

## SUPPORTING STATEMENT

### Defense Federal Acquisition Regulation Supplement (DFARS) Part 217, Special Contracting Methods, and Related Provision and Clause in 252.217; OMB Control Number 0704-0214

#### Summary of Changes from Previously Approved Collection

- Increase in dollar value of burden due to an increase in the Office of Personnel Management basic hourly rates for 2020. There are no other changes in the burden.

#### A. JUSTIFICATION

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

This justification supports a request for renewal of a currently approved collection under OMB Control Number 0704-0214 for DFARS Part 217, Special Contracting Methods, and Related Provision and Clauses at DFARS 252.217. DFARS part 217 and 252.217 contain the following information collection requirements:

a. DFARS 217.70, Exchange of Personal Property—Paragraph (a) of section 217-7004 requires that solicitations that contemplate exchange (trade-in) of personal property and application of the exchange allowance to the acquisition of similar property (see 40 U.S.C. 481), shall include a request for offerors to state prices for the new items being acquired both with and without any exchange (trade-in allowance).

b. DFARS 217.74, Undefined Contract Actions—Paragraph (b) of section 217.7404-3 requires contractors to submit a “qualifying proposal” in accordance with the definitization schedule provided in the contract. A qualifying proposal is defined in DFARS 217.7401 as a proposal containing sufficient information for DoD to perform complete and meaningful analyses and audits of the information in the proposal.

c. DFARS 217.75, Acquisition of Replenishment Parts—Paragraph (d) of section 217.7505 permits contracting officers to include, in sole-source solicitations that include acquisition of replenishment parts, a provision requiring that the offeror supply, with its proposal, price and quantity data on any Government orders for the replenishment part issued within the most recent 12 months (see 10 U.S.C. 2452 note, Spare Parts and Replacement Equipment, Publication of Regulations).

d. DFARS 252.217-7012, Liability and Insurance—Paragraph (d)(3) of this clause requires the contractor, upon request of the contracting officer, to show evidence of casualty, accident, and liability insurance under a master agreement for vessel repair and alteration.

e. DFARS 252.217-7012—Paragraphs (f) and (g) of the clause require the contractor to notify the contracting officer of any property loss or damage for which the Government is liable and to submit to the contracting officer a request, with supporting documentation, for reimbursement of the cost of replacement or repair.

f. DFARS 252.217-7026, Identification of Sources of Supply—This provision requires the apparently successful offeror to identify its sources of supply. The Government is required under 10 U.S.C. 2384 to obtain certain information on the actual manufacturer or sources of supplies it acquires.

g. DFARS 252.217-7028, Over and Above Work—Paragraphs (c) and (e) of this clause require the contractor to submit to the contracting officer a work request and proposal for “over and above work,” or work discovered during the course of performing overhaul, maintenance, and repair efforts that is within the general scope of the contract, not covered by the line item(s) for the basic work under the contract, and necessary in order to satisfactorily complete the contract.

## 2. Use of the Information

The information described under section 1 of this justification is used by the Government as follows:

a. DFARS 217.7004(a)—Contracting officers use the information to contemplate exchange (trade-in) of personal property and application of the exchange allowance to the acquisition of similar property (see 40 U.S.C. 481). The offeror’s submission of prices allows the contracting officer to make an informed decision regarding the reasonableness of the prices for both the new and trade-in items.

b. DFARS 217.7404-3(b)—Contracting officers use this information to evaluate a contractor’s “qualifying proposal” in a timely manner. This collection requirement ensures the contracting officer has sufficient information and time to complete a meaningful analysis and audit for the purpose of determining price reasonableness in accordance with the definitization schedule.

c. DFARS 217.7505(d)—Contracting officers use this information to evaluate recent price increases for sole source replenishment parts. This information is required in sole-source solicitations that include the acquisition of replenishment parts.

d. DFARS 252.217-7012(d)(3)— Contracting officers use this information to determine that the contractor is adequately insured. The requirement at DFARS 252.217-7012(d)(3) supports prudent business practice by limiting the Government’s liability as a related party to the work the contractor performs.

e. DFARS 252.217-7012(f) and (g)—Contracting officers use this information to stay informed of lost or damaged property for which the Government is liable, and to determine the appropriate course of action for replacement or repair of the property, as required by DFARS 252.27-7012(f) and (g).

f. DFARS 252.217-7026—Contracting officers use this information to identify the apparently successful offeror’s sources of supply so that competition can be enhanced in future

acquisitions. This collection complies with 10 U.S.C. 2384, Supplies: Identification of Supplier and Sources, which requires identification of the actual manufacturer or all sources of supply for supplies furnished under contract to DoD.

g. DFARS 252.217-7028(c) and (e)—Contracting officers use this information to determine the extent of “over and above” work before the work commences as specified in DFARS 252.217-7028. This requirement supports prudent business practice because it allows the Government to review the need and potential cost of pending work before the contractor begins performance.

### 3. Use of Information Technology

Information technology is used 100% of the time to reduce burden. Where both the Government agency and contractors are capable of electronic interchange, contractors may submit this information collection requirement electronically.

### 4. Non-duplication

As a matter of policy, DoD reviews the Federal Acquisition Regulation (FAR) to determine whether adequate language already exists. The language in DFARS part 217 and the provision and clauses at 252.217-7012, 252.217-7026, and 252.217-7028 apply solely to DoD and are not duplicative of language in the FAR. Similar information is not otherwise available to contracting officers.

### 5. Burden on Small Business

The collection of information is not expected to have a significant impact on a substantial number of small businesses or other small entities. The requirements for information collection are only occasional, as the circumstances dictate. The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, and prudent business practices.

### 6. Less Frequent Collection

Every attempt has been made to keep the frequency of collection to a minimum without jeopardizing the ability of the Government to assure that offerors and contractors are submitting adequate responses to meet the Government’s needs. Contracting officers could not perform their administrative functions effectively and efficiently if the information were collected less frequently. The consequences for non-collection or less frequent collection are as follows:

a. DFARS 217.7004(a)—Without the ability to obtain separate prices for new and trade-in items, the contracting officer could inadvertently overpay for a new item or receive less than a fair market value for trade-in items.

b. DFARS 217.7404-3(b)—Failure to obtain a qualifying proposal increases the risk of delays in definitizing a contract action. In addition, the contracting officer would be unable to negotiate a fair and reasonable price due to the lack of adequate cost or pricing data.

c. DFARS 217.7505(d)—The ability to obtain information regarding price increases of 25 percent or more in the last 12 months enables the contracting officer to mitigate the impact of potentially overpriced parts. An additional benefit is the ability to focus resources during proposal evaluation. These benefits would not be realized without the required information and could potentially cause the Government to overpay for some replenishment parts.

d. DFARS 252.217-7012(d)(3)—Failure to verify the contractor’s casualty, accident, and liability insurance would place unacceptable risk on the Government.

e. DFARS 252.217-7012(f) and (g)—Requiring the contractor to notify the contracting officer of any property loss or damage for which the Government is liable allows the contracting officer to investigate the loss or damage in a timely manner. This minimizes the potential for further loss or damage. Failure to obtain documentation to support the cost of replacement or repair would hamper the contracting officer’s ability to negotiate a fair and reasonable price.

f. DFARS 252.217-7026—The authority to require a sole source contractor to identify its sources of supply enhances the Government’s ability to promote competition and possibly negotiate a direct contract with the supplier. Without that ability, the Government is unable to foster a competitive market in key areas of need and may experience an increased risk in its supply chain.

g. DFARS 252.217-7028(c) and (e)—Without the authority to require the contractor to submit a work request and proposal, the contracting officer would be unable to assess proposed “over and above” items before work commences. This could result in unnecessary work being performed or potentially cause the Government to reimburse the contractor for work that should have been covered by the basic contract.

#### 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. Subject matter experts within DoD were consulted regarding the renewal of this information collection in order to validate methodology and obtain current data from the Federal Procurement Data System (FPDS).

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 December 31, 2020 (85 FR 86911). No comments were received.

c. A notice of submission to OMB for clearance of this information collection was published in the *Federal Register* on March 22, 2021 (86 FR 15206).

#### 9. Gifts or Payment

DoD will not provide a payment or gift to respondents of this information collection requirement.

#### 10. Confidentiality

This information is disclosed only to the extent consistent with prudent business practices and current regulatory, statutory, and Freedom of Information Act requirements. The collection of information does not include any personally identifiable information (PII) and records are not retrievable by PII; 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

a. DFARS 217.7004(a)—Solicitations that contemplate exchange (trade-in) of non-excess personal property and application of the exchange allowance to the acquisition of similar property (see 40 U.S.C. 481), shall include a request for offerors to state prices for the new items being acquired both with and without any exchange (trade-in allowance). The estimated public burden is as follows:

Estimation of Respondent Burden Hours: 217.7004(a)	
Number of respondents (1)	517
Responses per respondent (2)	4.1 (rounded)
Number of responses (3)	2,116
Hours per response (4)	1
Estimated hours	2,116

Cost per hour (hourly wage) (5)	\$47 (rounded)
Annual public burden	\$99,452

Notes:

(1) Contracts involving the exchange of personal property represent a very small percentage of the total number of contracts awarded by DoD each year. The number of contractors who are willing to accept trade-ins of personal property is also a relatively small subset of contractors who do business with DoD. According to FPDS data, approximately 25,837 unique contractors are awarded DoD contracts or orders valued at greater than the micro-purchase threshold on an annual basis. According to subject matter experts, it is reasonable to estimate the number of annual respondents as 2 percent of the total unique awardees (517 respondents).

(2) The number of responses per respondent is calculated by dividing the number of responses by the number of respondents.

(3) Based on FPDS data, DoD awards approximately 264,492 contracts and orders valued at greater than the micro-purchase threshold. According to subject matter experts, it is reasonable to estimate the number of annual responses as 0.8% percent of the total contracts and orders awarded (2,116 annual responses).

(4) According to subject matter experts, it is estimated that contractors will need one hour to comply with this information collection requirement.

(5) The fully burdened rate of \$47 was developed using the Office of Personnel Management (OPM) 2020 General Schedule Locality Pay Table for the Rest of the United States hourly rate of \$34.76 for a GS-11, step 5, plus a burden of 36.25 percent from Office of Management and Budget (OMB) Memo M-08-13, which equals \$47.36 and rounded to \$47.

b. DFARS 217.7404-3(b)—Unless an exception applies, contractors are required to submit a “qualifying proposal” in accordance with the definitization schedule contained in the contract, in accordance with 10 U.S.C. 2326. The estimated public burden is as follows:

Estimation of Respondent Burden: 217.7404-3(b)	
Number of respondents (1)	1,514
Responses per respondent (2)	4.9 (rounded)
Number of responses (3)	7,462
Hours per response (4)	12
Estimated hours	89,544
Cost per hour (hourly wage) (5)	\$67

	(rounded)
Annual public burden	\$5,999,448

Notes:

(1) According to FPDS data, an average of 1,514 unique contractors (respondents) are awarded new letter contracts and undefinitized contract actions by DoD on an annual basis.

(2) See Note (2) in paragraph 12 a. above.

(3) One response is required per undefinitized contract action. Based on FPDS data, DoD awards an average of 1,312 letter contracts and 6,150 orders annually, for a total of 7,462 undefinitized contract actions (average annual responses) awarded each year.

(4) According to subject matter experts, it is estimated that contractors will require 12 hours to prepare and submit a qualifying proposal. This includes the time to ensure the proposal is adequate for evaluation by the Government.

(6) The fully burdened rate of \$67 was developed using the OPM General Schedule Locality Pay Table for the Rest of the United States hourly rate of \$49.54 for a GS-13, step 5, plus a burden of 36.25 percent from OMB Memo M-08-13, which equals \$67.49 and rounded to \$67.

c. DFARS 217.7505(d)—As required by contracting officers in solicitations that include the acquisition of replenishment parts valued at \$1 million, offerors shall include in their proposals price and quantity data on any Government orders for centrally managed replenishment parts when the price of the part has increased by 25 percent or more over the most recent 12-month period (see 10 U.S.C. 2452 note). The estimated public burden is as follows:

Estimation of Respondent Burden: 217.7505(d)	
Number of respondents (1)	266
Responses per respondent (2)	2.2 (rounded)
Number of responses (3)	596
Hours per response (4)	16
Estimated hours	9,536
Cost per hour (hourly wage) (5)	\$47 (rounded)
Annual public burden	\$448,192

Notes:

(1) According to FPDS data, an average of 709 unique contractors are awarded, on an annual basis, sole-source DoD contracts for supplies valued at greater than \$1 million. It is estimated that 50% of those unique contractors (355) received contracts for items that are not unique to DoD. Of those unique awardees, it is estimated that 75% (266 annual respondents) received contracts that resulted from a solicitation that included the information collection requirement.

(2) See Note (2) in paragraph 12 a. above.

(3) According to FPDS data, DoD awards an average of 1,590 sole-source contracts for supplies valued at greater than \$1 million annually. It is estimated that 50% (795) of those contracts are for items that are not unique to DoD. Of those contracts, it is estimated that 75% (596 annual responses) received contracts that resulted from a solicitation that included the information collection requirement.

(4) According to subject matter experts, it is estimated that a contractor needs an average of 16 hours per response to track prices paid, identify price changes on previous Government contracts, document and review the price increases, and submit the required data to the contracting officer. The estimate is based on the assumption that most traditional defense contractors have an internal system for tracking contract prices at the line item level.

(5) See Note (5) of paragraph 12 a. above.

d. DFARS 252.217-7012(d)(3)—Contractors are required to show evidence of insurance under master agreements for vessel repair and alteration. The estimated public burden is as follows:

Estimation of Respondent Burden: 252.217-7012(d)(3)	
Number of respondents (1)	191
Responses per respondent (2)	1
Number of responses	191
Hours per response (3)	1
Estimated hours	191
Cost per hour (hourly wage) (4)	\$39 (rounded)
Annual public burden (7)	\$7,449

Notes:

(1) The number of respondents equals the number of Master Ship Repair Agreement (MSRA) and Agreement for Boat Repair (ABR) holders. According to the subject matter experts and the Navy, there are approximately 191 MSRA and ABR holders.



(2) It is estimated that each agreement holder will submit proof of insurance once per year. This assumes that proof of insurance is readily available to contracting officers and, therefore, it is unnecessary to request proof of insurance on every contract action.

(3) Subject matter experts estimate that it takes the MSRA and ABR holders one hour to gather and submit the requested insurance documentation to the contracting officer.

(4) The fully burdened rate of \$39 was developed using the OPM General Schedule Locality Pay Table for the Rest of the United States hourly rate of \$28.73 for a GS-9, step 5, plus a burden of 36.25 percent from OMB Memo M-08-13, which equals \$39.14 and rounded to \$39.

e. DFARS 252.217-7012(f) and (g)—This clause requires the contractor to notify the contracting officer of any property loss or damage for which the Government is liable, and to submit to the contracting officer a request for reimbursement of the cost of replacement or repair with supporting documentation. The clause is prescribed for use in solicitations and master agreements for repair and alteration of vessels. The public burden is estimated as follows:

Estimation of Respondent Burden: 252.217-7012(f) and (g)	
Number of respondents (1)	191
Responses per respondent (2)	4.7 (rounded)
Number of responses (3)	900
Hours per response (4)	8
Estimated hours	7,200
Cost per hour (hourly wage) (5)	\$39 (rounded)
Annual public burden	\$280,800

Notes:

(1) See Note (1) in paragraph 12 d. above.

(2) See Note (2) in paragraph 12 a. above.

(3) There is no database or other repository that can be used to discretely identify orders involving loss or damage; however, subject matter experts at the Navy estimate that approximately 900 notices of loss or damage (responses) annually is reasonable.

(4) Subject matter experts estimate that it takes the MSRA and ABR holders 8 hours to prepare and submit the notice of loss or damage to the contracting officer.

(5) See Note (4) in paragraph 12 d. above.

f. DFARS 252.217-7026—This provision requires the apparent successful offeror to identify their source of supplies. The provision is prescribed for use in all solicitations for supplies when the acquisition is being conducted under other than full and open competition, except when—

- Using FAR 6.302-5, Authorized or Required by Statute;
- The contracting officer already has the information required by the provision (e.g., the information was obtained under other acquisitions);
- The contract is for subsistence, clothing or textiles, fuels, or supplies purchased and used outside the United States;
- The contracting officer determines that it would not be practicable to require offerors/contractors to provide the information, e.g., non-repetitive local purchases;
- The contract is for commercial items; or
- The contract is expected to be below the simplified acquisition threshold.

The public burden is estimated as follows:

Estimation of Respondent Burden: 252.217-7026	
Number of respondents (1)	989
Responses per respondent (2)	3.4 (rounded)
Number of responses (3)	3,387
Hours per response (4)	16
Estimated hours	54,192
Cost per hour (hourly wage) (5)	\$39 (rounded)
Annual public burden	\$2,113,488

Notes:

(1) According to FPDS data, DoD annually awards an average of 3,565 contracts that meet the criteria provided in the provision prescription to 989 unique contractors, who were the successful offerors (respondents).

(2) See Note (2) in paragraph 12 a. above.

(3) Of the 3,565 contracts awarded on an annual basis, subject matter experts estimate that 95% of those contracts (3,387) required the successful offeror to submit a list of sources of supplies in accordance with the criteria outlined at DFARS 217.7303. The remaining 5% of contracts are estimated to be for major weapon systems, which are excluded from this reporting requirement under one of the discretionary provisions at 217.7303(a)(2) or 217.703(a)(3).

(4) According to subject matter experts, it is estimated that it will take an average of 16 hours to assemble, review, and submit a list of suppliers to the contracting officer.

(5) See Note (4) in paragraph 12 d. above.

g. DFARS 252.217-7028(c) and (e)—This clause requires the contractor to submit a work request and a proposal for “over and above work” to the contracting officer before the work commences. The clause is prescribed for use in in solicitations and contracts containing requirements for over and above work, i.e., contracts for the performance of maintenance, overhaul, modification, and repair of various items (e.g., aircraft, engines, ground support equipment, ships). The public burden is estimated as follows:

Estimation of Respondent Burden: 252.217-7028(c) and (e)	
Number of respondents (1)	2,191
Responses per respondent (2)	6.4 (rounded)
Number of responses (3)	13,977
Hours per response (4)	4
Estimated hours	55,908
Cost per hour (hourly wage) (5)	\$39 (rounded)
Annual public burden	\$2,180,412

Notes:

(1) According to FPDS data, an average of 2,191 unique contractors annually are awarded modifications for supplemental work within scope or change orders on contracts assigned the Product Service Code category “J” for maintenance, repair, and overhaul of aircraft, missiles, vehicles, and other types of vehicles and equipment.

(2) See Note (2) in paragraph 12 a. above.

(3) According to FPDS, DoD issues an average of 13,977 modifications each year for over and above work on contracts for maintenance, repair, and overhaul of aircraft, missiles, vehicles, and other types of vehicles and equipment.

(4) Subject matter experts estimate that 4 hours are needed to evaluate the need for an over and above work request, estimate the cost for repairs, develop a fixed-price proposal, submit the request to the contracting officer, and negotiate a price.

(5) See Note (4) in paragraph 12 d. above.

h. Total Public Burden—The following is the total estimated public burden for OMB Control Number 0704-0214.

Estimation of Respondent Burden: 0704-0214		
TOTALS	<i>Paragraphs 12.a. - g.</i>	<i>Paragraphs 12.a. - g. (Rounded to nearest whole number)</i>
Total number of respondents	5,859	5,859
Responses per respondent	4.89	5
Total number of annual responses	28,629	29,295
Hours per response	7.64	8
Estimated hours	218,687	234,360
Cost per response	\$388.74	\$407.13
Annual public burden	\$11,129,241	\$11,926,859

Note: *Total for paragraphs 12.a. - g.:* The sum of the estimated number of respondents, number of response, estimated hours, and annual public burden calculated in paragraphs 12.a. through 12.g. were used to establish the total for these categories. Fractions for numbers of responses per respondent and hours per response were rounded up to whole numbers. Then, the total responses per respondent is calculated by dividing the total number of responses by the total number of respondents. The total hours per response is calculated by dividing the total estimated hours by the total number of responses. The cost per response is calculated by dividing the total annual public burden by the number of responses.

13. Estimated nonrecurring costs. There are no nonrecurring costs, i.e., capital and start-up, or operation and maintenance costs, for contractors.

14. Estimated cost to the Government. The total Government hourly and cost burden, to review and process the submissions from contractors and offerors, is estimated as follows:

Estimation of Government Burden: 0704-0214					
DFARS Requirement	Estimated Responses	Average Hours/Response	Estimated Hours	Cost/Hour	Annual Burden
252.217-7012(d)(3)	191	2	382	\$39	\$14,898
252.217-7012(f) and (g)	900	10	9,000	\$39	\$351,000
252.217-7026	3,387	3.5	11,854	\$39	\$462,306
252.217-7028(c) and (e)	13,977	12.5	174,713	\$39	\$6,813,807
217.7004(a)	2,116	0.5	1,058	\$47	\$49,726
217.7404-3(b)	7,462	4.3	32,087	\$67	\$2,149,829

217.7505(d)	596	2	1,193	\$47	\$56,071
Total <i>(Sum of above) (1)</i>	28,629	8.04	230,285	\$42.98	\$9,897,637

Note: See methodology for obtaining total summarized in Note (1) to paragraph 12.h. above.

15. Reasons for changes in burden.

The estimated changes in Item 12 above are based on an increase in the OPM 2020 basic hourly rate for: a GS-9, step 5 from approximately \$37 to \$39; a GS-11, step 5 from approximately \$44 to \$47; and a GS-13, step 5 from approximately \$62 to \$67. There are no other changes in the burden.

16. Publication of Results.

Results of this information collection will not be published.

17. 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.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Statistical methods will not be employed.