

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
3090-0306, TRANSACTIONAL DATA REPORTING**

A. Justification

1. Explain the circumstances that make the collection of information necessary.

Each year, the Federal Government acquires goods and services worth hundreds of billions in dollars through millions of individual transactions conducted by thousands of contracting units across hundreds of federal agencies and commissions. Most buying offices operate independently, conducting procurements without regard to the experiences of their counterparts. Functions such as industry outreach, market research, requirements development, negotiations, and contract award are repetitively performed, without coordination, across the acquisition landscape. In response, the Office of Federal Procurement Policy (OFPP) has introduced a new vision for federal purchasing, one that fundamentally shifts from managing individual purchases and prices across thousands of procurement units to buying as one through category management.¹

A critical component of category management, and smarter buying in general, is the availability of transactional data, which shows the details of purchases at the line-item level such as descriptions, quantities, and prices paid for the items purchased. It provides the Government an unprecedented level of insight into its purchasing patterns, allowing it to identify the most efficient solutions, channels, and sources to meet mission critical needs. Moreover, individual buyers benefit from this information when conducting market research, price analysis, and negotiations. Accordingly, the General Services Administration (GSA) seeks to equip category managers, ordering agencies, and its own contracting officers with the transactional data from orders placed against its Governmentwide contracting solutions, which accounted for approximately 10% of all federal contract dollars in fiscal year 2015.

Pursuant to 41 U.S.C. §152(3), the GSA'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.² GSA's FSS program is the Government's preeminent contracting vehicle, with approximately \$33 billion of purchases made through the program in fiscal year 2015. GSA's other contracting programs include Governmentwide Acquisition Contracts (GWACs)³ and other Governmentwide Indefinite-Delivery, Indefinite-Quantity (IDIQ) contracts. GSA believes the transactional data from these contracts will have benefits that reverberate across the federal contracting landscape, but it cannot provide the data without first collecting it from its contract holders.

Transactional data is generated when a transaction is made between a buyer and seller. As such, the parties of the transaction will produce and possess this data. For federal contracting, these parties are the Government ordering agency and the contractor. On the Government

1 See Office of Management and Budget memorandum, "Transforming the Marketplace: Simplifying Federal Procurement to Improve Performance, Drive Innovation and Increase Savings", December 4, 2014, available at <http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/simplifying-federal-procurement-to-improve-performance-drive-innovation-increase-savings.pdf>

2 GSA operates the FSS program pursuant to 41 U.S.C. §152(3).

3 GSA been authorized by the Office of Management and Budget (OMB) to establish GWACs, pursuant to 40 U.S.C. 11302(e).

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side, this data is often found in contract writing systems and financial systems. However, these systems are not shared across agencies; in fact, many agencies use multiple versions of these systems. Hence, no mechanism exists to compile and analyze transactional data from a wide-range of purchases made across the Government.

Consequently, the General Services Administration (GSA) has issued a final rule, Transactional Data Reporting, which amends the General Services Administration Acquisition Regulation (GSAR) to establish two contract clauses that require vendors to report transactional data from orders placed against its Governmentwide contract vehicles, including the Schedules, GWACs, and other Governmentwide IDIQ contracts.⁴ GSAR clause 552.216-75 Transactional Data Reporting is immediately available for GSA's GWACs and non-FSS Governmentwide IDIQ contracts. It will be applied to all new vehicles in that class - those vehicles with solicitations issued on or after the effective date of this rule - but the current contract vehicles with alternative transactional data provisions may opt to continue using existing reporting requirements. The new FSS Transactional Data Reporting clause (GSAR clause 552.238-74, Alternate I), along with the corresponding reductions to existing pricing disclosure requirements, will be introduced in phases, beginning with a pilot for select Schedules and Special Item Numbers (SINs).⁵

2. Indicate how, by whom, and for what purpose the information is to be used.

GSA will use the transactional data to establish price reasonableness on its Governmentwide contracts; federal buyers will leverage it for pre-award contracting activities; and federal category managers will employ it to craft smarter buying strategies. Additionally, GSA intends to publicly share transactional data to the maximum extent allowable to promote transparency and competition while respecting that some data could be exempt from disclosure.

GSA will use the data to establish price reasonableness on its Governmentwide contract vehicles. For the Schedules program, Transactional Data Reporting will be introduced in phases, beginning with a pilot for select Schedules and Special Item Numbers (SINs). The inclusion of the new Transactional Data Reporting clause⁶ is being paired with the removal of the existing FSS pricing disclosure requirements — Commercial Sales Practices (CSP) disclosures and the basis of award tracking customer provision of the Price Reductions clause (PRC).⁷ Instead, FSS contracting officers will follow an order of preference for information to be used when evaluating FSS offers and establishing negotiating objectives, beginning with data that is readily available, in accordance with FAR 15.404-1(b)(2)(ii),⁸ including prices paid information on contracts for the same or similar items [including transactional data]; contract-level prices on other FSS contracts or Government-wide contracts for the

4 See GSAR Case 2013-G504; Docket 2014-0020; Sequence 1 [81 FR 41104 (June 23, 2016)].

5 FSS contracts administered by the Department of Veterans Affairs (VA) are not included in the pilot.

6 GSAR clause 552.238-74 Alternate I (48 CFR 552.238-74 Alternate I)

7 FSS Pricing Disclosures are covered by a separate information collection, identified under OMB Control Number 3090-0235.

8 Federal Acquisition Regulation 15.404-1(b)(2)(ii) [48 CFR 15.404-1(b)(2)(ii)]

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same or similar items, and commercial data sources providing publicly available pricing information.

GSA will provide authorized Government personnel with access to the data for pre-award contracting activities. The data will help Government buyers conduct market research and price analysis, leading to more optimal acquisitions that make better use of taxpayer dollars. This data will be instrumental for buyers to ensure they obtain best value solutions when placing orders under GSA's contract vehicles.

Transactional data will also afford category managers an unprecedented level of insight into its purchasing patterns, allowing them to identify the most efficient solutions, channels, and sources to meet mission critical needs. With transactional data, category managers can analyze consumption patterns, evaluate and compare purchasing channels, and identify best-in-class solutions. Thereafter, the Government can leverage its buying power and demand management strategies to achieve taxpayer savings as it concentrates its purchases through fewer channels, while vendors realize lower administrative costs.

Finally, GSA intends to share transactional data to the maximum extent allowable to promote transparency and competition while respecting that some data could be exempt from disclosure. The data will serve as valuable market intelligence for vendors to use for crafting more efficient, targeted business development strategies that incur lower administrative costs. This will be particularly beneficial for small businesses, which often do not have the resources to invest in dedicated business development staff or acquire business intelligence through third-parties.

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 will submit all information associated with this collection electronically through an Internet website designated by GSA. The Transactional Data Reporting clauses require GSA to provide reporting instructions, including the website address, within 60 days of award or inclusion of the applicable clauses in the contract.

FSS vendors participating in the Transactional Data Reporting pilot will submit transactional data and remit Industrial Funding Fee (IFF) payments through a new portal; this is in lieu of the quarterly sales reports and IFF payments submitted through the 72A Sales Reporting System.⁹ The new reporting portal will feature several improvements over the existing 72A Sales Reporting System,¹⁰ including:

- A single sign-on for all contracts. The current system requires a different sign-on for each contract.
- Electronic Data Interchange (EDI) upload capability.

⁹ Industrial Funding Fee and Sales Reporting is covered by a separate information collection, identified under OMB Control Number 3090-0121.

¹⁰ The 72A Sales Reporting System is accessible at <https://72a.gsa.gov>.

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- A spreadsheet template that can be downloaded, filled, and uploaded in lieu of manual data entry.
- Contractors with \$0 sales during a reporting period can now click a single field to complete the report, as opposed to the current 72A requirement of submitting \$0 for each SIN.

4. Describe efforts to identify duplication.

GSA explored several alternatives for obtaining transactional data - internal applications; GSA ordering platforms such as eBuy and GSA Advantage!®; the SmartPay credit card purchase program; and upgrades to the Federal Procurement Data System. GSA concluded these options would not provide the breadth of data needed to support the Government's objectives or would be unable to do so in the foreseeable future.

While GSA can collect some transactional data through purchase card transactions, doing so would limit the Government to a small, non-representative sample of data that would be ineffective for the broader goals of category management and smarter buying strategies. Increasing purchase card usage in order for purchase card data to be a viable solution would require numerous regulatory, procedural, and security changes to implement, which could not be accomplished in the near future and therefore would not support the Government's immediate needs.

Additionally, the Government's electronic invoicing initiative¹¹ was assessed as a potential alternative. However, following meetings regarding electronic invoicing implementation with representatives from the Department of Defense, Department of Energy, Department of Transportation, Department of Treasury, and Department of Veterans Affairs, it was determined these electronic invoicing platforms will not provide a Governmentwide transactional data reporting solution in the near term.

¹¹ See Office of Management and Budget memorandum M-15-19, "Improving Government Efficiency and Saving Taxpayer Dollars Through Electronic Invoicing", July 17, 2015, available at <https://www.whitehouse.gov/sites/default/files/omb/memoranda/2015/m-15-19.pdf>

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

FSS vendors represent approximately 90% of those initially impacted by this information collection, and about 80% of those vendors are small businesses. To minimize the impact of Transactional Data Reporting on FSS vendors, GSA is removing two of its most burdensome reporting requirements, Commercial Sales Practices (CSP) disclosures and the Price Reductions clause (PRC) tracking customer provision.

Streamlining these pricing disclosure requirements is particularly beneficial for small businesses. The CSP and PRC disclosure requirements are constant, meaning contractors, especially those with a higher number of FSS contract offerings, must bear the burden even if they have little to no sales through their FSS contracts. Thus, small businesses are disproportionately impacted because they account for the bulk of lower volume contracts. Moreover, small businesses, which generally have fewer resources to devote to contract management, will no longer be subjected to the complex CSP and PRC pricing disclosure requirements.

Unlike the existing CSP and PRC disclosure requirements, Transactional Data Reporting imposes a progressive burden — one that increases with a contractor's sales volume. Namely, monthly reporting time will increase with a contractor's applicable sales volume, as contractors with lower to no reportable sales will spend little time on monthly reporting, while those businesses with more reportable sales will face a higher reporting burden. Likewise, setup costs will be a major driver of the new reporting burden, but contractors with little to no activity on their FSS contracts will mostly likely forgo investments in new reporting systems because the reporting burden will not be significantly more than that of the current quarterly sales reporting requirements. Thus, tying the burden to sales volume is particularly beneficial for small businesses because they hold 80% of the total contracts account for only about 39% of the sales.¹²

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.

Federal initiatives, such as the evolution of category management, will be negatively impacted if this collection is not conducted. As noted previously, transactional data will also afford category managers an unprecedented level of insight into its purchasing patterns, allowing them to identify the most efficient solutions, channels, and sources to meet mission critical needs. Two of category management's key principles are optimizing existing contract vehicles and reducing contract duplication. With transactional data, category managers can analyze consumption patterns, evaluate and compare purchasing channels, and identify best-in-class solutions. Thereafter, the Government can leverage its buying power and demand management strategies to achieve taxpayer savings as it concentrates its purchases through fewer channels, while vendors realize lower administrative costs. Transactional data provides the business intelligence needed to implement category management, and without it, the

¹² Based on fiscal year 2015 Federal Supply Schedule contract data.

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Government will be limited in its ability to orchestrate centralized procurement strategies that reduce contract duplication and leverage the Government's buying power.

Transactional Data Reporting also offers a tremendous burden reduction for FSS contractors. By pairing the new reporting requirements with a removal of CSP disclosures and the PRC tracking customer provision, FSS contractors will realize an average annual burden reduction of \$32 million.¹³ Without transactional data, the FSS program will be forced to continue to require the burdensome CSP and price reduction disclosures in order to meet its mandate to provide "the lowest overall cost alternative to meet the needs of the Federal Government."¹⁴

Finally, conducting this information collection less frequently would not significantly reduce the reporting burden, while the data would become less valuable if a large amount of time passes between when the transaction is conducted and when the data is reported. Also, less frequent collections would make it more difficult for GSA to tie reporting requirements to existing fee remittance requirements. This would be particularly impactful for the Schedules program, which has traditionally required its vendors to report their contract sales and remit the Industrial Funding Fee (IFF) at the end of each calendar quarter (every three months).¹⁵ In contrast, the new FSS Transactional Data Reporting clause requires contractors to report transactional data once a month and continue to remit the IFF at the end of each quarter. GSA decided against aligning data reporting and fee remittance on a quarterly basis because the data would be more valuable if collected monthly. On the other hand, GSA cannot allow less frequent IFF remittance because doing so would negatively impact the GSA Federal Acquisition Service (FAS), which is partially funded by IFF collections. If GSA were to decouple the reporting and remittance requirements, contractors would not realize the efficiencies achieved by aligning these functions and would therefore bear a higher reporting burden.

7. Explain any special circumstances.

The Transactional Data Reporting clauses require contractors to file reports more than quarterly - specifically, within 30 days after the end of the last day of each month. GSA opted to require monthly reporting because transactional data is less valuable as time passes. In contrast, the new FSS Transactional Data Reporting clause requires contractors to report transactional data once a month and continue to remit the IFF at the end of each quarter. GSA decided against aligning data reporting and fee remittance on a quarterly basis because the data would be more valuable if collected monthly. On the other hand, GSA cannot allow less

¹³ \$32 million does not include costs for non-FSS contracts. It is the result of the FSS burden of the initial pilot implementation (\$12.41 million), minus the share of the combined CSP and PRC burden allocated to the FSS pilot vendors (\$44.03 million). The total CSP and PRC burden is covered in Information Collection 3090-0235, FSS Pricing Disclosures. If the CSP and PRC burden, if applied to all GSA FSS vendors, including those participating in the Transactional Data Reporting pilot, would be \$101.69 million. The share of that burden allocated to the FSS pilot vendors (\$44.03 million) is based on the percentage of the overall FY15 FSS sales accounted for by the FSS pilot vendors (43.2%). More information about Information Collection 3090-0235 can be found at <http://www.reginfo.gov/public> by searching "ICR" for "3090-0235".

¹⁴ 41 U.S.C. §152(3)(B)

¹⁵ Industrial Funding Fee and Sales Reporting is covered by a separate information collection, identified under OMB Control Number 3090-0121.

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frequent IFF remittance because doing so would negatively impact the GSA Federal Acquisition Service, which is partially funded by IFF collections. If GSA were to decouple the reporting and remittance requirements, contractors would not realize the efficiencies achieved by aligning these functions and would therefore bear a higher reporting burden.

Transactional data also includes information that some contractors consider to be proprietary trade secrets. GSA will disclose the full data only to authorized individuals and protect it in accordance with its standard information technology security policies. Additionally, GSA intends to eventually share the transactional data with the public to the maximum extent allowable to promote transparency and competition, while respecting that some data could be exempt from disclosure in accordance with the Freedom of Information Act.

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

Nineteen parties provided comments related to the compliance burden in response to GSA's Transactional Data Reporting proposed rule, published in the Federal Register on March 4, 2015. Responses to these comments, along with revised burden estimates, were published in the Federal Register on June 23, 2016.¹⁶

Several commenters questioned GSA's burden projections, stating the compliance estimates were understated and the projected burden reduction was overstated. Multiple commenters stated the Government is shifting the burden of gathering transactional data onto contractors, with some suggesting the burden will lead to higher prices or that contractors should be reimbursed for costs incurred.

The proposed rule contained burden estimates in accordance with the Paperwork Reduction Act, including a one-time average initial setup burden of 6 hours and an average monthly reporting burden of approximately .52 of an hour, or 31 minutes. The ongoing reporting burden for FSS contractors, following a first-year burden for implementation, was estimated to \$7.6 million a year. However, the proposed rule coupled the new reporting requirement with the removal of the PRC tracking customer provision, which would have resulted in an estimated burden reduction of \$51 million a year if applied to the entire GSA Schedules program.¹⁷

Most of the commenters weighing in on the burden stated the estimates were significantly underestimated. For example, one commenter compared the proposed rule's burden estimates with the results of a survey it conducted among some of its members to assess the costs of implemented the requirements set forth in the proposed rule. It reported the following for setup time:

16 See GSAR Case 2013-G504; Docket 2014-0020; Sequence 1. The Notice of Proposed Rulemaking can be found at 80 FR 11619 (Mar. 4, 2015). The Final Rule notice can be found at 81 FR 41104 (June 23, 2016).

17 The \$51 million burden reduction was the ongoing FSS reporting burden (\$7.6 million) minus the PRC burden of \$58.5 million from the 2012 PRC information collection (OMB Control Number 3090-0235). The \$7.6 million FSS reporting burden did not include the burden for one-time implementation. The \$51 million burden reduction applied to the entire GSA Schedules program and was not adjusted to only account for vendors participating in the FSS pilot.

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When asked about the estimated number of hours that their company would require for initial startup to comply with the proposed rule, small business respondents reported that it would take on average 232 hours. Large and medium size contractors estimated that it would take on average 1192 hours. In the context of an average work week, small businesses estimated that it would take nearly 6 weeks for initial setup, which would require limited resources to be diverted to this effort. Large and medium size businesses reported that it would take nearly 8 months on average to setup these systems. The proposed rule suggests that contractors should undertake this compliance burden at “no cost to the government.”

This commenter also reported much higher figures for its monthly reporting estimates:

In the survey contractors also report a significantly higher number of hours required to do the monthly transactional data reporting than estimated in the proposed rule. Respondents were asked in the survey to estimate the number of hours it would take their company to report the transactional data on a monthly basis. GSA estimated that it would only take 31 minutes per month. However, small businesses reported that it would take 38 hours per month on average. Large and medium size businesses estimated that it would take an average of 68 hours per month—nearly 2 weeks to conduct the reporting.

A few commenters stated they would not realize a net burden reduction when the PRC tracking customer provision is removed. For example, one commenter noted the PRC only requires disclosures when a price reduction is triggered, while this rule will require monthly reporting. Finally, multiple commenters stated Government is shifting the burden of gathering transactional data onto contractors. Some commenters said this will force industry to charge higher prices to recoup their costs, while others argued contractors should be directly reimbursed for reporting costs.

As a result of these comments, GSA reevaluated its estimation methodology and recalculated the burden based on whether contractors use automated or manual systems to identify and report transactional data. An automated system is one that relies on information technology, such as an accounting system or data management software, to identify and compile reportable data. These systems can tremendously streamline the reporting process but require upfront configuration to perform the tasks, such as coding the data elements to be retrieved. Conversely, a manual system is one that incorporates little to no automation and instead relies on personnel to manually identify and compile the reportable data. An example of a manual system would be an accountant reviewing invoices to identify the reportable data and then transferring the findings to a spreadsheet. In contrast to automation, a manual system requires relatively little setup time but the reporting effort will generally increase with the contractor’s sales volume.

The likelihood of a contractor adopting an automated system increases with their applicable sales volume. Contractors with little to no reportable data are unlikely to expend the effort needed to establish an automated reporting system since it will be relatively easy to identify and report a limited amount of data. In fiscal year 2015, 32% of FSS contractors reported \$0 sales, while another 34% reported average sales between \$1 and \$20,000 each month. If the

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rule were applied to the entire Schedules program, approximately two-thirds, or nearly 11,000 contractors, would have a lower reporting burden. However, as a contractor's applicable average monthly sales increase, an increasing number of contractors will elect to establish an automated system to reduce the monthly reporting burden. Consequently, contractors with higher reportable sales will likely bear a higher setup burden to create an automated system, or absorb a high monthly reporting burden if they choose to rely on manual reporting methods.

This renewed analysis led GSA to increase its burden estimates. For FSS contracts in particular:

- the projected setup time for an automated system increased from an average of 6 hours¹⁸ to an average of 240 hours, and
- the projected monthly reporting time range grew from 0.3 minutes - 4 hours to 0.25 hours - 48 hours.

However, GSA's estimates are still considerably lower than the estimates provided through the public comments, primarily because:

- at least two-thirds of the potential Transactional Data Reporting participants will have a relatively lower burden (e.g. contractors with lower or no sales), and
- contractors with higher reporting volume will face lower setup times with a higher monthly reporting burden, or higher setup times with a lower monthly reporting burden. In other words, contractors will not face a higher setup burden and a higher monthly reporting burden to comply with the rule.

This increase in the burden estimates reinforced the need to evaluate existing pricing disclosure requirements that could be rendered obsolete once transactional data is collected. After evaluating these comments, GSA concluded Transactional Data Reporting would not only exceed the PRC tracking customer provision benefits, it would also alleviate the need for CSP disclosures when combined with automated commercial data sources, new data analytic tools, and improved price analysis policy. Even with the increased burden estimates, GSA projects an average annual burden reduction for FSS pilot contractors of \$32 million when the new Transactional Data Reporting requirements are paired with the removal of CSP disclosures and the PRC tracking customer provision.¹⁹

¹⁸ The proposed rule setup time estimates did not differentiate between manual and automated reporting systems.

¹⁹ \$32 million does not include costs for non-FSS contracts. It is the result of the FSS burden of the initial pilot implementation (\$12.41 million), minus the share of the combined CSP and PRC burden allocated to the FSS pilot vendors (\$44.03 million). The total CSP and PRC burden is covered in Information Collection 3090-0235, FSS Pricing Disclosures. If the CSP and PRC burden, if applied to all GSA FSS vendors, including those participating in the Transactional Data Reporting pilot, would be \$101.69 million. The share of that burden allocated to the FSS pilot vendors (\$44.03 million) is based on the percentage of the overall FY15 FSS sales accounted for by the FSS pilot vendors (43.2%). More information about Information Collection 3090-0235 can be found at <http://www.reginfo.gov/public> by searching "ICR" for "3090-0235".

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This proposal is particularly advantageous for small businesses. In order to enter the federal marketplace through the Schedules program, small businesses have traditionally been required to absorb the burden of gathering CSP disclosures and developing robust PRC compliance systems before making even a dollar in revenue through their Schedule contracts. However, under the Transactional Data Reporting model, small businesses entering the Schedules program would not, in most cases, be likely to make significant upfront investments because they will only be impacted after they have won a Schedule order. Additionally, unlike information compiled to populate CSPs, which is created specifically for GSA, the transactional data reported each month is readily available data used to generate invoices.

GSA is pursuing this initiative because obtaining transactional data from its industry partners is the most feasible path the Government can take to implement smarter buying strategies and promote taxpayer value. GSA recognizes the burden that comes with this rule and will continually evaluate ways to minimize the data collection. However, as the changes to the CSP and PRC requirements provide a net burden reduction, this rule will not lead to higher costs and subsequently higher prices. To the contrary, GSA's previous experiences with collecting transactional data have led to lower prices.

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.

Transactional data includes information that some contractors consider to be proprietary trade secrets. GSA will disclose the full data only to authorized individuals and protect it in accordance with its standard information technology security policies. Additionally, GSA intends to eventually share the transactional data with the public to the maximum extent allowable to promote transparency and competition, while respecting that some data could be exempt from disclosure in accordance with the Freedom of Information Act.

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.

Population Overview

The reporting clauses created by this rule are applied as follows:

- GSAR clause 552.216-75, Transactional Data Reporting is available for use for all of GSA's non-FSS Governmentwide IDIQ contracts. It will be applied to all new vehicles in this class — those vehicles with solicitations issued on or after the

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effective date of this rule — but the current contract vehicles with alternative transactional data provisions may opt to continue using existing reporting requirements.

- GSAR clause 552.238-74, Industrial Funding Fee and Sales Reporting (Alternate I) only applies to a subset of the FSS program on a pilot basis. As of June 2016, the pilot Schedules and Special Item Numbers included in the pilot are as follows:

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

The total population impacted by the initial scope of the rule is 5,515 vendors, which consists of up to 4,978 FSS vendors and 537 non-FSS vendors.²⁰ However, this number may be lower depending on the number of FSS vendors that accept the bilateral modification to include GSAR clause 552.238-74 Alternate I, or whether existing non-FSS Governmentwide contracting programs opt not to use GSAR clause 552.216-75.

Cost Estimates

The estimated cost burden for respondents was calculated by multiplying the burden hours by an estimated cost of \$68/hour (\$50/hour with a 36% overhead rate).²¹

²⁰ The non-FSS vendor count includes vendors who held OASIS, OASIS Small Business, OS3, Alliant, Alliant Small Business, 8(a) STARS II, and VETS contracts in FY2015.

²¹ The 36% overhead rate was used in reference 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

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Reporting Requirements

The Transactional Data Reporting clauses (i.e. clause 552.238-74 Industrial Funding Fee and Sales Reporting (Federal Supply Schedule) Alternate I and clause 552.216-75 Transactional Data Reporting) require vendors to report the data elements outlined in the clauses, such as item descriptions and prices paid, to a GSA website. This data must be reported monthly within 30 calendar days after the of each calendar month, meaning vendors will furnish 12 reports over the course of a year for each contract containing one of these clauses.

Categorization of Vendors by Monthly Sales Revenue:

Transactional Data Reporting imposes a progressive burden — one that increases with a contractor's sales volume. Monthly reporting times will increase with a vendor's applicable sales volume, as vendors with lower to no reportable sales will spend little time on monthly reporting, while those with more reportable sales will face a higher reporting burden.

GSA separated vendors into categories based on average monthly sales volume²² in order to account for the differences in reporting burden. These categories are:

- Category 1: No sales activity (average monthly sales of \$0)
- Category 2: Average monthly sales between \$0 and \$20,000
- Category 3: Average monthly sales between \$20,000 and \$200,000
- Category 4: Average monthly sales between \$200,000 and \$1 million
- Category 5: Average monthly sales over \$1 million

The distribution of vendors by sales category is as follows:

FSS and Non-FSS Vendors by Sales Category					
	FSS Vendors (Count)	FSS Vendors (Percentage)	Non-FSS Vendors (Count)	Non-FSS Vendors (Percentage)	Total Vendor Count by Category
Category 1	1,343	26.98%	31	5.77%	1,374
Category 2	1,800	36.19%	42	7.82%	1,842
Category 3	1,219	24.49%	196	36.50%	1,415
Category 4	426	8.56%	173	32.22%	599
Category 5	190	3.82%	95	17.69%	285
Total	4,978	100.00%	537	100.00%	5,515

Automated vs. Manual Reporting Systems:

Vendors subject to these clauses must create systems or processes to produce and report accurate data. Generally, vendors will use automated or manual systems to identify the

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.

²² Average monthly sales volume was computed by taking a vendor's total annual sales volume and dividing it by 12. All sales data is from FY2015.

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transactional data to be reported each month. An automated system is one that relies on information technology, such as an accounting system or data management software, to identify and compile reportable data. These systems can tremendously streamline the reporting process but require upfront configuration to perform the tasks, such as coding the data elements to be retrieved. Conversely, a manual system is one that incorporates little to no automation and instead relies on personnel to manually identify and compile the reportable data. An example of a manual system would be an accountant reviewing invoices to identify the reportable data and then transferring the findings to a spreadsheet. In contrast to automation, a manual system requires relatively little setup time but the reporting effort will generally increase with the contractor's sales volume.

The likelihood of a contractor adopting an automated system increases with their applicable sales volume. Contractors with little to no reportable data are unlikely to expend the effort needed to establish an automated reporting system since it will be relatively easy to identify and report a limited amount of data. In fiscal year 2015, 32% of FSS contractors reported \$0 sales, while another 34% reported average sales between \$1 and \$20,000 per month. If the rule were applied to the entire Schedules program, approximately two-thirds, or nearly 11,000 contractors, would have a lower reporting burden. However, as a contractor's applicable average monthly sales increase, it will be increasingly likely to establish an automated system to reduce the monthly reporting burden. Consequently, contractors with higher reportable sales will likely bear a higher setup burden to create an automated system, or absorb a high monthly reporting burden if they choose to rely on manual reporting methods.

The following chart depicts the likelihood of the current population adopting manual and automated reporting systems:

Vendors by Reporting System Type (Manual vs. Automated)				
	Manual System (Percentage)	Automated System (Percentage)	Manual System - Vendor Count	Automated System - Vendor Count
Category 1	100%	0%	1,374	0
Category 2	100%	0%	1,842	0
Category 3	90%	10%	1,274	142
Category 4	50%	50%	299	300
Category 5	10%	90%	29	257
Total Count of Vendors by System Type			4,818	698
Percentage of Vendors by System Type			87.35%	12.65%

Initial Setup:

Vendors complying with this rule will absorb a one-time setup burden to establish reporting systems. The estimated setup time varies between automated and manual reporting systems. Vendors implementing a manual system must acclimate themselves with the new reporting

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requirements and train their staff accordingly, while those with automated systems must perform these tasks in addition to configuring information technology resources. GSA is attributing the setup burden by vendor, not by contracts, because a vendor holding multiple contracts subject to this rule will likely use a single reporting system. GSA estimates the average one-time setup burden is 8 hours for vendors with a manual system and 240 hours for those with an automated system.

Monthly Reporting:

After initial setup, vendors subject to these clauses are required to report sales within 30 calendar days after the end of each calendar month. The average reporting times vary by system type (manual or automated) and by sales categories. GSA estimates vendors using a manual system will have average monthly reporting times ranging from 15 minutes (0.25 hours) per month for vendors with \$0 sales, to an average of 48 hours per month for vendors with monthly sales over \$1 million. On the other hand, GSA projects vendors with automated systems will have reporting times of 2 hours per month, irrespective of monthly sales volume, as a result of efficiencies achieved through automated processes. The following table shows GSA's projected monthly reporting times per sales category and system type:

Monthly Reporting Hours by System Type and Category		
	Manual Systems	Automated Systems
Category 1	0.25	2.00
Category 2	2.00	2.00
Category 3	4.00	2.00
Category 4	16.00	2.00
Category 5	48.00	2.00

Annualized Public Burden Estimates

Time and cost estimates include one-time setup and monthly reporting burdens to comply with both contracts. Cost estimates were calculated by multiplying the burden hours by an hourly rate of \$68 (\$50/hour with a 36% overhead rate). However, other aspects of the calculation methodology vary between FSS and non-FSS vendors:

FSS Burden Estimates:

FSS estimates are made on a 20-year contract life cycle because the maximum length of an FSS contract is 20 years. The estimates include a one-time setup burden for all 4,978 FSS pilot vendors in Year 1. For each year thereafter, the estimates include the one-time setup burden for new FSS vendors under the pilot Schedules and SINs²³ and the monthly reporting burden for all impacted FSS vendors. The total Year 1 hours and costs were added to the aggregate hours and costs from Years 2 through 20 to arrive at the total life cycle figures, and then those figures were divided by 20 to arrive at the average annual figures:

FSS Burden Estimates

23 1,434 vendors were awarded a total of 1,493 FSS contracts in FY2015. The 1,434 figure was used to project the number of new vendors each year from Years 2 through 20.

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Year 1 Time	321,064 Hours
Year 1 Cost	\$21,832,365.60
Years 2 Through 20 Annual Time	175,239 Hours
Years 2 Through 20 Annual Cost	\$11,916,272.42
Total Average Annual Time	182,531 Hours
Total Average Annual Cost	\$12,412,077.08

Non-FSS Burden Estimates:

Non-FSS estimates are made on a 10-year contract life cycle because the maximum length of a non-FSS contract is 10 years. The estimates include a one-time setup burden for all 537 non-FSS vendors in Year 1. For each year thereafter, the estimates only include the monthly reporting burden because contracts are typically not added to a non-FSS program following the initial awards. The total Year 1 hours and costs were added to the aggregate hours and costs from Years 2 through 10 to arrive at the total life cycle figures, and then those figures were divided by 10 to arrive at the average annual figures.

Non-FSS Burden Estimates	
Year 1 Time	84,994 Hours
Year 1 Cost	\$5,779,578.40
Years 2 Through 10 Annual Time	36,247 Hours
Years 2 Through 10 Annual Cost	\$2,464,768.80
Total Average Annual Time	41,121 Hours
Total Average Annual Cost	\$2,796,249.76

Based on this methodology, the average annual time burden for vendors complying with this rule is 223,652 hours:

Average Annual Time Burden	
FSS Vendors (Clause 552.238-74 Alternate I)	182,531 Hours
Non-FSS Vendors (Clause 552.216-75)	41,121 Hours
Total Average Annual Time Burden	223,652 Hours

The average annual cost burden for vendors complying with this rule is \$15,208,326.84:

Average Annual Cost Burden	
FSS Vendors (Clause 552.238-74 Alternate I)	\$12,412,077.08
Non-FSS Vendors (Clause 552.216-75)	\$2,796,249.76
Total Average Annual Cost Burden	\$15,208,326.84

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

●

There are no separate capital, operation, maintenance, or services costs incurred because of FSS pricing disclosures. Please see Item 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 Government also incurs costs through this rule when collecting data and performing quality assurance functions. Cost estimates use an hourly rate of \$41.48, which is derived from a GS-12, Step 5 salary in the Washington, DC locality area.²⁴ The burden includes costs specific to FSS contracts, non-FSS contracts, and information technology systems:

- **FSS Contracts:** Industrial Operations Analysts (IOAs) conduct compliance reviews that include analyzing the completeness and accuracy of reported data. IOAs are also responsible for reviewing reported data and data corrections, as necessary. IOAs reported spending 62,769 hours on compliance reviews in fiscal year 2014. GSA personnel spent approximately 1 hour reviewing 2,851 sales adjustments over that same time period, a task that has since been transferred to IOAs. Therefore, the total time estimate for FSS contracts is 65,620 hours per year, for an estimated annual cost of \$2,721,927.97.
- **Non-FSS Contracts:** GSA personnel estimated it currently takes them an average of 2.5 hours per contract per month to process transactional data. Multiplied by the number of applicable non-FSS contracts in fiscal year 2015 (537), this equates to 16,110 hours, or an estimated annual cost of \$668,242.80.
- **Information Technology Systems:** The system needed to collect and process transactional data will cost GSA an average of \$491,500.00, spread across a 20-year contract life cycle.

Combining the costs for FSS contracts, non-FSS contracts, and information technology systems, the total annualized cost to the Government for the reporting clauses would be \$3,881,670.77 if the rule were implemented across the FSS program.²⁵ However, since the rule is being implemented for the FSS program on a pilot basis for select Schedules and SINs, the initial implementation costs only include a share of the full FSS implementation burden. As the pilot contracts represented 43.2%% of the total fiscal year 2015 FSS sales, GSA is allocating the same share for the FSS burden relating to IOAs, which amounts to \$1,175,872.88. As a result, the initial Government burden is \$2,335,615.68.

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

24 Office of Personnel Management Salary Table 2015-DCB Washington-Baltimore-Northern Virginia, DC-MD-VA-WV-PA, effective January 2015

25 Excluding costs for FSS contracts administered by the Department of Veterans Affairs.

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This is a new information collection.

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

Transactional data reported in accordance with the new clauses will be shared with authorized users to craft smarter buying strategies. GSA is also developing data visualization tools to make the data more user friendly. Within GSA, FAS has established a data analytics team that will assist in the establishment and ongoing analysis of contract-level prices. Publication schedules have not been determined but GSA intends to incorporate automation into its visualization tools to ensure the information is current and relevant.

GSA intends to eventually share the transactional data with the public to the maximum extent allowable to promote transparency and competition. However, GSA recognizes some information may be protected from public release, so it is exploring ways to provide the public a filtered view of the data, including information that is releasable under FOIA while protecting information that is not.

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.