

SUPPORTING STATEMENT – PART A

Collection Title – OMB Control Number 0704-0494

A. JUSTIFICATION

1. Need for the Information Collection

Agencies, in consultation with OMB, agreed that having each applicant for a grant or cooperative agreement self-disclose if it is a corporate entity with a recent felony conviction or current Federal tax delinquency was the best way to exercise due diligence to comply with the intent of provisions in several agencies' FY 2012 and subsequent appropriations acts. The provisions preclude use of funds to enter into an award with such a corporate entity unless the appropriate agency suspension or debarment official determines that exclusion of the entity based on the conviction or delinquency is not required to protect the Government's interests. Therefore, this information collection is in the form of representations that an applicant for a DoD grant or cooperative agreement submits with its application (SF 424) to indicate whether it is a corporation that has either a felony conviction or Federal tax liability. Without this information collection, DoD awarding officials lack information needed to determine prior to awarding a grant or cooperative agreement that the intended recipient is not a corporation with a felony conviction or tax delinquency. The information will be used to remedy that deficiency.

DoD originally had provisions of that nature in three FY 2012 appropriations acts that make funds directly available to its component departments and agencies for obligation— sections 8124 and 8125 of the Department of Defense Appropriations Act, 2012; sections 504 and 505 of the Energy and Water Development Appropriations Act, 2012; and section 514 of the Military Construction and Veterans Affairs Appropriations Act, 2012 (which are Divisions A, B, and H, respectively, of the Consolidated Appropriations Act, 2012, or Pub. L. 112-74). The text of those provisions is in Attachment 2 of guidance that DoD issued to its components after receiving OMB approval of its request for emergency Paperwork Reduction Act (PRA) clearance for this information collection. The provisions have been in each subsequent year's appropriations act and are currently found in Sections 745 and 746 of the Financial Services and General Government Appropriations Act, 2016 (Division E of Pub. L. 114-113, the Consolidated Appropriations Act, 2016).

Because it is currently anticipated that subsequent appropriations acts may include provisions that are identical or nearly identical to those in the FY 2016 appropriations acts, the need to require applicants' submission of representations to self-disclose is likely to be a longer term requirement. DoD therefore is seeking PRA clearance to continue to collect the information.

It should be noted that these appropriations provisions affecting awards to "corporations" have much greater impact on DoD grants and cooperative agreements than one might think if one associates the term "corporation" exclusively with for-profit firms. Many universities, university-affiliated research foundations, and other nonprofit organizations that perform under DoD assistance awards also are incorporated.

2. Use of the Information

The information will be collected by stating a pre-award requirement in notices of funding opportunities (e.g., program announcements) for applicants to submit representations with their applications for grant or cooperative agreement awards. For funding opportunities resulting in a grant or cooperative agreement that don't require merit-based, competitive procedures, the representations from the intended recipient must be obtained by an awarding office prior to award. In most cases, the representations language will be either included directly in the notice of funding opportunities or provided by downloading the information collection from the awarding component's webpage referenced in the notice or other awarding component correspondence. The attachment to this supporting statement provides the information collection that applicants to DoD grants and agreements will be provided during the application process. This attachment will also be made available at the following DoD website, http://www.acq.osd.mil/rd/basic_research/funding/grants.html. Awarding components will be able to either direct their applicants to this website or upload the information collection to their own websites. The representations or instructions for the representations are required to have an accompanying Paperwork Reduction Act (PRA) disclosure notice that complies with Section 1320.5(b) of Title 5, CFR requirements to display the OMB Control Number (0704-0494) and expiration date. The awarding component typically receives the representations with the application, or as otherwise instructed by the awarding component. For notices of funding opportunity using merit-based, competitive procedures, the applications for grants or cooperative agreements are received electronically through Grants.gov. The self-disclosure in the representations will be used by grants officers' to determine compliance with the provisions on felony conviction or current Federal tax delinquency before making an award to an intended recipient as described in the preceding part. If a positive representation is made by the applicant, i.e., the applicant is a corporate entity with a recent felony conviction or current Federal tax delinquency in accordance with the language in the representations, additional information on the conviction or tax delinquency may be requested by the awarding component prior to the grants officer coordinating with the appropriate suspension or debarment official.

3. Use of Information Technology

For any notice of funding opportunity with unlimited distribution, DoD applicants will be permitted to use Grants.gov to submit their application and will be able to attach the representation to their electronic application. Grants.gov uses the electronic SF 424 (OMB Control Number 4040-0004) for the application. It is estimated, based on FY15 data, that at least 95% of the applications (with representations) are submitted electronically through grants.gov. It is estimated that the other 5% of applications are primarily provided via either email submissions or by mailing hard-copy proposals. OMB policy effectively requires any DoD awarding components' notices of funding opportunities using merit-based, competitive procedures allow applicants to both find and apply to those notices through Grants.gov. This will ensure that the vast majority of applications received by DoD for grants and cooperative agreements will continue to be received electronically.

4. Non-duplication

The information for the purpose of this collection does not duplicate any other information collection approved for DoD and the information is not otherwise available.

5. Burden on Small Business

The burden on small businesses is minimal. The representation itself is not burdensome and applicants for DoD grants and cooperative agreements are predominantly universities and other nonprofit entities.

6. Less Frequent Collection

Less frequent collection could result in the Department using appropriations subject to this provision to enter into a grant or cooperative agreement with a corporation that has been convicted of a Federal felony within the past 24 months or has an outstanding tax liability.

7. Paperwork Reduction Act Guidelines

Given that the delinquent status of an entity's tax debt changes over time, collection of the representation with each application—rather than quarterly—is appropriate, as well as cost-effective (creating a central repository for information received from an entity by one DoD awarding office, to make it available for all other DoD awarding offices that may be considering an application from the same entity, would be a very costly undertaking without commensurate value). The collection is consistent with all other guidelines delineated in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

Part A: PUBLIC NOTICE: The Department published a *Federal Register* notice to provide the public with a 60-day opportunity for comment on April 26, 2016 at 81 FRN 24568. No comments were received in response to that notice.

A 30-Day Federal Register Notice for the collection published on September 30, 2016. The 30-Day FRN citation is 81 FR 67333.

Part B: CONSULTATION: No additional consultation apart from soliciting public comment through the 60-Day Federal Register Notice was conducted for this submission.

9. Gifts or Payment

There will be no payment or gifts to respondents, other than later payments to reimburse programmatic expenditures under awards to successful applicants.

10. Confidentiality

The information collected will be protected in the same manner as other information contained in applications for grants and cooperative agreements. However, if any of the information provided requires consideration of suspension or debarment, the suspension and debarment official will handle that information in accordance with suspension and debarment policies and procedures. The collection instrument does not require a Privacy Act Statement (PAS), System of Records Notice (SORN), or a Privacy Impact Assessment (PIA).

11. Sensitive Questions

The questions are not of a sensitive nature.

12. Respondent Burden, and its Labor Costs

a. Estimation of Respondent Burden

Estimation of Respondent Burden Hours					
	Number of Respondents	Number of Responses per Respondent	Number of Total Annual Responses	Response Time (Amount of time needed to complete the collection instrument)	Respondent Burden Hours (Total Annual Responses multiplied by Response Time) Please compute these into hours)
Collection Instrument #1(Representations to Implement Appropriations Act Provisions on Felony Convictions and Unpaid Federal Tax Liabilities)	2,500 entities that submit applications	6	15,000 (based on the total number of applications per year)	5 minutes	1,250 hours
Total	2,500 entities that submit applications	6	15,000 (based on the total number of	5 minutes	1,250 hours

			applications per year)		
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b. Labor Cost of Respondent Burden

Labor Cost of Respondent Burden					
	Number of Responses	Response Time per Response	Respondent Hourly Wage	Labor Burden per Response (Response Time multiplied by Respondent Hourly Wage)	Total Labor Burden (Number of Responses multiplied by Response Time multiplied by Respondent Hourly Wage)
Collection Instrument #1(Representations to Implement Appropriations Act Provisions on Felony Convictions and Unpaid Federal Tax Liabilities)	15,000	5 minutes	\$51.87/hr (based on work year of 1,928 hours and estimated cost per work year of \$100,000)	\$4.32	\$65,000 for 15,000 responses (an average of approximately \$26 per entity per year)
Total	15,000	5 minutes	\$51.87/hr (based on work year of 1,928 hours and estimated cost per work year of \$100,000)	\$4.32	\$65,000* for 15,000 responses (an average of approximately \$26 per entity per year)

Hourly wage based on information for contract administrators from [payscale.com](https://www.payscale.com) and [glassdoor.com](https://www.glassdoor.com). After converting the salaries mentioned on these websites to hourly rates, the amounts were doubled for estimated overhead costs. These calculations justified the continued use of the hourly wage provided in the previous clearance for this information collection.

* - this number has been rounded to the nearest thousand.

13. Respondent Costs Other Than Burden Hour Costs

- a. There are no annualized costs to respondents estimated other than the labor burden costs.
- b. There are no capital or start-up costs for respondents.
- c. There are no operation and maintenance costs for respondents.

14. Cost to the Federal Government

The annualized costs incurred by the Federal Government in collecting or processing the information collected will be relatively insignificant because 1) awarding offices will compile and use the information in an integral way with their established methods for processing applications under programs using grants and cooperative agreements, and 2) typically they will only review a small subset of the responses provided, i.e., the representations of only those offerors recommended for an award. The estimated number of responses below is based on the number of new DoD grant and cooperative agreements awards issued based on FY15 data, vice the total number of proposals submitted to DoD. The wage information is based on a GS-13, step 1 hourly rate with 36.45% added for the Civilian Position Full Fringe Benefit Cost Factor found in OMB Memorandum M-07-02.

Labor Cost to the Federal Government		
	Collection Instrument #1	Total
Number of Responses	4,052	4,052
Processing Time Per Response (in hours)	.0333 (roughly two minutes)	.0333 (roughly two minutes)
Hourly Wage of Worker(s) Processing Responses	\$48.28	\$48.28
Cost to Process Each Response (Processing Time Per Response multiplied by Hourly Wage of Worker(s) Processing Responses)	\$1.61	\$1.61
Total Cost to Process Responses (Cost to Process Each Response multiplied by Number of Responses)	\$6,524	\$6,524

No operation and maintenance costs are incurred by the Federal Government, except potentially the printing of up to two sheets of paper per awarded proposal. Printing cost is estimated at \$0.11/page from Office Depot website. The estimate below is calculated by multiplying 4,052 annual awards by \$0.22 (\$0.11/page multiplied by two pages).

Operational and Maintenance Costs						
Equipment	Printing	Postage	Software Purchases	Licensing Costs	Other	Total
	\$891					\$891

Total Cost to the Federal Government		
Operational and Maintenance Costs	Labor Cost to the Federal Government	Total Cost (O&M Costs + Labor Cost)
\$891	\$6,524	\$7,415

15. Reasons for Change in Burden

There has been no change in burden estimate since the last time this collection was approved. The hourly wage and number of respondents estimates still appear reasonable.

There may appear to be a change in the annual cost burden since the last submission, but it is actually due to the number being rounded to the nearest thousand.

16. Publication of Results

The results of the information collection will not be published.

17. Non-Display of OMB Expiration Date

Approval to omit display of the expiration date is not requested.

18. Exceptions to "Certification for Paperwork Reduction Submissions"

There are no exceptions to the certification of compliance.

