

**Federal Acquisition Regulation (FAR)
Reporting Executive Compensation and First-tier Subcontract
Awards
OMB Control No. 9000-0177
Justification - Part A Supporting Statement**

FAR sections affected: 52.204-10(d)(2) and (3)

Overview of Information Collection:

- This justification supports the reinstatement of the previously approved information collection under OMB Control No. 9000-0177. This clearance covers the information that contractors must report to the Federal Subaward Reporting System (FSRS) to comply with requirements under the FAR clause at 52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards. OMB Control No. 3090-0292 covers the information that nonprocurement entities must submit to FSRS. The separate collection for procurement entity reporting increases clarity and visibility of the specific FAR reporting requirements.

This reinstatement, with change, includes adjustments to the burden due to use of the latest Federal Procurement Data System (FPDS), FSRS, and USASpending.gov data available and the calendar year 2024 OPM GS wage rates for the rest of the United States as explained in item 15. Although the text of the FAR clause at 52.204-10 has changed since the collection was first approved by OIRA, none of these changes result in new reporting or recordkeeping requirements. A line-in-line-out (LILLO) document is attached for reference.

1. Need & Method for the Information Collection. This clearance covers the information that contractors must submit to comply with the requirements of the following sections of FAR clause 52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards:
 - a. FAR 52.204-10(d)(2), First-tier subcontract information.

Contractors shall report the following information for their first-tier subcontracts at <http://www.fsrs.gov> by the end of the month following the month of award of a first-tier subcontract valued at or above \$30,000:

 - (i) Unique entity identifier for the subcontractor receiving the award and for the subcontractor's parent company, if the subcontractor has a parent company.
 - (ii) Name of the subcontractor.
 - (iii) Amount of the subcontract award.

- (iv) Date of the subcontract award.
- (v) A description of the products or services (including construction) being provided under the subcontract, including the overall purpose and expected outcomes or results of the subcontract.
- (vi) Subcontract number (the subcontract number assigned by the contractor).
- (vii) Subcontractor's physical address including street address, city, state, and country. Also include the nine-digit zip code and congressional district.
- (viii) Subcontractor's primary performance location including street address, city, state, and country. Also include the nine-digit zip code and congressional district.
- (ix) The prime contract number, and order number if applicable.
- (x) Awarding agency name and code.
- (xi) Funding agency name and code.
- (xii) Government contracting office code.
- (xiii) Treasury account symbol as reported in FPDS.
- (xiv) The applicable North American Industry Classification System code.

Contractors shall follow the instructions at FSRS (FSRS.gov) to report the data. Contractors may access FSRS with their Electronic Subcontract Reporting System (eSRS) user account since access to FSRS and eSRS is accomplished with a single account/ log-in. The burden for the eSRS information collection is covered under OMB Control No. 9000-0007, Subcontracting Plans.

b. FAR 52.204-10(d)(3), Executive compensation of the first-tier subcontractor.

Contractors shall report the names and total compensation of each of the five most highly compensated executives for their first-tier subcontractors for that first-tier subcontractor's preceding completed fiscal year at <http://www.fsrs.gov>, if-

(i) In the subcontractor's preceding fiscal year, the subcontractor received-

(A) 80 percent or more of its annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants), cooperative agreements, and other forms of Federal financial assistance; and

(B) \$25,000,000 or more in annual gross revenues from

Federal contracts (and subcontracts), loans, grants (and subgrants), cooperative agreements, and other forms of Federal financial assistance; and

(ii) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

c. FAR 52.204-10(d)(1) requires contractors to report the names and total compensation of each of the five most highly compensated executives for its preceding completed fiscal year as part of the contractor's annual registration requirement in the System for Award Management (SAM) (FAR provision 52.204-7). The burden for the SAM information collection is covered under OMB Control No. 9000-0189, Certain Federal Acquisition Regulation Part 4 Requirements.

2. Use of the Information. This collection of information is required to comply with section 2 of the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282) (FFATA), as amended by section 6202 of the Government Funding Transparency Act of 2008 (Pub. L. 110-252) (31 U.S.C. 6101 note). The statute required the Office of Management and Budget (OMB) to establish a free, public, online database containing full disclosure of all Federal contract award information. The public may view first-tier subcontract award data at USASpending.gov.

3. Use of Information Technology. Federal agencies use information technology to the maximum extent practicable. Contractors report their first-tier subcontract information and their first-tier executive compensation at FSRS.gov. The Integrated Award Environment (IAE) Office, the system owners of FSRS, have the following information collections to cover nonprocurement entity (e.g., grantees) reports in FSRS as follows:

- OMB Control No. 3090-0291, FFATA Subaward Reporting System ("FSRS") Registration
- OMB Control No. 3090-0292, FFATA Subaward and Executive Compensation Reporting Requirements

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 subcontract-by-subcontract is not practical. This collection of information is required by Public Law 109-282, as amended by Public Law 110-252 (31 U.S.C. 6101 note).
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 89 FR 45894, on May 24, 2024. Comments were received from five respondents; however, they did not change the estimate of the burden.

Comment: A respondent expressed support of the collection as beneficial for the small business community.

Response: The respondents' input is appreciated.

Comment: Multiple respondents opposed the reinstatement of the information collection citing the following concerns: the benefits of the collection do not justify the associated costs and challenges; the collection of information is overly intrusive and unnecessary for the proper performance of the functions of Federal Government acquisitions; the data collected is unlikely to enhance transparency or accountability in a meaningful way; the burdensome nature of the reporting requirements discourage companies from participating in Federal contracting, ultimately reducing competition and innovation; and the data collected raises significant privacy concerns, with potential risks of misuse or exposure of sensitive personal information.

Response: The OMB clearance for this collection of information is required to comply with the Paperwork Reduction Act. This reinstatement covers the information that contractors report to the FSRS to comply with requirements under the FAR clause at 52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards. FAR clause 52.204-10 implemented section 2

of the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282), as amended by section 6202 of the Government Funding Transparency Act of 2008 (Pub. L. 110-252) (31 U.S.C. 6101 note), which requires contractors to report subcontract award data and the total compensation of the five most highly compensated executives of the contractor and subcontractor. The statute required OMB to establish a free, public, online database containing full disclosure of all Federal contract award information. The public may view first-tier subcontract award data at USASpending.gov. Changes to the information collected require a change in the law.

Comment: A respondent expressed concerns with the burden estimate of twelve hours per contractor each year being too low.

Response: The burden to report the subcontractor award information per FAR 52.204-10(d)(2) is estimated to average 2 hours per response for a prime contractor. The information on a first-tier subcontract covered by paragraph (d)(2) is reported when the subcontract is awarded, and further reporting is only required if one of the reported data elements changes during the performance of the subcontract. The burden to report the subcontractor executive compensation per FAR 52.204-10(d)(3) is estimated to average 1 hour per response for a prime contractor. The information on a first-tier subcontract covered by paragraph (d)(3) is reported when the subcontract is awarded and annually thereafter if needed. The aggregate of twelve hours per contractor per year covers the reporting variation that firms may experience.

B. A 30-day notice was published in the *Federal Register* at 89 FR 65909, on August 13, 2024.

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. The following estimates are based on the historical average of FPDS award data for fiscal years (FYs) 2021 through 2023 for contracts valued at \$30,000 or greater.

Public Burden	FAR 52.204-10(d) (2) Reporting first-tier subcontract award information	FAR 52.204-10(d)(3) Reporting executive compensation for the first-tier subcontractors	Total
Estimated respondents/yr	31,088	42,231	42,231*
Responses per respondent	8**	0.61**	
Total annual responses	240,448	25,721	266,169
Estimated hrs/response	2	1	
Estimated total burden hrs	480,896	25,721	506,617
Hourly rate***	\$70	\$70	
Estimated cost to the public	\$33,662,720	\$1,800,470	\$35,463,190

a. FAR 52.204-10(d)(2) - Reporting first-tier subcontract award information.

FPDS data revealed **new awards** are made to an average of 41,451 unique contractors annually. Based on the exemptions in the FAR clause (e.g., contractors in the previous tax year with less than \$300,000 in gross income do not have to report), it is estimated that seventy-five percent of these 41,451 contractors would be subject to the reporting requirements, or 31,088 (41,451 x 0.75) contractors. USASpending.gov data as of May 14, 2024, reveals that 266,169 total annual responses were reported in FSRs for FY 2023. FSRs data shows that 240,448 of the 266,169 responses were reports created within FY 2023. The burden to report the subcontractor award information per FAR 52.204-10(d)(2) is estimated to average 2 hours per response for a prime contractor.

b. FAR 52.204-10(d)(3) - Reporting executive compensation for the first-tier subcontractors.

FPDS data revealed **active awards** are made to an average of 56,308 unique contractors annually. Based on the exemptions in the FAR clause (e.g., contractors in the previous tax year with less than \$300,000 in gross income do not have to report), it is estimated that seventy-five percent of these 56,308 contractors would be subject to the reporting requirements, or 42,231 (56,308 x 0.75) respondents.

USASpending.gov data as of May 14, 2024, reveals that 266,169 total annual responses were reported in FSRS for FY 2023. FSRS data shows that 25,721 of the 266,169 responses were reports modified and submitted within FY 2023. The burden to report the subcontractor executive compensation per FAR 52.204-10(d)(3) is estimated to average 1 hour per response for a prime contractor.

* The 31,088 respondents for (d)(2) are a subset of the total respondents.

** The 8 and the 0.61 responses per respondent for (d)(2) and (d)(3) are a mathematical calculation dividing total annual responses by the respondents, respectively.

*** Personnel compiling and reporting the data will range from GS 07 to GS 15 personnel equivalents. Midrange of GS 12 is used for estimation purposes. 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) 2024 General Schedule (GS) 12/step 5 salary for the rest of the United States (\$47.22 per hour) plus the fringe factor and the overhead rate, rounded to the nearest whole dollar (\$70).

13. Estimated nonrecurring costs. Not applicable.

14. Estimated cost to the Government. The Government is required to ensure compliance with the reporting requirements of the FAR clause. It is assumed that the Government may need to notify 5% of the respondents of their failure to comply with the reporting requirements. The estimate is 2,112 Government actions (5% of 42,231) to address noncompliance.

Government Burden	
Total annual responses	2,112
Reviewing time hr/response	0.05
Estimated total burden hrs	106
Hourly rate	\$70
Estimated cost to the Government	\$7,390

15. Reasons for changes.

This information collection was established by FAR Case 2008-039, Reporting Executive Compensation and First-Tier Subcontract Awards, published as an interim rule at 75 FR 39414 on July 8, 2010, and as a final rule at 77 FR 44047 on July 26, 2012. This information collection is being reinstated to clearly address the reporting burden for procurement

entities. This clearance includes adjustments to the public and Government burden estimates based on the following:

- The estimated number of respondents and responses per year are based on averages of historical FPDS data for the three most recent FYs (2021 through 2023) and FY 2023 data from FRS and USASpending.gov.
- The estimated cost per hour is based on use of the calendar year 2024 OPM GS wage rate for the rest of the United States.

Public Burden Changes	Previous approved collection	Reinstatement
Total annual responses	664,964	266,169
Estimated total burden hrs	332,483	506,617

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.

Attachment: FAR text LILO

These are the most recent changes; the clause has not changed since 2020.

The threshold in FAR 4.1403(a) was increased from \$25,000 to \$30,000 in 2015 and may increase to \$40,000 in 2025 due to inflation raises under 41 U.S.C. 1908.

52.204-10 Reporting Executive Compensation and First-Tier Subcontract Awards.

As prescribed in 4.1403(a), insert the following clause:

Reporting Executive Compensation and First-Tier Subcontract Awards (~~JUL 2010~~**[JUN 2020]**)

(a) *Definitions.* As used in this clause:

Executive means officers, managing partners, or any other employees in management positions.

First-tier subcontract means a subcontract awarded directly by a **[the] Contractor to furnish [for the purpose of acquiring] supplies or services (including construction) for performance of a prime contract, but excludes [. It does not include the Contractor's] supplier agreements with vendors, such as long-term arrangements for materials or supplies that would [benefit multiple contracts and/or the costs of which are] normally applied to a Contractor's general and administrative expenses or indirect cost[s].**

[Month of award means the month in which a contract is signed by the Contracting Officer or the month in which a first-tier subcontract is signed by the Contractor.]

Total compensation means the cash and noncash dollar value earned by the executive during the Contractor's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

(1) *Salary and bonus.*

(2) *Awards of stock, stock options, and stock appreciation rights.* Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the ~~Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments~~**[Board's Accounting Standards Codification (FASB ASC) 718, Compensation-Stock Compensation]**.

(3) *Earnings for services under non-equity incentive plans.* This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.

(4) *Change in pension value.* This is the change in present value of defined benefit and actuarial pension plans.

(5) *Above-market earnings on deferred compensation which is not tax-qualified.*

(6) Other compensation, if the aggregate value of all such other compensation (e.g., severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

(b) Section 2(d)(2) of the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282), as amended by section 6202 of the Government Funding Transparency Act of 2008 (Pub. L. 110-252), requires the Contractor to report information on subcontract awards. The law requires all reported information be made public, therefore, the Contractor is responsible for notifying its subcontractors that the required information will be made public.

[(c) Nothing in this clause requires the disclosure of classified information.]

(d)(1) Executive compensation of the prime contractor. As a part of its annual registration requirement in the System for Award Management (SAM) (Federal Acquisition Regulation (FAR) provision 52.204-7)]~~(c)(2) By the end of the month following the month of a contract award, and annually thereafter, the Contractor shall report the names and total compensation of each of the five most highly compensated executives for the Contractor's~~**[its]** preceding completed fiscal year ~~at <http://www.ccr.gov>, if-~~

(i) In the Contractor's preceding fiscal year, the Contractor received-

(A) 80 percent or more of its annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants)[,] ~~and cooperative agreements[,]~~ **and other forms of Federal financial assistance**]; and

(B) \$25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants)[,] ~~and cooperative agreements[,]~~ **and other forms of Federal financial assistance**]; and

(ii) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to

the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>).

[(2) First-tier subcontract information.]~~(e)(1)~~ Unless otherwise directed by the e[C]ontracting o[O]fficer, **[or as provided in paragraph (g) of this clause,]** by the end of the month following the month of award of a first-tier subcontract **[valued at or above the threshold specified in FAR 4.1403(a) on the date of subcontract award]**~~with a value of \$25,000 or more, (and any modifications to these subcontracts that change previously reported data),~~ the Contractor shall report the following information at <http://www.fsr.gov> for each**[that]** first-tier subcontract. (The Contractor shall follow the instructions at <http://www.fsr.gov> to report the data.)

(i) Unique identifier ~~(DUNS Number)~~**[entity identifier]** for the subcontractor receiving the award and for the subcontractor's parent company, if the subcontractor has a parent company.

(ii) Name of the subcontractor.

(iii) Amount of the subcontract award.

(iv) Date of the subcontract award.

(v) A description of the products or services (including construction) being provided under the subcontract, including the overall purpose and expected outcomes or results of the subcontract.

(vi) Subcontract number (the subcontract number assigned by the Contractor).

(vii) Subcontractor's physical address including street address, city, state, and country. Also include the nine-digit zip code and congressional district.

(viii) Subcontractor's primary performance location including street address, city, state, and country. Also include the nine-digit zip code and congressional district.

(ix) The prime contract number, and order number if applicable.

(x) Awarding agency name and code.

(xi) Funding agency name and code.

(xii) Government contracting office code.

(xiii) Treasury account symbol (TAS) as reported in FPDS.

(xiv) The applicable North American Industry Classification System code (NAICS).

[(3) Executive compensation of the first-tier subcontractor.] ~~(e)~~
~~(3)~~ Unless otherwise directed by the e[C]ontracting e[O]fficer, by the end of the month following the month of a ~~first-tier subcontract with a value of \$25,000 or more~~ **[award of a first-tier subcontract valued at or above the threshold specified in FAR 4.1403(a) on the date of subcontract award]**, and annually thereafter **[(calculated from the prime contract award date)]**, the Contractor shall report the names and total compensation of each of the five most highly compensated executives for each **[that]** first-tier subcontractor for the **[first-tier]** subcontractor's preceding completed fiscal year at <http://www.fsrs.gov>, if-

(i) In the subcontractor's preceding fiscal year, the subcontractor received-

(A) 80 percent or more of its annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants) **[,]and cooperative agreements[, and other forms of Federal financial assistance]**; and

(B) \$25,000,000 or more in annual gross revenues from Federal contracts (and subcontracts), loans, grants (and subgrants **[,]and cooperative agreements[, and other forms of Federal financial assistance]**); and

(ii) The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>.)

~~(e) Phase in of reporting of subcontracts of \$25,000 or more.~~

~~(1) Until September 30, 2010, any newly awarded subcontract must be reported if the prime contract award amount was \$20,000,000 or more.~~

~~(2) From October 1, 2010, until February 28, 2011, any newly awarded subcontract must be reported if the prime contract award amount was \$550,000 or more.~~

~~(3) Starting March 1, 2011, any newly awarded subcontract must be reported if the prime contract award amount was \$25,000 or more. [The Contractor shall not split or break down first-tier subcontract awards to a value below the threshold specified in FAR 4.1403(a), on the date of subcontract award, to avoid the reporting requirements in paragraph (d) of this clause.~~

(f) The Contractor is required to report information on a first-tier subcontract covered by paragraph (d) when the subcontract is awarded. Continued reporting on the same subcontract is not required unless one of the reported data elements changes during the performance of the subcontract. The Contractor is not required to make further reports after the first-tier subcontract expires.

~~(g)(1)](d)(1)~~ If the Contractor in the previous tax year had gross income, from all sources, under \$300,000, the Contractor is exempt from the requirement to report subcontractor awards.

(2) If a subcontractor in the previous tax year had gross income from all sources under \$300,000, the Contractor does not need to report awards for that subcontractor.

[(h) The FSRs database at <http://www.fsrs.gov> will be prepopulated with some information from SAM and the FPDS database. If FPDS information is incorrect, the contractor should notify the contracting officer. If the SAM information is incorrect, the contractor is responsible for correcting this information.]

(End of clause)