

SUPPORTING STATEMENT
OMB Control Number 0704-0497
Defense Federal Acquisition Regulation Supplement (DFARS) Part 15 Negotiation

A. JUSTIFICATION

1. Need for the Information Collection

This statement supports a request for renewal of the information collection requirement currently approved under OMB Control Number 0704-0497, Defense Federal Acquisition Regulation Supplement (DFARS) Part 15 Negotiation.

Defense Federal Acquisition Regulation Supplement (DFARS) 215.403-5 provides contractors with guidance for the submittal of forward pricing rate proposals, and includes a checklist for contractors to use in preparing their proposals. The checklist is submitted to DoD with the forward pricing rate proposal.

2. Use of the Information

The purpose of this information collection is to improve the efficiency of the negotiations process by ensuring the submission of thorough, accurate, and complete forward pricing rate proposals. If the contracting officer determines that a forward pricing rate proposal should be obtained pursuant to FAR 42.1701, then contractors following the commercial contract cost principles in FAR subpart 31.2 will be required to submit a forward pricing rate proposal that complies with FAR 15.408, Table 15-2, and DFARS 215.403-5 and 215.407-5-70. The forward pricing rate proposal adequacy checklist at Table 215.403-5(b)(3) is used by the contracting officer and the contractor to ensure the proposal is complete. The completed forward pricing rate proposal adequacy checklist will be submitted to DoD with the forward pricing rate proposal.

3. Use of Information Technology

Information technology is used for submission of the proposals (100%). In compliance with 44 U.S.C. 3504 (a)(1)(B)(vi), DoD provides the option for the electronic submission of information, when practicable, as a substitute for paper. In addition, FAR 2.101 defines the terms “in writing” and “written” to include “electronically transmitted and stored information. Standardized or repetitive data is not involved. Contractors may, however, submit any required information in formats that are compatible with their automated systems.

4. Non-duplication

As a matter of policy, DoD reviews the Federal Acquisition Regulation (FAR) to determine if adequate language already exists. This request for information applies solely to DoD and does not duplicate existing contractor requirements.

5. Burden on Small Business

Only a small percentage of Government contractors are requested to submit a forward pricing rate proposal, as set forth at FAR 42.1701(a). The Government will ask only those contractors with a significant volume of Government contracts to submit such proposals. Guidelines for submitting forward pricing rate proposals are shown below:

42.1701 Procedures.

(a) Negotiation of forward pricing rate agreements (FPRAs) may be requested by the contracting officer or the contractor or initiated by the administrative contracting officer (ACO). In determining whether or not to establish such an agreement, the ACO should consider whether the benefits to be derived from the agreement are commensurate with the effort of establishing and monitoring it. Normally, FPRA's should be negotiated only with contractors having a significant volume of Government contract proposals. The cognizant contract administration agency shall determine whether an FPRA will be established.

We estimate that, because of the large volume of Government business required to justify asking for a forward pricing rate proposal, the number of small businesses impacted is insignificant.

6. Less Frequent Collection

The submission of the forward pricing rate proposal adequacy checklist is not required by law or Executive order. However, for those contractors with a volume of Government business that meets the criteria at FAR 42.1701(a) for submission of a forward pricing rate proposal, the existence of the proposal adequacy checklist along with the contractor's proposal should decrease the amount of time necessary for the contractor to prepare the proposal and for the Government to review it. In addition, both contractors and the Government will benefit from having more consistent forward pricing rate proposals.

7. Paperwork Reduction Act Guidelines

No special circumstances for collections exist. The collection of information is consistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

a. Public comments were solicited in the Federal Register on August 24, 2017, at [82 FR 40146](#) as required by 5 CFR 1320.8(d)). No comments were received.

b. Subject matter experts within DoD were also consulted.

c. A notice of submission to OMB for clearance of this information collection was published in the *Federal Register* on October 27, 2017 at [82 FR 49789](#).

9. Gifts or Payment

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

10. Confidentiality

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

11. Sensitive Questions

No questions of a sensitive nature are included in the proposal adequacy checklist.

12. Respondent Burden, and its Labor Costs

a. Estimation of Respondent Burden

The annual total burden hours were computed as follows:

Based on a Defense Contract Management Agency (DCMA) review of the current numbers of forward pricing rate proposals submitted, DoD estimates that approximately 277 contractors will submit forward pricing rate proposals annually. This is an increase of 117 contractors from the formerly estimated 160 contractors in 2014. All 277 contractors were requested to complete and submit the forward pricing rate proposal adequacy checklist. Because of the requirement that forward pricing rate proposals be requested from only those contractors with a volume of Government business that is significant enough to justify benefits associated with the effort of establishing and monitoring the forward pricing rate agreement, we estimate that the number of small entities impacted is insignificant.

Wages are based on the average hourly wage and associated overhead of a contracts and pricing professional that is most likely to be preparing the forward pricing rate proposal and, therefore, using the proposal adequacy checklist. In estimating the associated cost, we used the Office of Personnel Management 2017 General Schedule and Locality Payment of 15.06% to establish the equivalent rate of a GS-13, step 5, or \$46.60 an hour. To this labor rate, we applied an overhead of 36.25 percent (based on the OMB Memorandum M-08-13, March 11, 2008 Civilian Position Full Fringe Benefit Cost Factor) and rounded the total to the nearest whole dollar, or \$63 an hour.

<p>Estimation of Respondent Burden Hours:</p>

Number of respondents	277
Responses per respondent	1
Number of responses	277
Hours per response	4
Estimated hours (number of responses multiplied hours per response)	1,108
Cost per hour (hourly wage)	\$63
Annual public burden (estimated hours multiplied by cost per hour)	\$69,804

*Note that these figures are associated only with the completion and submission of the forward pricing rate proposal adequacy checklist. The hours associated with the preparation, submission, negotiation, and maintenance of a forward pricing rate agreement are the subject of a separate FAR OMB information collection submission.

13. Respondent Costs Other Than Burden Hour Costs

There are no capital start-up or operational maintenance costs associated with this information collection, other than the hour burden detailed in paragraph 12.

14. Cost to the Federal Government

The time required for the Government review is estimated at 1 hour per response. The cost is based on the average hourly wage of a GS-13, step 5, plus 32.25% overhead, rounded to the nearest whole dollar, for a total hourly cost of \$54 ($\$46.60 \times 36.25\% = \63).

Estimation of Respondent Burden Hours:	
Number of respondents	277
Responses per respondent	1
Number of responses	277
Hours per response	1
Estimated hours (number of responses multiplied hours per response)	277
Cost per hour (hourly wage)	\$63
Annual public burden (estimated hours multiplied by cost per hour)	\$17,451

15. Reasons for Change in Burden

The reasons for the change in burden are not attributed to any programmatic changes. The change results from using current fiscal year (FY) 2017 data for the number of FPRAs negotiated by DCMA ACOs and application of FY 2017 GS hourly rates.

Change in Burden	2014	2017	Difference
Number of respondents	160	277	+117
Responses/respondent (approximately)	4	4	-
Total annual responses	640	1,108	+2,196
Hours per response	1	1	-
Total Hours	640	1,108	+468
Cost per hour	\$54	\$63	-
Total Cost	\$34,560	\$76,104	+\$41,544

16. Publication of Results

The results of this collection will not be published.

17. Non-Display of OMB Expiration Date

DoD is not seeking approval to omit the display of the expiration date of 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. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Statistical methods will not be employed.