

**Supporting Statement for Information Collection 9000-0179,
Service Contractor Reporting Requirement**

A. Justification

1. Administrative requirements. Section 743(a) of Division C of the Consolidated Appropriations Act, 2010 (Pub. L. 111-117) requires executive agencies covered by the Federal Activities Inventory Reform (FAIR) Act (Pub. L. 105-270), except DoD, to submit to the Office of Management and Budget (OMB) annually an inventory of activities performed by service contractors. DoD is exempt from this reporting requirement because 10 U.S.C 2462 and 10 U.S.C. 2330a(c) already require DoD to develop an annual service contract inventory.

This information collection covers the burden hours related to the requirement at FAR subpart 4.17, Service Contracts Inventory, and its associated clauses, 52.204-14 and 52.204-15.

2. Uses of this information. Civilian agencies required by the FAIR Act (Pub. L. 105-270) to submit inventories of Government personnel will also be required to submit to OMB annually an inventory of service contracts. House Report 111-366 notes, in connection with section 743 of Division C of the Consolidated Appropriations Act for Fiscal Year 2010 (Pub. L. 111-117), that, “in the absence of complete and reliable information on the extent of their reliance on service contractors, Federal agencies are not well-equipped to determine whether they have the right balance of contractor and in-house resources needed to accomplish their missions. Therefore, this information collection intends to supplement agency annual service contract reporting requirements with the contractor provided service contract reporting information.

The information is to be submitted pursuant to the clauses addressed in this justification. Certain prime service contractors will provide annually—

- a. The contract number, and, as applicable, order number;
- b. The total dollar amount invoiced for services performed during the previous Government fiscal year under the contract;
- c. The number of contractor direct labor hours expended on the services performed during the previous Government fiscal year; and
- d. Data reported by subcontractors.

The prime contractor shall require each first-tier subcontractor performing under the contract to provide annually-

- a. The subcontract number (including subcontractor name and if available, Unique Entity Identifier number; and
- b. The number of first-tier subcontractor direct-labor hours expended on the services performed during the previous Government fiscal year.

In order to invoice the government for time-and-material/labor-hour (T&M/LH) and cost-reimbursement contracts, contractors already track labor hours expended, so the rule will cover T&M/LH and cost-reimbursement contracts over the simplified acquisition threshold.

For indefinite-delivery contracts, including but not limited to, indefinite-delivery indefinite-quantity (IDIQ) contracts, Federal Supply Schedule (FSS) contracts, Governmentwide Acquisition contracts (GWACs), and multi-agency contracts, reporting requirements will be determined based on the expected dollar amount and type of the orders issued under the contracts.

3. Consideration of information technology. Improved information technology will be used to the maximum extent practicable in obtaining this information. Contractors will report data directly into a Service Contract Reporting Portal.

4. Efforts to identify duplication. As a matter of policy, the Civilian Agencies Acquisition Council (CAAC) and the Defense Acquisition Regulations Council (DARC) review the FAR to determine whether adequate language already exists. This information collection does not duplicate any other requirement.

5. If the collection of the information impacts small businesses or other entities, describe methods used to minimize the burden. The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices. The following methods were used to minimize the burden on small businesses:

1. Every contractor, whether a large or small business, holding a contract that is predominantly for services above the specific thresholds, with one of the agencies (other than the Department of Defense) covered by the Federal Activities Inventory Reform (FAIR) Act of 1998 (Public Law 105-270), is required to report this information.

2. The report can be made directly into a website that will be provided in the contract.

3. The report is required to be submitted only once a year.

4. Although the law requires additional data regarding the services performed for FAIR Act agencies, every effort has been made to obtain the required data from existing sources that collect information on contractors and from sources other than contractors.

6. Describe consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently. If the information is not obtained from the applicable contractors, then agencies will be unable to comply with the annual services inventory reporting requirements and analysis that are mandated by law (Section 743 of Division C of Pub. L. 111-117).

7. Special circumstances for collection. There are no special circumstances that require the collection to be conducted in any manner listed in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency. A notice published in the *Federal Register* at 82 FR 24349 on May 26, 2017. No comments were received. A 30-

day notice was published in the *Federal Register* at 82 FR 39584 on August 21, 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. No payment or gift will be provided to respondents, other than remuneration of contractors under their contracts.

10. Describe assurance of confidentiality provided to respondents. The information collected will be publicly available, as required by Section 743 of Division C of Pub. L. 111-117.

11. Additional justification for questions of a sensitive nature. This collection is requesting information about the labor hours and the total amount invoiced. The information collected is not considered sensitive, but the statute does require it to be made publicly available.

12 & 13. Estimated total annual public hour burden. Estimate of public burden.

The clauses are prescribed at FAR 4.1705, Contract clauses, for use in contracts that are predominantly for services. The clause requires submission of information that will enable the agency to prepare an annual inventory of services performed on behalf of the agency and collect information on the costs associated with the reporting burden.

The Federal Procurement Data System (FPDS) was the source for the data used in this justification. The reporting thresholds cover 72,684 fixed-price service contracts over \$500,000 and 38,488 cost-reimbursement, time-and-materials, and labor-hour service contracts above the simplified acquisition threshold. Therefore, the total number of contracts on which reports would have been submitted is 111,172.

Only one report is required for each contract annually, and we estimate that it will take approximately 2 hours to prepare and submit the report.

Respondents	111,172
Responses/respondent	<u>x 1</u>
Responses	111,172
Hours per response	<u>x 2</u>
Total hours	222,344
Cost per hour	<u>x \$37*</u>
Total annual cost to public	\$8,226,728

*Based on the OPM GS-9/step 5 salary (\$27.02 an hour) plus 36.25 percent burden, rounded to the nearest dollar, or \$37 an hour. The burden rate used is that mandated by OMB memorandum M-08-13 for use in public-private competition, as updated by OMB for the current year. Reference Salary Table 2017-GS, Effective January 2017, found at www.opm.gov). The estimated cost per response is approximately \$74.

14. Estimated cost to the Government. Reporting by service contractors occurs once a year. The data are reported directly into a website without going through the Government agency holding the service contract. The agency contracting officer must (a) ensure that the clause is included in the contract as appropriate and (b) verify that the contractor has submitted the report in a timely manner. These requirements are estimated to add 1 hour to verify contractor

compliance. Ensuring the clause is included in the covered contracts is a current contracting officer responsibility to properly structure contracts and administer contract performance.

The Government will review the data submitted by contractors and use that data to supplement the agency’s annual inventory of service contractors. The costs associated with the agency annual inventory reporting requirement are the result of the overall statutory requirement and not specifically incurred as a result of the contractor information collection. Therefore, we estimate that 0.5 hours of labor will be required per response for the annual service contract reporting added to the 1 hour to verify contractor compliance. The system development requirements were incorporated into the system development and integration process at the time the initial collection requirement was established, and the costs to incorporate the data collection are minimal and embedded in the overarching system integration cost.

Respondents	111,172
Responses/respondent	<u>x 1</u>
Responses	111,172
Hours per response	<u>x 1.5</u>
Total hours	166,758
Cost per hour	<u>x \$37*</u>
Total annual cost to public	\$6,170,046

*Based on the OPM GS-9/step 5 salary (\$27.02 an hour) plus 36.25 percent burden, rounded to the nearest dollar, or \$37 an hour. The burden rate used is that mandated by OMB memorandum M-08-13 for use in public-private competition, as updated by OMB for the current year. Reference Salary Table 2017-GS, Effective January 2017, found at www.opm.gov).

15. Explain reasons for program changes or adjustment reported in Item 13 or 14. The public burden has increased due to more respondents being included in the overall total based on FY 2016 FPDS data. The threshold for Fixed-price contract reports are now covered if the estimated total value is at \$500,000 or more. The total number of respondents has increased from 23,845 to 111,172, which is a 366% increase.

16. Outline plans for published results of information. The statute requires the information to be made publicly available on agency website and OMB’s website. Results of this information collection may also be tabulated, summarized and published in agency annual reports to OMB.

17. Approval not to display expiration date. Not applicable because this information is not being collected on a form.

18. Explanation of exception to certification statement. Not applicable.

B. Collections of Information Employing Statistical Methods

Statistical methods will not be employed.