# A. Justification

## 1. Explain the circumstances that make the collection of information necessary.

GSA’s Federal Supply Schedule (FSS) program, commonly known as the GSA Schedules program or Multiple Award Schedule (MAS) program provides federal agencies with a simplified process for acquiring commercial supplies and services. The FSS program is the Government’s preeminent contracting vehicle for commercial products and services, accounting for about 10 percent of all federal contract dollars with approximately $33 billion of purchases made through the program in fiscal year 2018.

This information collection pertains to pricing disclosures and sales reporting requirements for the majority of contractors under the GSA Schedules program.

**Sales Reporting**

Ordering activities placing orders against a GSA Schedule contract must pay an Industrial Funding Fee (IFF) that covers GSA’s costs of operating the FSS program. The fee is currently set at 0.75% and is included in the prices ordering activities pay contractors when purchasing from an FSS contract.[[1]](#footnote-1) FSS contractors then remit the IFF collected from ordering activities to GSA once a quarter.

General Services Administration Acquisition Regulation (GSAR) clause 552.238-80, Industrial Funding Fee and Sales Reporting, or Alternate I of that clause, is included in every GSA Schedule contract.[[2]](#footnote-2) The clause governs how the IFF is calculated and remitted, although the requirements differ between the basic versions and Alternate Me:

Clause 552.238-80: Basic Version

This version requires contractors to report their FSS contract sales to GSA once a quarter. GSA then calculates the IFF due based on the total amount of sales reported, and the contractor must remit that amount within 30 days after the end of the quarter.

Clause 552.238-80: Alternate I

Alternate I requires contractors to report the transactional data generated from orders each month. GSA then calculates the IFF due based on the transactional data reported and the contractor must remit that amount within 30 days after the end of the quarter. Alternate I of the clause apply to FSS contracts participating in the Transactional Data Reporting pilot.

Since the reporting requirements vary by the two versions of clause 552.238-80, separate Paperwork Reduction Act information collections have been established for each version. The information collection associated with OMB control number 3090-0306, Transactional Data Reporting, applies to Alternate I. This information collection and supporting statement apply to the basic version of the clause.[[3]](#footnote-3)

**Pricing Disclosures**

Pursuant to 41 U.S.C. §152(3), an ordering activity has met the requirements for full and open competition while using FSS ordering procedures when:

(A) Participation in the program has been open to all responsible sources; and

(B) Orders and contracts under those procedures result in the lowest overall cost alternative to meet the needs of the Federal Government.

GSA establishes FSS contract pricing through one of two techniques:

1. Vertical Pricing: GSA has traditionally used this method to establish FSS prices. It entails comparing a contractor’s prices and price-related terms and conditions with those offered to their other customers. The FSS pricing disclosures required under this model are covered by this supporting statement, which is associated with Office of Management and Budget (OMB) control number 3090-0235.
2. Horizontal Pricing: This entails comparing a contractor’s prices and price-related terms and conditions with those offered by other contractors. This model relies on contractor-provided transactional data, readily available commercial pricing data, and contract-level pricing data. GSA is currently conducting a Transactional Data Reporting pilot for select Schedules and Special Item Numbers that is covered by the information collection identified by OMB control number 3090-0306.

Under the vertical pricing model, GSA establishes price reasonableness by comparing a contractor’s prices and price-related terms and conditions with those offered to the contractor’s other customers. Through analysis and negotiations, GSA establishes a favorable pricing relationship in comparison to one of the contractor’s customers (or category of customers) and then maintains that pricing relationship for the life of the contract. In order to carry out this practice, GSA collects pricing information and related terms and conditions through Commercial Sales Practices (CSP) disclosures and enforces the pricing relationship through GSAR clause 552.238-81, Price Reductions, commonly known as the Price Reductions clause (PRC).[[4]](#footnote-4)

FSS solicitations containing the basic version of GSAR clause 552.238-80 Industrial Funding Fee and Sales Reporting must provide CSP disclosures in accordance with GSAR 515.408(a)(2).[[5]](#footnote-5) Contractors providing CSP disclosures must submit information in the Commercial Sales Practices Format provided in the solicitation, following the instructions at GSAR [Figure 515.4-2](https://www.acquisition.gov/sites/default/files/current/gsam/html/Part515.html#wp1866508), or submit information in their own format. GSA collects CSP disclosures for new offers, prior to executing bilateral modifications for exercising a contract option period, adding items and Special Item Numbers (SINs), or increasing pricing under the Economic Price Adjustment clause (GSAR 552.216-70). However, if a contractor’s commercial sales practices do not change during contract performance, they can state that no changes have occurred, in lieu of submitting a CSP disclosure, when one would normally be collected.

GSAR 538.273 (d) (5) prescribes the basic PRC for use in all FSS solicitations and contracts except those that include Transactional Data Reporting requirements, which instead include Alternate II of the PRC. The basic PRC is intended to ensure the Government maintains its price/discount (and/or term and condition) advantage in relation to the contractor’s customer(s) upon which the FSS contract is based. The basis of award customer (or category of customers) is identified at the conclusion of negotiations and noted in the contract. Thereafter, the PRC requires FSS contractors to inform the contracting officer of price reductions within 15 calendar days. Per 552.238-81(c) (1), “A price reduction shall apply to purchases under this contract if, after the date negotiations conclude, the Contractor—

(i) Revises the commercial catalog, pricelist, schedule or other document upon which contract award was predicated to reduce prices;

(ii) Grants more favorable discounts or terms and conditions than those contained in the commercial catalog, pricelist, schedule or other documents upon which contract award was predicated; or

(iii) Grants special discounts to the customer (or category of customers) that formed the basis of award, and the change disturbs the price/discount relationship of the Government to the customer (or category of customers) that was the basis of award.[[6]](#footnote-6)

## 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

GSA uses the information collected to—

* Calculate the amount of IFF due from customers and to evaluate activity under its FSS contracts; and
* Determine price reasonableness and maintain an equitable relationship with a contractor’s commercial pricing.

**Sales Reporting**

The IFF reimburses GSA’s Federal Acquisition Service (FAS) for the costs of operating the FSS program. FAS recoups its operating costs from ordering activities (i.e. customers) as set forth in 40 U.S.C. 321: Acquisition Services Fund. Net operating revenues generated by the IFF are also applied to fund initiatives benefiting other authorized FAS programs, in accordance with 40 U.S.C. 321. The IFF due for each transaction is included in the order price, so when a contractor is paid for an FSS order, it is also collecting the IFF. This is similar to a state sales tax, where a customer pays the tax due to a merchant and then the merchant remits the taxes collected to the state government.

GSA requires contractors to report their FSS sales each quarter so it can determine the amount of IFF the contractors have collected from customers, and therefore must remit to GSA. However, GSA also uses this information for other purposes, including budgeting, determining whether contractors have met the minimum sales requirement,[[7]](#footnote-7) evaluating the program’s performance, and monitoring small business participation.

**Pricing Disclosures**

CSP and PRC disclosures are used to establish and maintain a basis of award pricing relationship for contracts that do not contain Transactional Data Reporting requirements. Although GSA contracting officers are encouraged to use the applicable techniques from Federal Acquisition Regulation (FAR) subpart 15.4, Contract Pricing, CSP and PRC disclosures underlie GSA’s mechanism for determining fair and reasonable prices under the vertical pricing model described in Section 1.

GSA contracting officers use information from CSP disclosures to negotiate pricing, and terms and conditions, for FSS contracts. They review the disclosures when evaluating proposals for new FSS contracts and modifications to exercise options, add items and SINs, or increase prices. The information from these disclosures is then used as part of setting negotiation objectives and as part of determining price reasonableness.

During contract performance, contractors subject to the basic PRC are required to notify GSA within 15 calendar days of when a price reduction should apply (GSAR 552.238-81(c)(1)). GSA contracting officers use the information from these notifications to ensure the Government maintains the pricing relationship and receives the benefit of lower prices.

## 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Contractors submit all information associated with this collection electronically through GSA websites, specifically—

* Quarterly sales reporting and IFF remittance are currently conducted through the 72A Sales Reporting website (<https://72a.gsa.gov>), although this site is scheduled to be decommissioned in calendar year 2019 and related activities will be migrated to the FAS Sales Reporting site (<https://srp.fas.gsa.gov>).
* Pricing disclosures are made through the eOffer/eMod (https://eoffer.gsa.gov).

## 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

GSA did not identify any duplication of information or similar data being collected.

## 5. If the collection of information impacts small businesses or other small entities (item 5), describe any methods used to minimize burden.

Small businesses hold most of the contracts in the Schedules program (81%) and account for a smaller but still significant share of the overall sales volume (37%). However, in FY 2018, 68% of these small business contracts had sales of less than $250,000 and 32% had no sales at all. The contractors holding these lower sales contracts are typically not expending tremendous resources to administer contracts that do not produce high sales.

However, CSP and PRC disclosure requirements do present barriers for small businesses, as the associated costs are incurred with compliance occur before a contractor wins any federal dollars through the FSS contract. GSA is addressing this dynamic through Transactional Data Reporting (TDR). Beginning as a pilot program, TDR only requires a reporting burden as contractors receive and record a sale of an order against their FSS contract. Additionally, GSA will use the transactional data it collects, along with data from other sources, to determine whether an offer is fair and reasonable. Where it applies, elimination of the CSP means fewer contractors will need to invest in additional resources to prepare an offer for a GSA Schedule contract.

TDR also offers a tremendous burden reduction for FSS contractors as it would replace all reporting requirements associated with this information collection. GSA estimates the combined burden for sales reporting and pricing disclosures is 49% more than the TDR burden. If all FSS contractors participated in TDR, rather than being subject the sales reporting and pricing disclosure requirements of this information collection, they would realize an estimated annual burden reduction of $30.8 million.[[8]](#footnote-8) This is particularly beneficial for small businesses, as they hold 83% of the contracts participating in the TDR pilot. Moreover, if the pilot is successful, then GSA may look to include additional Schedules and Special Item Numbers under TDR. This would further decrease the reporting burden on contractors, including small businesses.

## 6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

GSA requires contractors to report their FSS sales each quarter so it can determine the amount of IFF the contractors have collected from customers, and therefore must remit to GSA. However, GSA also uses this information to administer the FSS program. Without this collection, GSA would not have a means to collect the IFF for applicable contracts, and therefore cover the costs of operating the FSS program, nor would it be unable to monitor macro-level performance under the FSS program.

Regarding sales reporting and IFF remittance frequency, GSA cannot allow less frequent IFF remittance because doing so would negatively impact GSA FAS, which is partially funded by IFF collections. Additionally, GSA cannot decouple the reporting and remittance requirements because then it would be unable to determine how much IFF is owed by customer agencies. As a result, neither facet of this collection can be conducted less frequently.

Regarding CSP and PRC disclosures, they have traditionally been GSA’s main mechanism for ensuring FSS ordering procedures “result in the lowest overall cost alternative to meet the needs of the Federal Government,” as required by 41 U.S.C. §152(3)(B). They provide GSA with insight into a contractor’s proprietary pricing practices, and there is no other source for this proprietary information.

GSA believes the data it collects under the new Transactional Data Reporting clause,[[9]](#footnote-9) in conjunction with other horizontal pricing techniques, will be a superior method of meeting the objectives of this information collection. Transactional Data Reporting is being implemented for the FSS program under a pilot that includes contracts that accounted for 22% of the fiscal year 2018 FSS program revenue. If the pilot is successful, GSA can continue to replace CSP and PRC disclosures with less burdensome horizontal pricing techniques. For contracts outside of the pilot, GSA will need to continue requiring CSP and PRC disclosures and thus will also have to require those contractors to carry on the current sales reporting and IFF remittance activities.

## 7. Explain any special circumstances

GSA does not require sales reporting more often than quarterly unless it has been reported incorrectly, in which case an amended report is submitted.

Contractors may need to provide CSP disclosures more often than quarterly if contract actions requiring CSP disclosures occur more often than quarterly. Unless the contract contains Transactional Data Reporting requirements, CSP disclosures must be made in order for the Government to make a fair and reasonable price determination prior to awarding an FSS contract or executing certain contract modifications.

Also, in accordance with the basic version of the PRC, contractors must also provide notifications of certain price reductions to the contracting officer within 15 calendar days; the price reductions triggering those notifications may occur more often than quarterly. The Government must receive notification within this time period in order to take action while the information is current.

## 8. Describe efforts to consult with persons outside the agency.

An initial notice of request for comments regarding the extension of this information collection was published in the *Federal Register* at 84 FR 24517 on May 28, 2019. GSA sought comments regarding (1) whether FSS pricing disclosures are necessary and have practical utility, and (2) if GSA’s estimates of the collection burden are accurate, and based on valid assumptions and methodology. GSA received comment letters covering a variety of topics from two respondents:

* GSA Office of Inspector General (GSA OIG)
* The Coalition for Government Procurement (The Coalition)

The GSA OIG’s letter, dated July 26, 2019, provided comments for this information collection and the Transactional Data Reporting information collection (OMB control number 3090-0306). The Coalition’s letter, dated July 29, 2019, is limited to this information collection, although they provided a separate letter with comments on the Transactional Data Reporting information collection. GSA is providing responses to the Transactional Data Reporting comments in the documents associated with the extension of OMB control number 3090-0306.

Both respondents’ comments, as they relate to this information collection, concentrated on CSP and PRC disclosures. The following are summaries of those comments, grouped by subject matter, and GSA’s responses:

### Reporting Burden

**Comments:** Both respondents provided comments about GSA’s burden calculations. The GSA OIG stated the burden is overstated; noting 16 of the 36 FSS contractors they audited in FY 2018 had insufficient commercial sales to disclose and therefore did not have to monitor PRC compliance. The GSA OIG explained these contractors had sales over $1 million and therefore would fall into the “heavy lift” category of GSA’s burden methodology, despite having no compliance burden.

Conversely, the Coalition stated the burden estimates are too low and estimate the annual FSS pricing disclosures burden to be $1.1 billion. They contend:

* GSA’s estimate of CSP-related activities being twice as burdensome for a contractor as the Government is true for a single contractor employee, but seven to ten contractor employees often participate in CSP preparation. Therefore, the CSP burden estimates should be increased by a factor of seven.
* The estimated contractor labor rate of $77.55/hour for PRC compliance activities does not account for the rates of professionals such as lawyers, accountants, and consultants and contractors also frequently rely on outside resources for these activities. As such, the actual rates fall between $105/hour and $471/hour for an average of $288/hour.
* GSA’s PRC compliance system burden estimate, which is adopted from an earlier Coalition study but allocated across 20 years, is an annual cost and should not be divided across 20 years.

Additionally, the GSA OIG argued the estimated 455-hour audit preparation burden should not be included in the burden estimates because those activities are included in the CSP and PRC disclosure activities for which GSA has already provided a burden estimate.

Finally, the Coalition noted three calculation discrepancies:

* The compliance systems (lighter lift) burden was noted as 35 hours but later included a burden of 30 hours per contractor.
* The stated labor rate was $77.25/hour but $77.55/hour was used in calculations.
* There is an arithmetical error in the pre-award disclosures (heavier lift) calculation.

**GSA Response:** The diverging opinions around the FSS pricing disclosure burden underscore GSA’s decision to use a “heavier lift” and “lighter lift” methodology for many of the components of this information collection. While numerous contractors incur a significant burden for these activities, many others incur little to no burden, and these examples residing at either end of the burden spectrum should not be treated as indicative of all affected contractors.

GSA notes a contractor’s sales volume is not the sole determiner of whether they are classified as heavier lift in the burden estimation methodology. As noted in the Federal Register notice, contracts with heavier lifts are those with the characteristics leading to increased burden—more sales volume, higher number of contract items, more complex offerings, more transactions, more complex transactions, and/or intricate business structures. In other words, no single factor, such as sales volume, results in a contractor having a heavier lift. Instead, GSA’s intention was to show that 20% of contractors have a relatively heavier lift than the other 80% of contractors. As such, the 16 contractors highlighted by the GSA OIG would belong in the lighter lift category and provide an example of why a lighter lift contractor would have a relatively low burden.

Regarding the Coalition’s burden estimates, GSA increased some of its heavier lift burden estimates in response to their comments. Previously, the heavier lift calculations for PRC compliance systems and CSP pre-award and options disclosures were generally 15% to 86% higher than the lighter lift estimates for those functions. However, GSA believes the disparity between a lighter lift and a heavier lift is greater than previously estimated and now estimates the heavier lift burden for those activities is 5 times greater than the lighter lift estimates. This change increases the annual information collection burden estimate by approximately $33 million.

Yet, GSA is not aligning the remaining burden estimates with the Coalition’s because GSA does not believe those estimates are representative of most contractors. As illustrated in the first Federal Register notice, FSS contracts are held by a diverse set of companies, which vary in terms of business size, offerings, and FSS sales volume. For example, in FY 2018:

* 30.7 percent or 4,975 contracts had $0 in reported FSS sales.
* 6.8 percent, or 1,100 contracts, accounted for about 80 percent of all FSS sales.
* The top 20 percent of FSS contracts (in terms of FY 2018 sales) accounted for 94.6 percent of FSS sales.
* Only 19.7 percent of FSS contracts had more than $1 million in FSS sales.
* 68.7 percent of FSS contracts were held by small businesses and had less than $1 million in FSS sales.
* Small businesses held 81 percent of the FSS contracts but accounted for 37 percent of FSS sales.

GSA also believes the labor rates provided by the Coalition are significantly higher than those typically paid by contractors to fulfill these functions. GSA believes these functions are typically performed by contract administrators with occasional assistance from higher-paid professionals, such as attorneys and consultants. The most comparable labor category to a contract administrator that was analyzed by the Bureau of Labor Statistics (BLS) is a compliance officer (13-1041). BLS’s most recently published hourly rate for this type of professional was $34.86/hour[[10]](#footnote-10); when factoring a 36.25 percent overhead rate for fringe benefits, the fully burdened rate is $47.50 an hour.[[11]](#footnote-11) However, GSA chose to use the higher $77.55/hour rate to account for the occasional involvement of higher-paid professionals.

With respect to the Coalition’s assertion that their compliance estimate should be attributed to a single year, GSA will continue to allocate the burden over a 20-year period because contractors will not establish a new compliance system each year. GSA maintains many of the contractors with complex PRC monitoring requirements use automated compliance systems to relieve the ongoing compliance burden. These automated systems, which typically use price discount controls to assure PRC compliance, require high upfront effort but significantly decrease the ongoing burden for PRC compliance. On the other hand, contractors that forego automated systems in favor of manual, ad hoc monitoring activities will have higher ongoing monitoring burdens. GSA believes the high investment costs and low ongoing monitoring burden for contractors using automated systems is comparable over a 20-year period to the minimal investment effort and higher ongoing compliance burden for contractors using manual processes.

Regarding the GSA OIG audit burden, GSA will continue to capture this burden separately from other CSP and PRC-related burdens because that burden would not exist if those contractors were not subject to CSP and PRC disclosure requirements. As such, it should be accounted for when considering the burden absorbed by contractors complying with the CSP and PRC.

Finally, GSA corrected the errors identified by the Coalition; the compliance systems (lighter lift) burden is 35 hours, the correct labor rate is $77.55, and the arithmetical error in the pre-award disclosures (heavier lift) calculation was corrected. Additionally, the underlying calculations for the burden estimates included decimals that were not displayed in the Federal Register notice; as a result, some of the figures in the underlying calculations now use whole numbers to avoid rounding errors.

### Utility of CSP and PRC Disclosures

**Comments:** Both respondents commented on the utility of CSP and PRC disclosures. The GSA OIG stated the benefits of these disclosures far exceed the estimated burdens but the Coalition posited these disclosures have no practical utility and are no longer necessary.

The GSA OIG stated the burdens of the CSP requirements and GSA OIG audits are considerably less than the estimated burdens, noting that since October 1, 2017 they had identified over $550 million in potential cost savings for upcoming contract periods based on commercial pricing information. Additionally, they stated they had identified over $15 million in unreported price reductions over the same time period despite auditing just 70 contracts.

Conversely, the Coalition recommends GSA eliminate the PRC and reform the CSP. They stated the PRC is a “restraint of trade” and it “increases prices and operational costs while hindering innovation and competition in the commercial market.” Moreover, they argue the PRC inhibits contractors’ ability to compete in the private sector because it limits their ability to offer discounts to commercial customers without affecting their FSS pricing relationship. Regarding the CSP, the Coalition states it contains several undefined terms, raising GSA OIG audit and False Claims Act action risks if those terms are misunderstood. All told, the Coalition notes many contractors choose not to hold GSA Schedule contracts because of the CSP and PRC.

**GSA Response:** In respect to the GSA OIG’s comment, GSA is solicited comments as part of its request to the Office of Information and Regulatory Affairs (OIRA). These comments supporting the value of CSP and PRC disclosures will be included in materials GSA is providing OIRA to justify the continuation of CSP and PRC disclosures.

Regarding the Coalition’s comments, GSA understands contractors have regularly singled out these pricing tools as among the most complicated and burdensome requirements in federal contracting. As such, GSA will continue to investigate methods for reducing the information collection burden on its industry partners and increasing its reliance on internal Government systems for transactional data. Ultimately, GSA’s reliance on contractor-reported data is a necessary bridge for ensuring the Government’s continual access to the information it needs to make the best possible buying decisions for the taxpayer while it works towards developing internal capabilities.

### Incomplete Analysis

**Comments:** Lastly, both respondents stated GSA’s analysis was incomplete. The GSA OIG said GSA’s burden estimates “do not include the significant benefit those requirements bring to federal agencies and taxpayers alike.” The Coalition argued GSA’s analysis “did not include an analysis of either the benefits of or the alternatives to these requirements…”

**GSA Response:** The Federal Register notice is only one facet of the process for requesting an extension of an existing information collection. Agencies requesting such extensions must also prepare a “supporting statement” that provides information including why the agency thinks the information collection is necessary, how the information is used, and consequences for the Government if the information is not collected or is collected less frequently.

Requesters may obtain a copy of the information collection documents from the General Services Administration, Regulatory Secretariat Division (MVCB), 1800 F Street, NW, Washington, DC 20405, telephone 202-501-4755. Please cite OMB Control No. 3090-0235, Federal Supply Schedule Pricing Disclosures and Sales Reporting, in all correspondence. The supporting statement will also be posted on the Office of Information and Regulatory Affairs’ website (<https://www.reginfo.gov>) if the information collection is approved.

A 30-day notice published in the *Federal Register* at 84 FR 51578 on September 30, 2019.

## 9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

GSA makes no such payments under this collection.

## 10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.

The sales information collected is posted publicly on the Schedule Sales Query (SSQ) website (<https://ssq.gsa.gov>). The IFF is static, so the public can calculate the amount due based on data from SSQ. However, GSA does not publicly release information regarding IFF remittance, including IFF balances, remittance timeliness, and delinquencies.

For pricing disclosures, confidentiality is provided to contractors in accordance with prudent business practices and current regulation.

## 11. Provide additional justification for any questions of a sensitive nature.

No sensitive questions are involved.

## 12. Provide estimates of the hour burden of the collection of information.

**Overview**

The public burden estimate calculations are separated into four sections: Sales Reporting, Commercial Sales Practices, Price Reductions Clause, and GSA Office of Inspector General Audits.

These estimates seek to portray the burdens associated with this information collection but do not include activities that are typically conducted under normal business practices. For example, GSA believes companies maintain pricing information, such as the prices charged to its customers for invoicing, as part of their normal business practices. Therefore, GSA does not include the burden of maintaining that information in these estimates. Also, this information collection does not account for the burden associated with requirements for certified cost and pricing data, or other than certified pricing data, under FAR subparts 15.4, 42.7, 52.214-28, 52.215-12, 52.215-13, 52.215-20, and 52.215-21, as those are covered by Information Collection 9000-0013, Cost or Pricing Data Exemption Information.

**Population:**

This information collection applies to GSA FSS contracts that include the basic version of GSAR clause 552.238-80, Industrial Funding Fee and Sales Reporting. In FY 2018, 13,828 contractors held a total of 16,215 GSA FSS contracts; 12,151 of these contractors held a total of 14,152 contracts containing the basic version of clause 552.238-80.[[12]](#footnote-12) These contracts accounted for approximately 77.8% of GSA FSS sales in fiscal year 2018.

The 2,063 GSA FSS contracts subject to Alternate I of GSAR clause 552.238-80—those participating in the Transactional Data Reporting pilot—are covered by a separate information collection identified under OMB control number 3090-0306.

**Cost Estimates:**

*Sales Reporting:* The two primary activities associated with sales reporting are initial setup and monthly reporting. GSA calculated the cost burden for each as follows:

* Initial Setup: The duties required for these activities will generally be completely by a senior-level subject matter expert. For the purposes of establishing an hourly rate, GSA equates these duties to those of a GS-14, Step 5 employee, whose hourly rate in 2019 for the “Rest of U.S.” locality is $56.92 an hour.[[13]](#footnote-13) When factoring a 36.25 percent overhead rate for fringe benefits, the fully burdened rate is $77.55 an hour.[[14]](#footnote-14)
* Monthly Reporting: The duties required for these activities will generally be completed by mid-level personnel. For the purposes of establishing an hourly rate, GSA equates these duties to those of a GS-12, Step 5 employee, whose hourly rate in 2019 for the “Rest of U.S.” locality is $40.51 an hour. When factoring a 36.25 percent overhead rate for fringe benefits, the fully burdened rate is $55.19 an hour.

*Pricing Disclosures:* The duties required for these activities will generally be completed by a senior-level subject matter expert. For the purposes of establishing an hourly rate, GSA equates these duties to those of a GS-14, Step 5 employee, whose hourly rate in 2019 for the “Rest of U.S.” locality is $56.92 an hour. When factoring a 36.25 percent rate for fringe benefits, the fully burdened rate is $77.55 an hour.

**Heavier Lifts vs. Lighter Lifts:**

Due to the diversity among the FSS contractor population, the burden associated with many of the components of this information collection cannot be equally attributed to all FSS contracts. In these areas, GSA is categorizing contracts into those with a “heavier lift” or “lighter lift.”

FSS contracts are held by a diverse set of companies, which vary in terms of business size, offerings, and FSS sales volume. For example, in FY 2018:

* 30.7 percent or 4,975 contracts had $0 in reported FSS sales.
* 6.8 percent, or 1,100 contracts, accounted for about 80 percent of all FSS sales.
* The top 20 percent of FSS contracts (in terms of FY 2018 sales) accounted for 94.6 percent of FSS sales.
* Only 19.7 percent of FSS contracts had more than $1 million in FSS sales.
* 68.7 percent of FSS contracts were held by small businesses and had less than $1 million in FSS sales.
* Small businesses held 81 percent of the FSS contracts but accounted for only 37 percent of FSS sales.

In general, a contractor’s sales volume will have the greatest effect on the associated burden of these requirements, although the number and type of offerings, and business structure, can also be significant factors. As shown by the above figures, a relatively small number of FSS contracts account for the vast majority of FSS sales and therefore likely bear a heavier burden for these requirements. Conversely, the majority of FSS contracts, which are typically held by small businesses with lower sales volume, absorb less of the burden for these requirements.

To account for the differences among FSS contracts, GSA is utilizing the Pareto principle, or “80/20 rule,” which states 80 percent of effects comes from 20 percent of the population. Accordingly, GSA is categorizing FSS contracts by those with a heavier lift (20 percent) and those with a lighter lift (80 percent). Contracts with heavier lifts are those with the characteristics that lead to increased burden—more sales volume, higher number of contract items, more complex offerings, more transactions, more complex transactions, and/or intricate business structures. This methodology is used for several components of the burden analysis.

**FAS Survey**:

In preparation for the 2016 information collection renewal, GSA conducted a survey among FSS contracting officers in the Federal Acquisition Service (FAS) Office of Integrated Technology Services and the Office of General Supplies and Services. While the 77 respondents provided estimates regarding the amount of time it takes FSS contracting officers to complete tasks associated with CSP disclosures and price reduction modifications, GSA believes some of these results can also be used to calculate estimates for the burden placed on FSS contractors.

Additional details about this survey are documented in Section 14 of this supporting statement.

**Sales Reporting**

The basic version of the Industrial Funding Fee and Sales Reporting clause requires contractors to report their total sales by Special Item Number (SIN) once a quarter in the 72A Reporting System.[[15]](#footnote-15) Contractors must file these reports within 30 days after the end of each of the following quarters:

* January 1 to March 31
* April 1 to June 30
* July 1 to September 30
* October 1 to December 31

After contractors report their sales, the 72A Reporting System calculates the IFF due for the quarter. The system then prompts users to “Pay Now” or “Pay Later.” Contractors can remit IFF payments via credit card, online check, or paper check. Regardless of whether a contractor remits the IFF at the time sales are reported or at a later date, the IFF due must be remitted within the same 30 day deadline following the end of the reporting quarters.

**Categorization of Contractors by Quarterly Sales Revenue:**

Sales reporting imposes a progressive burden—one that increases with a contractor’s sales volume. Quarterly reporting times will increase with a contractor’s applicable sales volume, as contractors with lower to no reportable sales will spend little time on monthly reporting, while those with more reportable sales with face a higher reporting burden.

GSA separated contracts into categories based on reported annual sales volume in order to account for the differences in reporting burden. These categories are:

* Category 1: No sales activity
* Category 2: Sales between $0 and $25,000
* Category 3: Sales between $25,000 and $250,000
* Category 4: Sales between $250,000 and $1 million
* Category 5: Sales over $1 million

The distribution of contracts by sales category is as follows:

|  |  |  |
| --- | --- | --- |
| Contracts by Sales Category | | |
|  | FSS Contracts (Count) | FSS Contracts (Percentage) |
| Category 1 | 4,657 | 33% |
| Category 2 | 1,188 | 8% |
| Category 3 | 3,469 | 25% |
| Category 4 | 2,168 | 15% |
| Category 5 | 2,670 | 19% |
| Total | 14,152 | 100% |

**Automated vs. Manual Reporting Systems:**

Contractors subject to these clauses must create systems or processes to produce and report accurate data. Generally, contractors will use automated or manual systems to identify the quarter’s reportable sales. An automated system is one that relies on information technology, such as an accounting system or data management software, to identify and compile reportable data. These systems can tremendously streamline the reporting process but require upfront configuration to perform the tasks, such as coding the sales types to be retrieved. Conversely, a manual system is one that incorporates little to no automation and instead relies on personnel to manually identify and compile the reportable data. An example of a manual system would be an accountant reviewing invoices to identify the reportable data and then transferring the findings to a spreadsheet. In contrast to automation, a manual system requires relatively little setup time but the reporting effort will generally increase with the contractor’s sales volume.

The likelihood of a contractor adopting an automated system increases with their applicable sales volume. Contractors with little to no reportable data are unlikely to expend the effort needed to establish an automated reporting system since it will be relatively easy to identify and report a limited amount of data. However, as a contractor’s applicable sales increase, they will be increasingly likely to establish an automated system to reduce the quarterly reporting burden. Consequently, contractors with higher reportable sales will likely bear a higher setup burden to create an automated system, or absorb a high monthly reporting burden if they choose to rely on manual reporting methods.

The following chart depicts the likelihood of the population of contracts operating under manual and automated reporting systems:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Contracts by Reporting System Type (Manual vs. Automated) | | | | |
|  | Manual System (Percentage) | Automated System (Percentage) | Manual System - Contractor Count | Automated System - Contractor Count |
| Category 1 | 100% | 0% | 4,657 | 0 |
| Category 2 | 100% | 0% | 1,188 | 0 |
| Category 3 | 90% | 10% | 3,122 | 347 |
| Category 4 | 50% | 50% | 1,084 | 1,084 |
| Category 5 | 10% | 90% | 267 | 2,403 |
| Total Count of Contracts by System Type | | | 10,318 | 3,834 |
| Percentage of Contracts by System Type | | | 73% | 27% |

**Initial Setup:**

Contractors with active FSS contracts already have procedures in place to meet these longstanding reporting requirements. However, new FSS contractors will absorb a one-time setup burden to establish reporting systems. The estimated setup time varies between automated and manual reporting systems. Contractors implementing a manual system must acclimate themselves with the new reporting requirements and train their staff accordingly, while those with automated systems must perform these tasks in addition to configuring information technology resources. GSA is attributing the setup burden by contractor, not by contracts, because a contractor holding multiple contracts subject to this rule will likely use a single reporting system.

GSA estimates the average one-time setup burden is 8 hours for contractors with a manual system and 40 hours for those with an automated system. GSA also attributes the same system type probabilities (manual system 73%, automated system 27%) to the population of new contractors. These estimates apply to the 1,220 contractors awarded FSS contracts in fiscal year 2018.

**Quarterly Reporting:**

Contractors are required to report sales within 30 calendar days after the end of each quarter. The average reporting times vary by system type (manual or automated) and sales volume. GSA estimates contractors using a manual system will have average monthly reporting times ranging from 15 minutes (0.25 hours) per quarter for contractors with $0 sales, to an average of 8 hours per quarter for contractors with quarterly sales over $1 million. On the other hand, GSA projects contractors with automated systems will have reporting times of 2 hours per quarter, irrespective of quarterly sales volume, as a result of efficiencies achieved through automated processes. The following table shows GSA’s projected quarterly reporting times per sales category and system type:

|  |  |  |
| --- | --- | --- |
| Monthly Reporting Hours by System Type and Category | | |
|  | Manual Systems | Automated Systems |
| Category 1 | 0.25 | 2.00 |
| Category 2 | 1.00 | 2.00 |
| Category 3 | 2.00 | 2.00 |
| Category 4 | 4.00 | 2.00 |
| Category 5 | 8.00 | 2.00 |

**Burden Calculations:**

The initial setup burden for those contracts is illustrated below:

|  |  |  |  |
| --- | --- | --- | --- |
| Initial Setup | | | |
|  | Manual | Automated | Totals |
| Contracts | 889 | 331 | 1,220 |
| Hours per Setup | 8 | 40 | 17 (average) |
| Total Setup Hours | 7,116 | 13,220 | 20,336 |
| Hourly Rate | $77.55 | $77.55 | $77.55 |
| **Total** | **$551,840** | **$1,025,238** | **$1,577,078** |

The quarterly reporting burden for contractors by contract is illustrated below. As noted previously, the reporting burden for contractors using manual systems increases with their reported sales while the reporting burden for contractors using automated systems remains constant regardless of the reported sales volume.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Quarterly Reporting | | | | | | | |
| Category | Manual Reporting | | | | | Automated | Total |
| 1 | 2 | 3 | 4 | 5 |
| Contracts | 4,657 | 1,188 | 3,122 | 1,084 | 267 | 3,834 | 14,152 |
| Hours/Quarter | 0.25 | 2 | 4 | 16 | 48 | 2 | 1.6 average |
| Hours/Year | 4,657 | 4,752 | 24,977 | 17,344 | 8,544 | 30,671 | 90,945 |
| Hourly Rate | $55.19 | $55.19 | $55.19 | $55.19 | $55.19 | $55.19 | $55.19 |
| **Total** | **$257,020** | **$262,263** | **$1,378,470** | **$957,215** | **$471,543** | **$1,692,744** | **$5,019,255** |

**Commercial Sales Practices**

The CSP burden results from disclosures required of any contractor submitting an offer for an FSS contract or modifying an FSS contract to increase prices, add items and Special Item Numbers, or exercise options.

The burden estimates for CSP disclosures are based upon the estimates provided by FSS contracting officers in the FAS survey. The 77 survey respondents provided estimates regarding the amount of time it takes FSS contracting officers to complete CSP-related tasks and GSA believes can be used as a benchmark for contractor burden estimates.

In calculating these burden estimates, GSA acknowledges a contractor’s tasks are more complex than simply comparing offered prices to discounts given to other categories of customers. In addition to collecting and analyzing data, GSA expects offerors to provide data that is current, accurate and complete. GSA recognizes this due diligence places an additional burden on offerors. Also, similar to the PRC, factors such as sales volume, the number of contract items, complexity of offerings, and business structure have a significant effect on the burden but can vary widely from contractor to contractor. Consequently, GSA is using the heavier lift and lighter lift methodology for the CSP burden estimates.

**Pre-award Disclosures:**

In accordance with GSAR 515.408(a) (2), offerors must submit information in the Commercial Sales Practices Format provided in the solicitation in accordance with the instructions at GSAR [Figure 515.4-2](https://www.acquisition.gov/sites/default/files/current/gsam/html/Part515.html#wp1866508), or submit information in their own format. In fiscal year 2018, contractors submitted 2,503 offers for FSS contracts with CSP disclosure requirements. GSA recognizes the complexity of this task varies with the type and number of offerings, business structure, and expected revenue, so for this burden estimate, these offers are separated between offerors with heavier lifts (20 percent or 501 offers) and those with lighter lifts (80 percent or 2,002 offers).

GSA previously based its burden estimates for this function directly on the results from the FAS survey of its FSS contracting officers in 2016. However, after receiving public comments in 2016 stating the pre-award disclosure burden for contractors exceeds that for contracting officers, GSA doubled its contractor estimates, resulting in increases for heavier lift contractors from 41.48 hours/year to 82.96 hours/year and for lighter lift contractors from 32.41 hours/year to 64.82 hours/year.

In 2019, GSA once again decided to increase its heavier lift burden estimates after considering public comments. GSA now believes the disparity between a lighter lift and a heavier lift is greater than previously estimated and projects the heavier lift burden for those activities to be 5 times greater than the lighter lift estimates.

The estimated burden for contractors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 501 |
| Average Burden Hours per Response | 324.10 |
| Total Time Burden (Hours) | 162,374 |
| Total Cost Burden ($77.55/hr. rate) | $12,592,111 |

The estimated burden for contractors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 2,002 |
| Average Burden Hours per Response | 64.82 |
| Total Time Burden (Hours) | 129,770 |
| Total Cost Burden ($77.55/hr. rate) | $10,063,636 |

**Price Increase Modifications:**

CSP disclosures are collected when requesting price increases per the Economic Price Adjustment clause (GSAR clause 552.216-70), although contractors can state no changes have occurred in lieu of submitting a CSP disclosure when their commercial sales practices have not changed during contract performance. In FY 2018, 1,457 price increase modifications were processed, including 492 (20 percent) with a heavier lift and 1,967 (80 percent) with a lighter lift. The time burden for these modifications varies mainly with the type and number of offerings. GSA is basing its burden estimates for this function directly on the results from the FAS survey of its FSS contracting officers.

The estimated burden for contractors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 492 |
| Average Burden Hours per Response | 10.45 |
| Total Time Burden (Hours) | 5,141 |
| Total Cost Burden ($77.55/hr. rate) | $398,716 |

The estimated burden for contractors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1.967 |
| Average Burden Hours per Response | 9.17 |
| Total Time Burden (Hours) | 18,037 |
| Total Cost Burden ($77.55/hr. rate) | $1,398,800 |

**Adding Items and Special Item Numbers:**

CSP disclosures are also collected when modifying a contract to add items and/or Special Item Numbers, although contractors can certify no changes have occurred in lieu of submitting a CSP disclosure when their commercial sales practices have not changed during contract performance. In FY 2018, 4,209 addition modifications were processed, including 1,275 (20 percent) with a heavier lift and 5,099 (80 percent) with a lighter lift. The time burden for these modifications varies with the type and number of offerings. GSA is basing its burden estimates for this function directly on the results from the FAS survey of its FSS contracting officers.

The estimated burden for contractors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1,275 |
| Average Burden Hours per Response | 11.13 |
| Total Time Burden (Hours) | 14,191 |
| Total Cost Burden ($77.55/hr. rate) | $1,100,493 |

The estimated burden for contractors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 5,099 |
| Average Burden Hours per Response | 10.65 |
| Total Time Burden (Hours) | 54,304 |
| Total Cost Burden ($77.55/hr. rate) | $4,211,302 |

**Exercising Options:**

CSP disclosures are collected when exercising a contract option, which generally extends the period of performance by five years. In FY 2018, 2,468 option modifications were processed, including 494 (20 percent) with a heavier lift and 1,974 (80 percent) with a lighter lift. The time burden for these modifications varies with the type and number of offerings, business structure, and expected revenue.

GSA previously based its burden estimates for this function directly on the results from the FAS survey of its FSS contracting officers because while the associated tasks with processing an option CSP are similar to that of a pre-award CSP, the option CSP requires less time because of familiarity and precedents created during the preceding contract period.

However, GSA decided in 2019 to increase its heavier lift burden estimates after considering public comments. GSA now believes the disparity between a lighter lift and a heavier lift is greater than previously estimated and projects the heavier lift burden for those activities to be 5 times greater than the lighter lift estimates.

The estimated burden for contractors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 494 |
| Average Burden Hours per Response | 111.60 |
| Total Time Burden (Hours) | 55,130 |
| Total Cost Burden ($77.55/hr. rate) | $4,275,363 |

The estimated burden for contractors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1,974 |
| Average Burden Hours per Response | 22.32 |
| Total Time Burden (Hours) | 44,060 |
| Total Cost Burden ($77.55/hr. rate) | $3,416,828 |

**Price Reductions Clause**

GSA attributes the PRC-related burden to training, compliance systems, and notifying GSA of price reductions within 15 calendar days after their occurrence.

**Training:**

Training is essential for contractors to develop effective processes to stay in compliance with the PRC. The annual burden estimates include design and administration of training. GSA believes training hours remain constant over time because of a contractor’s employee turnover.

The training burden estimate is categorized by heavier lifts and lighter lifts because GSA believes the costs and hours allocated to training have a direct link to the size, business structure and product offerings of the company. Contractors within the heavier lift category may need to develop formal training programs and conduct training for numerous divisions and offices, while contractors in the lighter lift category may have no need for training design and administration due to having as few as one person responsible for PRC compliance.

Finally, these burden estimates are based on the number of contractors, not the number of contracts, because contractors with multiple contracts subject to this requirement will likely not have to provide separate training for each contract.

The estimated burden for contractors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 2,430[[16]](#footnote-16) |
| Average Burden Hours per Response | 40 |
| Total Time Burden (Hours) | 97,208 |
| Total Cost Burden ($77.55/hr. rate) | $7,537,860 |

The estimated burden for contractors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 9,721[[17]](#footnote-17) |
| Average Burden Hours per Response | 20 |
| Total Time Burden (Hours) | 194,420 |
| Total Cost Burden ($77.55/hr. rate) | $15,077,271 |

**Price Reduction Compliance Systems:**

FSS contractors subject to the basic version of the PRC must monitor the basis of award discount relationship(s) in order to prevent or identify and report applicable price reductions. Contractors may choose to develop automated systems to control discount relationships with other customers/categories of customer to ensure the basis of award pricing relationship is not disturbed. For example, quotation tools can be configured to control discounts. Conversely, other contractors, particularly those with fewer customers, may choose to manually monitor pricing relationships. For instance, many small businesses have a single person responsible for approving discounts.

A contractor’s compliance burden will generally be determined by several factors, including its number of offerings, contract activity, participation in the federal or commercial marketplace, and the company’s business structure. As a result, compliance system burden hours are separated between contractors with heavier lifts and lighter lifts. Contractors with heavier lifts may require more burden hours to set up and monitor PRC compliance, while those with lighter lifts—fewer offerings and less complex business structures—require fewer burden hours to setup and monitor compliance.

In public comments submitted on this information collection renewal in 2016, the Coalition for Government Procurement stated the PRC monitoring burden should be 1,290 hours to establish a compliance system in the first year and 1,100 hours each year thereafter for monitoring activities. However, GSA believes the amount of investment into a compliance system is inversely related to the amount of time needed to carry out ongoing monitoring activities. Specifically, contractors making high upfront investments, such as programming a quotation tool to control discounts, will have a lower ongoing monitoring reporting burden. On the other hand, contractors not making upfront investments to establish a compliance system will have a higher ongoing reporting burden.

GSA previously adopted an average burden of 1,290 hours but allocated it across the 20-year life of a contract for heavier lift contractors using automated systems to carry out monitoring activities, resulting in an annual burden of 65 hours. GSA estimated heavier lift contractors that spend less time implementing an automated system would incur a similar burden for monitoring activities, meaning GSA estimated the same 65 hour/year burden for those contractors. For lighter lift contractors, GSA attributed an average burden of 700 hours for the 20-year life of the contract, which equates to 35 hours a year.

However, GSA decided in 2019 to increase its heavier lift burden estimates after considering public comments. GSA now believes the disparity between a lighter lift and a heavier lift is greater than previously estimated and projects the heavier lift burden for those activities to be 5 times greater than the lighter lift estimates.

The estimated burden for contractors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 2,430[[18]](#footnote-18) |
| Average Burden Hours per Response | 175 |
| Total Time Burden (Hours) | 425,250 |
| Total Cost Burden ($77.55/hr. rate) | $32,978,138 |

The estimated burden for contractors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 9,721[[19]](#footnote-19) |
| Average Burden Hours per Response | 35 |
| Total Time Burden (Hours) | 340,235 |
| Total Cost Burden ($77.55/hr. rate) | $26,385,224 |

**Price Reduction Modifications:**

1,035 price reduction modifications were completed in fiscal year 2018, with each modification requiring a notification from the contractor. In the FAS survey, FSS contracting officers estimated it took an average of 4.25 hours to complete a price reduction modification. GSA believes FSS contractors bear a similar burden for this task and is therefore using the same burden estimate.

|  |  |
| --- | --- |
| Total Annual Responses | 1,035 |
| Average Burden Hours per Response | 4.25 |
| Total Time Burden (Hours) | 4,399 |
| Total Cost Burden ($77.55/hr. rate) | $341,123 |

**GSA Office of Inspector General Audits**

The GSA Office of Inspector General (OIG) regularly audits GSA Schedule contracts for compliance with PRC and CSP requirements. The GSA OIG performed 48 contract audits in FY 2018.[[20]](#footnote-20) Survey responses included with public comments submitted for the 2012 renewal of this information collection noted contractors estimated spending approximately 440-470 hours preparing for audits involving the PRC. This burden still applied in 2018, so GSA is taking the median point of that range (455) and multiplying it by 48 audits, to reach the sum of 21,840 hours expended preparing for audits.

|  |  |
| --- | --- |
| Total Annual Responses | 48 |
| Average Burden Hours per Response | 455 |
| Total Time Burden (Hours) | 21,840 |
| Total Cost Burden ($77.55/hr. rate) | $1,052,033 |

**Total Estimated Annual Burden**

The total time burden in hours for respondents required to comply with FSS pricing disclosure requirements is as follows:

|  |  |  |
| --- | --- | --- |
| Total Estimated Annual Burden | Hours | Dollars ($) |
| Sales Reporting | 111,281 | $6,596,333 |
| Price Reductions Clause | 1,061,504 | $82,319,616 |
| Commercial Sales Practices Disclosures | 483,008 | $37,457,248 |
| GSA Office of Inspector General Audits | 21,840 | $1,693,692 |
| Total Annual Burden | 1,677,633 | $128,066,888 |

## 13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information.

There is no separate capital, operation, maintenance, or services costs incurred because of FSS pricing disclosures. See Section 12 for a calculation of the total cost associated with the hour burden of this collection.

## 14. Provide estimates of annualized costs to the Federal Government.

The Government burden estimate calculations are separated into four sections: Sales Reporting, Commercial Sales Practices, Price Reductions Clause, and GSA Office of Inspector General Audits.

**FAS Survey:**

For the CSP and PRC estimates, GSA is relying upon responses to an internal survey of FSS contracting officers in the FAS Office of Integrated Technology Services and the Office of General Supplies and Services in preparation for this information collection renewal in 2015. 77 respondents provided estimates regarding the amount of time it takes them to complete tasks associated with CSP disclosures and price reduction modifications for heavier lift (20 percent) and lighter lift (80 percent) contractors, following the Pareto principle described in Section 12 of this supporting statement. GSA believes the estimates derived from this survey still apply because the functions analyzed have not changed substantially since the survey was conducted.

The survey responses revealed a wide disparity between not only heavier lift and lighter lift contractors, but also within each component for these two populations. Therefore, statistical methods were used to account for outliers within the responses and provide a reliable average estimate for each component. The following averages were calculated using an interquartile mean, derived from an interquartile range (IQR) multiplied by 1.5.

**Cost Estimates:**

*Sales Reporting:* The duties required for these activities will generally be completed by mid-level personnel. For the purposes of establishing an hourly rate, GSA equates these duties to those of a GS-12, Step 5 employee, whose hourly rate in 2019 for the “Rest of U.S.” locality is $40.51 an hour.[[21]](#footnote-21) When factoring a 36.25 percent overhead rate for fringe benefits, the fully burdened rate is $55.19 an hour.[[22]](#footnote-22)

*CSP, PRC, and GSA OIG Audits:* GSA used the fully burdened hourly rate for a GS-13, Step 5 employee to calculate the Federal Government cost estimates for this information collection. The base pay rate in 2019 for the “Rest of U.S.” locality is $48.17 an hour. When factoring a 36.25 percent rate for fringe benefits, the fully burdened rate is $65.63 an hour.

**Sales Reporting**

These functions are performed by Industrial Operations Analysts (IOAs), who conduct compliance reviews and analyze the completeness and accuracy of reported data. IOAs are also responsible for reviewing reported data and data corrections, as necessary. IOAs reported spending 29,538 hours on applicable compliance reviews in fiscal year 2018. IOAs also processed 6,890 sales adjustments over that same time period, a task that is estimated to take 1 hour per adjustment. Therefore, the total estimated time burden for IOAs is 36,428 hours a year.

|  |  |
| --- | --- |
| Assessment Hours | 29,538 |
| Sales Adjustment Hours | 6,890 |
| Total Time Burden (Hours) | 36,428 |
| Total Cost Burden ($55.19/hr. rate) | $2,010,472 |

**Commercial Sales Practices**

GSA collects CSP disclosures for pre-award offers and prior to executing modifications for exercising a contract option period, adding items and Special Item Numbers, or increasing pricing under the Economic Price Adjustment clause (GSAR 552.216-70). Contracting officers conduct several tasks related to pre-award CSP disclosures, including, but not limited to, reviewing CSPs and other related documents; negotiating; preparing documents such as modifications/contracts and pre-negotiation memorandum; and processing documents through eOffer/eMod.

**Pre-Award CSP Disclosures:**

In fiscal year 2018, contractors submitted 2,503 offers for FSS contracts. The complexity of the related tasks varies with the type and number of offerings, the contractor’s business structure, and expected revenue, so these offers are separated between those with heavier lifts (20 percent or 501 offers) and those with lighter lifts (80 percent or 2,002 offers).

The estimated burden for contractors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 501 |
| Average Burden Hours per Response | 41.48 |
| Total Time Burden (Hours) | 20,766 |
| Total Cost Burden ($65.63/hr. rate) | $861,366 |

The estimated burden for contractors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 2,002 |
| Average Burden Hours per Response | 32.41 |
| Total Time Burden (Hours) | 64,901 |
| Total Cost Burden ($65.63/hr. rate) | $2,692,079 |

**Price Increase Modifications:**

2,459 price increase modifications were processed in fiscal year 2018. The time burden for these modifications varies with the type and number of items, so they are separated by those with heavier lifts (20 percent or 492 modifications) and those with lighter lifts (80 percent or 1,967 modifications).

The estimated burden for contractors with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 492 |
| Average Burden Hours per Response | 10.45 |
| Total Time Burden (Hours) | 5,139 |
| Total Cost Burden ($65.63/hr. rate) | $213,179 |

The estimated burden for contractors with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1,967 |
| Average Burden Hours per Response | 9.17 |
| Total Time Burden (Hours) | 18,039 |
| Total Cost Burden ($65.63/hr. rate) | $748,267 |

**Addition of Items and Special Item Numbers:**

In FY 2018, 6,374 modifications to add items and/or Special Item Numbers were processed. The time burden for these modifications varies with the type and number of offerings, so they are separated by those with heavier lifts (20 percent or 1,275 modifications) and those with lighter lifts (80 percent or 5,099 modifications):

The estimated burden for modifications with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1,275 |
| Average Burden Hours per Response | 11.13 |
| Total Time Burden (Hours) | 14,189 |
| Total Cost Burden ($65.63/hr. rate) | $588,540 |

The estimated burden for modifications with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 5,099 |
| Average Burden Hours per Response | 11.13 |
| Total Time Burden (Hours) | 54,306 |
| Total Cost Burden ($65.63/hr. rate) | $2,252,633 |

**Exercising Options:**

2,468 option modifications were processed in FY 2018. The time burden for these modifications varies with the type and number of offerings, business structure, and expected revenue, so they are separated by those with heavier lifts (20 percent or 494 modifications) and those with lighter lifts (80 percent or 1,974 modifications). While the associated tasks with processing CSP for an option are similar to that of a pre-award CSP, the option CSP requires less time because of familiarity and precedents created during the preceding contract period.

The estimated burden for options with heavier lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 494 |
| Average Burden Hours per Response | 26.14 |
| Total Time Burden (Hours) | 12,903 |
| Total Cost Burden ($65.63/hr. rate) | $535,204 |

The estimated burden for options with lighter lifts is as follows:

|  |  |
| --- | --- |
| Total Annual Responses | 1,974 |
| Average Burden Hours per Response | 22.32 |
| Total Time Burden (Hours) | 44,069 |
| Total Cost Burden ($65.63/hr. rate) | $1,827,966 |

**Price Reductions Clause**

FSS contracting officers processed 1,035 price reduction modifications in FY 2018. Each price reduction modification required the contracting officer to review the contractor’s pricing data, execute a modification, and document changes to the contract file. This function is not separated between heavier lift and lighter lift because the eMod system automates parts of the process:

|  |  |
| --- | --- |
| Total Annual Responses | 1,035 |
| Average Burden Hours per Response | 4.25 |
| Total Time Burden (Hours) | 4,399 |
| Total Cost Burden ($65.63/hr. rate) | $182,460 |

**GSA Office of Inspector General Audits**

The GSA Office of Inspector General (OIG) regularly audits GSA Schedule contracts for compliance with PRC and CSP requirements. The GSA OIG performed 48 contract audits in FY 2018.[[23]](#footnote-23) Survey responses included with public comments submitted for the 2012 renewal of this information collection noted contractors estimated spending approximately 440-470 hours preparing for audits involving the PRC. GSA believes this burden still applies in 2018 and estimates an equivalent effort is made by contractors and the GSA OIG for these audits. Thus, GSA took the median point of that range (455) and multiplied it by 48, to reach the sum of 21,840 hours expended conducting audits.

|  |  |
| --- | --- |
| Total Annual Responses | 48 |
| Average Burden Hours per Response | 455 |
| Total Time Burden (Hours) | 21,840 |
| Total Cost Burden ($51.43/hr. rate) | $1,052,033 |

**Total Estimated Annual Burden for the Federal Government**

The following is a summary of the total estimated annualized time and cost burden for the Federal Government associated with Federal Supply Schedule pricing disclosures.

|  |  |  |
| --- | --- | --- |
| Federal Government Burden Summary | Hours | Dollars ($) |
| Sales Reporting | 36,428 | $2,010,472 |
| Commercial Sales Practices | 234,311 | $15,378,232 |
| Price Reductions Clause | 4,399 | $288,697 |
| GSA Office of Inspector General Audits | 21,840 | $1,433,395 |
| Total Annual Burden | 290,153 | $19,110,796 |

## 15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14.

The burden estimates from the previous approval have been adjusted to include—

* The updated sales reporting estimates previously included under OMB control number 3090-0121, Industrial Funding Fee and Sales Reporting;
* Reflect actual participation in the Transactional Data Reporting pilot;
* Revised labor rates used to calculate cost estimates;
* Updated figures for the number of respondents and applicable actions; and
* Increases to the heavier lift burdens for PRC compliance systems, CSP pre-award disclosures and CSP option disclosures.

**Industrial Funding Fee and Sales Reporting**

The basic version of Industrial Funding Fee and Sales Reporting clause has traditionally been associated with OMB control number 3090-0121, which was last extended in June 2017. GSA determined this information should be consolidated with the FSS Pricing Disclosures information collection (OMB control number 3090-0235) because they apply to the same population within the GSA Schedules program.

The estimation methodology for the sales reporting calculations is the same as what was used for the 2017 renewal of OMB control number 3090-0121 except the sales categories were revised to align with those used for the Transactional Data Reporting information collection (OMB control number 3090-0306).

**Adjustments for Transactional Data Reporting Pilot**

GSA Schedule contracts included in the Transactional Data Reporting pilot no longer require traditional sales reporting or CSP and PRC disclosures, so they are not accounted for in this information collection; the separate reporting requirements for those contracts are covered by Information Collection 3090-0306.

The Transactional Data Reporting pilot had yet to launch when these burden estimates were previously calculated, so GSA based its estimates for the number of contracts that would participate on the total number of contracts included the Schedules and Special Item Numbers eligible for the pilot:

* The ratio of GSA Schedule contracts that would continue to require CSP and PRC disclosures was estimated to be 56.8%, which was based on the percentage of the program’s sales in fiscal year 2015 for contracts that would not be eligible to participate in the Transactional Data Reporting pilot.
* The ratio of GSA Schedule contracts slated to be included in the Transactional Data Reporting pilot was estimated to account for the remaining 43.2%.

Consequently, the 2016 burden estimates for the CSP and PRC were been reduced by 43.2%, while the burden for GSA Office of Inspector General Audits was reduced by the number of audits performed on contracts now included in the Transactional Data Reporting pilot.

However, pilot participation became optional in 2017 and the number of contracts that eventually joined the pilot was lower than anticipated in 2016. Of the 16,215 contracts that were active in FY 2018—

* 14,152 contracts, or 87.28% of the total, were required to provide CSP and PRC disclosures and report sales quarterly; and
* 2,063 contracts, or 12.72% of the total, participated in the Transactional Data Reporting pilot.

Accordingly, the revised participation figures resulted in significantly higher burden estimates for this information collection and lower burden estimates for the Transactional Data Reporting information collection (OMB control number 3090-0306).

**Revised Labor Rates**

The revised burden estimates for this information collection used different labor rates as the basis for both the public and Government cost estimates.

*Public Cost Estimates:* The previous burden estimates used a fully burdened labor rate of $68/hour. This included a $50/hour base rate, which was based on professional judgment, and 36% for fringe benefits, which was rounded down from the 36.25% fringe benefit factor included in OMB Circular A-76. The revised burden estimates attempt to align with the Department of Defense’s Regulatory Cost Analysis Tool (RCAT), which was developed to prepare economic analyses in compliance with Executive Order 13771 and uses various Government labor category rates as the basis for cost estimates. GSA determined—

* The GS-14, Step 5 labor rate from the RCAT ($77.55/hour) was the most appropriate for the tasks performed by contractors to comply with CSP and PRC disclosure requirements and perform the initial setup for sales reporting systems.
* The GS-12, Step 5 labor rate from the RCAT ($55.19/hour) was the most appropriate for the tasks performed by contractors for quarterly sales reporting.

*Government Cost Estimates:* The previous burden estimates used basic hourly rates for GS-12, Step 5 employees in the Washington, DC pay locality as the basis for all Government cost estimates except for GSA OIG audits, which used the basic hourly rate for a GS-14, Step 1 employee in the Washington, DC pay locality. However, GSA is now using rates from DOD’s RCAT and believes a GS-12, Step 5 rate is appropriate for sales reporting and a GS-13, Step 5 rate is appropriate for all other functions. Additionally, the revised burden estimates account for fringe benefit costs (36.25%), which were not included in the previous cost estimates.

**Increased Heavier Lift Burdens**

GSA increased some of its heavier lift burden estimates in response to public comments received in 2019. Previously, the heavier lift calculations for PRC compliance systems and CSP pre-award and options disclosures were generally 15% to 86% higher than the lighter lift estimates for those functions. However, GSA now believes the disparity between a lighter lift and a heavier lift is greater than previously estimated and projects the heavier lift burden for those activities is 5 times greater than the lighter lift estimates. This change increases the annual information collection burden estimate by approximately $33 million.

## 16. For collections of information whose results will be published, outline plans for tabulation and publication.

Results will not be tabulated or published. Data collected will be used for internal administration of contracts.

## 17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

GSA is not seeking such approval for this collection.

## 18. Explain each exception to the certification statement identified in Item 19, “Certification for Paperwork Reduction Act Submissions”.

None.

# B. Collections of Information Employing Statistical Methods

Statistical methods are not used in this information collection.

1. The IFF for Schedule 599, Special Item Number 599-2 is $1.50 per transaction. [↑](#footnote-ref-1)
2. This clause was formerly found at GSAR 552.238-74 but was amended to GSAR 552.238-80 per GSAR case 2016-G502, effective May 23, 2019. See 84 FR 17030 from April 23, 2019. [↑](#footnote-ref-2)
3. The basic version of the Industrial Funding Fee and Sales Reporting clause (formerly clause 552.238-74 and now 552.238-80) has traditionally been associated with OMB control number 3090-0121, which was last extended in June 2017. GSA determined this information should be consolidated with the FSS Pricing Disclosures information collection (OMB control number 3090-0235) because they apply to the same population within the GSA Schedules program. [↑](#footnote-ref-3)
4. This clause was formerly found at GSAR 552.238-75 but was amended to GSAR 552.238-81 per GSAR case 2016-G502, effective May 23, 2019. See 84 FR 17030 from April 23, 2019. [↑](#footnote-ref-4)
5. FSS solicitations with Transactional Data Reporting requirements use Alternate I of GSAR clause 552.238-80 and do not require CSP disclosures. [↑](#footnote-ref-5)
6. Alternate II of the Price Reductions clause does not require the identification of a basis of award customer and does not require the price reduction notifications required per 552.238-81(c)(1). [↑](#footnote-ref-6)
7. The FSS Contract Sales Criteria clause requires contractors to have at least $25,000 in sales over the first two years of a contract and then $25,000/year in sales for each year thereafter. Contractors that have not satisfied the minimum sales requirement are subject to cancellation in accordance with GSAR clause 552.238-79 Cancellation. [↑](#footnote-ref-7)
8. There were a total of 16,215 FSS contracts in FY 2018, 2,063 of which participated in the Transactional Data Reporting pilot and 14,152 that did not. The estimated burden for this information collection, which applied to the 14,152 contracts not participating in the Transactional Data Reporting pilot, is estimated to be $94.2 million. This equates to a per-contract burden of $6,662/year. The estimated burden for the Transactional Data Reporting information collection is $9.2 million/year for the 2,063 contracts participating in the FSS pilot; this equates to a per-contract the burden of $4,483/year. The estimated $30.8 million/year burden reduction is calculated by taking the updated 3090-0235 burden estimate ($94.2 million/year) and subtracting the product of the number of contracts included in 3090-0235 multiplied by the average per-contract burden of Transactional Data Reporting (14,152 contracts x $4,483), which equals $63.4 million/year ($94.2M - $63.4M = $30.8M). More information about the Transactional Data Reporting burden can be found under Information Collection 3090-0306 at [http://www.reginfo.gov/public](http://www.reginfo.gov/pubic) by searching “ICR” for “3090-0306”. [↑](#footnote-ref-8)
9. GSAR clause 552.238-80 Alternate I [↑](#footnote-ref-9)
10. *See* the Bureau of Labor Statistics Occupational Employment and Wages for Compliance Officers, *available at* <https://www.bls.gov/oes/current/oes131041.htm> [↑](#footnote-ref-10)
11. 36.25% overhead rate was used in reference to Office of Management and Budget (OMB) Circular No. A-76. Circular A-76 requires agencies to use standard cost factors to estimate certain costs of Government performance. These cost factors ensure that specific government costs are calculated in a standard and consistent manner to reasonably reflect the cost of performing commercial activities with government personnel. [↑](#footnote-ref-11)
12. Some contractors hold multiple contracts and may have contracts participating in the Transactional Data Reporting pilot and other contracts that are subject to CSP and PRC disclosure requirements. [↑](#footnote-ref-12)
13. General Schedule (GS) labor rates may be viewed on the Office of Personnel Management (OPM) under Pay & Leave: Salaries and Wages, SALARY TABLE 2019-RUS at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/19Tables/html/RUS\_h.aspx [↑](#footnote-ref-13)
14. 36.25% overhead rate was used in reference to Office of Management and Budget (OMB) Circular No. A-76. Circular A-76 requires agencies to use standard cost factors to estimate certain costs of Government performance. These cost factors ensure that specific government costs are calculated in a standard and consistent manner to reasonably reflect the cost of performing commercial activities with government personnel. [↑](#footnote-ref-14)
15. https://72a.gsa.gov [↑](#footnote-ref-15)
16. 2,430 equals 20% of the 12,151 contractors subject to PRC disclosures in fiscal year 2018. [↑](#footnote-ref-16)
17. 9,721 equals 80% of the 12,151 contractors subject to PRC disclosures in fiscal year 2018. [↑](#footnote-ref-17)
18. 2,430 equals 20% of the 12,151 contractors subject to PRC disclosures in fiscal year 2018. [↑](#footnote-ref-18)
19. 9,721 equals 80% of the 12,151 contractors subject to PRC disclosures in fiscal year 2018. [↑](#footnote-ref-19)
20. The GSA OIG’s audit findings are outlined in their Semiannual Reports to the Congress. The report covering October 1, 2017 to March 31, 2018 stated the OIG performed 21 contract audits and the report covering April 1, 2018 to September 30, 2018 stated the GSA OIG performed 27 contract audits. [↑](#footnote-ref-20)
21. General Schedule (GS) labor rates may be viewed on the Office of Personnel Management (OPM) under Pay & Leave: Salaries and Wages, SALARY TABLE 2019-RUS at https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/19Tables/html/RUS\_h.aspx [↑](#footnote-ref-21)
22. 36.25% overhead rate was used in reference to Office of Management and Budget (OMB) Circular No. A-76. Circular A-76 requires agencies to use standard cost factors to estimate certain costs of Government performance. These cost factors ensure that specific Government costs are calculated in a standard and consistent manner to reasonably reflect the cost of performing commercial activities with Government personnel. [↑](#footnote-ref-22)
23. The GSA OIG’s audit findings are outlined in their Semiannual Reports to the Congress. The report covering October 1, 2017 to March 31, 2018 stated the OIG performed 21 contract audits and the report covering April 1, 2018 to September 30, 2018 stated the GSA OIG performed 27 contract audits. [↑](#footnote-ref-23)