

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION 9000-0068
ECONOMIC PRICE ADJUSTMENT**

A. Justification.

1. **Administrative requirements.** FAR 16.203, Fixed-price contracts with economic price adjustment, and associated clauses at 52.216-2, 52.216-3, and 52.216-4 provide for upward and downward revision of the stated contract price upon occurrence of specified contingencies. In order for the contracting officer to be aware of price changes, the firm must provide pertinent information to the Government.
2. **Uses of information.** The information is used to determine the proper amount of price adjustments required under the contract.
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.
4. **Efforts to identify duplication.** This requirement is being issued under the Federal Acquisition Regulation (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.
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 person outside the agency.** A 60-day notice published in the Federal Register at 84 FR 16019 on April 17, 2019. No comments were received. A 30-day notice published at 84 FR 37873 on August 2, 2019.
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 hours and cost burden.** According to data from the Federal Procurement Data System for fiscal year 2018, the Government awarded 758,432 new fixed price contracts and orders subject to economic price adjustments to 3,550 unique contractors. 3,550 will be used as the new number for number of respondents. The Government assumes that each of the 758,432 new contracts or orders awarded will require one economic price adjustment annually; which would result in 758,432 responses from 3,550 respondents annually – or an estimated 214 responses per respondent each year (758,432 total annual responses /3,550 annual respondents = 213.6, rounded to nearest whole number = 214 annual responses per respondent). As a result of rounding the responses per respondent, the total estimated number of responses is 759,700.

Annual Public Burden and Cost

Number of respondents.....	3,550
Number of responses per respondent.....	<u>x 214</u>
Total responses.....	759,700
Preparation time per response.....	<u>x 1.5</u>
Total burden hours.....	1,139,550
Labor Rate.....	<u>x \$61</u>
Estimated cost to the public.....	\$69,512,550
Affected Public: Businesses or other for-profit and not-for-profit institutions.	
Frequency: On occasion.	

Note: The labor rate of \$44.43 per hour is based on a GS-12 Step 5 salary (Base GS Salary Table 2019). \$44.43 x .3625= \$60.54 rounded to \$61. The 36.25% fringe benefit rate is derived from OMB Memorandum M-08-13, dated March 11, 2008. The estimated cost per response is \$91.50.

14. **Estimated cost to the Government.** Time required for Government-wide review is estimated at 1 hour per response.

Annual Reporting Burden and Cost

Total annual responses.....	759,700
Review time per response.....	<u>x 1</u>
Total burden hours.....	759,700
Labor Rate.....	<u>\$61</u>
Total Government cost..	\$46,341,700

15. **Explain reasons for program changes or adjustments reported in Item 13 or 14.** This submission requests an extension of OMB approval of an information collection requirement in the (FAR). The information collection requirement in the FAR remains unchanged, except for the use of more current wage rate information. The estimated annual reporting burden has decreased from what was published in the Federal Register at 81 FR 21870, on April 13, 2016.

The estimated total burden hours has increased from 6,746 to 1,139,550. The upward adjustment is based on information from the Federal Procurement Data System. The number of responses is adjusted from 4,497 to 759,700 based on FPDS data, and the estimated hours per response of 1.5 hours remains the same. The 1.5 hours allows for additional time to meet the requirements under the relevant clauses.

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

17. **Approval not to display expiration date.** Not applicable.

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

B. Collections of Information Employing Statistical Methods.

Statistical methods are not used in this information collection.