

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
OMB CONTROL NO. 9000-0138
CONTRACT FINANCING**

FAR sections affected: 52.232-28; 52.232-29; 52.232-30; 52.232-31; and 52.232-32

A. Justification.

1. Administrative requirements. This clearance covers the information that offerors and contractors must submit to comply with the following Federal Acquisition Regulation (FAR) requirements:

- ***FAR 52.232-28, Invitation to Propose Performance-Based Payments.*** This provision requires an offeror, when invited to propose terms under which the Government will make performance-based contract financing payments during contract performance, to include the following:
 - (1) The proposed contractual language describing the performance-based payments; and
 - (2) A listing of—
 - (i) The projected performance-based payment dates and the projected payment amounts; and
 - (ii) The projected delivery date and the projected payment amount.
 - (3) Information addressing the contractor's investment in the contract.
- ***FAR 52.232-29, Terms for Financing of Purchases of Commercial Items.***
- ***FAR 52.232-30, Installment Payments for Commercial Items.***

These clauses require contractors, under commercial purchases pursuant to FAR part 12, to include with their payment requests an appropriately itemized statement of the financing payments requested and other supporting information, prepared in concert with the contracting officer.
- ***FAR 52.232-31, Invitation to Propose Financing Terms.*** This provision requires an offeror, when invited to propose terms under which the Government will make contract financing payments during contract performance under commercial purchases pursuant to FAR part 12, to include the following:

- (1) The proposed contractual language describing the contract financing; and
- (2) A listing of the earliest date and greatest amount at which each contract financing payment may be payable and the amount of each delivery payment.

- **FAR 52.232-32, Performance-Based Payments.** This clause requires the contractor's request for performance-based payment to include any information and documentation as required by the contract's description of the basis for payment; and a certification by a contractor official authorized to bind the contractor.

2. Uses of information. The contracting officer uses the information to review and approve contract financing requests, and establish and administer contract financing terms.

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. These requirements are 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. Collection of information on a basis other than solicitation-by-solicitation or 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 persons outside the agency.

- A. A 60-day notice was published in the *Federal Register* at 85 FR 58058 on September 17, 2020. No comments were received.

B. A 30-day notice was published in the *Federal Register* at 85 FR 74722, on November 25, 2020.

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 statutory requirements.

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

12 & 13. Estimated total annual public hour and cost burden.

The data element "Contract Financing" in the Federal Procurement Data System (FPDS) means the type of financing used to effect payment (e.g., commercial financing, performance-based payments). This data element is mandatory only for DoD, and as such DoD may use it to estimate their burden under this OMB control number.

The data element "Contract Financing" is not mandatory for civilian agencies. Therefore, it is not possible to ascertain how many awards truly involve contract financing for awards made by civilian agencies. Accordingly, Fiscal year 2019 FPDS data was used to estimate the burden as described below:

Commercial Financing

- ***FAR 52.232-29, Terms for Financing of Purchases of Commercial Items.***
- ***FAR 52.232-30, Installment Payments for Commercial Items.***
- ***FAR 52.232-31, Invitation to Propose Financing Terms.***

The number of new contracts (including task and delivery orders) using FAR part 12 commercial item procedures, valued over the simplified acquisition threshold (SAT) of \$250,000, awarded by GSA, amounted to 7,031 – 3,377 to small businesses, and 3,654 to other than small businesses. After consultation with subject matter experts, it was estimated that less than 1% of these contracts involve contract financing. Accordingly, the number of respondents is estimated at 70 (1% of 7,031). Also, the number of annual responses per respondent is estimated to be 5, and the time required for reading and preparing information is estimated at 2 hours per request.

General Services Administration

Estimated respondents/yr.....	70
Responses per respondent (approximately).....x	<u>5</u>
Total annual responses.....	350
Estimated hrs/response.....x	<u>2</u>
Estimated total burden hrs.....	700
Hourly rate*.....x	<u>\$57</u>
Estimated cost to the public.....	\$ 39,900

Performance-Based Payments

- ***FAR 52.232-28, Invitation to Propose Performance-Based Payments.***
- ***FAR 52.232-32, Performance-Based Payments.***

The number of new negotiated fixed-price contracts (including task and delivery orders) for which commercial item procedures were not used, awarded by GSA, valued over the SAT for small businesses 129 and none over \$2.5M for other than small businesses, amounted to 129. After consultation with subject matter experts, it was estimated that approximately 10% of these contracts may involve performance-based payments. Accordingly, the number of respondents is estimated at 13 (10% of 129). Contracts for architect-engineer services or construction, or for shipbuilding or ship conversion, alteration, or repair, were not accounted for because it is highly likely these contracts would provide for progress payments based upon a percentage or stage of completion instead of performance-based payments. Also, the number of annual responses per respondent is estimated to be 12, and the time required for reading and preparing information is estimated at 2 hours per request.

General Services Administration

Estimated respondents/yr.....	13
Responses per respondent (approximately).....x	<u>12</u>
Total annual responses.....	156
Estimated hrs/response.....x	<u>2</u>
Estimated total burden hrs.....	312
Hourly rate*.....x	<u>\$57</u>
Estimated cost to the public.....	\$ 17,784

Summary - Annual Public Burden and Cost

General Services Administration

Estimated respondents/yr.....	83
Responses per respondent (approximately).....	<u>x 6.09</u>
Total annual responses.....	506
Estimated hrs/response.....	<u>x 2</u>
Estimated total burden hrs.....	1,012
Hourly rate*.....	<u>x \$57</u>
Estimated cost to the public.....	\$ 57,684

* Based on the OPM GS-12/step 5 salary (\$41.66 an hour) plus 36.25% fringe and overhead burden rate, the one mandated by OMB memorandum M-08-13 for use in public-private competition, rounded to the nearest dollar, or \$57 an hour. Reference Salary Table 2020-RUS, Effective January 2020, found at www.opm.gov.

14. Estimated cost to the Government. Time required for Government-wide review is estimated at 2 hours per response.

General Services Administration

Total annual responses.....	506
Review time per response (hours).....	<u>x 2</u>
Review time per year (hours).....	1,012
Hourly rate*.....	<u>x \$57</u>
Estimated Government Cost	\$ 57,684

15. Explain reasons for program changes or adjustments reported in Item 13 or 14. The decrease in the number of responses from 11,000 to 506 and the associated decrease in estimated burden hours from 22,000 to 1,012 are because the reported burden-

a) Accounts only for GSA. This information collection is being converted into a common form. GSA is the sponsor agency of this common form. All executive agencies covered by the FAR will use this common form, and report their agency burden separately;

b) Was adjusted using the most current data available; and

c) Is based on a methodology that better reflects the FAR policy on using contract financing payments for commercial contracts(per FAR 32.202-1(b)), and performance-based contract financing payments for other than commercial contracts (per FAR 32.104(d), 32.1000, 32.1001(e), and 32.1003(b)).

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.