

SUPPORTING STATEMENT –PART A

OMB Control Number 0704-0359 – Defense Federal Acquisition Regulation Supplement (DFARS) Part 232, Contract Financing, and the clause at DFARS 252.232-7007, Limitation of Government's Obligation

A. JUSTIFICATION

1. Need for the Information Collection

This justification supports OMB Control Number 0704-0359. This information collection concerns Defense Federal Acquisition Regulation Supplement (DFARS) part 232, Contract Financing, and the clause at DFARS 252.232-7007, Limitation of Government's Obligations. A summary of the information collection requirements contained in the clauses is provided as follows:

a. DFARS 252.232-7007, Limitation of Government's Obligation. This clause is prescribed at DFARS 232.705-70 for use in solicitations and resultant incrementally-funded fixed-price contracts. Paragraph (c) of the clause requires a written notification from the contractor that—

i. States the estimated date when the total amount payable by the Government, including any cost for termination for convenience, will approximate 85 percent of the total amount then allotted to the contract for performance of the applicable items;

ii. States an estimate of additional funding, if any, needed to continue performance of applicable line items up to the next scheduled date for allotment of funds, or to a mutually agreed upon substitute date; and

iii. Advises the contracting officer of the estimated amount of additional funds that will be required for the timely performance of the items funded pursuant to the clause, for a subsequent period as may be specified in the allotment schedule, or otherwise agreed to by the parties.

b. DFARS subpart 232.10, Performance-Based Payments. If a contractor desires to structure contract financing using performance-based payments, the contractor shall submit to the contracting officer a proposed performance-based payments schedule which includes all performance-based payments events, completion criteria and event values along with the expected expenditure profile. The contracting officer uses the information provided by the contractor to populate the Performance-Based Payments analysis tool, which is a cash-flow model used for evaluating alternative financing arrangements. This information collection requirement was previously approved under OMB Control Number 0704-0485 and is now being included in this justification to consolidate all DFARS part 232 requirements under OMB Control Number 0704-0359.

2. Use of the Information

a. DFARS 252.232-7007. The Government will use this information to decide whether to allot additional funds for continued performance under the contract or to terminate the contract for convenience. If after such notification additional funds are not allotted by the date identified in the contractor's notification, or by an agreed substitute date, the contracting officer will terminate any items for which additional funds have not been allotted, pursuant to the clause of this contract entitled "Termination for Convenience of the Government."

b. DFARS 232.10. The contracting officer will use this information to populate the Performance-Based Payments analysis tool and negotiate the performance-based payments event schedule. The analysis tool calculates improved financing opportunities that will provide benefit to both industry (prime and subcontractor level) and the taxpayer. The analysis tool calculates improved financing opportunities that will provide benefit to both industry (prime and subcontractor level) and the taxpayer.

3. Use of Information Technology

Information technology is used to collect the information (100%). The written notification is accepted electronically via e-mail and DoD's performance-based Payment Analysis Tool is fully automated.

4. Non-duplication

As a matter of policy, DoD reviews the DFARS to determine whether adequate language already exists. This information collection does not duplicate any other requirement.

5. Burden on Small Business

Although the information collection requirement does not reduce the burden on small entities, the information is the minimum needed by a contracting officer in order to make an informed decision as to whether to allot additional funds for continued performance or to terminate the contract for convenience. For performance based payments, contractors submit the required data to DoD's Performance Based Payments analysis tool, which is a cash-flow model used for evaluating alternative financing arrangements. Performance-based payments made to a small entity could provide a positive impact on the firm's cash flow.

6. Less Frequent Collection

a. DFARS 252.232-7007. The frequency for collecting this information under an incrementally funded fixed-price contract is dependent on when the contractor will expend, within 90 days prior to the date when, in the Contractor's judgment, the work will reach the point at which the total amount payable by the Government, including any cost for termination for convenience, will approximate 85 percent of the funds currently allotted. Less frequent collection would impede contracting officers from performing their administrative functions in an efficient and effective manner by not providing the information required for the contracting officer to make informed decisions about whether to continue with contract performance.

b. DFARS 232.10. If the information is not collected, then DoD will be unable to utilize the performance-based payments analysis tool to analyze the performance-based payment schedule and calculate improved financing opportunities.

7. Paperwork Reduction Act Guidelines

There are no special circumstances for collection. Collection is consistent with the guidelines in 5 CFR 1320.5(d)(2)

8. Consultation and Public Comments

a. This information collection is consistent with the guidelines in 5 CFR 1320.6. Public comments were solicited in the *Federal Register* on December 30, 2016 ([81 FR 96444](#)). No comments were received in response to this notice.

b. The subject matter experts on the Defense Acquisition Regulation System (DARS) Contract Finance Committee were consulted regarding the renewal of this information collection.

c. A notice of submission to OMB for clearance of this information collection was published in the *Federal Register* on March 27, 2017 ([82 FR 15194](#)).

9. Gifts or Payment

DoD will not provide payment or gift to respondents under this information collection requirement.

10. Confidentiality

This information is disclosed only to the extent consistent with statutory requirements, current regulations, and prudent business practices. The collection of information does not include and personally identifiable information; therefore no Privacy Impact Assessment or Privacy Act System of Records Notice is required

11. Sensitive Questions

No sensitive questions are involved in the information collection

12. Respondent Burden and its Labor Costs

Historical data from previous information collection approvals, as well as estimates from the Chairman of the DARS Contract Finance Committee, were used to estimate the number of responses, the average time per response, and the equivalent GS level of the contractor personnel performing the effort. The estimated respondent burdens are shown in the following tables:

Estimation of Respondent Burden: DFARS 252.232-7007	
Number of respondents	800
Responses per respondent	1
Number of responses	800
Hours per response	1
Estimated hours (number of responses multiplied hours per response)	800
Cost per hour (hourly wage) – Note	\$55
Annual public burden (estimated hours multiplied by cost per hour)	\$44,000

Note: The cost per hour is based on the Office of Personnel Management (OPM) General Schedule (GS) hourly rate of \$40.10 for a GS-13, step 5, employee (for calendar year 2016) plus the 36.25% civilian personnel full fringe benefit rate from Office of Management and Budget (OMB) memorandum M-08-13 (\$40.10 + 14.54 = \$54.64, rounded to the nearest dollar).

Estimation of Respondent Burden: DFARS subpart 232.10	
Number of respondents	1,000
Responses per respondent	1
Number of responses	1,000
Hours per response	1
Estimated hours (number of responses multiplied hours per response)	1,000
Cost per hour (hourly wage) – Note	\$46
Annual public burden (estimated hours multiplied by cost per hour)	\$46,000

Note: The cost per hour is based on the OPM GS hourly rate of \$33.72 for a GS-12, step 5, employee (for calendar year 2016) plus the 36.25% civilian personnel full fringe benefit rate from OMB memorandum M-08-13 (\$33.72 + \$12.22 = \$45.94, rounded to the nearest dollar).

Estimation of Respondent Burden: 0704-0359 TOTAL	
Total number of respondents	1,800
Total responses per respondent	1
Total number of responses	1,800
Hours per response	1
Total estimated hours	1,800
Cost per hour	\$50
Total annual public burden	\$90,000

Note: The total number of respondents, total number of responses, total estimated hours, and total

annual public burden are the sum of the estimates for the individual burdens. The cost per hours is the total annual public burden divided by the total estimated hours.

13. Respondent Costs Other than Burden Hour Costs

DoD does not estimate any annual cost burden part from the hourly burden in item 12 above.

14. Cost to the Federal Government

It is estimated that it will take the Government one hour to review and verify the information contained in each response. This estimate was developed by Chairman of the DARS Contract Finance Committee. The estimated costs to the Government are shown in the following tables:

Estimation of Cost to the Government: DFARS 252.232-7007	
Number of responses	800
Hours per response	1
Estimated hours (number of responses multiplied hours per response)	800
Cost per hour (hourly wage) – Note	\$55
Annual public burden (estimated hours multiplied by cost per hour)	\$44,000

Note: The cost per hour is based on the OPM GS hourly rate of \$40.10 for a GS-13, step 5, employee (for calendar year 2016) plus the 36.25% civilian personnel full fringe benefit rate from OMB memorandum M-08-13 ($\$40.10 + 14.54 = \54.64 , rounded to the nearest dollar).

Estimation of Cost to the Government: DFARS subpart 232.10	
Number of respondents	1,000
Responses per respondent	1
Number of responses	1,000
Hours per response	1
Estimated hours (number of responses multiplied hours per response)	1,000
Cost per hour (hourly wage) – Note	\$46
Annual public burden (estimated hours multiplied by cost per hour)	\$46,000

Note: The cost per hour is based on the OPM GS hourly rate of \$33.72 for a GS-12, step 5, employee (for calendar year 2016) plus the 36.25% civilian personnel full fringe benefit rate from OMB memorandum M-08-13 ($\$33.72 + \$12.22 = \$45.94$, rounded to the nearest dollar).

15. Reasons for Change in Burden

This justification supports renewal of the information collection requirements previously approved under OMB Control Number 0704-0359 and incorporation of the information collection requirements previously approved under OMB Control Number 0704-0485. There is no change to the respondent reporting burdens associated with information collection requirements previously approved under both OMB Control Numbers. However, the cost to the public has increased due to the use of more current cost per hour data available from OPM.

Change in Burden: 0704-0359 TOTAL			
Summary	2013	2017	Difference
Total number of respondents	800	1,800	+1,000
Total annual responses	800	1,800	+1,000
Total estimated hours	800	1,800	+1,000
Total annual public burden	\$42,400	\$90,000	\$47,600

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 this information collection.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

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