

**SUPPORTING STATEMENT
FOR INFORMATION COLLECTION SUBMISSION
9000-0074, CONTRACT FUNDING LIMITATION OF COSTS/FUNDS**

1. Administrative requirements. In accordance with Federal Acquisition Regulation (FAR) 52.232-20 and 52.232-22, firms performing under Federal cost-reimbursement contracts are required to notify the contracting officer in writing whenever they have reason to believe that—

- The costs the contractors expect to incur under the contract in the next 60 days, when added to all costs previously incurred, will exceed 75 percent of the estimated cost of the contracts; or
- (b) The total cost for the performance of the contracts will be greater or substantially less than estimated.

As a part of the notification, the contractor must provide a revised estimate of total cost. In order to comply with this requirement, the contractor must: (a) monitor and predict prospective costs under the contract, (b) analyze whether those costs will cause the total cost of the contract to exceed a defined threshold, (c) predict the total cost of performance over the life of the contract, and (d) notify the contracting officer. The accounting, analysis, and prediction functions are part of the contractor's business processes. The only additional burden (unique to Government contracting) is that of notifying the contracting officer.

2. Uses of information. The information is used to avoid cost overruns and to ensure that funding is available to complete work under Federal contracts.

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 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. The information is necessary to avoid cost overruns and to assure that money is available to complete work under Federal contracts. Collection of information on a basis other than contract-by-contract 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 was published in the Federal Register at 84 FR 29208 on June 21, 2019. No public comments were received. A 30-day notice published in the Federal Register at 84 FR 46012 on September 3, 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, current regulations, and, and statutory requirements.

11. Additional justification for questions of a sensitive nature. No sensitive questions are involved.

12 & 13. Estimated total annual public hours and cost burden. The estimated number of respondents per year is based on the total number of Government contracts awarded in fiscal year 2018 for cost-reimbursement contracts. Contracts for acquisitions under the micro-purchase threshold and commercial items are excluded from the estimated projections. FAR part 32.706-2 prescribes use of clauses 52.232-20 and 52.232-22 for noncommercial purchases, not FAR part 12 commercial item acquisitions.

For fiscal year 2018, there were a total of 11,470 such contracts awarded to 1,928 unique awardees. As a result, the number of estimated respondents is 1,928.

<u>Annual Reporting Burden</u>	
Estimated number of respondents per year	1,928

Estimated number of responses per respondent*	<u>x 6</u>
Total annual responses	11,568
Estimated preparation time per response (hours)**	<u>x 0.33</u>
Total burden hours	3,817
Estimated wages and overhead***	<u>x \$55</u>
Total estimated cost to public	\$209,935

* Responses per respondent is based on the average contractor will have to notify the Government 6 times per year and having multiple contracts with the Government. Some cost-reimbursement contracts will not invoke the responses required by the two clauses, while others will require more than one response per year.

** Average Time of 20 minutes per response is required to assemble and prepare responses. The figure is a weighted average with an estimated time of 15 minutes for simple contracts, 20 minutes for average contracts, and 25 minutes for more complex contracts. This weighted average assumes an equal mix of simple, average, and complex contracts.

*** Based on a GS-12, Step 5 or \$40.51/hour (from the OPM GS Salary Table 2019-RUS), added overhead at 36.25 percent, and rounded to the nearest whole dollar, or \$55/hour.

14. Estimated cost to the Government.

	<u>Annual Reviewing Burden</u>	
Total Annual Responses		11,568
Review time per response (hours)*	<u>x 0.5</u>	
Total burden Hours		5,784
Average wages and overhead**	<u>x \$55</u>	
Total estimated annual cost to the Government		\$318,120

* Time required for Government review is estimated at 30 minutes. The figure is a weighted average with an estimated review time of 20 minutes for simple contracts, 30 minutes for average contracts, and 40 minutes for more complex contracts. This weighted average assumes an equal mix of simple, average, and complex contracts.

** Based on a GS-12, Step 5 or \$40.51/hour (from the OPM GS Salary Table 2019-RUS), added overhead at 36.25 percent, and rounded to the nearest whole dollar, or \$55/hour.

15. Explain reasons for program changes or adjustments reported in Item 13 or 14. The information collection requirements remain unchanged. However, the total annual public burden decreased by 36,902 hours due to a decrease in the number of respondents per year based on contracting data from the latest fiscal year. The number of responses per respondent increased to account for

respondents having multiple contracts with the Government based on the latest contracting data. In addition, the estimated costs to the public were adjusted based on an update to the wage rates for the personnel preparing or submitting the information.

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.