

**Supporting Statement for**  
**OMB Control No. 9000-0007, Subcontracting Plans**

**FAR Section Affected: 52.219-9; SF 294; eSRS**

**A. Justification.**

**1. Administrative requirements.** The Federal Acquisition Regulatory Council is combining OMB Control Nos. for the Federal Acquisition Regulation (FAR), to reduce the administrative burdens associated with renewing the information collections. This justification supports revision and extension of the expiration date of OMB Control No. 9000-0007, and combines it with the previously approved information collections OMB Control Nos. 9000-0006 and 9000-0192, with the new title “Subcontracting Plans” because all of them affect Government policy on subcontracting. Upon approval of this consolidated information collection, OMB Control Nos. 9000-0006 and 9000-0192 will be discontinued. The burden requirements previously approved under the discontinued Numbers will be covered under OMB Control No. 9000-0007.

OMB Control No.	Title	Expiration
9000-0007	Summary Subcontract Report	12/31/2018
9000-0006	Subcontracting Plans/Individual Subcontract Report (SF 294) and ISRs	02/28/2019
9000-0192	Utilization of Small Business Subcontractors	03/31/2019

This clearance covers the information that offerors and contractors must submit to comply with the requirements in Federal Acquisition Regulation (FAR) 52.219-9, Small Business Subcontracting Plans, regarding subcontracting plans as follows:

- a. **Subcontracting plan.** In accordance with 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 that is expected to exceed, or a contract modification that causes a contract to exceed, \$700,000 (\$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 FAR subpart 19.7 and the clause at 52.219-9.

- b. Summary Subcontract Report (SSR).** In conjunction with the subcontracting plan requirements, contractors with subcontracting plans must submit an annual summary of subcontracts awarded as prime and subcontractors for each specific Federal Government agency. Contractors submit the information in a SSR through the Electronic Subcontracting Reporting System (eSRS). This is required for all contractors with subcontracting plans regardless of the type of plan (i.e., commercial or individual).
- c. Individual Subcontract Report (ISR).** In conjunction with the subcontracting plan requirements, contractors with individual subcontracting plans must submit semi-annual reports of their small business subcontracting progress. Contractors submit the information through eSRS in an ISR, the electronic equivalent of the Standard Form (SF) 294, Subcontracting Report for Individual Contracts. Contracts that are not reported in the Federal Procurement Data System (FPDS) in accordance with FAR 4.606(c)(5) do not submit ISRs in eSRS; they will continue to use the SF 294 to submit the information to the agency.
- d. Written explanation for not using a small business subcontractor as specified in the proposal or subcontracting plan.** Section 1322 of the Small Business Jobs Act of 2010 (Jobs Act), Pub. L. 111-240, amends the Small Business Act (15 U.S.C. 637(d)(6)) to require as part of a subcontracting plan that a prime contractor make good faith effort to utilize a small business subcontractor during performance of a contract to the same degree the prime contractor relied on the small business in preparing and submitting its bid or proposal. If a prime contractor does not utilize a small business subcontractor as described above, the prime contractor is required to explain, in writing, to the contracting officer the reasons why it is unable to do so.

**2. Uses of information.** The subcontracting plan, SSR, ISR, and written explanation submitted to the Government are used to assess contractors' compliance with the subcontracting plan requirements in accordance with the Small Business Act and the FAR. The information reported to the Government is used for policy and management control purposes. The evaluation of the contractor's performance against the subcontracting plan will be documented in prime contractors' overall contract performance assessment so that source selection officials make informed award decisions and ensure the Government builds relationships with high-performing suppliers.

**3. Consideration of information technology.** Contractors are using the Electronic Subcontracting Reporting System (eSRS) to submit SSRs and ISRs. The eSRS is an electronic, single point of entry, web-based system for subcontract reporting. ESRS implements a real time contract retrieval interface with FPDS. The interface also permits contractors to enter their contract number into eSRS and have the data retrieved from the System for Award Management (SAM). The written explanation for not using a small business subcontractor as specified in the proposal or subcontracting plan may be submitted electronically.

**4. Efforts to identify duplication.** This requirement is issued under the 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. The burden is applied to other than small businesses that have to submit a subcontracting plan. The collection of information will indirectly benefit small businesses because it is an incentive for large business prime contractors to use a small business subcontractor in actual contract performance to the same extent the subcontractor was used in preparation of the proposal.

**6. Describe consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently.** Similar information is not already available to the contracting officer or buyer. Without the information collection, the Federal Government will lack sufficient data to assess contractor performance 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 is consistent with guidelines in 5 CFR 1320.6.

**8. Efforts to consult with persons outside the agency.** A 60-day notice was published in the *Federal Register* at 83 FR 38311, on August 6, 2018. No comments were received.

**9. Explanation of any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.** 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.**

**a. Subcontracting plan.**

Subcontracting plans are provided on a contract-by-contract basis for individual subcontracting plans. Individual subcontracting plans cover the entire contract period, including options. Commercial plans are provided on an entity basis and cover the fiscal year of the contractor. The time required for development of the plan is estimated as follows:

<u>Commercial plan</u>	
Estimated respondents	542
Average responses annually	1
Total annual responses	542
Estimated hrs/response	5 hrs
Total hours for plan	2,710
Hourly rate	<u>\$37*</u>
Total cost	\$100,270
<u>Individual plan</u>	
Estimated respondents	3,808
Average responses annually	1
Total annual responses	3,808
Estimated hrs/response	5 hrs
Total hours for plan	19,040 hrs
Hourly rate	<u>\$37*</u>
Total cost	\$704,480
Total cost for submission of the subcontracting plan	\$804,750
Estimated cost per response	\$185

\*Wages based on the equivalent of a GS-9, Step 5, of \$27.48, plus overhead of 36.25%, rounded to the nearest dollar. Reference Salary Table 2018-RUS, Effective January 2018, found at [www.opm.gov](http://www.opm.gov).

**b. Summary Subcontract Report (SSR).**

SSRs are submitted annually for all types of subcontracting plans. One SSR is submitted for each commercial subcontracting plan. For individual subcontracting plans,

an SSR is required for every agency that funds work under the contract that the plan covers. Time required for reading, preparing information, and data entry into eSRS is estimated as follows:

Commercial plan

Estimated respondents	1,653
Average responses annually	1
Total annual responses	1,653
Estimated hrs/response	2 hrs
Total hours for SSR	3,306 hrs
Hourly rate	<u>\$37*</u>
Total cost	\$122,322

Individual plan without order level reporting

Estimated respondents	10,885
Average responses annually	1
Total annual responses	10,885
Estimated hrs/response	1.5 hrs
Total hours for SSR	16,327.5 hrs
Hourly rate	<u>\$37*</u>
Total cost	\$604,117.50

Individual plan with order level reporting

Estimated respondents	197
Average responses annually	3
Total annual responses	591
Estimated hrs/response	1.5 hrs
Total hours for SSR	886.5 hrs
Hourly rate	<u>\$37*</u>
Total cost	\$32,800.50

Total submission of SSRs	\$759,240
Estimated cost per response	\$58

\*Wages based on the equivalent of a GS-9, Step 5, of \$27.48, plus overhead of 36.25%, rounded to the nearest dollar. Reference Salary Table 2018-RUS, Effective January 2018, found at [www.opm.gov](http://www.opm.gov).

**c. Individual Subcontract Report (ISR).**

ISRs are submitted semi-annually for each contract with an individual subcontracting plan. The ISR consists of data for subcontracting under a given contract. ISRs are not

required for commercial plans. Time required for reading, preparing information, and data entry into eSRS is estimated as follows:

Individual plan without order-level reporting requirement

Estimated respondents	10,855
Average responses annually	2
Total annual responses	21,710
Estimated hrs/response	2 hrs
Total hours for ISR	43,420 hrs
Hourly rate	<u>\$37*</u>
Total annual burden	\$1,606,540

Individual plan - with order-level reporting requirement

Estimated respondents	197
Average responses annually	2
Total annual responses	394
Estimated hrs/response	5 hrs
Total hours for ISR	1,970 hrs
Hourly rate	<u>\$37*</u>
Total annual burden	\$72,890

Total submission of ISRs	\$1,679,430
Estimated cost per response	\$76

\*Wages based on the equivalent of a GS-9, Step 5, of \$27.48, plus overhead of 36.25%, rounded to the nearest dollar. Reference Salary Table 2018-RUS, Effective January 2018, found at [www.opm.gov](http://www.opm.gov).

**d. Written explanation for not using a small business subcontractor as specified in the proposal or subcontracting plan.**

The written explanation for not using a small business subcontractor is submitted on a contract-by-contract basis. The written explanation is only required if the prime contractor does not make good faith effort to utilize a small business subcontractor to the same degree the prime contractor relied on the small business in preparing and submitting its bid or proposal. FPDS for FY 2017 identified 3,808 contracts with individual subcontracting plans and 542 entities awarded contracts with commercial plans, for a total of 4,350 plans for FY 2017. We estimate that at most 50%, or 2,175, of these contracts with subcontracting plans may have instances of the prime contractor not using a small business subcontractor to the same extent used in preparing the bid or proposal. We estimate two hours as the average time required to read and prepare information for this collection. We also estimate that the responses per respondent

would be once a year since respondents have until 30 days of contract completion to submit the written explanation. Based on this information, we estimate the cost per response to be \$74.

Estimated Respondents	2,175
Average Responses Annually	<u>x 1</u>
Total Annual Responses	2,175
Estimated hrs/response	<u>x 2</u>
Total hours	4,350
Hourly rate	<u>x \$37*</u>
Total annual burden	\$160,950
Estimate cost per response	\$74

\*Wages based on the equivalent of a GS-9, Step 5, of \$27.48, plus overhead of 36.25%, rounded to the nearest dollar. Reference Salary Table 2018-RUS, Effective January 2018, found at [www.opm.gov](http://www.opm.gov).

#### 14. Estimated cost to the Government.

##### a. Subcontracting plan.

The time required to review the plan for compliance with 52.219-9 is estimated as follows:

##### Commercial and individual plans

Estimated respondents	4,350
Average responses annually	1
Total annual responses	4,350
Estimated hrs/response	3 hrs
Total hours for plan	13,050
Hourly rate	<u>\$37*</u>
Total cost	\$482,850

\*Wages based on the equivalent of a GS-9, Step 5, of \$27.48, plus overhead of 36.25%, rounded to the nearest dollar. Reference Salary Table 2018-RUS, Effective January 2018, found at [www.opm.gov](http://www.opm.gov).

##### b. Summary Subcontract Report (SSR).

Time required for reviewing and acknowledging the SSR in eSRS is estimated as follows:

<u>Commercial and individual plans</u>	
Estimated respondents	13,129
Average responses annually	1
Total annual responses	13,129
Estimated hrs/response	1 hr
Total hours for SSR	13,129 hrs
Hourly rate	<u>\$37*</u>
Total cost	\$485,773

\*Wages based on the equivalent of a GS-9, Step 5, of \$27.48, plus overhead of 36.25%, rounded to the nearest dollar. Reference Salary Table 2018-RUS, Effective January 2018, found at [www.opm.gov](http://www.opm.gov).

**c. Individual Subcontract Report (ISR).**

Time required for reviewing and acknowledging ISRs in eSRS is estimated as follows:

<u>Individual plans with or without order-level reporting requirement</u>	
Estimated respondents	11,052
Average responses annually	2
Total annual responses	22,104
Estimated hrs/response	1 hr
Total hours for ISR	22,104 hrs
Hourly rate	<u>\$37*</u>
Total cost	\$817,848

\*Wages based on the equivalent of a GS-9, Step 5, of \$27.48, plus overhead of 36.25%, rounded to the nearest dollar. Reference Salary Table 2018-RUS, Effective January 2018, found at [www.opm.gov](http://www.opm.gov).

**d. Written explanation for not using a small business subcontractor as specified in the proposal or subcontracting plan.**

Time required for Government-wide review and evaluation of the information collected is estimated at a third of an hour per response. Government review can benefit from economies of scale by incorporating this requirement into the standard contractor performance evaluation and performance reporting (i.e., Contractor Performance Assessment Reporting System (CPARS)) that already occurs for all contracts over the simplified acquisition threshold.

Number of Respondents	2,175
Responses per Respondent	<u>x 1</u>

Total Responses	2,175
Average hours per response	<u>x 0.33</u>
Total hours	717.75
Cost per hour	<u>x \$37*</u>
Total annual cost	\$26,556.75

\*Wages based on the equivalent of a GS-9, Step 5, of \$27.48, plus overhead of 36.25%, rounded to the nearest dollar. Reference Salary Table 2018-RUS, Effective January 2018, found at [www.opm.gov](http://www.opm.gov).

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

**14.** The FAR requirements remain the same. However, the estimated burden has decreased primarily due to:

- Using a 5 year timeframe, the maximum period of performance for most contracts, to estimate number of active subcontracting plans requiring ISRs and SSRs in a given year, as opposed to a 15 year timeframe.
- Calculating the burden for subcontracting plans separately from ISRs (i.e. they no longer are assumed to have the same population and the hours for each are estimated individually).
- Using granularity in FPDS data (e.g. separating out calculations based on Commercial Plans vs Individual Plans, Individual Plans that require order-level reporting vs Individual Plans that don't require order-level reporting).

**16. Outline plans for published results of information collections.** Results will not be tabulated or published.

**17. Approval not to display expiration date.** Not applicable.

**18. Explanation of exception to certification statement.** Not applicable.

**B. Collections of Information Employing Statistical Methods.**

Statistical methods are not used in this information collection.

