

**SUPPORTING STATEMENT FOR**  
**OMB Control No. 9000-0006, SUBCONTRACTING PLANS/INDIVIDUAL**  
**SUBCONTRACT REPORT (SF 294) and ISRS**

**A. Justification.**

**1. Administrative requirements.** In accordance with the Section 8(d) of the Small Business Act ([15 U.S.C. 637\(d\)](#)), any contractor receiving a contract for more than the simplified acquisition threshold must agree in the contract that small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns will have the maximum practicable opportunity to participate in contract performance. Further, [15 U.S.C. 637\(d\)](#) imposes the requirement that contractors receiving a contract or contract modification, that individually is expected to exceed \$700,000 (\$1.5 million for construction) and has subcontracting possibilities, shall submit an acceptable subcontracting plan that provides maximum practicable opportunities for small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns. Specific elements required to be included in the plan are specified in section 8(d) of the Small Business Act and implemented in Federal Acquisition Regulation (FAR) Subpart 19.7.

In conjunction with the subcontracting plan requirements, contractors must submit semi-annual reports of their small business subcontracting progress to the government. With the exception of those contracts noted in FAR 4.606(c)(5) which states “Actions that, pursuant to other authority, will not be entered in FPDS (e.g., reporting of the information would compromise national security)”, contractors must use the electronic Individual Subcontract Report (ISR) in lieu of the Standard Form 294, Subcontracting Report for Individual Contracts. Those contract actions noted in FAR 4.606(c)(5) will continue to use the Standard Form 294. The ISR in the Electronic Subcontracting Reporting System (eSRS) is the electronic equivalent of the Standard Form 294, Subcontracting Report for Individual Contracts.

**2. Uses of information.** A satisfactory subcontracting plan is required before a contract exceeding \$700,000 (\$1,500,000 for construction) can be awarded. The contracting officer must examine the information in the proposed plan to determine if the plan is in compliance with the Small Business Act and the FAR. In addition, the information is used for policy and management control purposes. The Individual Subcontracting Report data submitted is used to assess contractors' compliance with their subcontracting plans.

**3. Consideration of information technology.** Contractors are using the Electronic Subcontracting Reporting System. The eSRS is an electronic, web-based system for subcontract reporting that replaces the manual paper forms (SF 294 and SF 295) and provides a single point of entry for subcontracting requirements and reports. ESRS implements a real time contract retrieval interface with the Federal Procurement Data System (FPDS). The interface also permits contractors to entire their contract number

into eSRS and have the data retrieved from the System for Award Management (SAM) when the Data Universal Numbering System (DUNS) number is entered.

**4. Efforts to identify duplication.** This requirement is 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.** Small businesses are not required to submit subcontracting plans or reports.

**6. Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Information similar to that submitted on the Individual Subcontract Report is not already available to the contracting officer. Without the proposed information collection, the Federal Government will lack sufficient data pertaining to the use of small business concerns and the various socioeconomic categories under the small business subcontracting program.

**7. Special circumstances for collection.** Collection of information related to the plan must be done prior to award of the contract. Under sealed bid solicitations, plans must be submitted with bids so that all firms can be evaluated equally. Plans under negotiated acquisitions may be required only from the firm(s) being considered for award or, if the contracting officer determines it necessary, submitted with initial offers. Collection is generally consistent with guidelines in 5 CFR 1320.6.

**8. Efforts to consult with persons outside the agency.** A 60-day notice was published in the *Federal Register* at 80 FR 32909, on June 10, 2015. No comments were received. A 30-day notice was published in the *Federal Register* at 80 FR 66530 on October 29, 2015. No comments were received.

**9. Explanation of any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.** 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 hour and cost burden.**

The time required for development of the plan, reading, preparing information and data entry into eSRS is estimated as follows:

|                                 |        |
|---------------------------------|--------|
| Estimated respondents.....      | 59,336 |
| Average responses annually..... | 3      |

|                                    |                           |
|------------------------------------|---------------------------|
| Total annual responses.....        | 178,008                   |
| Estimated hrs/response.....        | 13.50 hrs                 |
| Total hours for plan and ISRs..... | 2,403,108                 |
| Hourly rate.....                   | \$30                      |
| Total cost.....                    | \$72,093,240 <sup>1</sup> |

Wages based on the equivalent of a GS-9, Step 5, of \$22.80, plus overhead of 33%, rounded to the nearest dollar.

Estimated cost per response is \$405.

**14. Estimated cost to the Government.**

Annual Recordkeeping Burden and Cost

|                                       |              |
|---------------------------------------|--------------|
| Number of responses per year.....     | 178,008      |
| Hours per response.....               | 3            |
| Total hours.....                      | 534,024      |
| Hourly rate (including overhead)..... | x\$30        |
| Total cost.....                       | \$16,020,720 |

Wages based on the equivalent of a GS-9, Step 5, of \$22.80, plus overhead of 33%, rounded to the nearest dollar.

**15. Explain reasons for program changes or adjustments reported in Item 13 or 14.**

The FAR is revised to implement the following requirements regarding subcontracting plans and subcontract reports for individual contracts:

- Within contracting officer’s discretion to require a subcontracting plan when a small business prime contractor rerepresents as an other than small on the contract.
- A subcontracting plan will be required for modifications of any value if the modification will cause the contract to exceed the threshold for requiring a plan and when subcontracting opportunities exist.
- Prime contractors are required to provide assurances in the subcontracting plan that they will –
  - Make a good faith effort to acquire articles, equipment, supplies, services, or materials, or obtain the performance of construction work from the small business concerns that the offeror used in preparing the bid or proposal, in the same scope, amount, and quality used in preparing and submitting the bid or proposal.
  - Provide the contracting officer with a written explanation if contractor fails to acquire articles, equipment, supplies, services or materials or

<sup>1</sup> Estimated hrs/response (13.50) multiplied by hourly rate (30), multiplied by total annual responses (178,008)

obtain the performance of construction work as described in previous bullet.

- o Not prohibit a subcontractor from discussing any material matter pertaining to payment or utilization with the contracting officer.
- Prime contractors are required to provide subcontracting data for orders on task or delivery order contracts which are used by multiple agencies.
- Goals may be required to be established in terms of total contract dollars.
- Assignment of NAICS codes to all subcontracts.

The adjustments for this reporting requirement have changed significantly.

It is estimated that the revisions to the FAR will result in 1135 more subcontracting plans per year. There were 884 contracts in fiscal year (FY) 2013 where the small business contractor rerepresented as an other than small business; this figure is an overestimation of the impact of the revision to the FAR since this figure includes contracts valued at below the subcontracting plan threshold (e.g. \$700,000). There is estimated to be 251 contracts awarded in FY 2013 with values below the subcontracting plan threshold that were subsequently modified to cause the value of the contract to exceed the subcontracting plan threshold; the estimate is based on taking the 176 DoD contracts that actually fall under this criteria and, making an assumption that the civilian agencies account for 30% of the total federal spend, adding 75 to arrive at the total number of contracts awarded in FY2013 valued at below the threshold that were subsequently modified to increase the value of the contract to exceed the subcontracting plan threshold.

However, a downward adjustment is being made to the overall number of respondents to reflect a new basis for estimation. The 129,009 figure used in calculating the annual reporting burden published in 2013 was based on FPDS data and was meant to reflect contracts that were awarded in FY 2011 where the requirements for a subcontracting plan *would* apply. For the current estimation, the number of respondents is based on the *actual* number of contracts awarded with subcontracting plans in the past 15 years: 58,201. A period of 15 years is being used for the estimation because contracts and their subcontracting plans are in existence for more than a single year and so the annual burden should not only take into account contracts awarded in any particular year with a subcontracting plan, but also those contracts with subcontracting plans that are still active in that particular year. This results in a total of 59,336 respondents per year (1135 + 58,201).

It is estimated that the revision to the FAR will result in 13.5 hours per subcontracting plan (and associated reports). This is an increase from the 8.5 hours for reporting into eSRS.

The revision to the FAR will result in a total of 2,403,108 hours, a decrease of 886,621.50 hours from the annual reporting burden published in the Federal Register at 78 FR 17668, on March 22, 2013 (3,289,729.50).

**16. Outline plans for published results of information collections.** Results will be collected by and available through the Federal Procurement Data Center.

**17. Approval not to display expiration date.** Not applicable.

**18. A. Explanation of exception to certification statement.** Not applicable.

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

Statistical methods are not used in this information collection.