

**SUPPORTING STATEMENT
FOR PAPERWORK REDUCTION ACT SUBMISSION
OMB CONTROL NO.9000-0048
Certain Federal Acquisition Regulation Part 15 Requirements**

FAR sections affected: 15.407-2(e), 52.215-1(c)(2)(iv), 52.215-9, 52.215-14, 52.215-19, 52.215-22, and 52.215-23

A. Justification.

1. Administrative requirements.

The Department of Defense (DoD), General Services Administration, and National Aeronautics and Space Administration are combining OMB Control Nos. for the Federal Acquisition Regulation (FAR) by FAR part. This consolidation is expected to improve industry's ability to easily and efficiently identify burdens associated with a given FAR part. The review of the information collections by FAR part allows improved oversight to ensure there is no redundant or unaccounted for burden placed on industry. Lastly, combining information collections in a given FAR part is also expected to reduce the administrative burden associated with processing multiple information collections.

This justification supports the revision of the expiration date of OMB Control No. 9000-0048 and combines it with the previously approved information collections under OMB Control No. 9000-0078, with the new title "Certain Federal Acquisition Regulation Part 15 Requirements". Upon approval of this consolidated information collection, OMB Control No. 9000-0078 will be discontinued. The burden requirements previously approved under the discontinued number will be covered under OMB Control No. 9000-0048.

This clearance covers the information that offerors and contractors must submit to comply with the following FAR requirements:

a. FAR 15.407-2(e), Make-or-buy programs. When prospective contractors are required to submit proposed make-or-buy program plans for negotiated acquisitions, paragraph (e) requires the following information in their proposal:

- (i) A description of each major item or work effort;
- (ii) Categorization of each major item or work effort as "must make," "must buy," or "can either make or buy";
- (iii) For each item or work effort categorized as "can either make or buy," a proposal either to "make" or to "buy";

(iv) Reasons for categorizing items and work efforts as "must make" or "must buy," and proposing to "make" or to "buy" those categorized as "can either make or buy";

(v) Designation of the plant or division proposed to make each item or perform each work effort, and a statement as to whether the existing or proposed new facility is in or near a labor surplus area;

(vi) Identification of proposed subcontractors, if known, and their location and size status;

(vii) Any recommendations to defer make-or-buy decisions when categorization of some items or work efforts is impracticable at the time of submission; and

(viii) Any other information the contracting officer requires in order to evaluate the program.

b. FAR 52.215-1(c)(2)(iv), Authorized Negotiators. This provision requires firms offering supplies or services to the Government under negotiated solicitations to provide the names, titles, and telephone and facsimile numbers (and electronic addresses if available) of authorized negotiators to assure that discussions are held with authorized individuals.

c. FAR 52.215-9, Changes or Additions to Make-or-Buy Program. This clause requires the contractor to submit, in writing, for the contracting officer's advance approval a notification and justification of any proposed change in the make-or-buy program incorporated in the contract.

d. FAR 52.215-14, Integrity of Unit Prices. This clause requires offerors and contractors under negotiated solicitations and contracts to identify those supplies which they will not manufacture or to which they will not contribute significant value, if requested by the contracting officer or when contracting without adequate price competition.

e. FAR 52.215-19, Notification of Ownership Changes. This clause requires contractors to notify the administrative contracting officer when the contractor becomes aware that a change in its ownership has occurred, or is certain to occur, that could result in changes in the valuation of its capitalized assets in the accounting records.

f. FAR 52.215-22, Limitations on Pass-Through Charges—Identification of Subcontract Effort. This provision requires offerors submitting a proposal for a contract, task order, or delivery order to provide the following information with their proposal:

(i) The total cost of the work to be performed by the offeror, and the total cost of the work to be performed by each subcontractor;

(ii) If the offeror intends to subcontract more than 70 percent of the total cost of work to be performed, the amount of the offeror's indirect costs and profit/fee applicable to the work to be performed by the subcontractor(s), and a description of the value added by the offeror as related to the work to be performed by the subcontractor(s); and

(iii) If any subcontractor proposed intends to subcontract to a lower-tier subcontractor more than 70 percent of the total cost of work to be performed, the amount of the subcontractor's indirect costs and profit/fee applicable to the work to be performed by the lower-tier subcontractor(s) and a description of the added value provided by the subcontractor as related to the work to be performed by the lower-tier subcontractor(s).

g. FAR 52.215-23, Limitations on Pass-Through Charges. This clause requires contractors to provide a description of the value added by the contractor or subcontractor, as applicable, as related to the subcontract effort if the effort changes from the amount identified in the proposal such that it exceeds 70 percent of the total cost of work to be performed.

2. Uses of information.

a. FAR 15.407-2(e) and 52.215-9 - Make-or-buy programs. Contracting officers use this information to ensure negotiation of reasonable contract prices, satisfactory performance, or implementation of socioeconomic policies.

b. FAR 52.215-1(c)(2)(iv) - Authorized Negotiators. Contracting officers use this information during contract negotiations and it becomes part of the official contract file.

c. FAR 52.215-14 - Integrity of Unit Prices. When a contract action is priced on the basis of a cost estimate, contracting officers use this information to determine whether the intrinsic value of an item has been distorted through allocation of overhead costs and whether such items should be considered for breakout.

d. FAR 52.215-19 - Notification of Ownership Changes. The notification of ownership change enables the Government to adequately administer the cost principle at FAR 31.205-52, Asset valuations, which addresses the allowability of certain costs resulting from asset valuations following business combinations.

e. FAR 52.215-22 and 52.215-23 - Limitations on Pass-Through Charges. Contracting officers use this information to assess the value added by a contractor or subcontractor in relation to proposed, billed, or claimed indirect costs or profit/fee on work performed by a subcontractor. This information is required to ensure that pass-through charges under contracts and subcontracts are not excessive, in accordance with section 852 of Public Law 109-364, as well as section 866 of Public Law 110-417.

3. Consideration of information technology. Federal agencies 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, 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 consequences 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 1320.5(d)(2).

8. Efforts to consult with persons outside the agency.

A. A 60-day notice was published in the *Federal Register* at 86 FR 67469, on November 26, 2021. No comments were received.

B. A 30-day notice was published in the *Federal Register* at 87 FR 4600, on January 28, 2022.

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.

Summary of Annual Cost to the Public

Estimated respondents/yr.....	611,075
Total annual responses.....	636,989
Estimated annual burden hours.....	68,849
Estimated cost to the public.....	\$4,080,303

a. FAR 15.407-2(e) and 52.215-9 - Make-or-buy programs.

There is no centralized database in the Federal Government that maintains information regarding this matter. Therefore, the parameters for this information collection were defined based on the guidance to contracting officers to require make-or-buy programs per FAR 15.407-2(c). The contracts associated with this information collection are negotiated acquisitions requiring certified cost or pricing data whose estimated value is \$15 million or more, except when the proposed contract is for research or development. Based on Fiscal Year (FY) 2021 Federal Procurement Data System (FPDS) data, it is estimated that 34 unique vendors (respondents) met the above parameters and are likely to have a make-or-buy program subject to the requirements of this collection. Additionally, a review of the estimated burden by agency experts revealed that the estimated burden was realistic. Time required to read and prepare information is estimated at 8 hours per response.

The burden is calculated as follows:

Estimated respondents/yr.....	34
Responses per respondent.....	<u>x 3</u>
Total annual responses.....	102
Estimated hours/response.....	<u>x 8</u>
Estimated annual burden hours.....	816
Hourly rate*.....	<u>x \$57</u>
Estimated cost to the public.....	\$46,512

b. FAR 52.215-1(c)(2)(iv) - Authorized Negotiators.

This provision is included in all competitive solicitations using the negotiated acquisition procedures of FAR part 15.

A review of data in FPDS shows that for fiscal years 2018-2021, the Federal Government issued an average of 75,630 competitive contract awards using negotiated acquisition procedures. As FPDS does not collect data on the number of solicitations issued, the Government assumes that for each of those 75,630 competitive contracts, a corresponding competitive solicitation was also issued that included FAR provision 52.215-1.

On average, the Government receives 8 proposals in response to each competitive solicitation using negotiated procedures. FPDS does not collect data on the number of unique entities/offerors that respond to solicitations; therefore, the Government estimates 605,040 respondents to this provision per year (75,630 solicitations x 8 proposals/responses). A respondent must provide the information requested by the provision with each submission of a proposal. Time required to read and prepare information is estimated at 1 minute (.017 hour) per response.

The burden is calculated as follows:

Estimated respondents/yr.....	605,040
Responses per respondent.....	<u>x 1</u>
Total annual responses.....	605,040
Estimated hours/response.....	<u>x 0.017</u>
Estimated annual burden hours.....	10,286
Hourly rate**.....	<u>x \$68</u>
Estimated cost to the public.....	\$699,426

c. FAR 52.215-14 - Integrity of Unit Prices.

This requirement does not apply to contracts at or below the simplified acquisition threshold (SAT) (\$250,000), construction or architect-engineering services, utility services, service contracts where supplies are not required, acquisitions of commercial products and commercial services, and contracts for petroleum products. This clause, and its alternate (as applicable), is included in solicitations and contracts that use the negotiated acquisition procedures of FAR Part 15.

(1) FAR 52.215-14 - Basic clause.

A review of FPDS shows that for fiscal years 2018-2021, the Federal Government competitively awarded an average of 7,891 contracts to 4,705 unique entities that were subject to the application of this FAR clause. The data excluded contracts at or below the SAT, construction and architect-engineering services

(Product Service Codes (PSCs) beginning with AD6, C, Y), utility services (PSCs beginning with S), service contracts where supplies are not required, commercial products and commercial services, and contracts for petroleum products (PSCs 9130 and 9620).

The Government does not collect data on the frequency with which contracting officers require the identification of supplies under this clause. As such, the Government estimates that 1% of the applicable annual contract awards are required to identify supplies in accordance with the clause. A response is required for each contract, when requested. Therefore, the Government estimates 79 responses to the clause (7,891 x .01), from 47 unique entities (4,705x .01), who provide approximately 1.7 responses annually (79/47).

The time required to prepare and submit the information is estimated at 1 hour per response. This estimate assumes automation of the contractor's business systems.

The burden is calculated as follows:

Estimated respondents/yr.....	47
Responses per respondent.....	<u>x 1.7</u>
Total annual responses.....	79
Estimated hours/response.....	<u>x 1</u>
Estimated annual burden hours.....	79
Hourly rate**.....	<u>x \$68</u>
Estimated cost to the public.....	\$ 5,372

(2) FAR 52.215-14 - Alternate I.

A review of FPDS shows that for fiscal years 2018-2021, the Federal Government awarded an average of 5,861 noncompetitive contracts to 1,555 unique entities that were subject to the application of the alternate of this FAR clause. A response is required for each contract. The time required to prepare and submit the information is estimated at 1 hour per response. This estimate assumes automation of the contractor's business systems.

The burden is calculated as follows:

Estimated respondents/yr.....	1,555
Responses per respondent.....	<u>x 3.77</u>
Total annual responses.....	5,861
Estimated hours/response.....	<u>x 1</u>
Estimated annual burden hours.....	5,861
Hourly rate**.....	<u>x \$68</u>
Estimated cost to the public.....	\$398,548

d. FAR 52.215-19 - Notification of Ownership Changes. The number of contractors required to report changes in ownership that are expected to impact their indirect costs and rate structures was based on two calculations: (1) the percentage of all Federal contractors who experience changes in ownership in a given year, and (2) application of that percentage to all Federal contractors who must submit certified cost or pricing data in a given year. Based on FY 2021 FPDS data, it is estimated that 120,907 unique entities received awards that year, and 31 unique entities either: (a) submitted new representations, given a recent merger or acquisition (and stock ownership changes) without novation agreements, or (b) entered novation agreements (given a change in ownership of contractor assets). The rate of ownership changes equates to 0.03%. This percentage was applied to the total number of contracts awarded in FY 2021 that involved submission of certified cost or pricing data, or other pre-award or post-award cost determination (FAR 31.2), which was 1,264. Assuming that the rate of ownership changes is constant for all types of Federal contractors, the number of contractors affected by this information collection requirement, rounded to the nearest number, is 1. However, we are using 10 respondents as this is the lowest threshold in the definition of collection of information at 5 CFR 1320.3(c). Time required to prepare and read information is estimated at 1 hour and 1/2 hour for recordkeeping, per completion.

Estimated respondents/recordkeepers per year	10
Responses annually	x <u>1</u>
Total annual responses	10
Estimated hrs/response	x <u>1.5</u>
Estimated total burden/hrs	15
Hourly rate***	x <u>\$81</u>
Estimated response cost to public.....	\$ 1,215

Total burden hours 15 (10 reporting hours + 5 recordkeeping hours)

e. FAR 52.215-22, and 52.215-23 - Limitations on Pass-Through Charges.

There is no centralized database in the Federal Government that maintains information regarding the use of the provision at FAR 52.215-22 or the clause at FAR 52.215-23. Therefore, the parameters for this information collection were defined based on the prescription from the provision and clause. It was determined that the types of contracts associated with this information collection are:

(1) For civilian agencies, cost-reimbursement type contracts with a total estimated contract or order value exceeding the SAT.

(2) For DoD, contracts or orders with a total estimated value exceeding the threshold for obtaining cost or pricing data in FAR 15.403-4 (\$2,000,000) and any contract type except—

(i) A firm-fixed-price contract awarded on the basis of adequate price competition;

(ii) A fixed-price contract with economic price adjustment awarded on the basis of adequate price competition;

(iii) A firm-fixed-price contract for the acquisition of a commercial product or commercial service;

(iv) A fixed-price contract with economic price adjustment, for the acquisition of a commercial product or commercial service;

(v) A fixed-price incentive contract awarded on the basis of adequate price competition; or

(vi) A fixed-price incentive contract for the acquisition of a commercial product or commercial service.

Based on FY 2021 FPDS data regarding the types of contracts to which this information collection applies, it is estimated that the requirement for an offeror to identify the percent of effort it intends to perform, and the percent to be performed by each subcontractor, is as follows:

- For civilian agencies, FPDS shows 3,817 contracts, awarded to 1,933 unique vendors, potentially impacted by this information collection.
- For DoD, FPDS shows 4,748 contracts, awarded to 2,057 unique vendors, potentially impacted by this information collection.
- It is further estimated that 3 responses would be submitted in response to a solicitation for each of these contracts that includes the applicable clauses.

This equates to a total of 8,565 contracts awarded in FY 2021 to 3,990 unique vendors. It is estimated that an additional number of vendors, approximately 399 or 10 percent, would have submitted offers and not have been awarded a contract. Accordingly, the total number of respondents is estimated to be 4,389 (3,990 + 399) to account for these additional vendors that are not accounted for in the unique vendor total. Based on discussions with subject matter experts, it was determined that

8,565 contract awards were a sufficient baseline for estimating the number of solicitations that would include the applicable clause. It is estimated that 3 responses would be submitted in response to a solicitation that included the applicable clauses, for a total of 25,695 estimated responses per year (8,565 solicitations x 3 solicitation responses each = 25,695 responses).

The number of responses per respondent is estimated at approximately 5.9 (25,695 responses/4,389 respondents). It is also determined that the estimated time required to read and prepare a response is 2 hours. This determination is based on the consideration of prior public comments.

The burden is calculated as follows:

Estimated respondents/yr.....	4,389
Responses per respondent.....	<u>x 5.9</u>
Total annual responses.....	25,895
Estimated hours/response.....	<u>x 2</u>
Estimated annual burden hours.....	51,790
Hourly rate*.....	<u>x \$57</u>
Estimated cost to the public.....	\$ 2,929,230

* Based on the Office of Personnel Management (OPM) 2021 General Schedule (GS) 12/step 5 salary for the rest of the United States (\$42.08 per hour) plus a 36.25 percent fringe factor, rounded to the nearest whole dollar (\$57). The fringe factor used is pursuant to the rate provided in OMB memorandum M-08-13 for use in public-private competition.

** Based on the Office of Personnel Management (OPM) 2021 General Schedule (GS) 13/step 5 salary for the rest of the United States (\$50.04 per hour) plus a 36.25 percent fringe factor, rounded to the nearest whole dollar (\$68). The fringe factor used is pursuant to the rate provided in OMB memorandum M-08-13 for use in public-private competition.

*** Based on the Office of Personnel Management (OPM) 2021 General Schedule (GS) 14/step 5 salary for the rest of the United States (\$59.13 per hour) plus a 36.25 percent fringe factor, rounded to the nearest whole dollar (\$81). The fringe factor used is pursuant to the rate provided in OMB memorandum M-08-13 for use in public-private competition.

14. Estimated cost to the Government.

Summary of Annual Cost to the Government

Total annual responses..... 636,787
Review time per year (hours)..... 39,772
Estimated annual cost to the Government.....\$ 2,412,986

a. FAR 15.407-2(e), and 52.215-9 - Make-or-buy programs.

Estimated annual responses..... 102
Review time per response (hours)..... x 8
Review time per year (hours)..... 816
Hourly rate*..... x \$57
Estimated annual cost to the Government..... \$46,512

b. FAR 52.215-1(c)(2)(iv) - Authorized Negotiators.

Estimated annual responses.....605,040
Review time per response (hours).....x 0.017
Review time per year (hours)..... 10,286
Hourly rate**.....x \$68
Estimated annual cost to the Government..... \$ 699,426

c. FAR 52.215-14 - Integrity of Unit Prices.

(1) FAR 52.215-14 - Basic clause.

Estimated annual responses..... 79
Review time per response (hours)..... x 0.5
Review time per year (hours)..... 40
Hourly rate**..... x \$68
Estimated annual cost to the Government.....\$ 2,720

(2) FAR 52.215-14 - Alternate I.

Estimated annual responses..... 5,861
Review time per response (hours)..... x 0.5
Review time per year (hours)..... 2,931
Hourly rate**..... x \$68
Estimated annual cost to the Government..... \$ 199,308

d. FAR 52.215-19 - Notification of Ownership Changes.

Estimated annual responses.....	10
Review time per response (hours).....	<u>x 0.5</u>
Review time per year (hours).....	5
Hourly rate***.....	<u>x \$81</u>
Estimated annual cost to the Government.....	\$ 405

e. FAR 52.215-22, and 52.215-23 - Limitations on Pass-Through Charges.

Estimated annual responses.....	25,695
Review time per response (hours).....	<u>x 1</u>
Review time per year (hours).....	25,695
Hourly rate*.....	<u>x \$57</u>
Estimated annual cost to the Government.....	\$1,464,615

15. Explain reasons for program changes or adjustments reported in Item A.13 or A.14.

There are no program changes. The FAR requirements remain the same. The burden has been adjusted by using the most currently available data from FPDS. The estimated cost to the public and to the Government was updated based on use of the current (calendar year 2021) OPM GS wage rates for the rest of the United States.

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.