

SUPPORTING STATEMENT
Defense Federal Acquisition Regulation Supplement (DFARS) Subpart 204.17,
Service Contracts Inventory and Associated Clause (OMB Control No. 0704-0519)

A. JUSTIFICATION

1. Need For the Information Collection

10 U.S.C. 2330a, as amended by section 812 of National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017, requires the Department of Defense (DoD) to establish a data collection system to provide certain management information with regard to each purchase of services by a Military Department or Agency that is in excess of \$3 million for services in the following service acquisition portfolio groups: logistics management services, equipment-related services, knowledge-based services, and electronics and communications services. See DFARS Case 2018-D063, Data Collection and Inventory for Services Contracts.

This information collection covers the burden hours related to the requirement at DFARS subpart 204.17, Service Contracts Inventory, and its associated clause, 252.204-70XX, Reporting Requirements for Contracted Services. The new basic DFARS clause 252.204-70XX and an alternate I clause have been created to advise applicable contractors of the requirements for reporting data in the System for Award Management (SAM). The basic clause is used in solicitations and contracts, except solicitations and resultant awards of indefinite-delivery contracts, and task orders placed under a non-DoD contract. The alternate I clause is used in solicitations and resultant awards of indefinite-delivery contracts, basic ordering agreements, and blanket purchase agreements that meet the service contract reporting thresholds and criteria.

The basic clause and its alternate I require a contractor to report annually, in SAM, on the services performed under the contract or order, during the preceding Government fiscal year. Specifically, the contractor is required to report: the total dollar amount invoiced for services performed during the preceding fiscal year, and the number of direct labor hours, including subcontractor hours (when applicable), expended on services performed during the previous Government fiscal year.

2. Use of the Information

The information collection will provide DoD with the ability to identify and report annually to Congress, in accordance with 10 U.S.C. 2330a, on the inventory of contractor service contract actions. As an adjunct, the information will support DoD's total force management and in making strategic workforce planning and budget decisions pursuant to 10 U.S.C. 129a.

3. Use of Information Technology

Information technology is used to collect the covered information to the maximum extent

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(100%). DoD uses the Federal Procurement Data System (FPDS), an existing source of contract information for the Federal Government, to provide a majority of the information required by 10 U.S.C. 2330a. The data that is not available in FPDS is entered by the contractor in SAM, which is an information system used Governmentwide to collect contractor information and also used to gather service contract data for the rest of the Federal Government under a similar, but not identical, statute (approved under OMB Control Number 9000-0097, Federal Acquisition Regulation Part 4 Requirements).

4. Non-duplication

As a matter of policy, DoD reviews the Federal Acquisition Regulation (FAR) to determine if adequate language already exists. This request for information applies solely to DoD, in accordance with the requirements of 10 U.S.C. 2330a.

5. Burden on Small Business

The burden applied to small businesses is the minimum consistent with applicable laws, Executive Orders, regulations, and prudent business practices. The information collection requirement has been narrowly tailored to maximize the use of existing records already maintained by contractors and by the Government. To further minimize the impact, DoD is adopting the existing system and process used by the rest of the Government to obtain the requisite information from contractors, which maintains a familiar and consistent reporting requirement for contractors. The information is collected electronically once a year; help-desk support and user guides are available for SAM; and reporting requirements will be limited to a small number of data elements to facilitate ease of reporting and minimize contractor burden. In addition, the NDAA for FY 2017 limits the application of the data reporting to contracts and orders that exceed a specified dollar threshold and are predominately for specific services.

6. Less Frequent Collection

Without collecting this information on an annual basis, DoD will be unable to ensure proper reporting of contract data to permit compliance with the statutory annual reporting requirements contained in 10 U.S.C. 2330a, as amended.

7. Paperwork Reduction Act Guidelines

There are no special circumstances that require the collection to be conducted in a manner that is inconsistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Consultation and Public comments

a. For the purpose of calculating respondent burden, DoD subject matter experts associated with service contract policy were consulted regarding this information collection.

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b. This information collection is consistent with the guidelines in 5 CFR 1320.6. In accordance with 5 CFR 1320.8(d), public comments were solicited in the *Federal Register* on June 5, 2020 (85 FR 34575) in proposed rule 2018-D063. No public comments were received in response to the information collection requirement.

c. A notice of submission to OMB for clearance of this information collection was published in the *Federal Register* on December 29, 2020 (85 FR 85604).

9. Gifts or Payment

No payment or gift will be provided to respondents under this information requirement.

10. Confidentiality

This information is disclosed only to the extent consistent with statutory requirements, current regulations, and prudent business practices. The collection of information does not include and personally identifiable information; therefore, no Privacy Impact Assessment or Privacy Act System of Records Notice is required.

11. Sensitive questions

No sensitive questions are involved.

12. Respondent Burden and its Labor Costs

Estimation of Respondent Burden

The estimated burden hours of the information collection and the estimated annualized cost to the public are based on information obtained from FPDS for FY 2016 through FY 2018 for DoD applicable awards and estimates of responses and processing times by contracting professionals familiar with the service acquisition reporting process.

Existing information technology is used to collect the covered information to the maximum extent practicable. For example, DoD uses FPDS, an existing source of contract information for the Federal Government, to provide a majority of the information required by 10 U.S.C. 2330a. The data that is not available in FPDS is entered by the contractor in SAM. The clause at DFARS 252.204-70XX and its alternate I require contractors to report in SAM on an annual basis a DoD contract or task order that is valued in excess of \$3 million and is for one of the following acquisition portfolio groups: logistics management services, equipment-related services, knowledge-based services, and electronics and communications services. When applicable, contractors will be required to report annually the total dollar amount invoiced for and the total number of direct labor hours expended on services performed under the contract or

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task order during the preceding fiscal year. The total number of direct labor hours and dollars reported to SAM are the total of both the contractor and its subcontractors' hours and dollars.

The new basic DFARS clause and the alternate I clause advise applicable contractors of the requirements for reporting data in SAM. When awarded a contract or task order placed under a non-DoD contract, DFARS subpart 204.17 requires use of the basic clause to notify contractors of the requirement to report in SAM on the effort performed under the award. When awarded an indefinite-delivery contract under which orders will be placed that may meet the thresholds and criteria for service contract reporting, subpart 204.17 requires use of the alternate I clause to notify contractors of the requirement to report in SAM on the effort performed for a task order issued under the contract that meets the service contract reporting thresholds and criteria.

The notes below summarize the analysis and assumptions involved in estimating the information collection requirements. The estimated annual cost to the public is as follows:

Estimation of Respondent Burden Hours:	
Number of respondents (See Note (1))	1,934
Responses per respondent	2.267
Number of responses (See Note (1))	4,384
Hours per response (See Note (2))	2
Estimated hours (number of responses multiplied hours per response)	8,768
Cost per hour (hourly wage) (See Note (3))	\$83.32
Cost per response	\$166.64
Annual public burden (estimated hours multiplied by cost per hour)	\$730,550 (rounded)

Notes:

- (1) *Number of respondents/responses* – The number of respondents and responses is based on FPDS data for FY 2016 through FY 2018 that shows the average number of contracts and orders awarded annually by DoD that have a value exceeding \$3M and that are for services in one of the four service acquisition portfolios (as identified by Product Service Code in OUSD(AT&L) DPAP memorandum, “Taxonomy for the Acquisition of Services and Supplies & Equipment,” dated August 27, 2012). DoD awards approximately 4,386 contracts to 1,934 unique contractors each year that would meet the reporting criteria.
- (2) *Hours per response* – Contractors are required to report annually for each contract or order that is subject to the reporting requirements of 10 U.S.C. 2330a. DoD subject matter experts estimate that it takes approximately 2 hours for a Journeyman-level contractor employee to submit a report.

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- (3) *Cost per Hour* - Hourly wage was developed based on the 2020 salary table for GS12/Step 5 salary from the OPM General Schedule for Rest of the United States of \$41.66, and includes an overhead rate of 100%.

13. Respondent Costs Other Than Burden Hour Costs

DoD does not estimate any annual cost burden for respondents other than the burden hours reported in item 12.

14. Cost to the Federal Government

The following labor estimates are based on annually reviewing contractor-provided service contract data in SAM and ensuring contractor reporting compliance.

Estimation of Government Burden Hours:	
Number of respondents (See Note (1))	4,386
Responses per respondent	1
Number of responses(See Note (1))	4,386
Hours per response	1.5
Estimated hours (number of responses multiplied hours per response)	6,579
Cost per hour (hourly wage) (See Note (2))	\$83.32
Annual Government burden (estimated hours multiplied by cost per hour)	\$548,162

Notes:

- (1) *Number of respondents/responses* – This number is based on the average of FPDS data for FY 2016 through FY 2018, as described in Note 1 and 2 of Paragraph 12 above.
 (2) *Cost per Hour* – See Note 3 in Paragraph 12 above.

15. Reasons for Change in Burden

DoD previously submitted a request to OMB for an information collection associated with the proposed rule for DFARS Case 2012-D051, Service Contract Reporting. Since the publication of that proposed rule on June 5, 2014 (79 FR 32522), section 812 of the National Defense Authorization Act for FY 2017 revised the statutory requirements for reporting on services contracts to require reporting on fewer contracts. Therefore, the burden is lower than the estimate previously submitted.

16. Publication of Results

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Results of this information collection will not be tabulated or published.

17. Non-Display of OMB Expiration Date

DoD is not requesting approval to omit display of the expiration date of OMB approval on the instrument of collection.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

There are no exceptions to the certification accompanying the Paperwork Reduction Act submission.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Statistical methods are not used in this information collection.

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