

SUPPORTING STATEMENT FOR
OMB Control No. 9000-0006, SUBCONTRACTING PLANS/SUBCONTRACT
REPORT FOR INDIVIDUAL CONTRACTS

A. Justification.

1. Administrative requirements. In accordance with the Section 8(d) of the Small Business Act ([15 U.S.C. 637\(d\)](#)), any contractor receiving a contract for more than the simplified acquisition threshold must agree in the contract that small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns will have the maximum practicable opportunity to participate in contract performance. Further, [15 U.S.C. 637\(d\)](#) imposes the requirement that contractors receiving a contract or contract modification, that individually is expected to exceed \$650,000 (\$1.5 million for construction) and has subcontracting possibilities, shall submit an acceptable subcontracting plan that provides maximum practicable opportunities for small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns. Specific elements required to be included in the plan are specified in section 8(d) of the Small Business Act and implemented in Federal Acquisition Regulation (FAR) Subpart 19.7.

In conjunction with the subcontracting plan requirements, contractors must submit semi-annual reports of their small business subcontracting progress to the government. With the exception of those contracts noted in FAR 4.606(c)(5) which states “Actions that, pursuant to other authority, will not be entered in FPDS (e.g., reporting of the information would compromise national security)”, contractors must use the electronic Individual Subcontract Report (ISR) in lieu of the Standard Form 294, Subcontracting Report for Individual Contracts. Those contract actions noted in FAR 4.606(c)(5) will continue to use the Standard Form 294. The ISR in the Electronic Subcontracting Reporting System (eSRS) is the electronic equivalent of the Standard Form 294, Subcontracting Report for Individual Contracts.

2. Uses of information. A satisfactory subcontracting plan is required before a contract exceeding \$650,000 (\$1,500,000 for construction) can be awarded. The contracting officer must examine the information in the proposed plan to determine if the plan is in compliance with the Small Business Act and the FAR. In addition, the information is used for policy and management control purposes. The Individual Subcontracting Report data submitted is used to assess contractors' compliance with their subcontracting plans.

3. Consideration of information technology. Contractors are using the Electronic Subcontracting Reporting System. The eSRS is an electronic, web-based system for subcontract reporting that replaces the manual paper forms (SF 294 and SF 295) and provides a single point of entry for subcontracting requirements and reports. ESRS implements a real time contract retrieval interface with the Federal Procurement Data System (FPDS). The interface also permits contractors to entire their contract number

into eSRS and have the data retrieved from the System for Award Management (SAM) when the Data Universal Numbering System (DUNS) number is entered.

4. Efforts to identify duplication. This requirement is issued under the Federal Acquisition Regulation (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. Small businesses are not required to submit subcontracting plans or reports.

6. Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently. Information similar to that submitted on the Individual Subcontract Report is not already available to the contracting officer. Without the proposed information collection, the Federal Government will lack sufficient data pertaining to the use of small business concerns and the various socioeconomic categories under the small business subcontracting program.

7. Special circumstances for collection. Collection of information related to the plan must be done prior to award of the contract. Under sealed bid solicitations, plans must be submitted with bids so that all firms can be evaluated equally. Plans under negotiated acquisitions may be required only from the firm(s) being considered for award or, if the contracting officer determines it necessary, submitted with initial offers. Collection is generally consistent with guidelines in 5 CFR 1320.6.

8. Efforts to consult with persons outside the agency. A notice was published in the Federal Register at 77 FR 69627, on November 20, 2012. One comment was received.

Comment: The respondent commented that the extension of the information collection would violate the fundamental purposes of the Paperwork Reduction Act.

Response: In accordance with the Paperwork Reduction Act (PRA), agencies can request OMB approval an existing information collection. PRA requires that agencies use the Federal Register notice and comment process, to extend OMB's approval, at least every three years. This extension, to a previously approved information collection, pertains to the use of the ISR to collect subcontract award data from prime or subcontractors that: (a) hold one or more contracts over \$650,000 (over \$1,500,000 for construction); and (b) are required to report subcontracts awarded to small business, small disadvantaged business, women-owned small business, historically underutilized business zone small business, veteran-owned small business, and service-disabled veteran-owned small business concerns. The ISR is also used to collect subcontract award data from Alaskan Native Corporations and Indian Tribe concerns under a subcontracting plan with the Federal government. For the Department of Defense, the National Aeronautics and Space Administration, and the United States Coast Guard, the ISR collects subcontract awards for Historically Black Colleges and Universities and Minority Institutions. Absent this information the suitability of the contractor to report subcontract award data could not be ascertained. Further, the contracting officer could

not examine the subcontract award data to assess contractors' compliance with their subcontracting plans, the Small Business Act, and the FAR.

Comment: The respondent commented that the agency did not accurately estimate the public burden challenging that the agency's methodology for calculating it is insufficient and inadequate and does not reflect the total burden. The respondent indicated that the upward adjustment made to the number of respondents from 103,908 to 129,009 was reasonable. However, the decrease in the estimated hours per response from 11.90 to 8.5 hours per responses is understated, and that the average burden on companies is somewhere in the range of 10 to 100 times greater than the estimate put forth in the Federal Register Notice. For this reason, the respondent provided that agency should reassess the estimated total burden hours and revise the estimate upwards to be more accurate, as was done in FAR Case 2007-006.

Response: Serious consideration given, during the open comment period, to all comments received and adjustments are made to the paperwork burden estimate based on reasonable considerations provided by the public. This is evidenced, as the respondent notes, in FAR Case 2007-006 where adjustment was made from the total preparation hours from three to 60. This change was made considering particularly the hours that would be required for review within the company prior to release to the Government. The burden is prepared taking into consideration the necessary criteria OMB guidance for estimating the paperwork burden put on the entity submitting the information. For example, consideration is given to entity reviewing instructions; using technology to collect, process, and disclose information; adjusting existing practices to comply with requirements; searching data sources; completing reviewing the response; and transmitting or disclosing information. The estimated burden hours for a collection are based on an average between the hours that a simple disclosure by a very small business might require and the much higher numbers that might be required for a very complex disclosure by a major corporation. Also, the estimated burden hours should only include projected hours for those actions which a company would not undertake in the normal course of business.

Careful consideration went into assessing the estimated burden hours for this collection. Given that many of the key data elements are pre-populated in eSRS from FPDS and SAM (e.g. basic contractual information and contractor information), combined with the system improvements to streamline user experience, the amount of training provided, the user guides and webinars available, and the sample reports provided, the length of time necessary for reporting subcontracting achievements into eSRS has been shortened. As a result, the estimate burden hours published in the Federal Register at 77 FR 69627, on November 20, 2012 remains a valid estimate and an upward adjustment is not required at this time. However, at any point, members of the public may submit comments for further consideration, and are encouraged to provide data to support their request for an adjustment.

Comment: The respondent commented that the collective burden of compliance with the information collection requirement greatly exceeds the agency's estimate and outweighs any potential utility of the extension.

Response: The Paperwork Reduction Act (PRA) was designed to improve the quality and use of Federal information to strengthen decision-making, accountability, and openness in government and society. Central to this process is the solicitation of comments from the public. This process incorporates and enumerated specification of targeted information and provides interested parties a meaningful opportunity for comment on the relevant compliance cost. This process has led to decreases in the overall collection requirement in regards to the public. Based on OMB estimates, in FY 2010, the public spent 8.8 billion hours responding to information collections. This was a decrease of one billion hours, or ten percent from the previous fiscal year. In effect, the collective burden of compliance for the public is going down as the Government publishes rule that make the process less complex, more transparent, and reduces the cost of federal regulations to both the Contractor community and Government.

9. Explanation of any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or guarantees. Not applicable.

10. Describe assurance of confidentiality provided to respondents. This information is disclosed only to the extent consistent with prudent business practices and current regulations.

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 estimate burden hours published in the Federal Register at 77 FR 69627, on November 20, 2012 remains a valid estimate. According to Fiscal Year 2011 Federal Procurement Data System (FPDS) data, approximately 129,009 contracts were awarded where the requirements for a subcontracting plan would apply.

The time required for development of the plan, reading, preparing information and data entry into eSRS is estimated as follows:

Estimated respondents.....	129,009
Average responses annually.....	<u>3</u>
Total annual responses.....	387,027
Estimated hrs/response.....	8.50 hrs (510 minutes)
Total hours for SF 294.....	3,289,729.50
Hourly rate.....	<u>\$30</u>
Total cost.....	\$98,691,885

Wages based on the equivalent of a GS-9, Step 5, of \$22.57, plus overhead of 33%, rounded to the nearest dollar.

14. Estimated cost to the Government.

Annual Recordkeeping Burden and Cost

Number of responses per year.....	129,009
Hours per response.....	<u>3</u>
Total hours.....	387,027
Hourly rate (including overhead).....	<u>x\$30</u>
Total cost.....	\$11,610,810.00

Wages based on the equivalent of a GS-9, Step 5, of \$22.57, plus overhead of 33%, rounded to the nearest dollar.

15. Explain reasons for program changes or adjustments reported in Item 13 or 14.

The Electronic Contracting Reporting System (eSRS) streamlines the small business subcontracting program reporting process and provides the data to agencies in a manner that enables them to more effectively manage the program. Before the implementation of eSRS, the government did not really have an accurate count of the number of individual subcontracting plans and the number of Standard Form 294s being collected for individual subcontracting plans. With eSRS, the Government is able to obtain a more accurate number of those contractors with individual subcontracting plans and Individual Subcontract Reports. The eSRS system shortens the length of time for reporting the subcontracting achievements.

It is estimated that eSRS assists in reducing the time necessary to development a subcontracting plan to 7 hours and revises the time necessary for reporting/recordkeeping to 1.5 Hours. Total hours for Individual Subcontracting Report are 8.5 hours. This is a reduction from the 11.9 hours for reporting into eSRS and development of the plan which results in a total of 3,289,729.50 hours, a reduction of 419,785.50 hours from the annual reporting burden published in the Federal Register at 75 FR 9604, on March 3, 2010 (3,709,515 hours).

16. Outline plans for published results of information collections. Results will be collected by and available through the Federal Procurement Data Center.

Approval not to display expiration date. Not applicable.

17. Explanation of exception to certification statement. Not applicable.

B. Collections of Information Employing Statistical Methods.

Statistical methods are not used in this information collection.