

OMB No. 0704-0485
Supporting Statement

DFARS Part 232-Contract Financing

A. Justification

1. Requirement. This is a request for establishment of a new information collection requirement. DoD is amending the Defense Federal Acquisition Regulation Supplement (DFARS) to provide detailed guidance and instructions on the use of the Performance Based Payments (PBP) Analysis Tool. If a contractor desires to structure contract financing using performance-based payments, the contractor shall submit a proposed performance-based payments schedule which includes all performance-based payments events, completion criteria and event values along with the expected expenditure profile. This information will be entered into the PBP analysis tool to calculate improved financing opportunities.

2. Purpose. This proposed rule revises requirements for the use of the PBP analysis tool. The PBP analysis tool is a cash-flow model for evaluating alternative financing arrangements, and is required to be used by all contracting officers contemplating the use of PBPs on new fixed-price type contract awards resulting from solicitations issued on or after July 1, 2011. The PBP analysis tool calculates improved financing opportunities that will provide benefit to both industry (prime and subcontractor level) and the taxpayer.

3. Information Technology. Improved information technology is used to the maximum extent practicable. This information collection complies with the Government Paperwork Elimination Act, Pub. L. 105-277, Title XVII.

4. Duplication. As a matter of policy, DoD reviews the Federal Acquisition Regulation (FAR) 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. Small business. The burden applied to small business is the minimum consistent with applicable laws, Executive orders, regulations and prudent business practices. Although the information collection requirement does not reduce the burden on small entities, requiring the use of the PBP analysis tool by all contracting officers contemplating the use of PBPs on new fixed-price type contract awards does not require contractors to

expend significant effort or cost.

6. Consequences for noncollection. Without collecting this information, DoD will be unable to utilize the PBP analysis tool to calculate improved financing opportunities that will provide benefit to both industry (prime and subcontractor level) and the taxpayer.

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

8. Public comments and consultation. This information collection is consistent with the guidelines in 5 CFR 1320.5(d). A proposed rule, soliciting public comments, was published in the **Federal Register** on January 30, 2012, (77 FR 4638). One comment was received. The respondent stated that the proposed rule is administratively burdensome, and that implementation will surpass the one hour average burden per response. DoD response is as follows: "Performance-based payments will be paid for completed events, but not more frequently than monthly. Each request for a PBP will require the contractor to provide two dollar values: cumulative value of PBP events completed to date and total cost incurred to date. The rule is, therefore, not administratively burdensome since it requires the contractor to provide information that should be readily available in the contractor's accounting system in the ordinary course of business. Accordingly, DoD estimates, on average, it will not take more than one hour per response."

9. Payment to respondents. No payment or gift will be provided to respondents, other than remuneration of contractors under their contracts.

10. Confidentiality. This information is disclosed only to the extent consistent with prudent business practices, current regulations, statutory and Freedom of Information Act requirements.

11. Sensitive questions. There are no questions of a sensitive nature.

12. Estimate of public burden.

Number of respondents	Note (1)	1,000
Responses per respondent	(1)	1
Total annual responses		1,000
Hours per response	(1)	1.0

Total hours		1,000
Cost per hour	Note (2)	\$64.04
Total annual cost to public		\$64,040

Notes:

(1) Based on information provided by the Office of the Under Secretary of Defense for Acquisition, Technology & Logistics (AT&L), Office of the Director Defense Procurement and Acquisition Policy (DPAP) and Office of the Director Defense Pricing (DP) Directorates. Current actual numbers of respondents have been approximately doubled with the expectation that the utilization of performance-based contracts will increase with the publication of the DFARS rule.

(2) Based on GS-13, step 5 hourly rate (\$38.92) for calendar year 2011 plus 24.22% locality pay (\$9.43) and 32.45 percent burden (\$15.69), equals \$64.04 per hour.

13. Estimated nonrecurring costs. We estimate that there are no nonrecurring costs, i.e., capital and start-up, or operation and maintenance costs.

14. Estimated cost to the Government.

Total annual responses	Note (1)	1,000
Hours per response	(2)	1.0
Total annual hours		1,000
Cost per hour	(1)	\$64.04
Total annual cost to Government		\$64,040

Notes:

(1) See Item 12, above.

(2) The estimated 1 hour per response is based on the time required for the Government to receive, review, and analyze the information submitted by the contractor.

15. Program changes. This is a new information collection requirement.

16. Publication. Results of this information collection will not be published.

17. Expiration date. We do not seek approval not to display the expiration date for OMB approval of this information collection.

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

B. Collections of Information Employing Statistical Methods

Statistical methods will not be employed.