

Supporting Statement
OMB Control No. 0704-0497
Defense Federal Acquisition Regulation Supplement (DFARS)
Part 15 Negotiation

A. Justification.

1. Need for information collection. This is a request for approval of a new information collection requirement under the Office of Management and Budget (OMB) Control Number 0704-0497. DoD is amending Defense Federal Acquisition Regulation Supplement (DFARS) 215.403-5 to provide contractors guidance for the submittal of forward pricing rate proposals and includes a checklist for contractors to use in preparing their proposals. The checklist would be submitted to DoD with the forward pricing rate proposal.

2. Use of the information. The purpose of this information collection is to improve the efficiency of the negotiations process by ensuring the submission of thorough, accurate, and complete forward pricing rate proposals. If the contracting officer determines that a forward pricing rate proposal should be obtained pursuant to FAR 42.1701, then contractors following the commercial contract cost principles in FAR subpart 31.2 will be required to submit a forward pricing rate proposal that complies with FAR 15.408, Table 15-2, and DFARS 215.407-5-70. DFARS Case 2012-D035, Forward Pricing Rate Proposal Adequacy Checklist, adds a forward pricing rate proposal adequacy checklist at Table 215.403-5(b)(3) that the contracting officer will use to ask the contractor to follow in order to ensure the proposal is complete. The completed forward pricing rate proposal adequacy checklist will be submitted to DoD with the forward pricing rate proposal.

3. Use of information technology. Improved information technology is used to the maximum extent practicable. Contractors have the option to use electronic interchange to comply with the notification requirements. This information collection complies with the Government Paperwork Elimination Act, Pub. L. 105-277, Title XVII.

4. Non-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 existing contractor requirements.

5. Burden on small business. Only a small percentage of Government contractors are requested to submit a forward pricing rate proposal, as set forth at FAR 42.1701(a). The Government will ask only those contractors with a significant volume of Government contracts to submit such proposals (see below):

42.1701 Procedures.

(a) Negotiation of forward pricing rate agreements (FPRAs) may be requested by the contracting officer or the contractor or initiated by the administrative contracting officer (ACO). In determining whether or not to establish such an agreement, the ACO should consider whether the benefits to be derived from the agreement are commensurate with the effort of establishing and monitoring it. Normally, FPRA's should be negotiated only with contractors having a significant volume of Government contract proposals. The cognizant contract administration agency shall determine whether an FPRA will be established.

We estimate that, because of the large volume of Government business required to justify asking for a forward pricing rate proposal, the number of small businesses impacted is insignificant.

6. Less frequent collection. The submission of the forward pricing rate proposal adequacy checklist is not required by law or Executive order. However, for those contractors with a volume of Government business that meets the criteria at FAR 42.1701(a) for submission of a forward pricing rate proposal, the existence of the proposal adequacy checklist along with the contractor's proposal should decrease the amount of time necessary for the contractor to prepare the proposal and for the Government to review it. In addition, both contractors and the Government will benefit from having more consistent forward pricing rate proposals.

7. Paperwork Reduction Act guidelines. No special circumstances for collections exist.

8. Consultation and public comments. 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 May 16, 2013, ([78 FR 28790](#)). One comment was received. The respondent stated that DoD has not complied with its obligations under

the Paperwork Reduction Act and the implementing regulations in 5 C.F.R. Part 1320. The supporting data referenced by the respondent exceeds the information collection requirements established under this rule. The Paperwork Reduction Act estimates published with the proposed rule reflected the contractors' costs to fulfill the information collection requirements of this rule. The estimate has been adjusted to reflect current rates in the Office of Personnel Management 2014 pay chart and the OMB Memorandum M-07-02 civilian position full fringe benefit cost factor of 36.25 percent.

9. Gifts or payment. No payment or gift will be provided to respondents, other than remuneration of contractors.

10. Confidentiality. This information is disclosed only to the extent consistent with prudent business practices and current laws and regulations.

11. Sensitive questions. No such questions are included in the proposal adequacy checklist.

12. Estimated total annual public hour burden.

The annual total burden hours were computed as follows:

Based on a Defense Contract Management Agency review of forward pricing rate proposals submitted over the past several fiscal years, DoD estimates that approximately 160 contractors will submit forward pricing rate proposals annually. All of these contractors now will be requested to complete and submit the forward pricing rate proposal adequacy checklist. Because of the requirement that forward pricing rate proposals be requested from only those contractors with a volume of Government business that is significant enough to justify benefits associated with the effort of establishing and monitoring the forward pricing rate agreement, we estimate that the number of small entities impacted is insignificant.

Wages are based on the average hourly wage and associated overhead of a contracts and pricing professional that is most likely to be preparing the forward pricing rate proposal and, therefore, using the proposal adequacy checklist. In estimating the associated cost, we used the Office of Personnel Management 2014 salary chart to establish the equivalent rate of a GS-13, step 5, or \$39.31

an hour. To this labor rate, we applied an overhead of 36.25 percent and rounded the total to the nearest whole dollar, or \$54 an hour.

Respondents:		160
Responses per respondent:	X	<u>1</u>
Total annual responses:		160
Preparation hours per response:	X	<u>4</u>
Total response burden hours:		640
Averages wages	X	<u>\$54</u>
Estimated cost to the public		\$34,560

*Please note that these figures are associated only with the completion and submission of the forward pricing rate proposal adequacy checklist. The hours associated with the preparation, submission, negotiation, and maintenance of a forward pricing rate agreement are the subject of a separate FAR OMB information collection submission.

13. Capital Start-Up and Maintenance Costs. There are no capital start-up or operational maintenance costs associated with this information collection, other than the hour burden detailed in paragraph 12.

14. Estimated cost to the Government. The time required for the Government review is estimated at 1 hour per response. The cost is based on the average hourly wage of a GS-13, step 5, plus 32.85% overhead, rounded to the nearest whole dollar, for a total hourly cost of \$54 (\$39.31 x 36.25% = \$54).

Responses/yr		160
Reviewing time/hr	x	<u>1</u>
Review time/yr		160
Average wages \$39/hr. + 36.45% OH)	X	<u>\$54</u>
Total Government cost		\$8,640

15. Reasons for change in burden. Not applicable.

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

17. Non-display of OMB Expiration Date. Not applicable.

18. Exception to "Certification for Paperwork Reduction Submissions. Not applicable.

B. Collections of Information Employing Statistical Methods. Statistical methods are not used in this information collection.