

## SUPPORTING STATEMENT - PART A

DD254/NISP Contract Classification System (NCCS) OMB Control Number: 0704-0567

Summary of Changes: This revision introduces the NISP Contract Classification System (NCCS) as the electronic equivalent of the DD254. The DD254 is presently used by cleared facility contractors to document the security arrangements necessary in a specified classified contract. NCCS will collect the same information from the same respondents and is projected to increase electronic submissions for this collection by 75%.

### 1. Need for the Information Collection

This collection is a revision to the collection under OMB Control Number 0704-0567 (DD254) approved in November 2017.

Pursuant to 48 CFR, part 27, in conjunction with subpart 4.4 of the Federal Acquisition Regulation, contracting officers shall determine whether access to classified information may be required by a contractor during contract performance. When access to classified information is required, DoD Components shall use the “Contract Security Classification Specification,” DD Form 254, as an attachment to contracts or agreements requiring access to classified information by U.S. contractors.

DoD Manual 5220.22 Volume 2 “NISP: Industrial Security Procedures for Government Activities,” requires that Government Contracting Activities (GCAs) use the DD Form 254 to provide security classification guidance to a contractor in connection with a classified contract. The DoD 5220.22-M, National Industrial Security Program Operating Manual (NISPOM) also requires that cleared U.S. prime contractors provide contract security classification specifications to their U.S. cleared subcontractors when access to classified information is required in connection with a subcontract.

The NISP Contract Classification System (NCCS) will be the new electronic repository for the DD254. It will expedite the processing and distribution of contract classification specifications for contracts requiring access to classified information. NCCS also has a built-in automated process for the Request for Approval to Subcontract and will provide workflow support for the Facility Clearance Request (FCL) and National Interest Determination (NID) processes. Respondents can register for and request access to NCCS at: <https://wawf.eb.mil/>.

### 2. Use of the Information

The DD Form 254 is used to identify the classified areas of information involved in a contract and to identify the specific items of information that require protection. The respondent is a cleared contractor facility in the NISP under the security cognizance of the Defense Security Service (DSS). Pursuant to security classification guidance of the NISPOM, DoD 5220.22-M, the NISP contractors must provide contract security classification specifications with any contract or agreement that they propose or award. DD Form 254 is the official vehicle for providing this information.

A respondent submits completed DD Forms 254 with any attachments to the applicable subcontractor and to the DoD NISP Cognizant Security Office (i.e., DSS) for evaluation. In the event that the Government Contracting Activity (GCAs) is a foreign government or an activity of the North Atlantic Treaty Organization, a security aspects letter serves as the equivalent of a DD Form 254 to provide security classification guidance to a contractor in connection with a classified contract.

NCCS will automate and optimize this preexisting system. Respondents will be required to electronically complete and submit the DD Form 254 with attachments through the NISP Contracts Classification System (NCCS) unless they have an electronic 254 system and then they will have to interface their data into NCCS.

3. Use of Information Technology

We assess that 75% of respondents will use NCCS to complete DD Form 254 submission. The remaining 25% will use the paper DD Form 254 and submit by mail. The rate of electronic submissions will increase as the system becomes more integrated across DoD.

4. Non-duplication

The information obtained through this collection is unique and is not already available for use or adaptation from another cleared source, except for the FCL Request form in the NISS collection and will be obsolete when NCCS is approved and mandated as the repository.

5. Burden on Small Businesses

This information collection does not impose a significant economic impact on a substantial number of small businesses or entities.

6. Less Frequent Collection

The frequency of record-keeping or reporting is “on occasion” for the DD Form 254 because it is an attachment to contracts, solicitations and other arrangements or agreements requiring access to classified information by U.S. contractors.

7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

Part A: PUBLIC NOTICE

A 60-Day Federal Register Notice (FRN) for the collection published on Wednesday, November 28, 2018. The 60-Day FRN citation is 83 FRN 61149

No comments were received during the 60-Day Comment Period.

A 30-Day Federal Register Notice for the collection published on Wednesday, April 3, 2019. The 30-Day FRN citation is 84 FRN 13012.

## Part B: CONSULTATION

No additional consultation apart from soliciting public comments through the Federal Register was conducted for this submission.

### 9. Gifts or Payment

No payments or gifts are being offered to respondents as an incentive to participate in the collection.

### 10. Confidentiality

A Privacy Act Statement is not required for this collection because we are not requesting individuals to furnish personal information for a system of records.

A System of Record Notice (SORN) is not required for this collection because records are not retrievable by PII.

A Privacy Impact Assessment (PIA) is not required for this collection because PII is not being collected electronically.

Records are retained for three years and then destroyed. Longer retention is authorized if required for business use.

### 11. Sensitive Questions

No questions considered sensitive are being asked in this collection.

### 12. Respondent Burden and its Labor Costs

#### a. Estimation of Respondent Burden

##### **1. NISP Contract Classification System (NCCS)**

- a. Number of Respondents: 3,211
- b. Number of Responses Per Respondent: 10
- c. Number of Total Annual Responses (a x b): 32,110
- d. Response Time: 70 minutes
- e. Respondent Burden Hours (c x d/60): 37,461.67 hours

**Total Submission Burden** (Summation or average based on collection)

- a. Total Number of Respondents: 3,211
- b. Total Number of Annual Responses: 32,110
- c. Total Respondent Burden Hours: 37,461.67

b. Labor Cost of Respondent Burden

**1. NISP Contract Classification System (NCCS)**

- a. Number of Total Annual Responses: 32,110
- b. Response Time: 70 minutes
- c. Respondent Hourly Wage: \$40.36 (~\$.67 per minute)\*\*
- d. Labor Burden per Response (70 x .67): \$46.90
- e. Total Labor Burden (a x d): \$1,505,959.00

**Overall Labor Burden**

- a. Total Number of Annual Responses: 32,110
- b. Total Labor Burden: \$1,505,959.00

\* Total number of responses (32,110) is based on the estimated number of classified subcontracts awarded by prime contractor annually, not including any subcontracts for which DSS does not have security cognizance/oversight (e.g., special access programs for which DSS does not have such security cognizance or sensitive compartmented information for which DSS also does not have security cognizance).

\*\* Hourly wage for respondent is based on the approximate salary of a GS-12, Step 4 in the Washington, D.C., Maryland and Virginia metropolitan area (wage source was <https://www.federalpay.org/gs/2019/maryland>): (\$40.36) rate per hour)/60 minutes=\$.67 (rate per minute)

**13. Respondent Costs Other Than Burden Hour Costs**

There are no annualized costs to respondents other than the labor burden costs addressed in Section 12 of this document to complete this collection.

**14. Cost to the Federal Government**

a. Labor Cost to the Federal Government

**1. NISP Contract Classification System (NCCS)**

- a. Number of Total Annual Responses: 32,110
- b. Processing Time per Response: .5 hour
- c. Hourly Wage of Worker(s) Processing Responses: \$40.36\*
- d. Cost to Process Each Response (b x c): \$20.18
- e. Total Cost to Process Responses (a x d): \$647,979.80

b. Operational and Maintenance Costs

- a. Equipment: \$0
- b. Printing: \$0
- c. Postage: \$0
- d. Software Purchases: \$0
- e. Licensing Costs: \$0
- f. Other: \$1.8M (help desk and DLA support costs annually)
- g. Total: \$1.8M

- 1. Total Operational and Maintenance Costs: \$1.8M
- 2. Total Labor Cost to the Federal Government: \$647,979.80
- 3. Total Cost to the Federal Government: \$2,447,979

\*Cost to federal government is based on the approximate salary of a GS-12, Step 4 in the Washington, D.C., Maryland and Virginia metropolitan area (wage source was <https://www.federalpay.org/gs/2019/maryland>): (\$40.36) rate per hour)/60 minutes=\$.67 (rate per minute)

\*\* Cost to federal government represents the initial review by a government employee (Industrial Security Representative for completeness for a DD Form 254 from a prime contractor to a subcontractor.

15. Reasons for Change in Burden

There is a slight decrease in expected respondent burden, due to an update in agency estimate based on historical data of the last 12 months.

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

We are not seeking approval to omit the display of the expiration date of the OMB approval on the collection instrument.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

We are not requesting any exemptions to the provisions stated in 5 CFR 1320.9.