**Fair Pay and Safe Workplaces**

**(FAR Case 2014-025)**

**SUPPORTING STATEMENT**

# A. JUSTIFICATION

## 1. Requirement.

This request for authorization to collect information under the Federal Acquisition Regulation (FAR) rule 2014-025, Fair Pay and Safe Workplaces, is submitted to implement Executive Order (E.O.) 13673, Fair Pay and Safe Workplaces, dated July 31, 2014 and amended by E.O. 13683, December 11, 2014, and E.O. XXXXX, [DATE], 2016. The E.O. contains two distinct information collection requirements that apply to both prime contractors and subcontractors; information related to certain violations of E.O. 13673 listed labor laws and E.O.s, and information related to paycheck transparency.

The information collection related to violations of labor laws, as the term “labor laws” is defined in the rule, is designed to improve contracting officers’ ability to make informed and appropriate responsibility determinations and to continue to be informed and take action as appropriate, during contract performance. Similarly, the subcontractor disclosure requirements improve contractors’ ability to make informed and appropriate subcontractor responsibility determinations and to continue to be informed and take action as appropriate, during subcontract performance. The E.O. requires each agency to designate a senior agency official to be an Agency Labor Compliance Advisor (ALCA) who will provide analysis and advice, in consultation with the Department of Labor (DOL) to contracting officers and other agency officials in evaluating disclosed information and determining appropriate responses. DOL is available to contractors and subcontractors to assist in evaluating and considering subcontractor disclosed information.

The rule includes two provisions for representation and disclosure of labor law decisions and defines labor law decision to mean a violation of a labor law that resulted in an administrative merits determination, arbitral award or decision, or civil judgment. The DOL Guidance entitled: “Guidance for Executive Order 13673, ‘Fair Pay and Safe Workplaces’” defines the terms “administrative merits determination”, “arbitral award or decision”, and “civil judgment” for purposes of implementation of the E.O. Representation and disclosure of labor law decisions must be accomplished prior to a contracting officer’s or contractor’s responsibility determination.

The rule includes a clause requiring contractors and subcontractors to determine if they have new or updated disclosure information semiannually during contract or subcontract performance and if so, to disclose that information. The clause requires contractors to consider subcontractor updated information to determine if any remedial actions are warranted. Similar coverage in FAR 22.2004-3 requires contracting officers to consider contractors’ updated disclosure information.

It should be noted that for purposes of this rulemaking, only Occupational Safety and Health Administration (OSHA)-approved State Plans are included as equivalent state laws. A subsequent DOL Guidance will name the state laws that are equivalent to the 14 listed Federal labor laws and E.O.s and define what constitutes an administrative merits determination for such named laws. At such time, a proposed FAR rule will be published for comment and will address the associated information collection burden. Therefore, this supporting statement has been prepared considering only the 14 listed Federal labor laws and E.O.s and OSHA-approved State Plans.

The rule includes a paycheck transparency clause that requires contractors to provide individuals with a wage statement document detailing certain information concerning hours and overtime hours worked, rate of pay and gross pay, and itemized additions or deductions from pay in each pay period. If the wage statement is not provided weekly and is instead provided bi-weekly or semi-monthly (because the pay period is bi-weekly or semi-monthly), the hours worked and overtime hours contained in the wage statement shall be broken down to correspond to the period (which will almost always be weekly) for which overtime is calculated and paid. If contractors choose not to include a record of hours worked for individuals exempt from the overtime compensation requirements of the Fair Labor Standards Act (FLSA), the contractor must provide the employee a notice of their FLSA-exempt status. There is no requirement for this FLSA-exempt status notice to the employee to be on an additional or separate document from the wage statement. The clause also requires employers to provide notification to individuals who are treated as independent contractor of this status. All three documents; *i.e.*, wage statement, FLSA-exempt status, and independent contractor status, must be in writing, provided in the language(s) in which the workforce is fluent, and they may be provided electronically.

Specific information collection requirements of the provisions and clauses are outlined below:

(a)*Provision 52.222-57, Representation Regarding Compliance with Labor Laws (Executive Order 13673), is prescribed at 22.2007 for use in all solicitations and resultant contracts that contain the clause at 52.222-59.*

(1) Paragraph (c) of the provision requires offerors to represent whether there has, or has not been, an administrative merits determination, arbitral award or decision, or civil judgment, rendered against the offeror for the period beginning on October 25, 2015 to the date of the offer, or for three years preceding the date of the offer, whichever period is shorter, for violations of any of the labor laws and E.O.s as defined in the provision.

(2) Paragraph (d)(1) of the provision requires offerors for whom the contracting officer has initiated a responsibility determination, and only if those offerors had indicated that they have had such labor violations, to identify, upon request of the contracting officer, which of the listed labor laws were violated and provide certain information[[1]](#footnote-2) about each of the specific violations. The information provided includes—

* the labor law violated;
* the case number, inspection number, charge number, docket number, or other unique identification number;
* the date rendered;
* the name of the court, arbitrator(s), agency, board, or commission rendering the determination or decision.

This information allows the agency to obtain the labor law decision from DOL. If the agency is unable to obtain the decision document, the contracting officer will ask the offeror for the decision document.

(3) Paragraph (d)(1) of the provision affords an opportunity for offerors to provide all other such information that the offeror deems necessary to demonstrate its responsibility to the contracting officer. Such information may be related to mitigating factors and remedial measures such as offeror actions taken to address the violations, labor compliance agreements, and other steps taken to achieve compliance with labor laws, and includes providing written responses to contracting officers regarding such information.

(4) Paragraph (d)(2) of the provision requires contracting officers to consider all information provided and obtained in making a responsibility determination. In considering information contracting officers consult with the ALCA (see 22.2004-2).

(5) The provision is repeated at paragraph (s) of 52.212-3 Offeror Representations and Certifications – Commercial Items.

(b)*Provision 52.222-58, Subcontractor Responsibility Matters Regarding Compliance with Labor Laws (Executive Order 13673), is prescribed at 22.2007 for use in all solicitations that contain the clause at 52.222-59.*

(1) Paragraph (b) of the provision requires that, for solicitations issued on or after October 25, 2017, for subcontracts where the estimated subcontract value exceeds $500,000 for other than commercially available off-the-shelf (COTS) items, the contractor shall require all prospective subcontractors to represent whether there have been any administrative merits determinations, arbitral awards or decisions, or civil judgments rendered against them for violations of labor laws for the period beginning on October 25, 2015 to the date of the offer, or for three years preceding the date of the offer, whichever period is shorter;

(2) Paragraph (c) of the provision requires that if a contractor initiates a responsibility determination and the prospective subcontractor has indicated there has been labor law decisions pursuant to paragraph (b) of the provision, the contractor (following the procedures in paragraph (c) of the clause at 52.222-59), shall require the prospective subcontractor to provide required labor law decisions information and any information on mitigating factors and remedial measures the subcontractor chooses to provide to DOL. Subcontractors are required to provide information to the contractor about DOL’s analysis and assessment of the subcontractor disclosed and provided information. If the subcontractor disagrees with DOL’s assessment, it must provide to the contractor; 1) information about the disclosed labor law decisions that DOL determined were serious, willful, repeated, and/or pervasive, 2) additional mitigating and remedial information it wishes to provide, 3) a description of DOL’s advice or a description of an enforcement agency’s proposed labor compliance agreement, and 4) an explanation of the basis for the disagreement. Contractors must consider this information in making a subcontractor responsibility determination. The contractor is required to notify the contracting officer of the name of the subcontractor and the basis for the decision if the contractor determines that a subcontractor is a responsible subcontractor after reviewing the disclosed and provided information. The subcontractor and contractor may consult with DOL and the DOL Guidance during this process.

(c)*Clause 52.222-59, Compliance with Labor Laws (Executive Order 13673), is prescribed at 22.2007 for use in:*

*-- solicitations with an estimated value of $50 million or more, issued from October 25, 2016 through April 24, 2017 and resultant contracts;*

*-- solicitations that are estimated to exceed $500,000 issued on or after April 24, 2017 and resultant contracts.*

(1) Paragraph (b) of the clause requires prime contractor updates. Contractors are required to disclose new labor law decisions and/or updates to previously disclosed labor law decisions, the contractor is required to continue to disclose in SAM at www.sam.gov, semiannually. The contractor has flexibility in establishing the date for the semiannual update. (The contractor may use the six-month anniversary date of contract award or may choose a different date before the six-month anniversary date, in either case, the contractor must continue to update it semiannually.)

(2) As in the 52.222-57 provision, the clause requires the contractor to furnish a copy of the labor law decision if the contracting agency is unable to obtain it, and gives contractors the opportunity to furnish information on mitigating factors and remedial measures, and includes providing written responses to contracting officers regarding such information.

(3) Contracting officers are to consider information provided, in consultation with the ALCA, in determining whether action is necessary (see 22.2004-3).

(4) Paragraph (d) of the clause requires contractors to require subcontractors to update information required pursuant to provision 52.222-58 semiannually, and give subcontractors the opportunity to provide information including mitigating factors, remedial measures such as subcontractor actions taken to address the labor violations, labor compliance agreements, and other steps taken to achieve compliance with labor laws. The clause requires that contractors consider the information provided in determining whether action is necessary. The contractor is required to notify the contracting officer of the name of the subcontractor and the basis for the decision if the contractor decides to continue the subcontract after having been informed that DOL advised the subcontractor it has not entered into a labor compliance agreement within a reasonable period or is not meeting the terms of an existing labor compliance agreement. The subcontractor and contractor may consult with DOL and the DOL Guidance during this process.

(4) Paragraph (g) of the clause requires contractors to include the substance of the clause in subcontracts, at all tiers, with an estimated value exceeding $500,000 for other than COTS items.

(d)*Clause 52.222-60, Paycheck Transparency (Executive Order 13673), is prescribed at 22.2007 for use in all solicitations and resultant contracts estimated to exceed $500,000.*

(1) Paragraph (a) of the clause requires contractors to provide a wage statement to individuals for whom the contractor is subject to certain wage record requirements in each pay period. Paragraph (b) of the clause indicates the information required on the document, which includes hours and overtime hours worked, pay and rate of pay, and itemization of additions or deductions from pay in each pay period. If the wage statement is not provided weekly and is instead provided bi-weekly or semi-monthly (because the pay period is bi-weekly or semi-monthly), the hours worked and overtime hours contained in the wage statement shall be broken down to correspond to the period (which will almost always be weekly) for which overtime is calculated and paid. If contractors choose not to include a record of hours worked for individuals exempt from the overtime compensation requirements of the Fair Labor Standards Act, the contractor must inform the employee of their FLSA-exempt status. There is no requirement that the contractor inform the employee by means of an additional or separate document or notification from the wage statement.

(2) Paragraph (d) of the clause requires contractors to provide to individuals it is treating as independent contractors with a document so informing the individual.

(3) Paragraph (e) of the clause requires contractors to (1) provide notifications required by the clause in languages in which significant portions of the workforce is fluent, and (2) that such written notifications may be provided by electronic means if the contractor regularly provides documents to its workers by electronic means.

(4) Paragraph (f) of the clause requires contractors to include the substance of the clause in subcontracts exceeding $500,000, at any tier, for other than COTS items.

## 2. Purpose.

The information generated by the labor violation disclosure requirements will be used by contracting officers in making responsibility determinations of offerors in accordance with FAR 9.105 and by contractors in making responsibility determinations of subcontractors in accordance with FAR 9.104-4(a).

The information generated by these requirements will also be used, both preaward and postaward, by DOL and ALCAs. DOL and ALCAs will analyze the information and prepare an assessment for use in advising if the violations are serious, willful, repeated, and/or pervasive and whether and what appropriate remedial actions are warranted. The information will also be used by enforcement agencies as they develop and negotiate labor compliance agreements.

Information generated by the paycheck transparency collection of information will be used by individuals who receive required notifications to ensure they are being treated appropriately as regards compensation. This information will not be collected nor used by the Government.

## 3. Information Technology.

The rule provides that information about labor violations and mitigating and remedial information provided by offerors and contractors will be submitted into the existing System for Award Management (SAM). SAM is the system currently used by offerors and contractors to submit information to the Federal Government for use in conducting responsibility determinations. Under the proposed rule, prime contractors were required to submit mitigating factors and remedial information to each contracting officer who was considering the contractor for award. The final rule instead provides for this information to be input in SAM as a means to eliminate the need for submission to each contracting officer.

Subcontractor representations regarding labor violations will be provided in a manner required by the prime contractor’s request for bids/offers. Subcontractor disclosures of labor violation information will be made to DOL in accordance with Section V. of the DOL Guidance.

## 4. Duplication.

Respondents providing public comment expressed concern that this rule requires disclosure of information already in the Government’s possession. In an effort to continue to minimize duplication and reduce burden, the Government continues to pursue automated solutions. DOL and other enforcement agencies are actively working to upgrade their information systems so that the need for contractor disclosures of administrative merits determinations may be reduced over time. DoD, GSA, NASA, and OMB intend to work closely with DOL, as part of the paperwork renewal process required under the Paperwork Reduction Act (PRA), to review progress made on system upgrades and evaluate the feasibility of phasing out the requirement to disclose administrative merits determinations as set forth in this rule, as such information is available and retrievable by Federal officials.

FAR part 9 and its associated provisions and clauses; 52.209-5, Certification Regarding Responsibility Matters, 52.209-6, Protecting the Government’s Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment, 52.209-7, Information Regarding Responsibility Matters, and 52.209-9, Updates of Publicly Available Information Regarding Responsibility Matters, were reviewed for duplication or overlap of requirements regarding representations and disclosure of information required by the E.O. The requirements of the E.O. are exclusively related to labor law compliance, and no duplication with specific information required by existing disclosure requirements was identified. However, it is noted that contractors’ processes to keep records, research, gather, and provide similar types of information under existing provisions and clauses can be utilized or leveraged to some extent in developing processes and procedures for disclosures required under this information collection.

There is no duplication of information collected with regard to paycheck transparency, as the information is provided only to the individual to whom the information pertains.

## 5. Small Business.

The burden applied to small businesses is the minimum consistent with applicable laws, E.O.s, regulations, and prudent business practices. In addition, in the final rule a number of steps have been taken to minimize burden on small business, including the following:

(1) limiting disclosure requirements, for the first six months to $50 million and above, and subsequently to contracts over $500,000, and subcontracts over $500,000 excluding COTS items, which excludes the vast majority of transactions performed by small businesses;

(2) limiting initial disclosure from offerors to a representation of whether the offeror has any covered labor violations and generally requiring more detailed disclosures only from the apparent awardee;

(3) only requiring postaward updates semiannually;

(4) creating certainty for contractors by having ALCAs utilize the DOL Guidance and coordinate through DOL to promote a consistent approach across Government agencies to analyzing and assessing disclosed violation information;

(5) phasing in disclosure requirements for subcontractor flowdown so that contractors and subcontractors have an opportunity to become acclimated to the new processes;

(6) establishing the alternative subcontractor disclosure approach that directs the prime contractor to have their subcontractor disclose labor law decisions and mitigating information to DOL; and

(7) changing the final rule to emphasize that labor law decisions do not automatically render the offeror nonresponsible (see 22.2004-2 (b)(6) and adding an equivalent statement at 52.222-59 (c)(2) for evaluation of subcontractors).

## 6. Consequences for Non-collection or Less Frequent Collection.

Access to labor compliance information enables the Government to procure goods and services from companies that understand and comply with labor laws, and therefore promote safe, healthy, fair, and effective workplaces. Such companies avoid distractions and complications resulting from noncompliance and enhance performance increasing the likelihood of timely, predictable, and satisfactory delivery of goods and services. Not collecting this information or collecting less frequently will restrict the Government’s ability to make more well-informed responsibility determinations and decisions regarding appropriate remedial actions during contract performance. Likewise, without or with a less frequent collection of subcontractor information, contractors will be restricted in their ability to make more well-informed subcontractor responsibility determinations and decisions regarding appropriate remedial actions during subcontract performance.

Non-collection or less frequent collection of the paycheck transparency information inhibit individuals’ ability to determine whether they are being compensated appropriately and fairly under the law.

## 7. Special Circumstances.

The collection of this information is consistent with the general information collection guidelines in 5 CFR 1320.5 (d) (2).

## 8. Public Comments and Consultation.

This information collection is consistent with the guidelines in 5 CFR 1320.5(d).

A number of respondents submitted public comments on various aspects of the estimates in the proposed rule Paperwork Reduction Act supporting statement that were critical of estimating methods used and expressed that many cost elements were missing from the estimates or were (sometimes significantly) underestimated. The cost elements addressed in the public comments with respect to the Paperwork Reduction Act included; (1) regulatory familiarization, (2) recordkeeping, and (3) burden hours. The comments on the calculations of burden hours reflected concerns with the estimates of (i) population of affected contractors; (ii) percentage of those contractors estimated to be violators; (iii) omission of overhead in the estimates of labor burden; and, (iv) underestimating the hours required to accomplish required tasks. The public comments were carefully considered in developing the estimates for this revised supporting statement submitted with the final rule. The supporting statement estimates were prepared in coordination with, and relied heavily on, the final Regulatory Impact Analysis (RIA). The RIA is a joint FAR Council and DOL product with substantial analysis provided by DOL in its capacity as a program agency and advisor to the FAR Council on labor matters. Following is a discussion of the public comments for each cost area—

(1) Regulatory familiarization – Respondents commented that the time estimated in the proposed rule for regulatory familiarization, 8 hours, might be appropriate for the smallest of affected contractors, but would not be for larger or more complex contractors. Respondents noted that for some contractors, employees in multiple divisions and business units will need to be familiar with the regulation. Other respondents suggested that a labor attorney may need to be consulted in reviewing the regulation. Some respondents suggested various estimates and noted that the proposed estimate may underestimate the time required by a factor of ten or more.

Response: The Civilian Agency Acquisition Council and the Defense Acquisition Regulation Council (Councils) have carefully considered the public comments and agree that sufficient time is needed for regulatory review and familiarization in order for contractors and subcontractors to successfully comply with the rule. The Councils have considered that larger and more complex organizational structures will require more hours and that the time of an attorney is warranted. Therefore the estimate for regulatory review and familiarization has been significantly increased in the final rule. The estimates assume that as an initial non-recurring cost all contractors and subcontractors subject to the rule will incur this cost (see Table 7), and that in subsequent years an annual regulatory review cost will be incurred for new entrants (see Table 5).

(2) Recordkeeping – In the proposed rule the estimate recognized that the rule would impose recordkeeping costs that would be ongoing to support compliance. The proposed rule requested input from the public on the need for recordkeeping systems, what types of systems might be developed and maintained as a tracking mechanism for compliance, costs that might be incurred to establish and maintain such systems, and the extent to which setting up such systems would reduce recurring disclosure costs in subsequent years. Many respondents discussed the need for contractors and subcontractors to establish new internal control systems or modify existing systems in order to track and report labor violations and subcontractor disclosures. Respondents noted that such systems would need to be sufficiently robust to coordinate and manage subcontractor information, including mitigating and remedial information. Respondents noted that the design of such systems would need to take into account contractors’ organizational and geographic structures. Where respondents have existing systems in place to accommodate compliance with similar reporting requirements, they noted some amount of requirements development and design would be required to modify such systems. Additionally, where such systems do exist, they are not typically set up to maintain records in a systematic manner that is easily searched or updated. One respondent estimated up to $1 million in initial costs and $500,000 annually to maintain the systems.

Response: The Councils appreciated the many responses to the proposed rule request for comment and information on this specific cost element and, as a result, have included estimated initial startup and annual maintenance costs for tracking mechanisms in the final rule. The estimates took into consideration that for those contractors with the least complicated organizational structures, a commercial software program may suffice, for others revising existing systems or building additional functionality and capability into existing systems may suffice, and yet for others development of a web-based compliance system may be necessary. In developing the estimates the Councils considered a stratification of contractors by organizational complexity level including a category for the top 1% of contractors. The top 1% category recognizes that the significant proportion of Federal procurement dollars these contractors represent correlates to the level of sophistication and complexity of their compliance systems. A full description of the estimating methodology is provided in the final Regulatory Impact Analysis (RIA), Section D. 6., Cost of Developing and Maintaining a System for Tracking Violations. Estimates were developed for nonrecurring initial start-up costs (see Table 8) and recurring annual maintenance costs (see Table 4).

The proposed rule accounted for recordkeeping estimates for prime contractors who would have to track subcontractor disclosures as a result of the rule. In the final rule, the Councils instead estimated costs for tracking system mechanisms to address the concern that contractors will need to track and retrieve their labor violation information as well as tracking their subcontractors compliance with the rule. Therefore, there are no separately estimated recordkeeping estimates in this final supporting statement.

(3) Burden hours–

(i) Population of affected contractors – many respondents criticized the methodology used to develop the population of contractors (derived from FPDS) and subcontractors (derived from FSRS) as insufficient or flawed, resulting in an underestimate.

Response: After a thorough consideration of the comments, the estimating methodology for prime contractors and subcontractors was revised for the final rule. The most significant revision in methodology was in aligning the population of affected contractors with the legal entity making the offer, which is the scope of the reporting burden. The final rule uses Tax Identification Numbers (TIN), rather than the DUNS number, to identify unique prime contractors that will be impacted by this rule. This refinement to the methodology will produce a more accurate accounting of unique legal entities. Because legal entities may have multiple DUNS (e.g., one DUNS per street address and sometimes multiple DUNS per street address), reliance on unique DUNS may produce an overestimate of the number of entities affected by the rule. By contrast, the Internal Revenue Service (IRS) provides one TIN to a legal entity (similar to the issuance of one social security number per individual) primarily for purposes of reporting to the IRS. Development of the population of unique prime contractors entailed utilization of FPDS DUNS data and System for Award Management registration TINs data. The unique subcontractor population was determined using a methodology that assumes the subcontractor population is a factor of the unique prime contractor population.

Respondents likewise were concerned with the estimates of the number of contract and subcontract awards in the proposed rule. Respondents questioned whether certain actions were, or should be, included in the estimates.

A detailed discussion of the methodology to develop the unique prime contractor and subcontractor populations and the prime contract and subcontract award populations can be found in RIA, Section A. Contractor and Subcontractor Populations.

(ii) Percentage of contractors estimated to be violators – A number of respondents questioned the methodology used to determine the percent of likely violators.

Response: After careful consideration of the data available and an appropriate methodology, the estimating methodology has been revised to use a randomly selected statistically representative sample of 400 Federal contractors with at least one award over $500,000 from FY 2013 FPDS data to develop an estimated rate of likely violators. A detailed description of the methodology can be found in the RIA, Section D. 2. Population of Contractors and Subcontractors with Labor and Employment Violations. The percent of violators has been revised from 4.05% in the proposed RIA to 9.67% in the final RIA.

(iii) Overhead as a component of labor burden – Respondents noted that not including overhead rates in the estimates ignores the cost implications of shifting employee resources from production related activity to regulatory compliance related activity. The overhead contribution associated with this shift in labor resource, from direct support to regulatory compliance support, has a cost impact that should be attributable to the rule.

Response: While overhead impacts exist, they are difficult to effectively quantify for this regulatory action. The final RIA contains a lengthy discussion that considers inclusion of overhead and how overhead has been included in a number of recent regulatory actions, see Section B. Hourly Compensation Rates. The RIA, in footnote 21, applies a 17% overhead rate, which is the rate utilized by EPA in a recent rule, as example to demonstrate the affect overhead might have on the estimate for this rule.

(iv) Burden hours – respondents were concerned that each task required by the rule was underestimated as regards the number of hours the task would take to accomplish. Respondents suggested that the rule creates or shifts significant burden related to monitoring and enforcing compliance with labor laws to contractors and subcontractors and that new processes will be needed to ensure reportable violations are properly identified and analyzed for disclosure. Respondents were also concerned that the estimates did not account for duplication of prime contractor efforts in reviewing disclosures of subcontractors. Specific estimates of burden hours were questioned including--

* hours to gather information needed to make an initial representation, respondents noted the size and complexity of larger businesses and indicated numerous individuals would be involved in preparing a response;
* hours to provide additional information, e.g. mitigating and remedial, respondents were concerned at the amount of time needed to review such information and provide the appropriate context; and
* hours for prime contractors to conduct initial review and analysis of subcontractor representations and disclosures pre and postaward.

Response: The Councils have clarified in the FAR final rule preamble that the rule does not shift enforcement responsibility from the enforcement agencies to the contractors. The rule provides a process by which contractors will have relevant subcontractor labor violation information and requires them to consider this information in making subcontractor responsibility determinations and during subcontract performance. The tasks necessary to comply with the representation and disclosure requirements of the rule were carefully considered, and the burden hours have been increased accordingly, as shown in Table 1 and summarized in Table 3 below. The final rule recognizes that new systems and processes may be created and has accounted for this in the estimates of tracking system mechanisms. The estimates do not account for duplication of prime contractors efforts with regard to subcontractors. DOL, under the final rule, will be providing assessments of subcontractor labor violations. Prime contractors will be considering this information independently to arrive at subcontractor responsibility determinations for particular procurements.

With regard to the labor burden hours for specific disclosure representation tasks, the Councils generally did not increase the hours in recognition of the inclusion of costs for contractors and subcontractors to modify or develop tracking system mechanisms. Inherent in the development of such systems are internal controls and protocols and processes which will greatly streamline the information retrieval process. The Councils note that the majority of the labor violation disclosure effort is at the initial representation and as such the greatest number of hours are allotted to the initial response. The estimates assume that subsequent occurrences of the representation response and, as well, updates during performance will benefit from a more efficient and streamlined process. Such subsequent reporting is also for shorter time periods and as such is expected to require fewer hours. Estimated burden hours can be found in Table 1 Reporting Estimate.

## 9. Payment to Respondents.

No payment or gift will be provided to respondents, other than remuneration of contractors under their contracts.

## 10. Confidentiality.

This information is disclosed only to the extent consistent with prudent business practices and current regulations and statutory requirements.

## 11. Sensitive Questions.

No sensitive questions are involved.

## 12. Estimate of Public Burden and Associated Annualized Cost.

Paragraph 1 above entitled “Requirement” provides a detailed discussion of when respondents must provide a response and for what purpose under the listed provisions and clauses.

The estimated cost to the public is for the information collection requirements, including the time and effort to—

* review and understand the requirements,
* search data sources,
* review and approve the release of the information,
* disclose the information to the Government or prospective contractor or contractor, and
* recordkeeping and retention of the disclosed information as substantiating documentation of determinations and actions.

The estimates assume that not all efforts, e.g., retrieving and retaining records, are attributed solely to this information collection; only those actions resulting from this rule that are not customary to normal business practices are attributed to this estimate.

Estimated hours consider that the time needed for a simple disclosure and for a complex disclosure will vary; and that across the universe of disclosures, a greater proportion are simple, i.e. for single or non-complex labor law violations.

### a. Annual Reporting Burden

Annualized cost estimates for this Paperwork Reduction Act supporting statement have been prepared assuming the full implementation of the rule, i.e., upon completion of all phase-in periods. The rule includes two solicitation provisions and three contract clauses:

* 52.222-57, Representation Regarding Compliance with Labor Laws (Executive Order 13673)
* 52.222-58, Subcontractor Responsibility Matters Regarding Compliance with Labor Laws (Executive Order 13673)
* 52.222-59, Compliance with Labor Laws (Executive Order 13673)
* 52.222-60, Paycheck Transparency (Executive Order 13673)
* 52.222-61, Arbitration of Contractor Employee Claims (Executive Order 13673)

The first four of these items have an annual information collection reporting burden, as detailed below. The final item (the 52.222-61 arbitration clause), precludes certain contractor actions but does not require information collection. Therefore, it is not addressed below.

The 52.222–58 provision and the 52.222–59 clause do not apply to subcontracts for COTS items. The data available on the number of subcontracts does not distinguish subcontracts for COTS items. Therefore, the estimates for these requirements are likely overestimated.

The estimate for the clause 52.222–59 is less than for the initial disclosure required by the 52.222-57 provision because; 1) the process of searching for and retrieving information has been established, accomplished, and learned, and 2) the search, review, and disclosure of information is for a greatly reduced time period; six months versus 36 months.

| ***Table 1. Reporting Estimate\**** | | | | | |
| --- | --- | --- | --- | --- | --- |
| ***52.222-57, Representation Regarding Compliance with Labor Laws (Executive Order 13673)*** | | | | | |
| **Reporting Requirement** | **Respondents** | **Responses per Respondent** | **Total Responses** | **Hours per Response** | **Hours Estimated** |
| Initial Representation - Offeror represents whether they have or have not had labor law decisions during the reporting period.  *Labor Category-*  *General & Operations Manager ($67.67/hr)* | 13,866[[2]](#footnote-3) | 9.65 | 133,785[[3]](#footnote-4) | 5.96[[4]](#footnote-5) | 797,359 |
| When Contracting Officer performs a responsibility determination on an offeror who responded “has”; the prospective contractor discloses additional required and discretionary information.  *Labor Category-*  *Legal Support ($33.80/hr)* | 4,140[[5]](#footnote-6)\*\* | 1 | 4,140 | 2[[6]](#footnote-7) | 8,280 |
| *52.222-57 Provision Subtotals* | *13,866* | *9.95* | *137,925* | *5.84* | *805,638* |
| ***52.222-58, Subcontractor Responsibility Regarding Compliance with Labor Laws***  ***(Executive Order 13673)*** | | | | | |
| Initial Representation. Prospective subcontractor represents whether they have or have not had labor law decisions during the reporting period.  *Labor Category-*  *General & Operations Manager ($67.67/hr)* | 10,317[[7]](#footnote-8) | 20 | 206,340[[8]](#footnote-9) | 4.63[[9]](#footnote-10) | 955,354 |
| If prospective contractor or contractor performs responsibility determination and prospective subcontractor responded “has”, provide additional required and discretionary information.  *Labor Category-*  *Legal Support ($33.80/hr)* | 6,385[[10]](#footnote-11)\*\* | 1 | 6,385 | 2[[11]](#footnote-12) | 12,770 |
| Prospective contractor or contractor considers subcontractor disclosures.  *Labor Category-*  *General & Operations Manager ($67.67/hr)* | 6,385\*\* | 1 | 6,385 | 6.60[[12]](#footnote-13) | 42,141 |
| *52.222-58 Provision Subtotals* | *10,317* | *21* | *219,110* | *4.61* | *1,010,265* |
| ***52.222-59, Compliance with Labor Laws (Executive Order 13673) Semiannual Updates of Representation*** | | | | | |
| Contractors determine if they have new or updated representation or disclosure information.  *Labor Category-*  *General & Operations Manager ($67.67/hr)* | 8,180[[13]](#footnote-14)\*\* | 1 | 8,180 | 4 | 32,720 |
| Contractors that have updates, complete update to representation or disclosure information and provide discretionary information.  *Labor Category-*  *Legal Support ($33.80/hr)* | 132[[14]](#footnote-15)\*\* | 1 | 132 | 2 | 263 |
| Subcontractors determine if they have new or updated representation or disclosure information.  *Labor Category-*  *General & Operations Manager ($67.67/hr)* | 4,031[[15]](#footnote-16) | 1 | 4,031 | 4 | 16,124 |
| Subcontractors update their disclosures to DOL and provide discretionary information.  *Labor Category-*  *Legal Support ($33.80/hr)* | 65[[16]](#footnote-17)\*\* | 1 | 65 | 2 | 130 |
| Contractor considers updated information, determines if action required.  *Labor Category-*  *General & Operations Manager ($67.67/hr)* | 65 | 1 | 65 | 1.12[[17]](#footnote-18) | 73 |
| *52.222-59 Clause Subtotals* | *12,211* | *1* | *12,408* | *3.97* | *49,310* |
| ***52.222-60 Paycheck Transparency(Executive Order 13673)[[18]](#footnote-19)*** | | | | | |
| Contractor and subcontractors provide a wage statement to each employee in each pay period.  *Performed by Administrative Assistant ($25.27/hr)* | 24,183\*\* | 1 | 24,183 | 10.28 | 248,500 |
| Contractors and subcontractors provide a document to notify individuals being treated as independent contractors.  *Performed by Administrative Assistant ($25.27/hr)* | 24,183\*\* | 1 | 24,183 | 2.20 | 53,101 |
| *52.222-60 Clause*  *Subtotals* | *24,183* | *2* | *48,366* | *6.24* | *301,602* |
| ***TOTAL Estimated Reporting*** | ***24,183*** | ***17.3*** | ***417,808*** | ***5.19*** | ***2,166,815*** |

NOTE: \* Totals may not sum due to rounding.

\*\* These are not additional respondents; they are a subset of the respondent population.

Table 2 presents the calculation of hourly compensation rates for private sector employees that have been used to develop the paperwork burden estimates.

|  |  |  |  |
| --- | --- | --- | --- |
| ***Table 2. Private Sector Employees Hourly Compensation Rates[[19]](#footnote-20)*** | | | |
| **Labor Category** | **Median Hourly Wage** | **Loaded Wage Factor** | **Hourly Compensation Rate** |
| **a** | **b** | **c = a x b** |
| General & Operations Manager | $46.99 | 1.44 | **$67.67** |
| Lawyer | $55.69 | 1.44 | **$80.19** |
| Administrative Assistant | $17.55 | 1.44 | **$25.27** |
| Legal support worker | $23.47 | 1.44 | **$33.80** |
| Software Analyst | $47.24 | 1.44 | **$68.03** |

|  |  |
| --- | --- |
| ***Table 3. Summary of Table 1 Annual Estimated Cost to the Public of Reporting Burden\**** | |
| Number of respondents | **24,183** |
| Responses per respondent | **17.3** |
| Total annual responses | **417,808** |
| Hours per response | **5.19** |
| Total hours | **2,166,815** |
| Rate per hour (average) | **$61.43** |
| Total annual cost to public | **$133,109,793** |

### \*Totals may not sum due to rounding.

\* ***The estimated cost per response is roughly $318.16.***

### b. Annual Recordkeeping Burden

The recordkeeping burden does not include hours for prospective contractors or prospective subcontractors to retain records of their own labor violations. These labor violations are significant enough that it is reasonable to assume that a prudent business would retain such determination or decision documents as a normal business practice.

The final rule does recognize the need for contractors and subcontractors to revise or develop a system for tracking and reporting labor violations. Initial startup costs for these tracking mechanisms are estimated in Table 8, which appears later in this document.

### c. Other Annual Recurring Costs

The following other annual recurring costs, which are incurred after the initial reporting period, have been estimated: (i) maintenance of tracking mechanisms and (ii) costs incurred by new entrants.

(i) Maintenance of tracking mechanisms. An estimated $37,224,060 in total annual cost for prime contractors and subcontractors is shown in the table below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Table 4. Maintenance of Tracking System Mechanism Cost for Prime Contractors and Subcontractors\**** | | | | |
| **Org. Type** | **No. of Contractors** | **Avg. Cost Per Contractor** | **Maintenance Costs\*\*** | **Total Maintenance Cost** |
| Prime Contractors: | | | | |
| Small | 7,626 (55%) | $1,000 | $200 | $1,525,260 |
| Medium | 4,853 (35%) | $15,000 | $2,250 | $10,919,475 |
| Large | 1,248 (9%) | $50,000 | $5,000 | $6,239,700 |
| Mega (top 100) | 139 (1%) | $500,000 | $50,000 | $6,933,000 |
| Prime Contractor SUBTOTAL | 13,866 |  |  | $25,617,435 |
| Subcontractor SUBTOTAL | 10,317 | $7,500 | $1,125 | $11,606,625 |
| **TOTAL** | | | | **$37,224,060** |
| Notes: \*Totals may not sum due to rounding.  \*\*Maintenance Costs are a percentage of initial startup costs, which are depicted in Table 8 below, and are allocated among relative organizational complexity (not SBA small business size standards) contractors as follows: small, 20%; medium, 15%; large 10%; mega 10%; and subcontractor 15%. | | | | |

(ii) Costs incurred by new entrants. The estimated 6,747 of new entrants per year is derived by calculating 27.9% of the prime and subcontractor population (24,183) [[20]](#footnote-21). Each year, new entrants will incur costs associated with this rule. Those costs include the following: initial start-up of tracking system mechanism, one-time modification of payroll systems, and regulatory review and familiarization.

| ***Table 5. Costs incurred by new entrants\**** | | | |
| --- | --- | --- | --- |
| **Requirement** | **No. of Contractors and Subcontractors** | **$ Per Contractor or Subcontractor** | **Total Dollars** |
| Tracking mechanism - initial startup | 6,747 | $11,972[[21]](#footnote-22) | $80,777,434 |
| Payroll system – one-time modification | 6,747 | $273[[22]](#footnote-23) | $1,841,931 |
| Regulatory review and familiarization (small businesses) | 5,006 | $72.05[[23]](#footnote-24) | $4,328,308 |
| Regulatory review and familiarization (other than small businesses) | 1,741 | $72.05[[24]](#footnote-25) | $2,759,736 |
| **TOTAL** | **6,747** |  | **$89,707,409** |

\*Totals may not sum due to rounding.

|  |  |
| --- | --- |
| ***Table 6. Summary of Other Annual Recurring Costs*** | |
| Table 4. Maintenance of tracking mechanisms | **$37,224,060** |
| Table 5. Costs incurred by new entrants | **$89,707,409** |
| **TOTAL** | **$126,931,469** |

## 13. Estimated Nonrecurring Costs.

### a. Regulatory Review and Familiarization.

In order to successfully comply with the requirements of the rule, contractors and subcontractors will need to review and become familiar with the FAR rule and the DOL Guidance.

| ***Table 7. Regulatory Review and Familiarization Estimated Nonrecurring Costs\**** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Requirement** | **No. of Contractors and Subcontractors** | | **$ Per Contractor or Subcontractor** | **Total Dollars** | |
| Regulatory review and familiarization (small businesses and subcontractors) | | 17,943 | $72.05[[25]](#footnote-26) | | $15,514,208 |
| Regulatory review and familiarization (other than small businesses) | | 6,240 | $72.05[[26]](#footnote-27) | | $9,890,823 |
| **TOTAL** | | **24,183** |  | | **$25,405,031** |

\*Totals may not sum due to rounding.

### b. Contractor Business Systems.

### This estimate addresses costs for two contractor business systems related to this rule: labor violation tracking mechanism and payroll system.

### Labor Violation Tracking Mechanism. In order to successfully comply with the requirements of the rule, contractors and subcontractors will employ a labor violation tracking mechanism, e.g., use commercial software, revise existing systems, build functionality or capability into existing systems, or develop a web-based compliance system. The cost estimate for tracking mechanisms was stratified by relative organizational complexity to reflect that the greater the complexity of the organization, the greater the associated costs. In developing the tracking mechanism cost estimates the skills of general and operations managers, software analysts, and attorneys were utilized. A thorough discussion of the tracking mechanism estimate is found in RIA Section D.6. Cost of Developing and Maintaining a System for Tracking Violations.

*Payroll.* The rule requires a number of specific data elements to appear in wage statements and many contractor systems do not currently contain these fields so one-time modifications of payroll systems will be necessary.

| ***Table 8. Nonrecurring Estimated Costs for  Business Systems Initial Start Up\**** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Org. Type** | **No. of Contractors** | | **Avg. Cost Per Contractor** | | **Total** |
| Prime Contractors: | | | | | |
| Small | 7,626 (55%) | | $1,000 | $7,626,300 | |
| Medium | 4,853 (35%) | | $15,000 | $72,796,500 | |
| Large | 1,248 (9%) | | $50,000 | $62,397,000 | |
| Mega  (top 100) | 139 (1%) | | $500,000 | $69,330,000 | |
| PRIME TOTAL | 13,866 | | $17,050 | $212,149,800 | |
| SUBCONTRACTOR TOTAL | 10,317 | | $7,500 | $77,377,500 | |
| **Subtotal Tracking Mechanism** | | | | **$289,527,300** | |
| **Payroll System Modification** | | 24,183 | $273[[27]](#footnote-28) | **$6,601,959** | |
| **TOTAL BUSINESS SYSTEMS NONRECURRING COSTS** | | | | **$296,129,259** | |

\*Totals may not sum due to rounding.

### c. Summary of Total Nonrecurring (Initial Start Up) Costs.

|  |  |
| --- | --- |
| ***Table 9. Summary of Nonrecurring  (Initial Start Up) Costs*** | |
| **Nonrecurring Cost Element** | **Cost** |
| Table 7. Regulatory Review and Familiarization | $25,405,031 |
| Table 8. Business System | $296,129,259 |
| **TOTAL** | **$321,534,290** |

## 14. Summary of Total Costs to the Public.

The tables below depict the total costs to the public in two different time periods: Table 10a illustrates the costs during the first year of full implementation; and Table 10b illustrates the annual costs in subsequent years. Since Tables 10a and 10b cover different time periods, the total information collection cost to the public of the rule is not the sum of the two tables.

|  |  |
| --- | --- |
| ***Table 10a. Summary of Total Costs to the Public  (First Year of Full Implementation)*** | |
| **Cost Element** | **Cost** |
| Table 3. Annual Reporting(Recurring) | **$133,109,793** |
| Table 9. Initial Start Up (Nonrecurring) | **$321,534,290** |
| TOTAL Initial Public Costs | **$454,644,083** |

|  |  |
| --- | --- |
| ***Table 10b. Summary of Total Costs to the Public  (Subsequent Years)*** | |
| **Cost Element** | **Cost** |
| Table 3. Annual Reporting(Recurring) | **$133,109,793** |
| Table 6. Other Recurring Costs | **$126,931,469** |
| TOTAL Annual Subsequent Public Costs | **$260,041,262** |

## 15. Estimated Annual Cost to the Government.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Table 11. Annual reporting[[28]](#footnote-29)\**** | | | | | |
| **Provision or Clause** | **Responses** | **Hours per Response** | **Gov’t Hours** | **$/Hr** | **Gov’t $** |
| 52.222-57 | 133,785 | 0.67 | 89,486 | $108.95 | $9,749,343 |
| 52.222-59 | 8,180 | 0.11 | 936 | $109.39 | $102,398 |
| **Total** | **141,965** | **.637[[29]](#footnote-30)** | **90,422** | **$108.95** | **$9,851,741** |

\*Totals may not sum due to rounding.

## 16. Program Changes.

This is a new collection request.

## 17. Publication.

Results of this collection will not be published.

## 18. Expiration Date.

DoD, GSA, and NASA do not seek approval not to display the expiration dates for OMB approval of the information collection.

## 19. Certifications.

There are no exceptions to the certification accompanying this Paperwork Reduction Act Submission.

# B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS.

Results will not be tabulated. Statistical methods will not be employed.

1. The list of specific information is the minimum information needed for Government to locate the labor violation decision. [↑](#footnote-ref-2)
2. See RIA Section A.1., Number of Prime Contract Awards and Unique Contractors, for a full discussion of the methodology utilized in determining the estimated number of prime contract awards and unique contractors subject to the rule.  Unique DUNS numbers within Fiscal Year (FY) 12-14 Federal Procurement Data System (FPDS) awards valued greater than $500,000 were matched with System for Award Management (SAM) registrations, which contain Tax Identification Numbers (TINs). Merging the two data sets identified the estimated average number of unique contractors (legal entities) that received an award valued at $500,000 or more per FY. However, there were on average 1,379 unique DUNS numbers that were missing a corresponding TIN. Among these establishments, the Agencies identified the number of unique DUNs and then conservatively assumed that each has a unique TIN. This assumption likely overestimates the number of unique contractors since contractors can have multiple establishments. Following this method, the Signatory Agencies and DOL estimated for each fiscal year the total number of unique contractors that received an award valued at $500,000 or more. In FY 2012, 14,270 contractors received awards valued at $500,000 or more. In FY 2013, there were 13,272 contractors and in FY 2014 there were 14,057 contractors. Taking an average over the three fiscal years, the Agencies estimate that there are on average 13,866 unique contractors who receive awards valued at or over $500,000 each fiscal year. [↑](#footnote-ref-3)
3. Total responses is the product of the estimated average of FYs 12-14 annual contract awards over $500,000 (26,757) times the estimated average number of offerors (5) per solicitation. [↑](#footnote-ref-4)
4. Hours per response assumes 25 hours the first time an offeror makes a representation, and 4 hours for each subsequent representation made by that offeror. This estimate includes efforts needed to identify all covered labor law decisions and related labor violation information. Estimated hours consider that the time needed for a simple disclosure and for a complex disclosure will vary; and that across the universe of disclosures, a greater proportion are simple, i.e. for single or non-complex labor law decisions. [↑](#footnote-ref-5)
5. Responsibility determinations are calculated by assuming that for 70 percent of the 26,757 awards (see footnote #3 for discussion of estimate of contract awards) contracting officers initiate responsibility determinations on one offeror, and for 30 percent of awards, on multiple (3) offerors. (.07 x 26,757) + (3 x (.03 x 26,757)) = 42,811. From this number of responsibility determinations, the number of respondents is calculated by applying the estimated Federal contractor labor violation rate (9.67%) for a total of 4,140 respondents. A discussion of the methodology used to develop the estimated Federal contractor labor violation rate is found in the RIA Section D.2. Population of Contractors and Subcontractors with Labor and Employment Violations. [↑](#footnote-ref-6)
6. This task involves transmitting required and discretionary disclosure information into SAM that was previously identified at the initial representation, and providing written responses to contracting officers regarding such information. Estimated hours consider that the time needed for a simple disclosure and for a complex disclosure will vary; and that across the universe of disclosures, a greater proportion are simple, i.e. for single or non-complex labor law decisions. [↑](#footnote-ref-7)
7. See RIA Section A.2., Number of Subcontract Awards and Unique Subcontractors, for a full discussion of the methodology utilized in determining the estimated number of subcontract awards and unique subcontractors subject to the rule. The estimate assumes that each unique prime contractor has three subcontractors with awards valued at or over $500,000 (across all tiers) and considers that across all prime contractors subject to the rule some will have more than three and some will have fewer and possibly none. This assumption yields an initial estimate of 41,598 covered subcontractors (= 13,866 × 3). This estimate was adjusted to account for an estimated exclusion for 5,000 commercially available off-the-shelf (COTS) items and an estimated inclusion of 50 supplier agreements. This estimate was also adjusted to account for duplication of approximately 30 percent of subcontractors who are also prime contractors, 40 percent who are multiple-tiered subcontractors, and that the average subcontractor works for 1.5 prime contractors. Therefore, this estimate assumes that there are on average 10,317 unique subcontractors who receive awards valued at over $500,000 each year (= (41,598 - 5,000 + 250) × .70 × .60 / 1.5). [↑](#footnote-ref-8)
8. See RIA Section A.2., Number of Subcontract Awards and Unique Subcontractors. The estimate assumes that on average each unique subcontractor receives four covered awards per year (10,317 x 4 = 41,268). Total responses equals the estimated average annual subcontract awards (41,268) times an estimated average number of offerors (5) per solicitation. [↑](#footnote-ref-9)
9. Hours per response assumes 25 hours the first time a prospective subcontractor makes a representation, and 4 hours for each subsequent representation made by that offeror. This estimate includes efforts needed to identify all covered labor law decisions and related labor violation information. Estimated hours consider that the time needed for a simple disclosure and for a complex disclosure will vary; and that across the universe of disclosures, a greater proportion are simple, i.e. for single or non-complex labor law decisions. [↑](#footnote-ref-10)
10. Responsibility determinations are calculated by assuming that for 70 percent of the 41,268 subcontract awards (see footnote #8 for discussion of the estimate of subcontract awards) prospective contractors initiate responsibility determinations on one offeror, and for 30 percent of awards, on multiple (3) offerors. (.07 x 41,268) + (3 x (.03 x 41,268)) = 66,029. From this number of responsibility determinations, the number of respondents is calculated by applying the estimated Federal contractor labor violation rate (9.67%) for a total of 6,385 respondents. A discussion of the methodology used to develop the estimated Federal contractor labor violation rate is found in the RIA Section D.2. Population of Contractors and Subcontractors with Labor and Employment Violations. [↑](#footnote-ref-11)
11. This task involves prospective subcontractors providing disclosure information to DOL that was previously identified at the initial representation. Estimated hours consider that the time needed for a simple disclosure and for a complex disclosure will vary; and that across the universe of disclosures, a greater proportion are simple, i.e. for single or non-complex labor law decisions. [↑](#footnote-ref-12)
12. DOL provides assessment of subcontractor disclosures and prospective contractors review DOL’s assessment. Estimate assumes .5 hours in 80% of occurrences where DOL assessment is received and subcontractor has no disagreement with the DOL assessment or 31 hours in 20% of occurrences when the prospective contractor independently reviews information disclosed by subcontractor offerors or considers subcontractor’s rationale for disagreement with DOL assessment for each particular solicitation. See RIA Section D.4, Cost of Contractor Review of Subcontractor Information. [↑](#footnote-ref-13)
13. The number of respondents is based on the number of unique contractors and average annual contract awards. See RIA Section D.5, Cost of Semi-Annual Updates Regarding Compliance with Labor Laws, and Exhibit 5, Share of contractors that must determine whether an update is needed. This estimate assumes the contractor and subcontractor share for year three as the full implementation for this OMB clearance authorization. OMB renewals will use subsequent year shares. [↑](#footnote-ref-14)
14. The number of respondents is calculated by applying the estimated Federal contractor labor violation rate (9.67%, the estimated rate over a three year period, is divided by six six-month segments to arrive at the semi-annual update estimated rate of 1.61%) to the total responses. [↑](#footnote-ref-15)
15. The number of respondents is based on the number of unique subcontractors and average annual contract awards. See RIA Section D.5, Cost of Semi-Annual Updates Regarding Compliance with Labor Laws, and Exhibit 5, Share of contractors that must determine whether an update is needed. This estimate assumes the contractor and subcontractor share for year three as the full implementation for this OMB clearance authorization. OMB renewals will use subsequent year shares. [↑](#footnote-ref-16)
16. The number of respondents is calculated by applying the estimated Federal contractor labor violation rate (9.67%, the estimated rate over a three year period, is divided by six six-month segments to arrive at the semi-annual update estimated rate of 1.61%) to the 4,031 responses. [↑](#footnote-ref-17)
17. Assumes prospective contractors will review DOL assessment (.5 hrs in 80% of occurrences where DOL assessment is received and subcontractor has no disagreement with the DOL assessment) or independently review information disclosed by prospective subcontractors or consider subcontractor rationale for disagreement with DOL assessment for each particular solicitation (3.6 hrs in 20% of occurrences when the prospective contractor independently reviews information disclosed by subcontractor offerors or considers subcontractor’s rationale for disagreement with DOL assessment). [↑](#footnote-ref-18)
18. Estimates for this clause relied on the total costs from the RIA Cost Methodology. See RIA Section E. Costs of the Paycheck Transparency Provision for a detailed discussion and breakdown of numbers of individuals, wage statements, and required independent contractor and FSLA-exempt notifications per contractor or subcontractor. [↑](#footnote-ref-19)
19. Rates are based on the median 2015 rates from the Bureau of Labor Statistics, National Occupational Employment and Wage Estimates (OES), rather than a General Schedule (GS) rate, as the OES more closely reflects private sector compensation. A discussion of the rationale for use of the OES rates is found in the RIA Section B. Hourly Compensation Rates. Bureau of Labor Statistics, May 2015, National Occupational Employment and Wage Estimates can be retrieved from http://www.bls.gov/oes/current/oes\_nat.htm. [↑](#footnote-ref-20)
20. The RIA includes a 10-year profile of costs, which applies a discount rate to the total population to account for new entrants each year, with a 27.9% discount applied for new entrants in the final year. (See RIA Exhibit 1.) This PRA estimate utilizes the final discount rate of 27.9% to calculate the number of new entrants for purposes of an annual recurring cost estimate. [↑](#footnote-ref-21)
21. Amount of $11,972 per contractor or subcontractor derived by dividing initial tracking mechanism startup costs of $289,527,300 divided by the number of contractors and subcontractors (24,183). [↑](#footnote-ref-22)
22. Discussion of estimation for one-time modification of the payroll system is found in RIA Section E.6., Generation and Distribution of Wage Statements. [↑](#footnote-ref-23)
23. Hourly rate for small businesses was derived by calculating 8 general manager hours at $67.67 per hour and 4 attorney hours at $80.19 per hour. [↑](#footnote-ref-24)
24. Hourly rate for other than small businesses was derived by calculating 14 general manager hours at $67.67 per hour and 8 attorney hours at $80.19 per hour. [↑](#footnote-ref-25)
25. Hourly rate for small businesses was derived by calculating 8 general manager hours at $67.67 per hour and 4 attorney hours at $80.19 per hour. [↑](#footnote-ref-26)
26. Hourly rate for other than small businesses was derived by calculating 14 general manager hours at $67.67 per hour and 8 attorney hours at $80.19 per hour. [↑](#footnote-ref-27)
27. Discussion of estimation for one-time modification of the payroll system is found in RIA Section E.6., Generation and Distribution of Wage Statements. [↑](#footnote-ref-28)
28. Estimates for this Paperwork Reduction Act information collection reflect Government costs attributable to the procurement agencies for the required representations and disclosures and do not include Government costs for DOL, which are attributable to their enforcement activities under the labor laws. For estimating the procuring agencies costs, two General Schedule (GS) scale mid-range, i.e. Step 5, wage rates, adjusted for the locality pay area of Washington-Baltimore-Northern Virginia, are utilized. The GS-14 rate of $95.00 is used for tasks performed by Contracting Officers and the GS-15 rate of $111.75 is used for tasks performed by ALCAs. For discussion of regulatory review and familiarization, i.e. training, for contracting officers and ALCA’s see the RIA Section D.8., Government Costs. [↑](#footnote-ref-29)
29. Hours per response is an average of the estimated time for each task; for example, .05 hours to validate that representations for each offer are completed and 20 hours to assess and consider a contractors labor violation information that was disclosed during responsibility determination. [↑](#footnote-ref-30)