

SUPPORTING STATEMENT—PART A

OMB Control Number 0704-0359 – Defense Federal Acquisition Regulation Supplement (DFARS) Part 232, Contract Financing, and Associated Clauses

Summary of Changes from Previously Approved Collection

- Decrease in overall burden due to use of current data.

1. Need for the Information Collection

This justification supports extension of OMB Control Number 0704-0359. This information collection concerns Defense Federal Acquisition Regulation Supplement (DFARS) part 232, Contract Financing, and associated clauses. A summary of these information collection requirements is provided as follows:

a. DFARS 252.232-7007, Limitation of Government's Obligation. This clause is prescribed at DFARS 232.705-70 for use in solicitations and resulting incrementally-funded fixed-price contracts. Paragraph (c) of the clause requires a written notification from the contractor that—

i. States the estimated date when the total amount payable by the Government, including any cost for termination for convenience, will approximate 85 percent of the total amount then allotted to the contract for performance of the applicable items;

ii. States an estimate of additional funding, if any, needed to continue performance of applicable line items up to the next scheduled date for allotment of funds, or to a mutually agreed upon substitute date; and

iii. Advises the contracting officer of the estimated amount of additional funds that will be required for the timely performance of the items funded pursuant to the clause, for a subsequent period as may be specified in the allotment schedule, or otherwise agreed to by the parties.

b. DFARS 252.232-7012 and 252.232-7013. If a contractor desires to structure contract financing using performance-based payments, the contractor must submit to the contracting officer a proposed performance-based payments schedule that includes all performance-based payments events, completion criteria, and event values along with the expected expenditure profile. The contractor is also required to identify the following with each invoice: the negotiated value of all previously completed performance-based payment events; the negotiated value of the current performance-based payment events; the cumulative negotiated value of performance-based payment events completed to date; and total costs incurred to date.

2. Use of the Information

a. DFARS 252.232-7007. The Government will use this information to decide whether to allot additional funds for continued performance under the contract or to terminate the contract for convenience. If after such notification additional funds are not allotted by the date identified

in the contractor's notification, or by an agreed substitute date, the contracting officer will terminate any items for which additional funds have not been allotted, pursuant to the clause of the contract entitled "Termination for Convenience of the Government."

b. DFARS 252.232-7012 and 252.232-7013. The contracting officer will use this information to populate the Performance-Based Payments analysis tool and negotiate the performance-based payments event schedule. The analysis tool calculates improved financing opportunities that will provide benefit to both industry (prime and subcontractor level) and the taxpayer. The analysis tool calculates improved financing opportunities that will provide benefit to both industry (prime and subcontractor level) and the taxpayer. The contracting officer uses the data provided with each invoice to enable the Government to know the risk it is incurring when it makes payments that may be disproportionate to the contractor's investment in contract performance.

3. Use of Information Technology

Information technology is used to collect the information (100%). The written notification is accepted electronically via e-mail and DoD's performance-based Payment Analysis Tool is fully automated.

4. Non-duplication

As a matter of policy, DoD reviews the Federal Acquisition Regulation and DFARS to determine whether adequate language already exists. This information collection does not duplicate any other requirement.

5. Burden on Small Business

The information collected is the minimum needed by a contracting officer in order to make an informed decision as to whether to allot additional funds for continued performance or to terminate the contract for convenience. For performance-based payments, contractors submit the required data to DoD's Performance-Based Payments analysis tool, which is a cash-flow model used for evaluating alternative financing arrangements. Performance-based payments made to a small entity could provide a positive impact on the firm's cash flow.

6. Less Frequent Collection

a. DFARS 252.232-7007. The frequency for collecting this information under an incrementally funded fixed-price contract is dependent on when, in the contractor's judgment, the work will reach the point at which the total amount payable by the Government, including any cost for termination for convenience, will approximate 85 percent of the funds currently allotted. Less frequent collection would impede contracting officers from performing their administrative functions in an efficient and effective manner by not providing the information required to make informed decisions about whether to continue with contract performance.

b. DFARS 252.232-7012 and 252.232-2013. If the information is not collected, then DoD

will be unable to analyze the performance-based payment schedule and calculate improved financing opportunities.

7. Paperwork Reduction Act Guidelines

There are no special circumstances for this collection. The collection is consistent with the guidelines in 5 CFR 1320.5(d)(2)

8. Consultation and Public Comments

a. Public Notice

i. Public comments were solicited in the *Federal Register* on May 29, 2026 (91 FR 32016). No comments were received in response to this notice.

ii. A notice of submission to OMB for clearance of this information collection was published in the *Federal Register* on July 31, 2026 (91 FR 48377).

b. Consultation

Subject matter experts within DoD were consulted regarding the revision of this information collection.

9. Gifts or Payment

DoD will not provide payment or gift to respondents under this information collection, other than remuneration to contractors under their contracts.

10. Confidentiality

This information is disclosed only to the extent consistent with statutory requirements, current regulations, and prudent business practices. No assurance of confidentiality is provided to respondents. A Privacy Act Statement is not required for this collection because DoD is not requesting individuals to furnish personal information for a system of records. The collection of information does not include and personally identifiable information; therefore no Privacy Impact Assessment or Privacy Act 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. DFARS 252.232-7007: The estimates in the following table are based on data from the Federal Procurement Data System and advice of DoD subject matter experts. DoD reviewed the number of unique entities for fiscal years 2023 through 2025 that received incrementally-funded

fixed-price contracts and used the average across the three fiscal years. Estimates from the Chair of the DFARS Contract Finance Team were used for the number of responses, the time per response, and the equivalent GS level of the contractor personnel performing the effort for 252.232-7007.

The cost per hour is based on the Office of Personnel Management (OPM) General Schedule (GS) hourly rate of \$48.61 for a GS-12, step 5, employee for calendar year 2026, plus the 36.25% civilian personnel full fringe benefit rate from Office of Management and Budget (OMB) memorandum M-08-13 (\$48.61 + \$17.62 = \$66.23).

Estimation of Respondent Burden: DFARS 252.232-7007	
Number of respondents	829
Responses per respondent	1
Number of responses	829
Hours per response	1
Estimated hours (number of responses multiplied hours per response)	829
Cost per hour (hourly wage) – <i>Note</i>	\$66.23
Annual public burden (estimated hours multiplied by cost per hour)	\$54,905

b. DFARS 252.232-7012 and 252.232-7013: The estimates in the following table are based on data from the Federal Procurement Data System and advice of DoD subject matter experts. DoD reviewed the number of contracts awarded using performance-based financing as well as the number of unique entities for fiscal years 2023 through 2025 that received performance-based payments. An average of 137 contracts were awarded using performance-based financing. Of that number, there were 86 unique entities that received performance-based payments.

The composite hourly rate of \$92.93 is based on an approximate mix of 25 percent journeyman level (GS-12 step 5), 60 percent senior level (GS-14 step 5); and 15 percent executive/attorney (SES, level 3). The rates are based on the calendar year 2026 OPM GS hourly rate of \$48.61 for a GS-12, step 5, employee; \$68.30 for a GS-14, step 5; and an SES Level III rate of \$100.43. The 36.25% civilian personnel full fringe benefit rate from OMB memorandum M-08-13 is applied to the basic rates, for a total of \$66.23 for GS-12 step 5, \$93.06 for GS-14, step 5, and \$136.84 for SES Level III.

Estimation of Respondent Burden: DFARS 252.232-7012 and -7013	
Number of respondents	86
Responses per respondent	19
Number of responses	1,634
Hours per response	1.2

Estimated hours (number of responses multiplied hours per response)	1,961
Cost per hour (hourly wage) – <i>Note</i>	\$92.93
Annual public burden (estimated hours multiplied by cost per hour)	\$182,236

c. Total for 252.232-7007, 252.232-7012, and 252.232-7013.

The total estimated burden for DFARS 252.232-7007, 252.232-7012, and 252.232-7013 is provided in the following table. The total number of respondents, total number of responses, total estimated hours, and total annual public burden are the sum of the estimates for the individual burdens. The cost per hour is the total annual public burden divided by the total estimated hours.

Estimation of Respondent Burden: 0704-0359	
Total number of respondents	915
Total responses per respondent	2.69
Total number of responses	2,463
Hours per response	1.13
Total estimated hours	2,790
Cost per hour	\$85.00
Cost per response	\$96.28
Total annual public burden	\$237,141

13. Respondent Costs Other than Burden Hour Costs

DoD does not estimate any annual cost burden part from the labor burden in item 12 above.

14. Cost to the Federal Government

a. The estimates in the following table are based on data from the Federal Procurement Data System and advice of DoD subject matter experts. It is estimated that the Government will need one hour to review and verify the information contained in each response. The cost per hour is based on the OPM GS hourly rate of \$48.61 for a GS-12, step 5 employee for calendar year 2026 plus the 36.25% civilian personnel full fringe benefit rate from OMB memorandum M-08-13 (\$48.61 + \$17.62 = \$66.23).

Estimation of Cost to the Government: DFARS 252.232-7007	
Number of responses	829

Hours per response	1
Estimated hours	829
Cost per hour (hourly wage)	\$66.23
Annual public burden (estimated hours multiplied by cost per hour)	\$54,905

b. The estimates in the following table are based on data from the Federal Procurement Data System and the advice of DoD subject matter experts. It is estimated that the Government will need 1.85 hours to review the information in each response.

The composite hourly rate of \$92.93 is based on an approximate mix of 25 percent journeyman level (GS-12 step 5), 60 percent senior level (GS-14 step 5); and 15 percent executive/attorney (SES, level 3). The rates are based on the calendar year 2026 OPM GS hourly rate of \$48.61 for a GS-12, step 5, employee; \$68.30 for a GS-14, step 5; and an SES Level III rate of \$100.43. The 36.25% civilian personnel full fringe benefit rate from OMB memorandum M-08-13 is applied to the basic rates, for a total of \$66.23 for GS-12 step 5, \$93.06 for GS-14, step 5, and \$136.84 for SES Level III.

Estimation of Cost to the Government: DFARS 252.232-7012 and -7013	
Number of responses	1,634
Hours per response	1.85
Estimated hours (number of responses multiplied hours per response)	3,023
Cost per hour (hourly wage)	\$92.93
Annual public burden (estimated hours multiplied by cost per hour)	\$280,927

Overall Cost to the Federal Government	
Total number of annual responses	2,463
Total cost	\$335,832

15. Reasons for Change in Burden

This justification supports renewal of the information collection requirements previously approved under OMB Control Number 0704-0359. There was a decrease in the burden due to use of current data.

Change in Burden: 0704-0359 TOTAL			
Summary	2026	2023	Difference
Total number of respondents	915	1,000	-85

Total annual responses	2,463	14,000	-11,537
Total estimated hours	2,790	16,800	-14,010
Total annual public burden	\$237,141	\$1,510,952	-1,273,811

16. Publication of Results

Results of this collection will not be published.

17. Non-Display of OMB Expiration Date

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

18. Exceptions to “Certification for Paperwork Reduction Submissions”

There are no exceptions to the certification accompanying this Paperwork Reduction Act submission.