

**Federal Acquisition Regulation (FAR)
Contract Financing
OMB Control No. 9000-0138
Justification - Part A Supporting Statement**

FAR sections affected: 52.232-28; 52.232-29; 52.232-30; 52.232-31; and 52.232-32

Overview of Information Collection:

There are no program changes. The FAR requirements remain the same. This extension includes adjustments to the burden due to use of the latest Federal Procurement Data System (FPDS) data available, and the calendar year 2023 OPM GS wage rates for the rest of the United States as explained in item 15.

1. Need & Method for the Information Collection. This clearance covers the information that offerors and contractors must submit to comply with the following FAR requirements:

- ***FAR 52.232-28, Invitation to Propose Performance-Based Payments.*** This provision requires an offeror, when invited to propose terms under which the Government will make performance-based contract financing payments during contract performance, to include the following:
 - (1) The proposed contractual language describing the performance-based payments; and
 - (2) A listing of—
 - (i) The projected performance-based payment dates and the projected payment amounts; and
 - (ii) The projected delivery date and the projected payment amount.
 - (3) Information addressing the contractor's investment in the contract.
- ***FAR 52.232-29, Terms for Financing of Purchases of Commercial Products and Commercial Services.***
- ***FAR 52.232-30, Installment Payments for Commercial Products and Commercial Services.***

These clauses require contractors, under commercial purchases pursuant to FAR part 12, to include with their payment requests an appropriately itemized statement of the financing payments requested and other supporting information, prepared in concert with the contracting officer.

● **FAR 52.232-31, Invitation to Propose Financing Terms.** This provision requires an offeror, when invited to propose terms under which the Government will make contract financing payments during contract performance under commercial purchases pursuant to FAR part 12, to include the following:
(1) The proposed contractual language describing the contract financing; and
(2) A listing of the earliest date and greatest amount at which each contract financing payment may be payable and the amount of each delivery payment.

● **FAR 52.232-32, Performance-Based Payments.** This clause requires the contractor's request for performance-based payment to include any information and documentation as required by the contract's description of the basis for payment; and a certification by a contractor official authorized to bind the contractor.

2. Use of the Information. The contracting officer uses the information to review and approve contract financing requests, and establish and administer contract financing terms.
3. Use of Information Technology. Federal agencies use information technology to the maximum extent practicable. Where both the Government agency and contractors are capable of electronic interchange, contractors may submit this information collection requirement electronically.
4. Non-duplication. These requirements are issued under the FAR, which has been developed to standardize Federal procurement practices and eliminate unnecessary duplication.
5. Burden on Small Business. The burden applied to small businesses is the minimum consistent with applicable laws, Executive orders, regulations, and prudent business practices.
6. Less Frequent Collection. Collection of information on a basis other than solicitation-by-solicitation or contract-by-contract is not practical.
7. Paperwork Reduction Act Guidelines. Collection is consistent with guidelines in 5 CFR 1320.5(d)(2).
8. Consultation and Public Comments.
 - A. A 60-day notice was published in the *Federal Register* at 88 FR 39849, on June 20, 2023. No comments were received.

B. A 30-day notice was published in the *Federal Register* at 88 FR 58276, on August 25, 2023.

9. Gifts or Payment. This collection does not provide any payment or gift to respondents, other than remuneration of contractors.
10. Privacy & Confidentiality. This information is disclosed only to the extent consistent with prudent business practices, current regulations, and statutory requirements.
11. Sensitive Questions. No sensitive questions are involved.
12. Burden Estimate.

Estimated total annual public hour and cost burden.

The data element "Contract Financing" in FPDS means the type of financing used to effect payment (e.g., commercial financing, performance-based payments). This data element is mandatory only for DoD, and as such DoD may use it to estimate their burden under this OMB control number.

The data element "Contract Financing" is not mandatory for civilian agencies. Therefore, it is not possible to ascertain how many awards truly involve contract financing for awards made by civilian agencies. Accordingly, a historical average of Fiscal years 2020 through 2022 FPDS data was used to estimate the burden as described below:

Commercial Financing

- ***FAR 52.232-29, Terms for Financing of Purchases of Commercial Products and Commercial Services.***
- ***FAR 52.232-30, Installment Payments for Commercial Products and Commercial Services.***
- ***FAR 52.232-31, Invitation to Propose Financing Terms.***

The number of new contracts (including task and delivery orders) using FAR part 12 commercial procedures, valued over the simplified acquisition threshold (SAT) of \$250,000, awarded by GSA, amounted to 3,096. After consultation with subject matter experts, it was estimated that less than 1% of these contracts involve contract financing. Accordingly, the number of respondents is estimated at 31 (1% of 3,096). Also, the number of annual responses per respondent is estimated to be 5, and the time required for reading and preparing information is estimated at 2 hours per request.

General Services Administration

Estimated respondents/yr.....	31
Responses annually.....	<u>x 5</u>
Total annual responses.....	155
Estimated hrs/response.....	<u>x 2</u>
Estimated total burden hrs.....	310
Hourly rate*.....	<u>x \$67</u>
Estimated cost to the public.....	\$20,770

Performance-Based Payments

- *FAR 52.232-28, Invitation to Propose Performance-Based Payments.*
- *FAR 52.232-32, Performance-Based Payments.*

The number of new negotiated fixed-price contracts (including task and delivery orders) for which commercial procedures were not used, awarded by GSA, valued over the SAT for small businesses 167 and 16 over \$3M for other than small businesses, amounted to 183. After consultation with subject matter experts, it was estimated that approximately 10% of these contracts may involve performance-based payments. Accordingly, the number of respondents is estimated at 18 (10% of 183). Contracts for architect-engineer services or construction, or for shipbuilding or ship conversion, alteration, or repair, were not accounted for because it is highly likely these contracts would provide for progress payments based upon a percentage or stage of completion instead of performance-based payments. Also, the number of annual responses per respondent is estimated to be 12, and the time required for reading and preparing information is estimated at 2 hours per request.

General Services Administration

Estimated respondents/yr.....	18
Responses annually.....	<u>x 12</u>
Total annual responses.....	216
Estimated hrs/response.....	<u>x 2</u>
Estimated total burden hrs.....	432
Hourly rate*.....	<u>x \$67</u>
Estimated cost to the public.....	\$28,944

Summary - Annual Public Burden and Cost

General Services Administration

Estimated respondents/yr..... 49
 Total annual responses..... 371
 Estimated total burden hrs..... 742
Estimated cost to the public..... \$49,714

* Fully burdened rate includes a 36.25 percent fringe factor (pursuant to the rate provided in OMB memorandum M-08-13 for use in public-private competition), and a 12 percent overhead rate (from A-76 revised supplemental handbook). Based on the Office of Personnel Management (OPM) 2023 General Schedule (GS) 12/step 5 salary for the rest of the United States (\$44.98 per hour) plus the fringe factor and the overhead rate, rounded to the nearest whole dollar (\$67).

13. Estimated nonrecurring costs. Not applicable.

14. Estimated cost to the Government. Time required for Government review is estimated at 2 hours per response.

General Services Administration

Estimated responses/yr..... 371
 Reviewing time (hr)/response.....x 2
 Review time /yr..... 742
 Hourly rate*.....x \$67
 Estimated annual cost to the Government...\$49,714

15. Reasons for changes. There are no program changes. The FAR requirements remain the same. This extension includes adjustments to the public and Government burden estimates based on the following:

- The estimated number of respondents and responses per year is based on the historical average of FPDS data for the three most recent fiscal years (2020 through 2022) for the General Services Administration.
- The estimated cost per hour is based on use of the calendar year 2023 OPM GS wage rate for the rest of the United States.
- FAR Case 2019-013, Inflation Adjustment of Acquisition-Related Thresholds, increased the threshold at FAR 32.104 (d)(2)(i) and (ii) from \$2.5M to \$3M (85 FR 62485).

	2020 Estimate	2023 Estimate	Change in

			Burden
Number of respondents	83	49	-34
Total annual responses	506	371	-135
Total burden hours	1,012	742	-270
Total annual cost to public	\$57,684	\$49,714	-\$7,970

16. Publicizing Results. Results will not be tabulated or published.
17. OMB Not to Display Approval. Approval to *not* display the expiration date for OMB approval of the information collection is not sought.
18. Exceptions to "Certification for Paperwork Reduction Submissions." There is no exception to the certification statement.
19. Surveys, Censuses, and Other Collections that Employ Statistical Methods. Statistical methods are not used in this information collection. A Part B supporting statement is not needed, or required, and therefore was not completed.