

SUPPORTING STATEMENT
Defense Federal Acquisition Regulation Supplement (DFARS) Part 245,
Government Property, related clauses in DFARS 252, and related forms in DFARS 253
OMB Control Number 0704-0246

Summary of Changes from Previously Approved Collection

- Increase in the number of hours and responses as a result of a public comment and more accurate data spanning three fiscal years
- Increased costs resulting from increased hours and higher hourly labor rates for fiscal year 2021

A. JUSTIFICATION

1. Need for the Information Collection

This justification supports renewal of OMB Control Number 0704-0246. This information collection concerns Defense Federal Acquisition Regulation Supplement (DFARS) part 245, Government Property, which prescribes the use of the following clauses and forms:

a. DFARS 245.302(1)(i) requires contractors to request and obtain contracting officer approval before using Government property on work for foreign governments and international organizations.

b. DFARS 245.604-3, Sale of Surplus Property, permits the contractor to conduct sales of surplus Government property through informal or noncompetitive sales. Under paragraph (b), a contractor may be directed by the plant clearance officer to issue informal invitations for bids to solicit competitive bids, record responses in a bid abstract, confirm bids in writing, and provide results to the plant clearance officer. Under paragraph (d), a contractor may conduct noncompetitive sales of surplus property to accomplish expeditious plant clearance. Noncompetitive sales, when authorized by the plant clearance officer, may also include purchases or retention at less than cost by the contractor. If the contractor wishes to bid on the sale, the contractor is required to submit its bid to the plant clearance officer.

c. DFARS 252.245-7003, Contractor Property Management System Administration, addresses the requirement for certain contractors to respond in writing to an initial or final determination from the administrative contracting officer that identifies deficiencies in the contractor's property management system.

d. DD Form 1348-1A, Issue Release/Receipt Document, is prescribed at DFARS 245.7001-3 for use when authorized by the plant clearance officer. The form is widely used outside the continental United States (OCONUS) for turn-ins to Defense Logistics Agency (DLA) disposal activities.

e. DD Form 1639, Scrap Warranty, is prescribed at DFARS 252.245-7004, Reporting, Reutilization, and Disposal. The form is completed by individuals or firms that purchase Government property for its material content from a Government contractor and is used for the

sole purpose of having the purchasers warrant that the property they have purchased will be used only as scrap.

2. Use of the Information

The information generated by the requirements of DFARS part 245 is used by contractors, property administrators, and contracting officers to manage—

- a. Government property provided to contractors under Government contracts;
- b. Contractors' use and management of Government property obtained under Government contracts; and
- c. Reporting, redistributing, and disposing of Government property.

3. Use of Information Technology

Improved information technology is used to the maximum extent practicable. All reports (100%) are submitted electronically.

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

If the information was collected less frequently, DoD would not be able to fulfill its responsibility of ensuring that participants were fulfilling their obligations and that the Government was receiving value for the benefits it was providing. The frequency for collecting this information was reviewed by the DoD specialists who are most knowledgeable of the requirements and the need for the information. This information is collected in response to individual contracts. Collecting this information less frequently could impede contracting officers and property administrators from performing their administrative functions in an effective and efficient manner.

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 June 3, 2021, at 86 FR 29758. One comment was received in response to this notice and is discussed below.

Comment: The respondent reviewed the supporting statement for OMB Control Number 0704-0246 that indicated the data was supplied by the Defense Contract Management Agency (DCMA) to form estimates of the public burden associated with information collection; presumably the proposed revision and extension also relies primarily on DCMA data. Within the Department of Defense (DoD), however, the evaluation and surveillance of contractor business systems is closely tied to and dependent upon the contract delegation process. For example, in the case of contractor government property management business systems, DCMA is responsible for evaluating a contractor's property management business system when a DoD Component delegates contract administration to DCMA and when the delegated contract contains FAR clause 52.245-1. Not all contracts with a government property requirement are delegated to DCMA. In some cases, the DoD Component retains administration of contracts. Accordingly, the estimates published in the *Federal Register* notice and the number of respondents and number of responses per respondent are understated.

Response: The burden in question is associated with contractor business systems deficiency notices addressed by DFARS 252.245-7003, Contractor Property Management System Administration, under this OMB clearance. The burden accrues in response to the DFARS clause requiring contractors to respond in writing to written determinations from the administrative contracting officer that identify one or more deficiencies in a contractor's property system. The respondent states that the number of responses per respondent are understated but does not provide any data to support a different estimate.

The estimates provided by DCMA are deemed most relevant for providing estimates on contractor business systems deficiencies, since those contracts assigned to DCMA generally reflect the complexity that might entail a review of a contractor's business system and notice of deficiency, when Government property is furnished to a contractor. Further, there is no database or repository available that could provide data on any other contract administration delegations and any subsequent notices of property system deficiencies issued by non-DCMA administrative contracting officers. However, in response to the comment and considering the lack of data, the estimated number of respondents and responses provided by DCMA of an average of 5 system deficiencies annually, is doubled to 10 to recognize the potential universe of deficient property system notices that might be issued by non-DCMA administrative contracting officers within DoD.

FAR 45.102, Policy, states that contractors are ordinarily required to furnish all property necessary to perform Government contracts, and property shall only be provided by the Government when it is clearly demonstrated that it is in the Government's best interest. A good portion of the contracts not assigned to DCMA are those that would most likely have been awarded and administered by contracting officers at posts, camps, and stations or for the types of specialized contracts and services listed at DFARS 242.202(a)(i). The predominance of awards

at the post, camp, and station level are for commercial items and services for day-to-day support of military installations, for which the clause would not apply if any Government property provided to a contractor does not exceed the simplified acquisition threshold (SAT) of \$250,000. (DFARS 252.245-7003 is used when a contract includes the FAR clause 52.245-1, Government Property. See FAR 45.107 for conditions for use of the Government Property clause.) Due to the commercial nature of transactions needed to provide support to a military installation, it is unlikely there would be contracts where Government property is provided that meets the criteria for use of the clause, and where the base contracting officer may be required to review and determine deficiencies in a contractor's property system. For certain contracts at installations or bases, the military department may request DCMA perform contract administration, subject to prior agreement (DFARS 242.202(a)(ii)). Such a request, however, would only be for the most complex noncommercial transactions. In those cases, it would still be the DCMA contract administrator and property administrator who would issue any deficiency notices and provide the count used in this estimate.

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 August 26, 2021 86 FR 47629.

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 burden requirements of DFARS part 245 were discussed with property management specialists at the DCMA Headquarters Property Branch. Where definitive information was available for fiscal year (FY) 2018 through FY 2020, it was used. In those instances, where definitive information was not available, DoD relied on the judgment and expertise of the property management specialists. The combined total of the individual information collection estimates are adjusted by rounding the total number of responses per respondent and total hours per response, which are then used to calculate the estimated annual responses and total hours. A

breakdown of the individual estimates for the individual information collections are provided paragraphs 12.a. through 12.f. that follow.

DFARS	245.302 (1)(i) (12.a.)	245.604- 3(b) (12.b.)	245.604- 3(d) (12.c.)	252.245- 7003 (12.d.)	245.7001-3 & DD 1348-1A (12.e.)	252.245- 7004 & DD 1639 (12.f.)	Total (12.a.-f.)
Number of Respondents	116	83	107	10	163	1,030	1,509
Responses / Respondent	1	2*	1.5	1	207*	3	24.8
Annual Responses	116	163	161	10	33,670	3,364	37,484
Hours / Response	1.5	3.5	2.5	80	1	0.25	0.97
Total Hours	174	571*	403*	800	33,670	841	36,459
Hourly Rate	\$48	\$48	\$48	\$68	\$48	\$48	\$48.43
Cost per Response	\$47.11						
Total Annual Public Cost	\$8,352	\$27,408	\$19,344	\$54,400	\$1,616,160	\$40,368	\$1,766,032

*rounded

a. DFARS 245.302(1)(i). There is no centralized database system that maintains statistics on the number of contractors that request approval to use Government property on work for foreign governments and international organizations. Accordingly, DoD’s estimate is based on the judgment and experience of subject matter experts in the DCMA Headquarters Property Branch. The estimated annual cost to the public is shown in the following table:

Estimation of Respondent Burden Hours: DFARS 245.302(1)(i)	
Number of respondents (1)	116
Responses per respondent (2)	1
Number of responses	116
Hours per response (3)	1.5
Estimated hours (number of responses multiplied hours per response)	174
Cost per hour (hourly wage) (4)	\$48
Annual public burden (estimated hours multiplied by cost per hour)	\$8,352

Notes:

(1) DCMA property representatives stated that there have been very few contractor requests for contracting officer approval to use Government property on work for foreign governments and international organizations. The 116 respondents represents an average number of

respondents for FY 2018, 2019, and 2020 according to statistics obtained from the DCMA Contract Property Group.

(2) Based on judgment, DCMA estimates that contractors who have work with foreign governments and international organizations may submit an average of one request a year.

(3) Based on the nature of the task, DCMA subject matter experts determined that it takes about 1.5 hours for each contractor to store, retrieve, prepare, and submit the information for each request.

(4) The complexity of the work is equivalent to that of a journeyman-level General Schedule (GS) 11. The fully burdened rate of \$48 is based on the Office of Personnel Management (OPM) 2021 basic hourly salary (for the rest of U.S. with locality pay) of \$35.11 for a GS-11, step 5, plus the 36.25% civilian position full fringe benefit rate from OMB Memorandum M-08-13 rounded to the nearest whole dollar, or \$48).

b. DFARS 245.604-3(b): Statistics on the number of contractors that use informal bid procedures for sale of surplus contractor inventory were obtained from the Plant Clearance Automated Reutilization Screening System (PCARSS). The information used to develop this estimate was provided by the DCMA Plant Clearance Group. The estimated annual cost to the public is as follows:

Estimation of Respondent Burden Hours: DFARS 245.604-3(b)	
Number of respondents (1)	83
Responses per respondent (2)	2
Number of responses	163
Hours per response (3)	3.5
Estimated hours (number of responses multiplied hours per response)	571
Cost per hour (hourly wage) (4)	\$48
Annual public burden (estimated hours multiplied by cost per hour)	\$27,408

Notes:

(1) Based on a PCARSS query of data from FY 2018, 2019, and 2020, an average of 83 contractors use informal sales procedures each year.

(2) Based on the PCARSS data query, an average of 163 sales are made each year using informal sales procedures. This equates to an average of 2 sales per contractor (rounded up from 1.96).

(3) Based on input from DCMA subject matter experts, approximately 3.5 hours are required to store, retrieve, prepare, and submit the information required when informal bid procedures are used.

(4) See discussion in Note (4) of paragraph 12.a. above for the hourly labor rate computation.

c. DFARS 245.604-3(d): Statistics on the number of contractors that use noncompetitive sales procedures were obtained from PCARSS. The information used to develop this estimate was provided by the DCMA Plant Clearance Group. The estimated annual cost to the public is as follows:

Estimation of Respondent Burden Hours: DFARS 245.604-3(d)	
Number of respondents (1)	107
Responses per respondent (2)	1.5
Number of responses	161
Hours per response (3)	2.5
Estimated hours (number of responses multiplied hours per response)	403
Cost per hour (hourly wage) (4)	\$48
Annual public burden (estimated hours multiplied by cost per hour)	\$19,344

Notes:

(1) Based on a PCARSS query of data from FY 2018 through FY 2020, an average of 107 contractors use noncompetitive sales procedures each year.

(2) Based on the PCARSS data query, an average of 161 sales are made each year using noncompetitive procedures. This equates to an average of 1.5 sales per contractor (161 divided by 107 is approximately 1.5).

(3) Based on input from DCMA subject matter experts, approximately 2.5 hours are required to store, retrieve, prepare, and submit the information required when informal bid procedures are used.

(4) See discussion in Note (4) of paragraph 12.a. above for the hourly labor rate computation.

d. DFARS 252.245-7003, Contractor Property Management System Administration. This DFARS clause requires contractors to respond in writing to written determinations from the administrative contracting officer that identify one or more deficiencies in a contractor's property system. The estimated annual cost to the public is as follows:

Estimation of Respondent Burden Hours: DFARS 252.245-7003	
Number of respondents (1)	10
Responses per respondent (2)	1

Number of responses	10
Hours per response (3)	80
Estimated hours (number of responses multiplied hours per response)	800
Cost per hour (hourly wage) (4)	\$68
Annual public burden (estimated hours multiplied by cost per hour)	\$54,400

Notes:

(1) According to the DCMA Headquarters Property Branch, DCMA was responsible for overseeing an average of approximately 2,074 contractor property management systems between FY 2018 through FY 2020. Compliance reviews were conducted on about one fourth, or roughly 811, of those systems annually. From FY 2018 through 2020, an average of approximately 5 systems were disapproved annually, which would require a contractor response. To account for any system notices issued by non-DCMA administrative contracting officers, a corresponding number of reviews is added to the DCMA total to reflect a total estimate of 10 notices per year requiring a contractor response.

(2) Contractors submit one written response for each determination of system disapproval received.

(3) Based on input from DCMA subject matter experts, approximately 20 hours are required for contractors to respond to the initial determination and 60 hours are required in response to final notices. These hours include time to store, retrieve, prepare, and submit the information required to respond to administrative contracting officer (ACO) determinations of significant deficiencies.

(4) The complexity of the work is equivalent to that of a more senior individual at a GS-13 level. The fully burdened rate of \$68 is based on the OPM 2021 basic hourly salary (for the rest of U.S. with locality pay) of \$50.04 for a GS-13, step 5, plus the 36.25% civilian position full fringe benefit rate from OMB Memo M-08-13 rounded to the nearest whole dollar, or \$68).

e. DFARS 245.7001-3, DD Form 1348-1A. There is no centralized database system that maintains statistics on the number of contractors that use the DD Form 1348-1 series. As a result, the projected public burden was estimated using a bottoms-up approach. The information used to develop this estimate was provided by the DCMA Plant Clearance Group. The estimated annual cost to the public is as follows:

Estimation of Respondent Burden Hours: DFARS 245.7001-3, DD Form 1348-1A	
Number of respondents (1)	163
Responses per respondent (2)	207
Number of responses	33,670
Hours per response (3)	1

Estimated hours (number of responses multiplied hours per response)	33,670
Cost per hour (hourly wage) (4)	\$48
Annual public burden (estimated hours multiplied by cost per hour)	\$1,616,160

Notes:

(1) According to the DCMA Plant Clearance Group, DCMA received an average of 207 DD Form 1348-1A from FY 2018 through 2020 from approximately 163 contractors.

(2) Use of the DD Form 1348-1A is required by DLM 4000.25-1, Military Standard Requisitioning and Issues Procedures (MILSTRIP) manual, for a multitude of logistics purposes. This form has limited application in contract property management in the continental United States. However, it is widely used OCONUS where use of DLA, Disposition Services is needed. In such cases, each line item of contractor inventory requires a DD Form 1348-1A. From FY 2018 through FY 2020, approximately 33,670 line items were turned in to DLA annually. This equates to an average of 207 forms per contractor (33,670 line items divided by 163 contractors = 206.56 forms).

(3) Based on input from DCMA subject matter experts, approximately one hour is required to store, retrieve, prepare, and submit the DD Form 1348-1A.

(4) See discussion in Note (4) of paragraph 12.a. above for the hourly labor rate computation.

f. DFARS 252.245-7004, DD Form 1639. This form is completed by both Government prime contractors and individuals or firms that purchase scrap from the prime contractor. It is used for the sole purpose of having the purchasers warrant that the property they have purchased will be used only as scrap. DCMA provided the information used to develop this estimate. The estimated annual cost to the public is as follows:

Estimation of Respondent Burden Hours: DFARS 252.245-7004, DD Form 1639	
Number of respondents (1)	1,030
Responses per respondent (2)	3
Number of responses	3,364
Hours per response (3)	0.25
Estimated hours (number of responses multiplied hours per response)	841
Cost per hour (hourly wage) (4)	\$48
Annual public burden (estimated hours multiplied by cost per hour)	\$40,368

Notes:

(1) Subject matter experts at DCMA estimate that an average of 1,030 contractors submitted DD Forms 1639 each year between FY 2018 and FY 2020.

(2) Between FY 2018 and FY 2020, there was an average of 3,364 forms submitted each year between FY 2018 and FY 2020. Accordingly, each respondent completed an average of 3.266 forms annually.

(3) Based on input from DCMA subject matter experts, approximately 0.25 hours are required to prepare and submit the DD Form 1639.

(4) See discussion in Note (4) of paragraph 12.a. above for the hourly labor rate computation.

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

The following labor estimates are based on receiving, reviewing, analyzing, and approving the information submitted by the contractor. The estimated hours were reviewed by subject matter experts from the DCMA Property and Plant Clearance groups. The combined total of the individual information collection estimates are adjusted by rounding the total hours per response, which is then used to calculate the estimated total hours (annual responses x hours/response). A breakdown of the individual estimates for the individual information collections are provided paragraphs 12.a. through 12.f. that follow.

DFARS	245.302 (1)(i) (14.a.)	245.604- 3(b) (14.b.)	245.604- 3(d) (14.c.)	252.245- 7003 (14.d.)	245.7001-3 & DD 1348-1A (14.e.)	252.245- 7004 & DD 1639 (14.f.)	Total (14.a.-f.)
Annual Responses	116	163	161	10	33,670	3,364	37,484
Hours / Response	3	1	2.5	80	1	0.25	0.966
Total Hours	348	163	403	800	33,670	841	36,225
Hourly Rate	\$48	\$48	\$48	\$68	\$48	\$48	\$48
Total Annual Govt. Cost	\$16,704	\$7,824	\$19,320	\$54,400	\$1,616,160	\$40,368	\$1,754,776

a. DFARS 245.302(1)(i)

Estimation of Government Burden Hours: DFARS 245.302(1)(i)	
Number of responses (1)	116
Hours per response (2)	3
Estimated hours (number of responses multiplied hours per response)	348
Cost per hour (hourly wage) (3)	\$48
Annual public burden (estimated hours multiplied by cost per hour)	\$16,704

Notes:

(1) Per paragraph 12.a., DoD estimates that the Government receives approximately 116 contractor requests each year seeking Government approval to use Government property on work for foreign governments and international organizations.

(2) According to subject matter experts, it takes roughly three hours for the Government to receive, review, and analyze the information in each request.

(3) Based on DoD’s assessment, the complexity of the work is equivalent to that of a GS-11. See discussion in Note (4) of paragraph 12.a. above for the hourly labor rate computation.

b. DFARS 245.604-3(b)

Estimation of Government Burden Hours: DFARS 245.604-3(b)	
Number of responses (1)	163
Hours per response (2)	1
Estimated hours (number of responses multiplied hours per response)	163
Cost per hour (hourly wage) (3)	\$48
Annual public burden (estimated hours multiplied by cost per hour)	\$7,824

Notes:

(1) Per paragraph 12.b., DoD estimates that contractors use informal bid procedures approximately 163 times a year.

(2) According to subject matter experts, it takes the Government about one hour to receive, review, and analyze each submission.

(3) Based on our assessment, the complexity of the work is equivalent to that of a GS-11. See discussion in Note (4) of paragraph 12.a. above for the hourly labor rate computation.

c. DFARS 245.604-3(d)

Estimation of Government Burden Hours: DFARS 245.604-3(d)	
Number of responses (1)	161
Hours per response (2)	2.5
Estimated hours (number of responses multiplied hours per response)	403
Cost per hour (hourly wage) (3)	\$48
Annual public burden (estimated hours multiplied by cost per hour)	\$19,320

Notes:

(1) Per paragraph 12.c., DoD estimates that non-competitive sales procedures are used approximately 161 times each year.

(2) According to subject matter experts, it takes the Government approximately 2.5 hours to receive, review, and analyze each submission.

(3) Based on our assessment, the complexity of the work is equivalent to that of a GS-11. See discussion in Note (4) of paragraph 12.a. above for the hourly labor rate computation.

d. DFARS 252.245-7003, Contractor Property Management System Administration

Estimation of Respondent Burden Hours: DFARS 252.245-7003	
Number of responses (1)	10
Hours per response (2)	80
Estimated hours (number of responses multiplied hours per response)	800
Cost per hour (hourly wage) (3)	\$68
Annual public burden (estimated hours multiplied by cost per hour)	\$54,400

Notes:

(1) Per paragraph 12.d., DoD estimates that each year contractors submit approximately 5 responses to ACO initial and final determinations identifying deficiencies in the contractor's property management system.

(2) According to subject matter experts, it takes the Government approximately 80 hours to receive, review, and analyze each submission.

(3) Based on our assessment, the complexity of the work is equivalent to that of a GS-13. See discussion in Note (4) of paragraph 12.d. above for the hourly labor rate computation.

e. DFARS 245.7001-3, DD Form 1348-1A

Estimation of Government Burden Hours: DFARS 245.7001-3, DD Form 1348-1A	
Number of responses (1)	33,670
Hours per response (2)	1
Estimated hours (number of responses multiplied hours per response)	33,670
Cost per hour (hourly wage) (3)	\$48
Annual public burden (estimated hours multiplied by cost per hour)	\$1,616,160

Notes:

(1) Per paragraph 12.e., DoD estimates that contractors submit approximately 33,670 DD Forms 1348-1A annually.

(2) DCMA Subject matter experts estimate that it takes approximately one hour for the Government to receive, review, and analyze each form.

(3) Based on our assessment, the complexity of the work is equivalent to that of a GS-11. See discussion in Note (4) of paragraph 12.a. above for the hourly labor rate computation.

f. DFARS 245.7004, DD Form 1639

Estimation of Government Burden Hours: DFARS 245.7004, DD Form 1639	
Number of responses (1)	3,364
Hours per response (2)	0.25
Estimated hours (number of responses multiplied hours per response)	841
Cost per hour (hourly wage) (3)	\$48
Annual Govt. burden (estimated hours multiplied by cost per hour)	\$40,368

Notes:

(1) Per paragraph 12.f., DoD estimates that approximately 3,364 DD Forms 1639 are submitted to the Government each year.

(2) Subject matter experts estimate that it takes the Government approximately 15 minutes to receive and review each electronic submission.

(3) Based on our assessment, the complexity of the work is equivalent to that of a GS-11. See discussion in Note (4) of paragraph 12.a. above for the hourly labor rate computation.

15. Reasons for Change in Burden

a. The estimated number of responses for information collection 0704-0246 has increased by approximately 9,564, and the number of hours has increased by 8,539 for two reasons. DoD analyzed three years of data, from FY 2018 through FY 2020, rather than just one. Use of this data is expected to provide a more accurate depiction of the Department’s collection requirements over time. In addition, DoD increased the number of responses and hours for DFARS 252.245-7003 in response to a public comment.

b. The increase in total cost is associated with the increase in the estimated hours/responses, in addition to the OPM salary changes from FY 2017 to FY 2021.

OMB Control # 0704-0246	2018 Estimate	2021 Estimate	Change in Burden
Number of respondents	1,745	1,509	-236
Total annual responses	27,920	37,484	9,564
Total hours	27,920	36,459	8,539
Total annual cost to public	\$1,284,320	\$1,766,032	\$481,712

16. Publication of Results

Results of this information collection will not be 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 this Paperwork Reduction Act submission.