

## SUPPORTING STATEMENT

### Defense Federal Acquisition Regulation Supplement (DFARS) Part 249, Termination of Contracts, and a Related Clause at DFARS 252.249-7002, Notification of Anticipated Contract Termination or Reduction; OMB Control Number 0704-0533

#### Summary of Changes from Previously Approved Collection

- Increase in estimated cost results from using hourly labor rates for fiscal year 2021. There is no change in the number of respondents, responses, or hours.

#### A. JUSTIFICATION

##### 1. Need for the Information Collection

This statement supports a request for renewal of a currently approved collection under OMB Control Number 0704-0533, Defense Federal Acquisition Regulation Supplement (DFARS) Part 249, Termination of Contracts, and a Related Clause at DFARS 252.249-7002, Notification of Anticipated Contract Termination or Reduction. This clause is prescribed at DFARS 249.7004 for inclusion in all contracts under a major defense program. In accordance with section 1372 of the National Defense Authorization Act for Fiscal Year (FY) 1994 (Pub. L. 103-160) and section 824 of the National Defense Authorization Act for FY 1997 (Pub. L. 104-201), this clause requires contractors, within 60 days after receipt of notice from the contracting officer of an anticipated termination or substantial reduction of a contract, to provide notice of the anticipated termination or substantial reduction to first-tier subcontractors with a subcontract of \$700,000 or more. The clause also requires flowdown to lower-tier subcontractors with a subcontract of \$150,000 or more.

##### 2. Use of the Information

The data helps establish benefit eligibility under the Workforce Innovation and Opportunity Act (29 U.S.C. Chapter 32) for employees of DoD contractors and subcontractors adversely affected by contract termination or substantial reductions under major defense programs.

##### 3. Use of Information Technology

Information technology is used approximately 100% of the time to reduce burden.

##### 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 and does not duplicate any other requirement. Similar information is not already available to the Government.

5. Burden on Small Business

The burden applied to small business is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.

6. Less Frequent Collection

Every attempt has been made to keep the frequency of collection to a minimum. However, in order to meet the requirements of the statute and fulfill the objectives of providing the information, contractors are required to provide timely notification to subcontractors, upon receipt of notification from the contracting officer.

7. Paperwork Reduction Act Guidelines

There are no special circumstances for collection. Collection of this information is consistent with the guidelines at 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

a. This information collection is consistent with the guidelines in 5 CFR 1320.6. Public comments were solicited in the *Federal Register* on March 19, 2021, at [86 FR 14886](#). No comments were received in response to this notice.

b. Subject matter experts were consulted regarding the renewal of this information collection.

c. A notice of submission to OMB for clearance of this information collection was published in the *Federal Register* on **June 3, 2021**, [29758 FR 86](#) HYPERLINK "<https://www.govinfo.gov/content/pkg/FR-2021-06-03/pdf/2021-11623.pdf>" .

9. Gifts or Payment

DoD will not provide a payment or gift to respondents under this information collection requirement, other than remuneration of contractors under their contracts.

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 any 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 in the information collection.

12. Respondent Burden and its Labor Costs

The estimated costs are based on the advice of senior DoD Program Acquisition officials, who estimate that such notification of the termination or substantial reduction in a major defense program does not occur, on average, more than once or twice per year. DoD estimates that a contractor under a major defense program may have an average of 50 subcontractors with subcontracts that are \$700,000 or more. Of those first-tier subcontractors, DoD estimates that 80 percent of them will have an average of 4 lower-tier subcontractors with subcontracts that are \$150,000 or more. DoD estimates it takes 2 hours for the first notification and 0.5 hour per each additional notification.

2 prime contractors x 2 hours per initial notification = 4 hours

2 prime contractors x 49 additional notifications x 0.5 = 49 hours

40 subcontractors x 2 hours per initial notification = 80 hours

40 subcontractors x 3 additional notifications x 0.5 = 60 hours

Totals: 42 respondents and 260 notifications = 193 hours

Estimation of Respondent Burden Hours: DFARS 252.249-7002	
Number of respondents	42
Responses per respondent	6.19
Number of responses	260
Hours per response	0.74
Estimated hours	193
Cost per hour (hourly wage)	\$68
Cost per response	\$50.48
Annual public burden	\$13,124

Notes:

The fully burdened rate of \$68.00 was developed using the Office of Personnel Management (OPM) 2021 basic hourly salary (for the rest of U.S. locality) of \$50.04 for a General Schedule (GS) 13, step 5, employee, plus a burden of 36.25 percent (per OMB Memo M-08-13), which equals \$68.18. This rate was rounded to \$68.00.

13. Respondent Costs Other Than Burden Hour Costs

There are no annualized costs to respondents for this information collection other than the labor burden costs addressed in Section 12.

14. Cost to the Government

DFARS 252.249-7002 requires prime contractors to submit the requested information directly to the subcontractors. Since the Government does not review or participate in any manner in the transaction, there is no Government burden associated with this requirement.

15. Reasons for Change in Burden

There is no change to the information collection requirements covered under OMB Control Number 0704-0533 from the prior renewal. The change in estimated cost results from using the current OPM GS hourly labor rates for fiscal year 2021 to calculate the cost per hour.

16. Publication of Results

Results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

DoD does not seek approval not to display the expiration date for OMB approval of the information collection.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

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