

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

A. Justification.

1. **Administrative requirements.** Under statute, contractors may enter into bankruptcy, which may have a significant impact on the contractor's ability to perform its Government contract. The Government often does not receive adequate and timely notice of this event. FAR Subpart 42.9, Bankruptcy, prescribes policies and procedures regarding actions to be taken when a contractor enters into proceedings relating to bankruptcy. It establishes a requirement for the contractor to notify the contracting officer upon filing a petition for bankruptcy. It further establishes minimum requirements for agencies to follow in the event of a contractor bankruptcy. The clause at 52.242-13, entitled "Bankruptcy" requires contractors to notify the contracting officer within 5 days after the contractor files for bankruptcy.
2. **Uses of information.** The subject contract clause requires contractors to notify the contracting officer within five days after the contractor enters into bankruptcy.
3. **Consideration of information technology.** We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically.
4. **Efforts to identify duplication.** This requirement is being issued under the Federal Acquisition Regulation (FAR), which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.
5. **If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.
6. **Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Collection of information on a basis other than contract by contract is not practical.
7. **Special circumstances for collection.** Collection is consistent with guidelines in 5 CFR 1320.6.
8. **Efforts to consult with persons outside the agency.** A 60-day notice was published in the *Federal Register* at 81 FR 24104 on April 25, 2016. No comments were received. A 30-day notice was published in the *Federal Register* at 81 FR 44306 on July 7, 2016. No comments were received.
9. **Explanation of any decision to provide any payment or gift to respondents, other than remuneration of contractors or guarantees.** Not applicable.

10. **Describe assurance of confidentiality provided to respondents.** This information is disclosed only to the extent consistent with prudent business practices and current regulations.

11. **Additional justification for questions of a sensitive nature.** No sensitive questions are involved.

12 & 13. Estimated total annual public hours and cost burden.

We used data from the American Bankruptcy Institute (www.abiworld.org). Because of the Government’s stringent contract responsibility requirements in FAR Part 9, the ratio of bankruptcies among Government contractors is very low. According to the American bankruptcy Institute, business bankruptcies declined by 31% between 2013 and 2015 (at present, 2015 is the latest annual data available on bankruptcies). The revised estimate of 545 reflects the 31% decline in business bankruptcies between the two years. We used the estimated 790 respondent number from the current information collection as the basis for calculating the 31% decrement.

There is no single data collection process or system, *e.g.*, Federal Procurement Data System (FPDS-NG) that identifies the number of bankruptcies Governmentwide. To date, no public comments or questions have been received regarding the burden estimates included in the currently approved clearance. For the purposes of this clearance, time required for reading and preparing information is estimated at 1 hour per response. The time for recordkeeping is estimated at 15 minutes per respondent. Average wages are for a GS-14, step 9, base rate from the 2016 OPM salary table. This rate is used due to the fact that this is a legal matter requiring attorney review. The overhead rate is based on OPM memo M-08-13, dated March 11, 2008. The average wage for recordkeeping is a GS-9, Step 5, base rate from the 2016 OPM salary table. The overhead rate is based on OPM memo M-08-13, dated March 11, 2008.

Annual Reporting Burden

Estimated respondents/yr.....	545
Responses annually.....	x <u>1</u>
Total annual responses.....	545
Estimated hrs/response.....	x <u>1</u>
Estimated total burden/hrs.....	545

Annual Recordkeeping Burden

Number of recordkeepers.....	545
Annual hours per recordkeeper.....	x <u>.25</u>
Total recordkeeping burden hours.....	136

Total public burden hours

Public burden hours.....	681
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Annual Cost to the Public

Response burden hours.....	545
Average wages + overhead (\$52.96 + 36.25% OH)	x <u>\$72.16</u>

Total response cost to the public.....\$ 39,327
 Recordkeeping burden hours..... 136
 Average wages + overhead (\$23.25) + 36.25% OH).....x \$31.68
 Total recordkeeping cost to the public.....\$ 4,308
 Total response and recordkeeping cost to the public\$ 43,635

14. Estimated Cost to the Government. Time required for Governmentwide review is estimated at 2 hours per response. Average wages are for a GS-14, step 9, base rate from the 2016 OPM salary table. This rate is used due to the fact that this is a legal matter requiring attorney review. The overhead rate is based on OPM memo M-08-13, dated March 11, 2008.

Annual Reviewing Burden and Cost

Total annual responses.....545
 Review time per response/hrs.....x 2
 Total burden hours.....1,090
 Average wages + overhead (\$52.96/hr. + 36.25% OH).....x \$72.16
 Total Government cost..... 78,654

15. Explain reasons for program changes or adjustments reported in Item 13 or 14. The information collection burden hour requirement in the FAR has decreased due to the reduction in business bankruptcies between the years 2013 and 2015.

16. Outline plans for published results of information collections. Results will not be tabulated or published.

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

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

B. Collections of Information Employing Statistical

Methods. Statistical methods are not used in this information collection.