

SUPPORTING STATEMENT

OMB Control Number 0704-0216 — Defense Federal Acquisition Regulation Supplement (DFARS) Part 228, Bonds and Insurance, and related clauses at 252.228

A. JUSTIFICATION

1. Need for the Information Collection

This justification supports an extension of the information collection requirement currently approved under OMB Control Number 0704-0216. This information collection requirement pertains to information that a contractor must submit to the Department of Defense (DoD) in response to the requirements of the clauses in 48 CFR Chapter 2, Defense Federal Acquisition Regulation Supplement (DFARS), subpart 228, Bonds and Insurance, and the related clauses at 252.228. Specific circumstances requiring information collection are as follows:

a. DFARS 252.228-7000, Reimbursement for War-Hazard Losses, requires the contractor to provide notice and supporting documentation to the Government regarding claims or potential claims under the clause.

b. DFARS 252.228-7005, Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles, requires the contractor to report promptly to the administrative contracting officer all pertinent facts relating to each accident involving an aircraft, missile, or space launch vehicle being manufactured, modified, repaired, or overhauled in connection with the contract.

c. DFARS 252.228-7006, Compliance with Spanish Laws and Insurance, requires the contractor to provide a written representation that the non-Spanish contractor and any non-Spanish subcontractor have obtained the required types of insurance in the minimum amounts specified in the contract. This information is obtained only from non-Spanish concerns under service or construction contracts to be performed in Spain.

2. Use of the Information

Contracting officers use the information provided by contractors under clause 252.225-7000 to assess the amount and extent of potential claims, open claims, and settlements providing war-hazard benefits to contractor employees. If this information is not provided, the contractor would not be reimbursed for such claims. Administrative contracting officers review the information provided under 252.225-7005 to determine the extent of an accident and whether an investigation into the incident is warranted. Contracting officers use the information provided by contractors under clause 252.228-7006 to assess whether or not a non-Spanish contractor or subcontractor, performing a service or construction contract in Spain, has insurance adequate to cover the risk assumed by the contractor. The contractor must provide the insurance information to the contracting officer prior to commencing work under the contract.

3. Use of Information Technology

Contractors are encouraged to submit their reports in electronic format, and 100 percent of the responses are anticipated to be collected electronically.

4. Non-duplication

As a matter of policy, DoD reviewed the Federal Acquisition Regulation and DFARS to determine if adequate language already exists. This information collection is unique and does not duplicate any other requirement.

5. Burden on Small Business

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

6. Less Frequent Collection

Contractor information is provided to report an accident, to support filing of a claim against the Government, or to demonstrate adequate insurance coverage. These reports are on a case-by-case basis as required under the specific contract clause. Less frequent collection would impede contracting officers in performing their administrative functions in an effective and efficient manner and result in increased risk for the Government.

7. Paperwork Reduction Act Guidelines

There are no special circumstances for collection. Collection is consistent with the guidelines in 5 CFR 1320.

8. Consultation and Public Comments

a. Public comments were solicited in the *Federal Register* on April 7, 2016 ([81 FR 20374](#)), as required by 5 CFR 1320.8(d). Two public comments were received, which are summarized as follows:

Comment: One respondent commented that the majority of state laws covering worker's compensation insurance specify in the range of 3 to 6 percent and provided a summary the purpose for requiring present value computation for contract cost accounting purposes.

Response: The comment is outside the scope of the information collection requirements covered by this OMB control number. The respondent, who was contacted for additional information, instructed DoD to disregard.

Comment: One respondent submitted the comment, "Good."

Response: Noted.

b. A notice of submission to OMB for clearance of this information collection was published in the *Federal Register* on July 29, 2016 ([81 FR 49964](#)).

9. Gifts or Payment

No payment or gift will be provided to respondents.

10. Confidentiality

The information collected will be disclosed only to the extent consistent with prudent business practice, current regulations, and statutory requirements. No assurance of confidentiality is provided to respondents.

11. Sensitive Questions

There are no questions of a sensitive nature.

12. Respondent Burden, and its Labor Costs

Estimates of Annual Respondent Burden Hours and Cost. There was a small decrease in the number of incidents reported under DFARS 252.228-7005, Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles, as the number of reportable mishaps dropped from an average of 27 per year to 22 during fiscal years 2013 through 2015, according to data provided by Defense Contract Management Agency cognizant personnel. The hours under DFARS 252.228-7000, Reimbursement for War-Hazard Losses, remain unchanged based on a review of Department of Labor (DOL) data from the Office of Workers' Compensation Programs for Defense Base Act Cases by Nation. The DOL data revealed only 6 incidents in the last three fiscal years; however, since 10 respondents is the minimum number of respondents for information collection, the estimate of 10 respondents was used for DFARS 252.228-7000. The estimated burden for respondents under DFARS 252.228-7006, Compliance with Spanish Laws and Insurance, remained the same based on a review of data from the Federal Procurement Data System for fiscal years 2013 through 2015. The estimated respondent burden and cost to the public for each clause is as follows:

Estimation of Respondent Burden Hours: 252.228-7000/7005/7006							
252.228-	Respondent s	Response/ Respondent	Total Annual Responses	Hrs/Res	Total Annual Hours	\$/hr	Total Annual Cost to Public
-7000	10	1	10	40	400	\$46	\$ 18,400
-7005	22	1	22	1	22	\$46	\$ 1,012
-7006	88	1	88	0.5	44	\$46	\$ 2,024

Note: Hourly rate of \$46 is based on using current FY 2016 General Schedule salary rates published by the Office of Personnel Management (OPM) for the equivalent of a GS-12, Step 5 salary (\$33.72), plus .3625 overhead burdens, for a total of \$45.94, rounded to \$46. Based on the above calculations, the total estimated respondent burden and cost to the public is as follows:

Estimation of Total Respondent Burden: 0704-0216	
Number of respondents	120
Responses per respondent	1
Number of responses	120
Hours per response	3.88
Estimated hours (number of responses multiplied hours per response)	466
Cost per hour (hourly wage)	\$46
Annual public burden (estimated hours multiplied by cost per hour)	\$21,436

13. Respondent Costs Other Than Burden Hour Costs

DoD does estimate any annual cost burden apart from the hourly burdens in Items 12.

14. Cost to the Federal Government

Annualized Cost to the Government. The burden hours required for the Government is based on receiving and evaluating the information submitted by the contractor. The time associated with this task is estimated to be approximately 8.9 hours per response (32 hours to review accident reports or potential claims, .5 hours to verify adequate insurance). The estimated annualized cost per hour has increased from \$43.35 to \$46, based on use of FY 2016 General Schedule salary tables published by OPM. As a result of this rate increase and adjustment to the hourly estimate, the estimated total annual cost to the government has decreased from \$53,234 to \$49,128.

Estimation of Government Burden: 252.228-7000/7005/7006	
Number of responses	120
Hours per response	8.9
Estimated hours (number of responses multiplied hours per response)	1,068
Cost per hour (hourly wage)	\$46
Annual public burden (estimated hours multiplied by cost per hour)	\$49,128

15. Reasons for Change in Burden

The estimate of total public burden hours has decreased by 5 hours, from 471 hours to 466 hours based on the decrease in the number of reportable mishaps under DFARS 252.228-7005, Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles, from an average of 27 to 22 per fiscal year. Notwithstanding the decrease in burden hours, use of more current rate information resulted in the estimated total annual cost to the public increasing from \$20,418 to \$21,436 for this renewal period.

16. Publication of Results

Results of this collection will not be published.

17. Non-Display of OMB Expiration Date

We do not seek approval not to display the expiration date for OMB approval of the information collection.

18. Exceptions to "Certification for Paperwork Reduction Submissions"

There are no exceptions to the certification statement identified in Item 19 of OMB Form 83-I.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Statistical methods will not be employed.