

## SUPPORTING STATEMENT—PART A

Defense Federal Acquisition Regulation Supplement (DFARS); Part 234 and Related Clause at 252.234-7002, Earned Value Management System  
OMB Control No. 0704-0479

### Summary of Changes from Previously Approved Collection

- Increase in burden as a result of using the current OPM GS hourly labor rates for fiscal year 2024 to calculate the cost per hour.

### 1. Need for the Information Collection

This justification supports a request for an extension of the information collection cleared under Office of Management and Budget (OMB) Control Number 0704-0479, Defense Federal Acquisition Regulation Supplement (DFARS) Part 234 and related clause at 252.234-7002, Earned Value Management System.

DFARS clause 252.242-7005, Contractor Business Systems, requires contractors to establish and maintain acceptable business systems, which include contractor earned value management systems, property management systems, and others. The clause also requires contractors to respond in writing to initial and final determinations from the administrative contracting officer (ACO) that identify deficiencies in any of the contractors' business systems. The information collection requirements imposed on contractors who are required to respond to findings of significant deficiencies in their accounting system, estimating system, material management and accounting system, and purchasing system have been submitted and previously approved by OMB under separate clearance requests.

This information collection specifically addresses information a contractor is required to provide to respond to significant deficiencies in a contractor's earned value management system (EVMS). The requirements apply to entities that are contractually required to maintain an EVMS. DFARS subpart 234.2, Earned Value Management System, and DFARS clause 252.234-7002, Earned Value Management System, require certain contractors to—

- Use an EVMS that has been determined to be in compliance with the EVMS guidelines in American National Standards Institute/Electronic Industries Standard 748, Earned Value Management Systems (ANSI/EIA-748); and
- Respond in writing to written notifications from the Government that identify significant deficiencies in the contractor's EVMS.

### 2. Use of the Information

DoD needs this information to document actions to correct significant deficiencies in a contractor's EVMS. DoD contracting officers use the information to mitigate the risk of unallowable and unreasonable costs being charged on Government contracts.

### 3. Use of Information Technology

Information technology is used approximately 100% of the time to reduce burden. Contractors are required to provide a written response to an ACO determination that identifies significant deficiencies in the contractors' business systems, which they can provide electronically.

### 4. Non-duplication

As a matter of policy, DoD reviews the Federal Acquisition Regulation 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. The requirements for information collection are only occasional, as the circumstances dictate.

### 6. Less Frequent Collection

Less frequent collection of this information could result in in unallowable and unreasonable costs being charged on Government contracts.

### 7. Paperwork Reduction Act Guidelines

This collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2).

### 8. Consultation and Public Comments

#### a. Public Notice

i. A 60-day notice for the collection was published in the *Federal Register* on April 29, 2024, at 89 FR 33341. No comments were received.

ii. A 30-day notice for this information collection was published in the *Federal Register* on July 29, 2024, at 89 FR 60886.

#### b. Consultation

For the purpose of calculating respondent burden, DoD subject matter experts at the Defense Contract Management Agency (DCMA), who perform the EVMS evaluations, were contacted to obtain current data.

#### 9. Gifts or Payment

No payment or gifts will be provided to respondents as an incentive to participate in this collection, other than remuneration of contractors under their contracts.

#### 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. No assurance of confidentiality is provided to respondents. The collection of information does not include any personally identifiable information (PII) and records are not retrievable by PII; therefore, no Privacy Impact Assessment, Privacy Act Statement, or 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. Estimation of Respondent Burden

DFARS 242.70, Contractor Business Systems; DFARS 234.2, Earned Value Management System; and the clauses at 252.234-7002, Earned Value Management System, and 252.242-7005, Contractor Business Systems, require contractors to respond in writing to written determinations from the Government that identify deficiencies in the contractor's EVMS. DCMA subject matter experts have estimated that the number of respondents, responses, and hours for this three-year renewal period will be the same as the estimates for the prior three-year renewal request, of 7 respondents, 1 response per respondent, and 676 hours per response. This renewal request addresses approval for 10 contractor responses to ensure that the OMB clearance continues to remain in effect, notwithstanding recent fluctuations in the program reviews.

DoD estimates that contractors incur an average of 676 hours to address findings of significant deficiencies. This includes the following:

(1) Three personnel working full-time over the 30-day response period (i.e., 160 hours per person) to manage the process.

(2) Two to three personnel working an average of 76 hours to review, analyze, and prepare a response.

(3) Two personnel working full-time for 1.5 weeks (i.e., 60 hours per person) to compile, edit, and coordinate the final response (in addition to the management effort).

Based on the above estimates, the estimated hours are calculated as follows:

| <u>Task</u>                  | <u>Hours</u> |
|------------------------------|--------------|
| Manage process               | 480          |
| Prepare response             | 76           |
| Edit and coordinate response | 120          |
| Total Hours Per Response     | <u>676</u>   |

Based on a baseline of 10 system reviews that may require contractor responses, the respondent burden is estimated as follows:

| Estimation of Respondent Burden Hours: DFARS 252.234-7002 |       |
|---|-------|
| Number of respondents                                     | 10    |
| Number of responses per respondent                        | 1     |
| Number of total annual responses                          | 10    |
| Hours per response  | 676   |
| Annual respondent burden hours                            | 6,760 |

b. Labor Cost of Respondent Burden

The fully burdened hourly rate of \$90 was developed using the Office of Personnel Management (OPM) 2024 basic hourly salary (for the rest of U.S. locality) of \$66.36 for a General Schedule (GS) 14, step 5, employee, plus a burden of 36.25 percent (per OMB Memorandum M-08-13), which equals \$90.42. This rate was rounded to \$90.

| Labor Cost of Respondent Burden: 252.234-7002 |           |
|---|-----------|
| Number of total annual responses              | 10        |
| Hours per response                            | 676       |
| Cost per hour (hourly wage)                   | \$90      |
| Labor burden per response                     | \$60,840  |
| Annual Labor Burden                           | \$608,400 |

13. Respondent Costs Other Than Burden Hour Costs

There are no annualized costs to respondents, other than the labor burden costs addressed in section 12 of this document, to complete this collection.

14. Cost to the Government

a. Labor Cost to the Federal Government

DoD estimates the Government will incur an average of 329 hours to review and prepare a final determination based on the contractor's response to an initial determination. The 329 hours includes the following:

(1) The Review Chief and Deputy working at 0.75 effort for 1.5 weeks (i.e., 45 hours per person) to manage the response within the prescribed timelines.

(2) Approximately 3 hours to analyze and respond to each deficiency for an average of 33 deficiencies.

(3) Approximately 20 hours for management review and coordination of the results with the ACO.

(d) Approximately 120 hours to prepare documentation requested by the ACO and complete the Headquarters panel review and any Boards of Review, as required by DCMA policy.

Based on the above, our estimated hours are broken down as follows:

| <u>Task</u>                    | <u>Hours</u> |
|--------------------------------|--------------|
| Manage process                 | 90           |
| Analyze response               | 99           |
| Management review/Coordination | 20           |
| Coordination and panel review  | 120          |
| Total Hours Per Response       | <u>329</u>   |

The fully burdened rate of \$90 was developed using the OPM 2024 basic hourly salary (for the rest of U.S. locality) of \$66.36 for a GS 14, step 5, employee, plus a burden of 36.25 percent (per OMB Memorandum M-08-13), which equals \$90.42. This rate was rounded to \$90.

| Labor Cost to the Federal Government: 252.234-7002 |           |
|--|-----------|
| Number of total annual responses                   | 10        |
| Hours per response                                 | 329       |
| Cost per hour (hourly wage)                        | \$90      |
| Cost per response                                  | \$29,610  |
| Total cost   | \$296,100 |

b. Operational and Maintenance Costs

There are no operational and maintenance costs associated with this information collection.

c. Total Cost to the Federal Government

|   |           |
|---|-----------|
| Total labor burden                      | \$296,100 |
| Total operational and maintenance costs | \$0       |
| Total cost to the Federal Government    | \$296,100 |

15. Reasons for Change in Burden

There is a change in the estimated burden as a result of using the current OPM GS hourly labor rates for fiscal year 2024 to calculate the cost per hour. There are no changes to the number of respondents or burden hours. The number of compliance reviews per year are based on the number of new contracts issued to a contractor without a validated Earned Value Management System on a specific site, business unit, or Commercial and Government Entity (CAGE) code or a new contractor to DoD with their first contract that includes an Earned Value Management clause. The number of hours is change to more accurately reflect actual hours worked during compliance reviews.

| Change in Respondent Burden: 0704-0479 |           |           |          |
|--|-----------|-----------|----------|
| Totals                                 | 2024      | 2021      | Change   |
| Number of respondents                  | 10        | 10        | -        |
| Responses per respondent               | 1         | 1         | -        |
| Total annual responses                 | 10        | 10        | -        |
| Hours per response                     | 676       | 676       | -        |
| Total hours                            | 6,760     | 6,760     | -        |
| Cost per hour                          | \$90      | \$81      | \$9      |
| Annual public burden                   | \$608,400 | \$547,560 | \$60,840 |

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

DoD does not seek approval to omit the display of the expiration date for the OMB approval of the information collection.

18. Exceptions to “Certification for Paperwork Reduction Submissions”

DoD is not requesting any exemptions to the provisions in 5 CFR 1320.9.