to other Schedules and Special Item Numbers, allowing it to eliminate CSP and PRC disclosures for additional contracts.

In response to the commenter’s specific suggestions, GSA is exploring ways to improve its contract vehicles and tools to support customer agencies to meet their mission critical needs and maximize taxpayer dollars. However, having vendors report transactional data is currently the only immediately available option for GSA to eliminate CSP and PRC disclosures while maintaining the ability to meet its obligations under 41 U.S.C. 152(3)(b), which states that orders and contracts awarded under the FSS program must result in “the lowest overall cost alternative to meet the needs of the Federal Government.”

Nonetheless, GSA is evaluating long terms ways to reduce the reporting burden on its FSS contracts and will consider changes, or even rescind CSP, PRC, and transactional data reporting requirements, as improvements to the contracting writing and financial systems across the Government take place, GSA will continue to evaluate the Government’s ability to aggregate and analyze its purchasing data.

**Comment:** Small businesses bear a particularly heavy compliance burden but do not possess the resources of larger businesses to ensure compliance. There are many small businesses that would fall into GSA’s heavier lift category, regardless of whether they have relatively low sales or fewer contracts compared to large businesses. The PRC and CSP are particular barriers to entry to the FSS program for small, innovative firms.

**Response:** GSA categorized vendors into heavier lift and lighter lift to demonstrate different levels of burden associated with contractors that have higher sales volume on Schedule contracts. In fiscal year 2015, 36% of the FSS contracts held by small businesses had no sales activity, and another 36% had sales less than $250,000. The vendors who hold these contracts are typically not expending tremendous resources to administer contracts that do not produce high sales.

GSA agrees that the CSP and PRC disclosure requirements present barriers for small businesses, as the associated costs are incurred with compliance occur before a vendor wins any federal dollars through the FSS contract. GSA is piloting an alternative through Transactional Data Reporting, which will only require a reporting burden after vendors have received an order against their FSS contract, and the costs will only increase when they win more orders. Additionally, GSA will use the transactional data it collects, along with data from other sources, to determine whether an offer is fair and reasonable. This will result in fewer vendors relying on outside support in preparing offers for FSS contracts.

**Comment:** The burden for contractors to prepare a pre-award CSP is higher than for FSS contracting officers to review pre-award CSPs. This is in response to GSA basing its CSP disclosure estimates on a survey it conducted among its FSS contracting officers. The survey respondents provided estimates regarding the amount of time it takes FSS contracting officers to complete CSP-related tasks, but GSA stated FSS contractors bear a similar burden for these tasks and therefore used those responses for CSP-related tasks for both contractors and FSS contracting officers.

The commenter supported its assertion by stating GSA’s estimates do not account for the tasks contractors perform to prepare a CSP before presenting it to a contracting officer and the complex disclosure issues faced by companies with decentralized pricing structures and services firms that do not maintain standardized pricelists. The commenter noted the members it represents who provided feedback on this information collection universally stated GSA is underestimating the pre-award CSP burden.

**Response:** GSA believes there is a relationship in the burden borne by vendors and FSS contracting officers, but recognizes the additional tasks noted by the commenter would cause the vendor’s burden to be higher. As a result, GSA is increasing the pre-award CSP burden from 41.48 hours to 82.98 hours for vendors with a heavier lift and from 32.41 hours to 64.82 hours for vendors with a lighter lift. These estimates are twice that of the responses provided by FSS contracting officers to review pre-award CSPs.

**Comment:** The PRC monitoring burden should be 1,290 hours to establish a compliance system in the first year and 1,100 hours each year thereafter for monitoring activities. GSA stated compliance systems encompass how contractors maintain with the PRC. However, the commenter’s members report they conduct additional monitoring activities outside of GSA’s described compliance system.

**Response:** As previously noted, GSA’s compliance system burden estimate was the highest of the various PRC components because it included monitoring activities. GSA believes the amount of investment for a compliance system is inversely related to the amount of time needed to carry out ongoing monitoring activities. Specifically, vendors that make high upfront investments, such as programming a quotation tool to control discounts, will have lower ongoing monitoring burdens. On the other hand, vendors that do not make upfront investments to establish a compliance system will have higher ongoing monitoring burdens.

GSA believes the commenter’s compliance system and monitoring estimates are significantly overestimated when applied to the Schedules program as a whole. In general, a vendor’s compliance burden will be determined by several factors, including its number of offerings, business structure, company sales volume, and contract activity. For example, a large multi-national corporation offering tens of thousands of contract line items that grosses hundreds of millions of dollars a year in Schedule sales may have a compliance burden closer to the commenter’s estimates. Yet, this business profile accounts for a small portion of the Schedules program. In reality, the “average” Schedules vendor is a small business,[[14]](#footnote-14) offers services,[[15]](#footnote-15) receives 5.5 GSA Schedule orders a year,[[16]](#footnote-16) and has $166,375 a month in contract sales.[[17]](#footnote-17) Vendors with such a profile will have a much lower reporting burden than the estimate provided by the commenter. As such, GSA does not believe a significant increase to its burden estimates for these tasks is warranted.

However, GSA is making adjustments based on the comments it received. First, it is renaming the “Compliance Systems” section “Price Reduction Monitoring” to more accurately depict the underlying function of this burden area. Second, it is changing the base for its heavier lift estimate from 1,100 hours over 20 years to 1,290 hours over 20 years, which increases the annual burden for heavier lift vendors from 55 hours to 65 hours. The estimate for lighter lift contractors has also been increased by the same proportion, from 600 hours over 20 years to 700 hours; this equates to an increase from 30 hours to 35 hours per year for lighter lift vendors.

**Comment:** GSA invited comments on whether the compliance system burden should be allocated over the full contract life-cycle or another amount of time, such as a single year or a 5-year option period. The commenter stated an annual estimate would be sufficient, but that if GSA is going to allocate burdens over a 20-year period, they should be multiplied by 20 years, not divided by 20 years, as this approach significantly understates the burden.

**Response:** GSA is allocating the commenter’s average 1,290 hours estimate for compliance systems over a 20-year period because it feels this figure represents the hours needed to establish a comprehensive system that encompasses monitoring activities. Vendors that need to make such a large time investment fall into GSA’s “heavier lift” category. Since the compliance system will not be reestablished each year, it should be allocated over the 20-year life of the contract.

As noted above, GSA believes the amount of investment needed for a compliance system is inversely related to the amount of time required to carry out ongoing monitoring activities. Specifically, vendors that make high upfront investments will have lower ongoing monitoring burdens. On the other hand, vendors that do not make upfront investments to establish a compliance system will have higher ongoing monitoring burdens. As a result, heavier lift vendors that do not establish comprehensive systems will instead incur an annual burden that amounts to a total burden over 20 years that is comparable to the burden for vendors that establish comprehensive systems. This is the rationale for using an average of 65 hours a year for all heavier lift vendors, and a lower amount, 35 hours a year, for lighter lift vendors.

**Comment:** GSA should increase transparency by sharing additional formulas used to calculate FSS pricing disclosure burdens. This information would help the public provide more specific comments on the time and cost burdens of these activities.

**Response:** GSA appreciates the thoughtful comments that have assisted in the formation of more accurate burden estimates. GSA will continue to provide supporting information as practicable to assist commenters in performing this valuable function.

**9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

GSA makes no such payments under this collection.

**10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.**

Confidentiality will be provided to contractors in accordance with prudent business practices and current regulation.

**11. Provide additional justification for any questions of a sensitive nature.**

No sensitive questions are involved.

**12. Provide estimates of the hour burden of the collection of information.**

**Overview**

**Reporting Burden Scope:**

The following estimates seek to portray the burdens associated with CSP disclosures and the PRC but do not include activities that are typically conducted under normal business practices. For example, GSA believes companies maintain pricing information, such as the prices charged to its customers, in order to invoice, as part of their normal business practices. Therefore, GSA does not include the burden of maintaining that information in these estimates. Also, this information collection does not account for the burden associated with requirements for certified cost and pricing data, or other than certified pricing data, under FAR subparts 15.4, 42.7, 52.214-28, 52.215-12, 52.215-13, 52.215-20, and 52.215-21, as those are covered by Information Collection 9000-0013, Cost or Pricing Data Exemption Information.

**Population:**

This information collection applies to all companies that hold, or submit offers for, GSA FSS contracts that contain the basic version of GSAR clause 552.238-74, Industrial Funding Fee and Sales Reporting. These contracts accounted for approximately 56.8% of GSA FSS sales in fiscal year 2015. Contracts containing Alternate I of GSAR clause 552.238-74 - those participating in the Transactional Data Reporting pilot launching in 2016 - are no longer required to provide CSP and PRC disclosures and are therefore included in a separate information collection identified under OMB control number 3090-0306.

The following Schedules and SINs, which accounted for 43.2% of fiscal year 2015 GSA Schedule sales, are included in the Transactional Data Reporting pilot:

|  |  |  |  |
| --- | --- | --- | --- |
| Schedule | Description | SINs | Offerings |
| 51 V | Hardware Superstore | All | Products |
| 58 I | Professional Audio/Video | All | Products |
| 72 | Furnishings & Floor Coverings | All | Products |
| 73 | Food Service, Hospitality, Cleaning Equipment | All | Products |
| 75 | Office Products/Supplies | All | Products |
| 03FAC | Facilities Maintenance & Management | All | Services |
| 00CORP | Professional Services Schedule (PSS) | Professional Engineering Services (PES) | Services |
| 70 | Information Technology | 132 8 | Products |
| 132 33, 132 33, & 132 34 | Software |
| 132 54 and 132 55 | Satellite Services |

16,529 vendors held a total of 19,782 GSA FSS contracts in fiscal year 2015. 4,978 vendors hold contracts under the GSA Schedules included in the Transactional Data Reporting pilot, and 12,254 vendors hold contracts under the GSA Schedules that will continue to require CSP and PRC disclosures.

**Cost Estimates:**

The estimated cost burden for respondents was calculated by multiplying the burden hours by an estimated cost of $68/hour, which consists of a base rate of $50/hour plus a 36 percent overhead rate.[[18]](#footnote-18)

**Heavier Lifts vs. Lighter Lifts:**

Due to the diversity among the FSS contractor population, the burden associated with many of the components of this information collection cannot be equally attributed to all FSS contractors. In these areas, GSA is separating contractors into those with a “heavier lift” or “lighter lift.”

FSS contracts are held by a diverse set of companies, which vary in terms of business size, offerings, and FSS sales volume. For example, in fiscal year 2014:

* 32.8 percent, or 5,673 companies, reported $0 in FSS contracts.
* 5.6 percent, or 975 companies, accounted for 80 percent of all FSS sales.
* The top 20 percent of FSS contractors (in terms of FY2014 sales) accounted for 95.7 percent of FSS sales.
* Only 2.6 percent of FSS contractors reported more than $1 million in FSS sales
* 70 percent of FSS contracts were held by small businesses and had less than $1 million in FSS sales.
* Small businesses held 80 percent of the FSS contracts but accounted for only 39 percent of FSS sales.
* 82 percent of FSS sales were under Schedules where more than 50 percent of aggregate sales were under Special Item Numbers primarily for service offerings.

In general, a contractor’s sales volume will have the greatest effect on the associated burden of these requirements, although the number and type of offerings, and business structure, can also be significant factors. As shown by the above figures, a relatively small number of FSS contractors account for the vast majority of FSS sales and accordingly, likely bear a heavier burden for these requirements. Conversely, the majority of FSS vendors, which are typically small businesses with lower sales volume, absorb less of the burden for these requirements.

To account for the differences among FSS contractors, GSA is utilizing the Pareto principle, or “80/20 rule,” which states 80 percent of effects comes from 20 percent of the population. Accordingly, GSA is separating FSS contractors from those that have a heavier lift (20 percent) and those that have a lighter lift (80 percent). Contractors with heavier lifts are those with the characteristics that lead to increased burden - more sales volume, higher number of contract items, more complex offerings, more transactions, more complex transactions, and/or intricate business structures. This methodology is used for several components of the burden analysis.

**FAS Survey**:

In preparation for this information collection renewal, GSA conducted a survey among FSS contracting officers in the Federal Acquisition Service (FAS) Office of Integrated Technology Services (ITS) and the Office of General Supplies and Services (GSS). While the 77 respondents provided estimates regarding the amount of time it takes FSS contracting officers to complete tasks associated with CSP disclosures and price reduction modifications, GSA believes some of these results can also be used to calculate estimates for the burden placed on FSS contractors.

Additional details about this survey are documented in Section 14 of this supporting statement.

**Price Reductions Clause**

GSA is attributing the PRC burden to training, price reduction monitoring, and price reduction notifications. Contract negotiations were attributed to the PRC in the previous supporting statement, but GSA is now attributing that burden to CSP disclosures, particularly in association with the establishment of pricing and the basis of award, as the execution of a price reduction modification is largely automated and does not require negotiations. GSA Office of Inspector General (GSA OIG) audits were also attributed to the PRC in the last supporting statement, but that burden is now accounted for separately under this information collection, as the associated burden is shared between the PRC and CSP.

**Training:**

Training is essential for contractors to develop effective processes to stay in compliance with the PRC. The annual burden estimates include design and administration of training. GSA previously expected implementation (or ongoing) training activity hours to diminish after the first year of the contract, but now believes training hours remain constant because of contractor employee turnover.

GSA believes that costs and hours allocated to training have a direct link to the size, business structure and product offerings of the company, and has consequently calculated separate burdens for heavier lift and lighter lift contractors. Contractors within the heavier lift category may need to develop formal training programs and conduct training for numerous divisions and offices, while contractors in the lighter lift category may have no need for training design and administration due to having as few as one person responsible for PRC compliance.

The estimated burden for vendors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 3,306[[19]](#footnote-19) |
| Average Burden Hours per Response | 40 |
| Total Time Burden (Hours) | 132,232 |
| Total Cost Burden ($68/hr. rate) | $8,991,776 |

The estimated burden for vendors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 13,223[[20]](#footnote-20) |
| Average Burden Hours per Response | 20 |
| Total Time Burden (Hours) | 264,464 |
| Total Cost Burden ($68/hr. rate) | $17,983,552 |

**Price Reduction Monitoring:**

FSS vendors subject to the basic version of the PRC must monitor the basis of award discount relationship(s) in order prevent or identify and report applicable price reductions. Vendors may choose to develop automated systems to control discount relationships with other customers/categories of customer to ensure the basis of award pricing relationship is not disturbed. For example, quotation tools can be configured to control discounts. Conversely, other vendors, particularly those with fewer customers, may choose to manually monitor pricing relationships. For instance, many small businesses have a single person that is responsible for approving discounts.

In general, a vendor’s compliance burden will be determined by several factors, including its number of offerings, contract activity, participation in government or commercial marketplace, and the company’s business structure. As a result, compliance system burden hours are separated between contractors with heavier lifts and lighter lifts. Contractors with heavier lifts may require more burden hours to set up and monitor PRC compliance, while those with lighter lifts - fewer offerings and less complex business structures - require fewer burden hours to setup and monitor compliance.

In public comments submitted on this information collection renewal, a respondent stated PRC monitoring burden should be 1,290 hours to establish a compliance system in the first year and 1,100 hours each year thereafter for monitoring activities. However, GSA believes the amount of investment into a compliance system is inversely related to the amount of time needed to carry out ongoing monitoring activities. Specifically, vendors that make high upfront investments, such as programming a quotation tool to control discounts, will have a lower ongoing monitoring reporting burden. On the other hand, vendors that do not make upfront investments to establish a compliance system will have a higher ongoing reporting burden.

As a result, GSA is adopting an average burden of 1,290 hours but allocating it across the 20-year life of a contract for heavier lift vendors using automated systems to carry out monitoring activities, resulting in an annual burden of 65 hours. GSA estimates heavier lift vendors that spend less time implementing an automated system will incur a similar burden for monitoring activities, meaning GSA is estimating the same 65 hour/year burden for those vendors. For lighter lift vendors, GSA is attributing an average burden of 700 hours for the 20-year life of the contract, which equates to 35 hours a year.

The estimated burden for vendors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 3,306[[21]](#footnote-21) |
| Average Burden Hours per Response | 65 |
| Total Time Burden (Hours) | 213,224 |
| Total Cost Burden ($68/hr. rate) | $14,499,239 |

The estimated burden for vendors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 13,223[[22]](#footnote-22) |
| Average Burden Hours per Response | 35 |
| Total Time Burden (Hours) | 465,216 |
| Total Cost Burden ($68/hr. rate) | $31,634,703 |

**Price Reduction Modifications:**

2,148 price reduction modifications were completed in fiscal year 2014, with each modification requiring a notification from the contractor. In the FAS survey, FSS contracting officers estimated it took an average of 4.25 hours to complete a price reduction modification. GSA believes FSS contractors bear a similar burden for this task and is therefore using the same burden estimate.

|  |  |
| --- | --- |
| Total Annual Responses | 2,148 |
| Average Burden Hours per Response | 4.25 |
| Total Time Burden (Hours) | 9,129 |
| Total Cost Burden ($68/hr. rate) | $620,772 |

**Adjusted Price Reductions Clause Burden:**

The previous sections represent the historical reporting burden associated with the Price Reductions clause. However, starting in 2016, up to 4,978 vendors under certain Schedules and SINs will take part in the Transactional Data Reporting pilot and therefore no longer be required to monitor their basis of award pricing relationship or report price reductions. As a result, those Schedules and SINs, which accounted for 43.2% of the fiscal year 2015 GSA Schedules sales volume, are no longer included in this information collection request and are instead accounted for under the Transactional Data Reporting information collection, identified by OMB control number 3090-0306. However, 12,254 vendors will still hold GSA FSS contracts that contain requirements for PRC disclosures.

The following table illustrates the calculation used to arrive at the final Price Reductions clause burden:

|  |  |  |
| --- | --- | --- |
| Price Reductions Clause Summary | Hours | Dollars ($) |
| All GSA Schedule Vendors | 1,084,265 | $73,730,042 |
| Minus Transactional Data Reporting Pilot Vendors | 470,643 | $32,003,701 |
| Adjusted Price Reductions Clause Burden | 613,623 | $41,726,341 |

**Commercial Sales Practices**

The burden estimates for CSP disclosures are based upon the estimates provided by FSS contracting officers in the FAS survey. While the survey respondents provided estimates regarding the amount of time it takes FSS contracting officers to complete CSP-related tasks, GSA believes FSS contractors bear a similar burden for these tasks and is therefore using the same burden estimates.

In calculating these burden estimates, GSA acknowledges these tasks are more complex than simply comparing offered prices to discounts given to other categories of customer. In addition to collecting and analyzing data, GSA expects offerors to provide data that is current, accurate and complete. GSA recognizes this due diligence places an additional burden on offers. Also, similar to the PRC, factors such as sales volume, the number of contract items, complexity of offerings, and business structures, have a significant effect on the burden but can vary widely from contractor to contractor. Consequently, GSA is using the heavier lift and lighter lift methodology for the CSP burden estimates.

**Pre-award Disclosures:**

In accordance with GSAR 515.408(a)(2), offerors must submit information in the Commercial Sales Practices Format provided in the solicitation in accordance with the instructions at GSAR [Figure 515.4-2](https://www.acquisition.gov/sites/default/files/current/gsam/html/Part515.html#wp1866508), or submit information in their own format. In fiscal year 2014, vendors submitted 3,464 offers for FSS contracts. GSA recognizes the complexity of this tasks varies with the type and number of offerings, business structure, and expected revenue, so for this burden estimate, these offers are separated between offerors with heavier lifts (20 percent or 693 offers) and those with lighter lifts (80 percent or 2,771 offers).

Prior to receiving the latest round of comments on this information collection, GSA based its burden estimates for this function directly on the results from the FAS survey of its FSS contracting officers. However, after receiving public comments that the pre-award disclosure burden for vendors exceeds that for contracting officers, GSA is doubling its estimates for heavier lift vendors from 41.48 hours/year to 82.96 hours/year and for lighter lift vendors from 32.41 hours/year to 64.82 hours/year.

The estimated burden for vendors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 693 |
| Average Burden Hours per Response | 82.96 |
| Total Time Burden (Hours) | 57,491 |
| Total Cost Burden ($68/hr. rate) | $3,909,407 |

The estimated burden for vendors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 2,771 |
| Average Burden Hours per Response | 64.82 |
| Total Time Burden (Hours) | 179,616 |
| Total Cost Burden ($68/hr. rate) | $12,213,903 |

**Price Increase Modifications:**

CSP disclosures are collected when requesting price increases per the Economic Price Adjustment clause (GSAR 552.216-70), although contractors can state that no changes have occurred, in lieu of submitting a CSP disclosure, when their commercial sales practices have not changed during contract performance. In FY2014, 2,509 price increase modifications were processed, including 502 (20 percent) with a heavier lift and 2,007 (80 percent) with a lighter lift. The time burden for these modifications varies mainly with the type and number of offerings.

The estimated burden for vendors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 502 |
| Average Burden Hours per Response | 10.45 |
| Total Time Burden (Hours) | 5,246 |
| Total Cost Burden ($68/hr. rate) | $356,721 |

The estimated burden for vendors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 2,007 |
| Average Burden Hours per Response | 9.17 |
| Total Time Burden (Hours) | 18,404 |
| Total Cost Burden ($68/hr. rate) | $1,251,485 |

**Adding Items and Special Item Numbers:**

CSP disclosures are also collected when modifying a contract to add items and/or Special Item Numbers, although contractors can certify that no changes have occurred, in lieu of submitting a CSP disclosure, when their commercial sales practices have not changed during contract performance. In FY2014, 6,861 addition modifications were processed, including 1,372 (20 percent) with a heavier lift and 5,489 (80 percent) with a lighter lift. The time burden for these modifications varies with the type and number of offerings.

The estimated burden for vendors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1,372 |
| Average Burden Hours per Response | 11.13 |
| Total Time Burden (Hours) | 15,270 |
| Total Cost Burden ($68/hr. rate) | $1,038,384 |

The estimated burden for vendors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 5,489 |
| Average Burden Hours per Response | 10.65 |
| Total Time Burden (Hours) | 58,458 |
| Total Cost Burden ($68/hr. rate) | $3,975,134 |

**Exercising Options:**

CSP disclosures are collected when exercising a contract option, which generally extends the period of performance by five years. In addition to pre-award disclosures, these option modifications include the negotiations burden previously attributed to the PRC. In FY2014, 2,237 option modifications were processed, including 447 (20 percent) with a heavier lift and 1,790 (80 percent) with a lighter lift. The time burden for these modifications varies with the type and number of offerings, business structure, and expected revenue. While the associated tasks with processing an option CSP are similar to that of a pre-award CSP, the option CSP requires less time because of familiarity and precedents created during the preceding contract period.

The estimated burden for vendors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 447 |
| Average Burden Hours per Response | 26.14 |
| Total Time Burden (Hours) | 11,685 |
| Total Cost Burden ($68/hr. rate) | $794,551 |

The estimated burden for vendors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1,790 |
| Average Burden Hours per Response | 22.32 |
| Total Time Burden (Hours) | 39,953 |
| Total Cost Burden ($68/hr. rate) | $2,716,790 |

**Adjusted Commercial Sales Practices Burden:**

The previous sections represent the historical reporting burden associated with Commercial Sales Practices disclosures. However, starting in 2016, up to 4,978 vendors under certain Schedules and SINs will take part in the Transactional Data Reporting pilot and therefore no longer be required to provide these disclosures. As a result, those Schedules and SINs, which accounted for 43.2% of the fiscal year GSA Schedules sales volume, are no longer included in this information collection request and are instead accounted for under the Transactional Data Reporting information collection, identified by OMB control number 3090-0306. However, 12,254 vendors will still hold GSA FSS contracts that contain requirements for PRC disclosures.

The following table illustrates the calculation used to arrive at the final Commercial Sales Practices disclosure burden:

|  |  |  |
| --- | --- | --- |
| Commercial Sales Practices Summary | Hours | Dollars ($) |
| All GSA Schedule Vendors | 386,123 | $26,256,376 |
| Minus Transactional Data Reporting Pilot Vendors | 166,805 | $11,342,755 |
| Adjusted Commercial Sales Practices Burden | 219,318 | $14,913,622 |

**GSA Office of Inspector General Audits**

The GSA Office of Inspector General (OIG) regularly audits GSA Schedule contracts for compliance with PRC and CSP requirements. The GSA OIG performed an average of 55 pre-award audits of GSA FSS contracts between FY2013 and FY2015, according to their Semiannual Congressional Reports over that time period. Survey responses included with public comments submitted for the 2012 renewal of this information collection noted vendors estimated spending approximately 440-470 hours preparing for audits involving the PRC. Thus, GSA took the median point of that range (455) and multiplied it by 55, the last available figure on the total number of audits, to reach the sum of 25,025 hours expended preparing for audits.

|  |  |
| --- | --- |
| Total Annual Responses | 55 |
| Average Burden Hours per Response | 455 |
| Total Time Burden (Hours) | 25,025 |
| Total Cost Burden ($68/hr. rate) | $1,701,700 |

**Adjusted GSA OIG Audits Burden:**

The previous section represents the historical reporting burden associated with GSA OIG audits. However, starting in 2016, vendors under certain Schedules and SINs will take part in the Transactional Data Reporting pilot and therefore no longer be required to monitor their basis of award pricing relationship or report price reductions. An average of 22 audits per year from fiscal years 2013 through 2015 were performed for contracts that are eligible for the Transactional Data Reporting pilot. As a result, the GSA OIG Audits burden has been adjusted to exclude those audits, resulting in an average of 33 audits per year.

The following table illustrates the calculation used to arrive at the final Price Reductions clause burden:

|  |  |  |
| --- | --- | --- |
| GSA OIG Audits Summary | Hours | Dollars ($) |
| All GSA Schedule Vendors | 25,025 | $1,701,700 |
| Minus Transactional Data Reporting Pilot Vendors | 10,010 | $680,680 |
| Adjusted GSA OIG Audits Burden | 15,015 | $1,021,020 |

**Total Estimated Annual Burden**

The total time burden in hours for respondents required to comply with FSS pricing disclosure requirements is as follows:

|  |  |  |
| --- | --- | --- |
| Total Estimated Annual Burden | Hours | Dollars ($) |
| Price Reductions Clause | 613,623 | $41,726,341 |
| Commercial Sales Practices Disclosures | 219,318 | $14,913,622 |
| GSA Office of Inspector General Audits | 15,015 | $1,021,020 |
| Total Annual Burden | 832,941 | $57,660,983 |

13. **Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information.**

There is no separate capital, operation, maintenance, or services costs incurred because of FSS pricing disclosures. See Section 12 for a calculation of the total cost associated with the hour burden of this collection.

14. **Provide estimates of annualized costs to the Federal Government.**

The Federal Government also incurs costs relating to PRC and CSP disclosures. In preparation for this information collection renewal, GSA conducted a survey among FSS contracting officers in the Federal Acquisition Service (FAS) Office of Integrated Technology Services (ITS) and the Office of General Supplies and Services (GSS). 77 respondents provided estimates regarding the amount of time it takes them to complete tasks associated with CSP disclosures and price reduction modifications for heavier lift (20 percent) and lighter lift (80 percent) contractors, following the Pareto principle described in Section 12 of this supporting statement.

The survey responses revealed a wide disparity between not only heavier lift and lighter lift contractors, but also within each component for these two populations. Therefore, statistical methods were used to account for outliers within the responses and provide a reliable average estimate for each component. The following averages were calculated using an interquartile mean, derived from an interquartile range (IQR) multiplied by 1.5.

**Cost Estimates:**

An hourly rate of $41.48, which is derived from a GS-12, Step 5 salary in the Washington, DC locality area (Salary Table 2015-DCB Washington-Baltimore-Northern Virginia, DC-MD-VA-WV-PA Effective January 2015), was used to calculate most of the Federal Government cost estimates for this information collection. The exception is for the audit estimates. which used a $58.28/hour rate, derived from a GS-14, Step 5 salary in the Washington, DC locality area (Salary Table 2015-DCB Washington-Baltimore-Northern Virginia, DC-MD-VA-WV-PA Effective January 2015).

**Price Reductions Clause**

FSS contracting officers processed 2,148 price reduction modifications in fiscal year 2014. Each price reduction modification requires the contracting officer to review the contractor’s pricing data, execute a modification, and document changes to the contract file. This function is not separated between heavier lift and lighter lift because eMod system upgrades implemented since 2012 have automated parts of the process:

|  |  |
| --- | --- |
| Total Annual Responses | 2,148 |
| Average Burden Hours per Response | 4.25 |
| Total Time Burden (Hours) | 9,129 |
| Total Cost Burden ($41.48/hr. rate) | $473,339 |

**Adjusted Price Reductions Clause Burden:**

The previous section represents the historical reporting burden associated with the Price Reductions clause. However, starting in 2016, vendors under certain Schedules and SINs will take part in the Transactional Data Reporting pilot and therefore no longer be required to monitor their basis of award pricing relationship or report price reductions. As a result, those Schedules and SINs, which accounted for 43.2% of the fiscal year 2015 GSA Schedules sales volume, are no longer included in this information collection request and are instead accounted for under the Transactional Data Reporting information collection, identified by OMB control number 3090-0306.

The following table illustrates the calculation used to arrive at the final Price Reductions clause burden:

|  |  |  |
| --- | --- | --- |
| Price Reductions Clause Summary | Hours | Dollars ($) |
| All GSA Schedule Contracts | 11,411 | $473,339 |
| Minus Transactional Data Reporting Contracts | 4,930 | $204,482 |
| Adjusted Price Reductions Clause Burden | 6,482 | $268,856 |

**Commercial Sales Practices**

GSA collects CSP disclosures for pre-award offers and prior to executing modifications for exercising a contract option period, adding items and Special Item Numbers (SINs), or increasing pricing under the Economic Price Adjustment clause (GSAR 552.216-70). Contracting Officers conduct several tasks related to pre-award CSP disclosures, including, but not limited to, reviewing CSPs and other related documents; negotiating; preparing documents such as modifications/contracts and pre-negotiation memorandum; and processing documents through eOffer/eMod.

**Pre-Award CSP Disclosures:**

In fiscal year 2014, contractors submitted 3,464 offers for FSS contracts. The complexity of the related tasks varies with the type and number of offerings, the contractor’s business structure, and expected revenue, so these offers are separated between those with heavier lifts (20 percent or 693 offers) and those with lighter lifts (80 percent or 2,771 offers).

The estimated burden for vendors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 693 |
| Average Burden Hours per Response | 41.48 |
| Total Time Burden (Hours) | 28,746 |
| Total Cost Burden ($41.48/hr. rate) | $1,192,369 |

The estimated burden for vendors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 2,771 |
| Average Burden Hours per Response | 32.41 |
| Total Time Burden (Hours) | 89,808 |
| Total Cost Burden ($41.48/hr. rate) | $3,725,240 |

**Price Increase Modifications:**

2,509 price increase modifications were processed in fiscal year 2014. The time burden for these modifications varies with the type and number of items, so they are separated by those with heavier lifts (20 percent or 502 modifications) and those with lighter lifts (80 percent or 2,007 modifications).

The estimated burden for vendors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 502 |
| Average Burden Hours per Response | 10.45 |
| Total Time Burden (Hours) | 5,246 |
| Total Cost Burden ($41.48/hr. rate) | $217,600 |

The estimated burden for vendors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 2,007 |
| Average Burden Hours per Response | 9.17 |
| Total Time Burden (Hours) | 18,404 |
| Total Cost Burden ($41.48/hr. rate) | $763,406 |

**Addition of Items and Special Item Numbers:**

In fiscal year 2014, 6,861 price increase modifications were processed. The time burden for these modifications varies with the type and number of offerings, so they are separated by those with heavier lifts (20 percent or 1,372 modifications) and those with lighter lifts (80 percent or 5,489 modifications):

The estimated burden for vendors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1,372 |
| Average Burden Hours per Response | 11.13 |
| Total Time Burden (Hours) | 15,270 |
| Total Cost Burden ($41.48/hr. rate) | $633,415 |

The estimated burden for vendors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1,372 |
| Average Burden Hours per Response | 11.13 |
| Total Time Burden (Hours) | 15,270 |
| Total Cost Burden ($41.48/hr. rate) | $633,415 |

**Exercising Options:**

2,237 option modifications were processed in fiscal year 2014. The time burden for these modifications varies with the type and number of offerings, business structure, and expected revenue, so they are separated by those with heavier lifts (20 percent or 447 modifications) and those with lighter lifts (80 percent or 1,790 modifications). While the associated tasks with processing CSP for an option are similar to that of a pre-award CSP, the option CSP requires less time because of familiarity and precedents created during the preceding contract period.

The estimated burden for vendors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 447 |
| Average Burden Hours per Response | 26.14 |
| Total Time Burden (Hours) | 11,685 |
| Total Cost Burden ($41.48/hr. rate) | $484,676 |

The estimated burden for vendors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1,790 |
| Average Burden Hours per Response | 22.32 |
| Total Time Burden (Hours) | 39,953 |
| Total Cost Burden ($41.48/hr. rate) | $1,657,242 |

**Adjusted Commercial Sales Practices Burden:**

The previous sections represent the historical reporting burden associated with Commercial Sales Practices disclosures. However, starting in 2016, vendors under certain Schedules and SINs will take part in the Transactional Data Reporting pilot and therefore no longer be required to provide these disclosures. As a result, those Schedules and SINs, which accounted for 43.2% of the fiscal year GSA Schedules sales volume, are no longer included in this information collection request and are instead accounted for under the Transactional Data Reporting information collection, identified by OMB control number 3090-0306.

The following table illustrates the calculation used to arrive at the final Commercial Sales Practices disclosure burden:

|  |  |  |
| --- | --- | --- |
| Commercial Sales Practices Summary  | Hours | Dollars ($) |
| All GSA Schedule Contracts | 267,569 | $11,098,780 |
| Minus Transactional Data Reporting Contracts | 115,590 | $4,794,673 |
| Adjusted Commercial Sales Practices Burden | 151,979 | $6,304,107 |

**GSA Office of Inspector General Audits**

The GSA Office of Inspector General (OIG) performed an average of 55 pre-award audits of FSS contracts per year from fiscal years 2013 through 2015, according to the OIG’s Semiannual Congressional Reports over that time period. Respondents estimated that approximately 440-470 hours were spent preparing for audits involving the PRC. Thus, GSA used the median point of the range (455) for the Government time burden and multiplied it by 55, the last available figure on the total number of audits, to reach the sum of 26,845 hours expended conducting audits.

|  |  |
| --- | --- |
| Total Annual Responses | 55 |
| Average Burden Hours per Response | 455 |
| Total Time Burden (Hours) | 25,025 |
| Total Cost Burden ($51.43/hr. rate) | $1,458,457 |

**Adjusted GSA OIG Audits Burden:**

The previous sections represent the historical reporting burden associated with GSA OIG audits. However, starting in 2016, vendors under certain Schedules and SINs will take part in the Transactional Data Reporting pilot and therefore no longer be required to monitor their basis of award pricing relationship or report price reductions. An average of 22 audits per year from fiscal years 2013 through 2015 were performed for contracts that are eligible for the Transactional Data Reporting pilot. As a result, the GSA OIG Audits burden has been adjusted to exclude those audits.

The following table illustrates the calculation used to arrive at the final GSA OIG audits burden:

|  |  |  |
| --- | --- | --- |
| GSA OIG Audits Summary | Hours | Dollars ($) |
| All GSA Schedule Contracts | 25,025 | $1,287,036 |
| Minus Transactional Data Reporting Contracts | 10,010 | $583,383 |
| Adjusted GSA OIG Audits Burden | 15,015 | $875,074 |

**Total Estimated Annual Burden for the Federal Government**

The following is a summary of the total estimated annualized time and cost burden for the Federal Government associated with Federal Supply Schedule pricing disclosures. As noted previously, an hourly rate of $41.48 (GS-12, Step 5 in the Washington, DC locality) was used to calculate the estimated burden associated with CSP and PRC disclosures, while an hourly rate of $58.28 (GS-14, Step 5 in the Washington, DC locality) was used to calculate the estimated burden for Inspector General audits.

|  |  |  |
| --- | --- | --- |
| Federal Government Burden Summary | Hours | Dollars ($) |
| Price Reductions Clause | 6,482 | $268,856 |
| Commercial Sales Practices | 151,979 | $6,304,107 |
| GSA Office of Inspector General Audits | 15,015 | $875,074 |
| Total Annual Cost Burden | 173,476 | $7,448,038 |

**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14.**

CSP disclosures were not previously accounted for under the previous information collection but are now included in this information collection request. However, a number of GSA Schedules are now included in the Transactional Data Reporting pilot and no longer require CSP and PRC disclosures, so the burden estimates for this information collection have been adjusted accordingly.

**CSP Disclosures**

The 2012 submission specifically addressed the information collection burden associated with the Price Reductions clause (PRC). However, industry comments regarding the Transactional Data Reporting proposed rule led GSA to include the burden associated with Commercial Sales Practice (CSP) disclosures with this justification.

GSA is accounting for CSP disclosure burden estimates in this information collection request because of comments received in response to its Transactional Data Reporting proposed rule (GSAR case 2013-G504), published in the Federal Register at 80 FR 11619, on March 4, 2015. GSA proposed to amend the GSAR to include a clause that would require FSS vendors to report transactional data from orders and prices paid by ordering activities. The new clause would be paired with changes to the basis of award monitoring, or “tracking customer,” requirement of the existing Price Reductions clause, resulting in a burden reduction for participating FSS contractors. The proposed rule also noted, “...GSA would maintain the right throughout the life of the FSS contract to ask a vendor for updates to the disclosures made on its [CSP] format… if and as necessary to ensure that prices remain fair and reasonable in light of changing market conditions.”

In comments received during the proposed rule, industry respondents indicated retaining CSP disclosures would cancel out any burden reduction achieved by eliminating the PRC tracking customer requirement. Specifically, respondents were concerned that CSP disclosures still force them to monitor their commercial prices, which ultimately causes the associated burden for both disclosure requirements. In response, GSA agrees the burden of the PRC and CSP is related and is therefore including CSP disclosure burden estimates in this information collection extension request.

**Adjustments for Transactional Data Reporting Pilot**

GSA Schedules included in the Transactional Data Reporting pilot no longer require CSP and PRC disclosures, so the previous burden for those contracts has been subtracted from the final burden estimates; new reporting requirements for the pilot are accounted for under Information Collection 3090-0306, Transactional Data Reporting. GSA Schedules that continue to require CSP and PRC disclosures accounted for 56.8% of the program’s sales in fiscal year 2015, while the GSA Schedules included in the Transactional Data Reporting pilot account for the remaining 43.2%. Consequently, the future burden estimates for the CSP and PRC have been reduced by 43.2%, while the burden for GSA Office of Inspector General Audits has been reduced by the number of audits performed on contracts now included in the Transactional Data Reporting pilot.

**16. For collections of information whose results will be published, outline plans for tabulation and publication.**

Results will not be tabulated or published. Data collected will be used for internal administration of contracts.

17. **If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

GSA is not seeking such approval for this collection.

**18. Explain each exception to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions”.**

None.

**B. Collections of Information Employing Statistical Methods**

Statistical methods are not used in this information collection.

1. See GSAR Case 2013-G504; Docket 2014-0020; Sequence 1 [81 FR 41104 (June 23, 2016)]. [↑](#footnote-ref-1)
2. The burden estimates for Transactional Data Reporting are included in the information collection identified under Office of Management and Budget (OMB) control number 3090-0306. [↑](#footnote-ref-2)
3. FSS solicitations with Transactional Data Reporting requirements use Alternate I of GSAR clause 552.238-74 and do not require CSP disclosures. [↑](#footnote-ref-3)
4. Alternate II of the Price Reductions clause does not require the identification of a basis of award customer and does not require the price reduction notifications required per 552.238-75(c)(1). [↑](#footnote-ref-4)
5. *See* Information Collection 3090-0306, Transactional Data Reporting [↑](#footnote-ref-5)
6. GSAR clause 552.238-74 Alternate I [↑](#footnote-ref-6)
7. *See* GSAR Case 2013-G504; Docket 2014-0020; Sequence 1 [80 FR 11619 (Mar. 4, 2015)] [↑](#footnote-ref-7)
8. *Id.* [↑](#footnote-ref-8)
9. *Id.* [↑](#footnote-ref-9)
10. *See* Circular A-76 Figure C1, *available at* https://www.whitehouse.gov/omb/circulars\_a076\_a76\_incl\_tech\_correction/ [↑](#footnote-ref-10)
11. *See* the Bureau of Labor Statistics Occupational Outlook Handbook for Buyers and Purchasing Agents, *available at* http://www.bls.gov/ooh/business-and-financial/buyers-and-purchasing-agents.htm#tab-1 [↑](#footnote-ref-11)
12. *See* GSAR Case 2013-G504; Docket 2014-0020; Sequence 1 [80 FR 11619 (Mar. 4, 2015)] [↑](#footnote-ref-12)
13. The 13% increase is the difference between the final burden estimate ($101.7 million) minus the original burden estimate provided for the first and second comment periods ($90.1 million), divided by the original burden estimate ($90.1 million). [↑](#footnote-ref-13)
14. Small businesses held 80% of the GSA FSS contracts in fiscal year 2015. [↑](#footnote-ref-14)
15. 82 percent of FSS sales were under Schedules where more than 50 percent of aggregate sales were under Special Item Numbers primarily for service offerings (fiscal year 2014). [↑](#footnote-ref-15)
16. 90,740 GSA FSS delivery orders were recorded in FPDS in fiscal year 2015. 5.5 orders equals the total number of orders (90,740) divided by the number of GSA FSS vendors (16,529). [↑](#footnote-ref-16)
17. Equals $33 billion divided by 16,529 vendors divided by 12 months. [↑](#footnote-ref-17)
18. The 36% overhead rate was used in reference to Office of Management and Budget (OMB) Circular No. A-76. Circular A-76 requires agencies to use standard cost factors to estimate certain costs of Government performance. These cost factors ensure that specific government costs are calculated in a standard and consistent manner to reasonably reflect the cost of performing commercial activities with government personnel. The standard cost factor for fringe benefits is 36.25%; GSA opted to round to the nearest whole number for the basis of its burden estimates. [↑](#footnote-ref-18)
19. 3,306 equals 20% of the 16,529 vendors that held GSA FSS contracts in fiscal year 2015. [↑](#footnote-ref-19)
20. 13,223 equals 80% of the 16,529 vendors that held GSA FSS contracts in fiscal year 2015. [↑](#footnote-ref-20)
21. 3,306 equals 20% of the 16,529 vendors that held GSA FSS contracts in fiscal year 2015. [↑](#footnote-ref-21)
22. 13,223 equals 80% of the 16,529 vendors that held GSA FSS contracts in fiscal year 2015. [↑](#footnote-ref-22)