

**SUPPORTING STATEMENT  
FOR PAPERWORK REDUCTION ACT SUBMISSION  
9000-0138, CONTRACT FINANCING**

**A. Justification.**

**1. Administrative requirements.** The Federal Acquisition Streamlining Act of 1994, Pub. L. 103-355, provided authorities that streamlined the acquisition process and minimize burdensome Government-unique requirements. Sections 2001 and 2051 of FASA substantially changed the statutory authorities for Government financing of contracts. Sections 2001(f) and 2051(e) provide specific authority for Government financing of purchases of commercial items; here, contract financing is permitted with certain limitations. Likewise, sections 2001(b) and 2051(b) substantially revised the authority for Government financing of purchases of non-commercial items, by permitting contract financing on the basis of certain classes of measures of performance.

To implement these changes, DOD, NASA, and GSA amended the Federal Acquisition Regulation (FAR) by revising Subparts 32.0, 32.1, and 32.5; by adding new Subparts 32.2 and 32.10; and by adding new clauses at 52.232.

The following provisions and clauses addressed in Subparts 32.2 and 32.10 are covered by OMB Control Number 9000-0138:

- 52.232-28, Invitation to Propose Performance-Based Payments
- 52.232-29, Terms for Financing of Purchases of Commercial Items.
- 52.232-30, Installment Payments for Commercial Items.
- 52.232-31, Invitation to Propose Financing Terms.
- 52.232-32, Performance-Based Payments.

**2. Uses of information.** The coverage enables the Government to provide financing to assist in the performance of contracts for commercial items and provide financing for non-commercial items based on contractor performance.

**3. Consideration of information technology.** We use improved information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, the contractors may submit this information collection requirement electronically. Nothing in the FAR precludes the use of electronic interchange.

**4. Efforts to identify duplication.** This requirement is being issued under the FAR, which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.

**5. If the collection of information impacts small businesses or other entities, describe methods used to minimize burden.** The burden applied to small businesses is

the minimum consistent with applicable laws, Executive Orders, regulations, and prudent business practices.

The rule may affect each small entity receiving a Federal contract for commercial items, if buyer provided financing is customary in the market for those supplies and if it is in the interests of the Government to provide financing. These will likely be limited to higher value contracts because of the administrative effort involved in contract financing.

With respect to performance-based financing, small entities receiving fixed-price type contracts for non-commercial supplies may benefit from the availability of performance based financing. That form of financing is to be used whenever practical. When it is used, it would be in the place of progress payments based on cost, which require special accounting and administrative responsibilities, which are not necessary for performance-based financing payments.

**6. Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Collection of information on a basis other than solicitation-by-solicitation is not practical.

**7. Special circumstances for collection.** Collection is consistent with guidelines in 5 CFR 1320.6.

**8. Efforts to consult with persons outside the agency.** A 60 day notice was published in the *Federal Register* at 81 FR 70422 on October 12, 2016. No comments were received. A 30 day notice was published in the *Federal Register* at 82 FR 14729 on March 22, 2017. No comments were received,

**9. Explanation of any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.** Not applicable.

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

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

**12 & 13. Estimated total annual public hour and cost burden.** Under competitively awarded commercial contracts (see FAR 32.2, 52.232-29, 52.232-30, and 52.232-31), offerors may propose a complete description of when payments are to be made, conditions prompting payment, and amounts of payments. Similarly, in certain non-commercial financing situations, offerors may propose performance-based payments (see FAR 32.10, 52.232-28, and 52.232-32). In either scenario, payment requests must include an appropriately itemized statement of the financing payments requested and other supporting information, prepared in concert with the Contracting Officer. Time required for reading and preparing information is estimated at 2 hours per request for

both commercial and non-commercial financing. Because no data are available on the number of awards with contract financing<sup>1</sup>, the estimate uses prior (2013) figures, for which no comments were received during the last information collection renewal process.

SUMMARY TABLE – ANNUAL PUBLIC BURDEN AND COST

Total annual respondents.....	1,500
Responses per respondent (approximately)	<u>x 7.33</u>
Total annual responses.....	11,000
Review time per response.....	<u>x 2</u>
Total burden hours.....	22,000
*Average wages + overhead.....	<u>x \$46.00</u>
Total cost to the public.....	\$1,012,000

Annual Public Burden and Cost - COMMERCIAL FINANCING

Total annual respondents.....	1,000
Responses per respondent.....	<u>x 5</u>
Total annual responses.....	5,000
Review time per response.....	<u>x 2</u>
Total burden hours.....	10,000
*Average wages + overhead.....	<u>x \$46.00</u>
Estimated cost to public.....	\$460,000

Annual Public Burden and Cost - PERFORMANCE BASED FINANCING

Total annual respondents.....	500
Responses per respondent.....	<u>x 12</u>
Total annual responses.....	6,000
Review time per response.....	<u>x 2</u>
Total burden hours.....	12,000
*Average wages + overhead.....	<u>x \$46.00</u>
Total Government Cost.....	\$552,000

\*Using the OPM salary table for calendar year 2016 (Base), this estimate assumes an hourly rate equivalent to a GS-12, step 5, or \$33.72 per hour, plus an overhead burden of 36.25 percent, the rate mandated in OMB Circular A-76. The cost per response is approximately \$92.

**14. Estimated cost to the Government.** The following table summarizes the annual cost to the Government.

<sup>1</sup> Although the field, “Contract Financing,” is included in the Federal Procurement Data System (FPDS), it is not a mandatory field for all Government agencies. Therefore, it is not possible to ascertain how many awards truly involve contract financing.

Government Cost Summary Table – Annual Burden and Cost

Total annual responses.....	11,000
Review time per response.....	<u>x 2</u>
Total burden hours.....	22,000
*Average wages + overhead.....	<u>x \$46.00</u>
Total Government Cost.....	\$1,012,000

**15. Explain reasons for program changes or adjustments reported in Item 13 or 14.**

The are no changes to the average hourly burdened rate from the previously approved information collection.

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

17. Non-Display of OMB Expiration Date. We do not seek approval not to display the expiration date for OMB approval of the information collection.

18. Exceptions to Certification for Paperwork Reduction Submissions. There are no exceptions to the certification accompanying this Paperwork Reduction Act submission.

**B. Collections of Information Employing Statistical Methods.**

Statistical methods are not used in this information collection.