

**SUPPORTING STATEMENT  
FOR PAPERWORK REDUCTION ACT SUBMISSION  
OMB CONTROL NO. 9000-0067  
CERTAIN FEDERAL ACQUISITION REGULATION PART 16  
CONTRACT PRICING REQUIREMENTS**

**FAR sections affected: 52.216-2, 52.216-3, 52.216-4, 52.216-5, 52.216-6, 52.216-16, and 52.216-17.**

**A. Justification.**

**1. Administrative requirements.**

The Department of Defense, 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 OMB Control No. 9000-0067 and combines it with the previously approved information collections under OMB Control Nos. 9000-0068 and 9000-0071, with the new title "Certain Federal Acquisition Regulation Part 16 Contract Pricing Requirements." Upon approval of this consolidated information collection, OMB Control Nos. 9000-0068 and 9000-0071 will be discontinued. The burden requirements previously approved under the discontinued numbers will be covered under OMB Control No. 9000-0067.

This clearance covers the information that contractors must submit to comply with the following FAR part 16 requirements:

- **FAR 52.216-2, Economic Price Adjustment-Standard Supplies; FAR 52.216-3, Economic Price Adjustment-Semistandard Supplies; and FAR 52.216-4, Economic Price Adjustment-Labor and Material.** These clauses require contractors on contracts that provide for economic price adjustments to promptly notify the contracting officer of any increases or decreases to established prices or labor rates (including fringe) because of certain contingencies, such as increases

or decreases to established catalog or market prices or changes to cost indexes for labor or materials.

- **FAR 52.216-5, Price Redetermination-Prospective.** Paragraph (c) of this clause requires a contractor on a fixed-price contract with prospective price redetermination to submit to the Government (within an agreed upon timeframe) a statement of costs incurred for the most recent period of performance, the proposed prices for the upcoming contract period, and any supporting or relevant documentation. Per paragraph (h) of the clause, during periods where firm prices have not been established, the contractor must also submit quarterly statements that includes a breakdown of total contract prices, costs, and profit incurred and all invoices accepted for delivered items or services for which final prices have not been established.
  
- **FAR 52.216-6, Price Redetermination-Retroactive.** Paragraph (c) of this clause requires a contractor on a fixed-ceiling-price contract with retroactive price redetermination to submit to the Government (within an agreed upon timeframe after completion of the contract) the proposed prices, all costs incurred in performing the contract, and any supporting or relevant documentation. Per paragraph (g) of the clause, until final price redetermination has been completed, the contractor must also submit a quarterly statement that includes a breakdown of total contract prices, costs, and interim profit incurred and all invoices accepted for delivered items.
  
- **FAR 52.216-16, Incentive Price Revision-Firm Target; and FAR 52.216-17, Incentive Price Revision-Successive Targets.** These clauses require contractors on fixed price incentive (firm or successive target) contracts to submit to the Government on a quarterly basis a statement regarding total contract prices, costs, portions of interim profit, and amounts of invoices or vouchers for completed work that is cumulative from the beginning of the contract (see 52.216-16(g) and 52.216-17(i)). Upon final delivery of supplies or completion of services for covered line items, the contractor is required to submit a detailed statement of all costs incurred up to the end of that month in performing all work under the items; an estimate of costs of further performance, if any, that may be necessary to complete performance of all work under the items; a list of all residual inventory and an estimate of its value; and any other relevant data that the Contracting Officer may

reasonably require (see 52.216-16(c) and 52.216-17(e)). Paragraph (c) of 52.216-17 also requires submission of data for establishing the firm fixed price or a final profit adjustment formula.

**2. Uses of information.** The information collected is used by the Government as follows:

- **FAR 52.216-2, Economic Price Adjustment-Standard Supplies; FAR 52.216-3, Economic Price Adjustment-Semistandard Supplies; and FAR 52.216-4, Economic Price Adjustment-Labor and Material.** The contracting officer uses the information provided by the contractor to negotiate price adjustments under the contract due to the contingency specified in the contract.
- **FAR 52.216-5, Price Redetermination-Prospective.** The contracting officer uses the information to negotiate/redetermine fair and reasonable prices for supplies and services that may be delivered or performed under the contract in the period following the effective date of price redetermination.
- **FAR 52.216-6, Price Redetermination-Retroactive.** The contracting officer uses the information provided by the contractor to negotiate/redetermine fair and reasonable prices for supplies and services that have already been delivered or performed under the contract.
- **FAR 52.216-16, Incentive Price Revision-Firm Target; and FAR 52.216-17, Incentive Price Revision-Successive Targets.** The contracting officer uses the information provided by the contractor to evaluate the contractor's performance in meeting the incentive target and to negotiate the final prices of incentive-related items and services.

**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 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 or other entities, 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 consequence 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 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 60-day notice was published in the *Federal Register* at 86 FR 71641, on December 17, 2021. No comments were received.

- A 30-day notice was published in the *Federal Register* at 87 FR 10215, on February 23, 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.** The following respondent and response estimates are based on historical award data available in the Federal Procurement Data System (FPDS) for fiscal years 2018 through 2020. The hourly rate of pay is based on the hourly rate of pay from the Office of Personnel Management (OPM) 2021 General Schedule (GS) Salary Table for the Rest of the United States, effective January 2021 (available at <https://www.opm.gov/>) for a GS-12/Step 5 employee, plus a 36.25 percent fringe factor mandated by Office of Management and Budget (OMB) memorandum M-08-13 for use in public-private competition and rounded to the nearest whole dollar.

- **OMB Control No. 9000-0067, Total Public Burden.** The following is a summary of the total estimated public burden associated with these FAR part 16 contract clauses:

Requirement	Respondents	Responses	Hours	Cost
FAR 52.216-2/-3/-4	8,874	44,370	66,555	\$3,793,635
FAR 52.216-5(c)	26	156	1,248	\$71,136
FAR 52.216-5(h)	*	624	936	\$53,352
FAR 52.216-6(c)	10	10	80	\$4,560
FAR 52.216-6(g)	*	40	60	\$3,420
FAR 52.216-16(c)/-17(c&e)	252	3,276	26,208	\$1,493,856
FAR 52.216-16(g)/-17(i)	*	13,104	19,656	\$1,120,392
TOTAL	9,162	61,580	114,743	\$6,540,351

\* Respondents not duplicative.

- **FAR 52.216-2, Economic Price Adjustment-Standard Supplies; FAR 52.216-3, Economic Price Adjustment-Semistandard Supplies; and FAR 52.216-4, Economic Price Adjustment-Labor and Material.** These clauses are prescribed at FAR 16.203-4 for use in fixed-price contracts if certain criteria for the inclusion of economic price adjustments are met. On average per year, the Government awards 44,265 fixed price with economic price adjustment contracts and purchase orders to 8,874 unique awardees, approximately 5 contracts per contractor (44,265 awards/8,874 unique awardees, rounded to the nearest whole number).<sup>1</sup> The Government estimates one response per contract and that it will take the contractor 1.5 hours to prepare each response.<sup>2</sup>

Estimated respondents/year.....	8,874
Responses/respondent annually.....	<u>X 5</u>
Total annual responses.....	44,370
Estimated hours/response.....	<u>X 1.5</u>
Estimated total burden hours.....	66,555
Hourly rate.....	<u>X \$57</u>
Estimated cost to public.....	\$3,793,635

<sup>1</sup> Though the reporting requirements for 52.216-2, 52.216-3, and 52.216-4 are slightly different, it is not possible to differentiate between the three types of economic price adjustment contracts (supplies, semistandard supplies, and labor/material) in FPDS. As such, a single estimate is provided for all three clauses.

<sup>2</sup> The number of burden hours per response remains unchanged from the prior estimate. While the estimate of 1.5 hours may be considered low for economic price adjustments for services, it is considered high for supplies.

- **FAR 52.216-5, Price Redetermination-Prospective.** This clause is prescribed at FAR 16.205-4 for use in negotiated contracts when it is possible to establish a firm fixed price for an initial period, but not for subsequent periods of contract performance. On average per year, the Government awards 159 fixed price redetermination contracts using negotiation procedures to 26 unique awardees, approximately 6 contracts per contractor (159 awards/26 unique awardees, rounded to the nearest whole number).

Paragraph (c), Data Submission. The Government estimates one data submission per contract or 6 annual responses per respondent (6 contracts/respondent x 1 response/contract) and that it will take the contractor 8 hours to prepare each response.

Estimated respondents/year.....	26
Responses/respondent annually.....	x 6
Total annual responses.....	156
Estimated hours/response.....	x 8
Estimated total burden hours.....	1,248
Hourly rate.....	x \$57
Estimated cost to public.....	\$71,136

Paragraph (h), Quarterly Statements. Given that statements are required to be submitted on a quarterly basis until completion of the covered work, the Government estimates that there are on average 4 responses per contract or 24 annual responses per respondent (6 contracts x 4 responses/contract). The Government estimates that it will take the contractor 1.5 hours to prepare each response.

Estimated respondents/year.....	26
Responses/respondent annually.....	x 24
Total annual responses.....	624
Estimated hours/response.....	x 1.5
Estimated total burden hours.....	936
Hourly rate.....	x \$57
Estimated cost to public.....	\$53,352

- **FAR 52.216-6, Price Redetermination-Retroactive.** The Government awarded two fixed price redetermination contracts for research and development with a value of \$250,000 or less. 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).

Paragraph (c), Data Submission. The Government estimates one data submission per contract or 1 annual response per respondent (1 contract/respondent x 1 response/contract) and that it will take the contractor 8 hours to prepare the response.

Estimated respondents/year.....	10
Responses/respondent annually.....	x <u>1</u>
Total annual responses.....	10
Estimated hours/response.....	x <u>8</u>
Estimated total burden hours.....	80
Hourly rate.....	x <u>\$57</u>
Estimated cost to public.....	\$4,560

Paragraph (g), Quarterly Statements. Given that statements are required to be submitted on a quarterly basis until completion of the covered work, the Government estimates that there are on average 4 responses per contract or 4 annual responses per respondent (1 contract/respondent x 4 responses/contract). The Government estimates that it will take the contractor 1.5 hours to prepare each response.

Estimated respondents/year.....	10
Responses/respondent annually.....	x <u>4</u>
Total annual responses.....	40
Estimated hours/response.....	x <u>1.5</u>
Estimated total burden hours.....	60
Hourly rate.....	x <u>\$57</u>
Estimated cost to public.....	\$3,420

- **FAR 52.216-16, Incentive Price Revision–Firm Target; and FAR 52.216-17, Incentive Price Revision–Successive Targets.** These clauses are prescribed at FAR 16.406(a) and (b) for use in solicitations and contracts when a fixed-price incentive (firm or successive targets) contract is contemplated. On average per year, the Government awards 3,356 fixed-price incentive contracts to 252 unique awardees, approximately 13 contracts per contractor (3,356 awards/252 unique awardees, rounded to the nearest whole number).<sup>3</sup>

<sup>3</sup> Though the reporting requirements for 52.216-16 and 52.216-17 are slightly different, it is not possible to differentiate between the two types of incentive contracts (firm versus successive target) in FPDS. As such, a single estimate is provided for both clauses. The difference in reporting is not expected to be significant.

Paragraph (c/c&e), Data Submission. The Government estimates one data submission per contract or 13 annual responses per respondent (13 contracts/respondent x 1 response/contract) and that it will take the contractor 8 hours to prepare each response.

Estimated respondents/year.....	252
Responses/respondent annually.....	x 13
Total annual responses.....	3,276
Estimated hours/response.....	x 8
Estimated total burden hours.....	26,208
Hourly rate.....	x \$57
Estimated cost to public.....	\$1,493,856

Paragraph (g/i), Quarterly Statements. Given that statements are required to be submitted on a quarterly basis until completion of the covered work, the Government estimates that there are on average 4 responses per contract or 52 annual responses per respondent (13 contracts/respondent x 4 responses/contract). The Government estimates that it will take the contractor 1.5 hours to prepare each response.

Estimated respondents/year.....	252
Responses/respondent annually.....	x 52
Total annual responses.....	13,104
Estimated hours/response.....	x 1.5
Estimated total burden hours.....	19,656
Hourly rate.....	x \$57
Estimated cost to public.....	\$1,120,392

**14. Estimated cost to the Government.** The hourly rate of pay is based on the hourly rate of pay from the OPM 2021 GS Salary Table for the Rest of the United States, effective January 2021 for a GS-12/Step 5 employee, plus a 36.25 percent fringe factor mandated by OMB memorandum M-08-13 for use in public-private competition and rounded to the nearest whole dollar.

□ **FAR 52.216-2, Economic Price Adjustment-Standard Supplies; FAR 52.216-3, Economic Price Adjustment-Semistandard Supplies; and FAR 52.216-4, Economic Price Adjustment-Labor and Material.** It is estimated that it takes the Government, on average, one hour to review the information provided by the contractor.

Total annual responses.....	44,370
Review time/response (hours).....	x 1
Review time/year (hours).....	44,370



Hourly rate.....	x	\$57
Estimated cost to Government.....		\$2,529,090

□ **FAR 52.216-5, Price Redetermination-Prospective.**

Paragraph (c), Data Submission. It is estimated that it takes the Government, on average, 2 hours to review the information provided by the contractor.

Total annual responses.....		156
Review time/response (hours).....	x	2
Review time/year (hours).....		312
Hourly rate.....	x	\$57
Estimated cost to Government.....		\$17,784

Paragraph (h), Quarterly Statements. It is estimated that it takes the Government, on average, 1 hour to review the information provided by the contractor.

Total annual responses.....		624
Review time/response (hours).....	x	1
Review time/year (hours).....		624
Hourly rate.....	x	\$57
Estimated cost to Government.....		\$35,568

□ **FAR 52.216-6, Price Redetermination-Retroactive.**

Paragraph (c), Data Submission. It is estimated that it takes the Government, on average, 2 hours to review the information provided by the contractor.

Total annual responses.....		10
Review time/response (hours).....	x	2
Review time/year (hours).....		20
Hourly rate.....	x	\$57
Estimated cost to Government.....		\$1,140

Paragraph (g), Quarterly Statements. It is estimated that it takes the Government, on average, 1 hour to review the information provided by the contractor.

Total annual responses.....		40
Review time/response (hours).....	x	1
Review time/year (hours).....		40
Hourly rate.....	x	\$57
Estimated cost to Government.....		\$2,280

□ **FAR 52.216-16, Incentive Price Revision-Firm Target; and FAR 52.216-17, Incentive Price Revision-Successive Targets.**

Paragraph (c/c&e), Data Submission. It is estimated that it takes the Government, on average, 2 hours to review the information provided by the contractor.

Total annual responses.....	3,276
Review time/response (hours).....	x <u>2</u>
Review time/year (hours).....	6,552
Hourly rate.....	x <u>\$57</u>
Estimated cost to Government.....	\$373,464

Paragraph (g/i), Quarterly Statements. It is estimated that it takes the Government, on average, 1 hour to review the information provided by the contractor.

Total annual responses.....	13,104
Review time/response (hours).....	x <u>1</u>
Review time/year (hours).....	13,104
Hourly rate.....	x <u>\$57</u>
Estimated cost to Government.....	\$746,928

□ **OMB Control No. 9000-0067, Total Government Burden.**

The following is a summary of the total estimated government burden associated with these FAR part 16 contract clauses:

Requirement	Respondents	Responses	Hours	Cost
FAR 52.216-2/-3/-4	8,874	44,370	44,370	\$2,529,090
FAR 52.216-5(c)	26	156	312	\$17,784
FAR 52.216-5(h)	*	624	624	\$35,568
FAR 52.216-6(c)	10	10	20	\$1,140
FAR 52.216-6(g)	*	40	40	\$2,280
FAR 52.216-16(c)/-17(c&e)	252	3,276	6,552	\$373,464
FAR 52.216-16(g)/-17(i)	*	13,104	13,104	\$746,928
TOTAL	9,162	61,580	65,022	\$3,706,254

\* Respondents not duplicative.

**15. Explain reasons for program changes or adjustments reported in Item 13 or 14.** Adjustments are made to the public and Government burden estimates based on the following:

- The clause at FAR 52.216-10 previously covered under OMB Control Number 9000-0067 is removed from this supporting statement because it does not include an information collection requirement. As a result, the estimated number of incentive contracts impacted no longer includes cost-type incentive contracts.
- The estimated number of respondents and responses per year is based on the average of FPDS data for the three most recent fiscal years (2018 through 2020). The parameters for data pulled from FPDS for each clause is consistent with the prescription for each clause, resulting in changes to the number of respondents and average contracts per respondent for the individual burden estimates.
- The estimated number of responses for the clauses at FAR 52.216-2, 52.216-3, and 52.216-4 are reduced from 758,432 total responses to 44,370 total responses. The prior estimate under OMB Control No. 9000-0068 cited FPDS data for FY 2018; however, it appears that the report included delivery orders. For this revision, delivery orders are excluded from the report, since it is assumed that economic price adjustments would occur at the contract line-item level.
- The clauses at FAR 52.216-5, 52.216-6, 52.216-16, and 52.216-17 all require similar data submissions and quarterly statements until the work is completed or there is a final price redetermination. However, the previous estimates included different hours per response. Given the similarity in the reporting requirements, it is assumed that the number of responses per contract and the amount of time per response should be the same. As such, the basis for the estimates for each clause has been revised as follows:
  - o The burden for the data submission requirement and the quarterly statement for each clause are estimated separately.
  - o The estimated hours per response for the data submission requirement is 8 hours for the contractor

and 2 hours for the Government. This is modelled after the previous estimates for FAR 52.216-5 and 52.216-6 (9000-0071) and accounts for the significant amount of data required in the submission.

- o The estimated hours per response for the quarterly statement is 1.5 hours for the contractor and 1 hour for the Government. This is modelled after the previous estimates for FAR 52.216-16 and 52.216-17 (9000-0067) and accounts for the fact that the data in this statement is much easier to compile.
- The estimated cost per hour is based on use of the current (calendar year 2021) OPM GS wage rate the rest of the United States for a GS-12/Step 5 employee. The prior estimates for the clauses at FAR 52.216-5 and 52.216-6 used a GS-9/Step 5 wage rate. The estimates for these clauses now use the GS-12/Step 5 wage rate, since the employees performing these functions are likely in similar positions to those performing the functions for the other covered clauses.

**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.