

## SUPPORTING STATEMENT - PART A

Department of Defense Contract Security Classification Specification – 0704-0567

### Summary of Changes from Previously Approved Collection

- Due to a system refactor approved October 2021, to address key enhancement needs for the system to ensure proper DoD-wide implementation, NCCS is no longer accessible via the Procurement Integrated Enterprise Environment (PIEE). It is now accessible at: <https://tesseract.cloud.dcsa.mil/nccs/>.
- We are requesting that The DD Form 254 transition to a Common Form because the form is used by other Federal Agencies for the same purpose.

#### 1. Need for the Information Collection

Pursuant to 48 CFR, part 27, in conjunction with subpart 4.4 of the Federal Acquisition Regulation, contracting officers shall determine whether access to classified information may be required by a contractor during contract performance. When access to classified information is required, DoD Components shall use the “Contract Security Classification Specification,” DD Form 254, as an attachment to contracts or agreements requiring access to classified information by U.S. contractors.

32 CFR Part 117 requires that Government Contracting Activities (GCAs) use DD Form 254 to provide security classification guidance to a contractor in connection with a classified contract. 32 CFR Part 117 also requires that cleared U.S. prime contractors provide contract security classification specifications to their U.S. cleared subcontractors when access to classified information is required in connection with a subcontract.

The NISP Contract Classification System (NCCS) serves as the centralized electronic repository for the DD Form 254. NCCS expedites the processing and distribution of contract classification specifications for contracts requiring access to classified information, using automated workflows and automated review process. NCCS also has a built-in automated process for the Request for Approval to Subcontract and provides workflow support for the Facility Clearance Request (FCL) and National Interest Determination (NID) processes. Respondents can register for and request access to NCCS at: <https://tesseract.cloud.dcsa.mil/nccs/>. The information required to register does not meet the definition of an information collection subject to the PRA.

#### 2. Use of the Information

The DD Form 254 is used to identify the classified areas of information involved in a contract and the specific items of information that require protection. The respondent is a cleared contractor facility in the National Industrial Security Program under the security cognizance of the Defense Counterintelligence and Security Agency (DCSA). Pursuant to security classification guidance in 32 CFR Part 117, NISP contractors must provide contract security classification

specifications with any contract or agreement that they propose or award. DD Form 254 is the official vehicle for providing this information.

A respondent submits completed DD Forms 254 with any attachments to the applicable subcontractor and to the DoD NISP Cognizant Security Office (i.e., DCSA) for evaluation.

Respondents are able to electronically complete and submit the DD Form 254 with attachments through the NCCS unless they have an electronic 254 system, in which case they will have to interface their data into NCCS in accordance with FAR 4.402 requirements.

Once the DD Form 254 is submitted, it is reviewed by Government Security personnel to ensure access language is present. Following review, Government Contracting Officers certify and release the DD Form 254 to the Industry CAGE referenced within the DD Form 254.

Completed DD Form 254s within NCCS can be viewed by DCSA field operations for industrial inspections, Industry security and owner personnel, and Government security managers and contracting personnel. NCCS provides holistic oversight to access rights within DD Form 254 without having to download, print, and email documentation.

3. Use of Information Technology

We assess that 85% of respondents use NCCS to complete DD Form 254 submission. The remaining 15% use the paper DD Form 254 and submit by mail. The rate of electronic submissions will increase as the system becomes more integrated across DoD and system implementation spans across all agencies.

4. Non-duplication

The information obtained through this collection is unique and is not already available for use or adaptation from another cleared source.

5. Burden on Small Businesses

This information collection does not impose a significant economic impact on a substantial number of small businesses or entities.

6. Less Frequent Collection

The frequency of record-keeping or reporting is “on occasion” for the DD Form 254 because it is an attachment to contracts, solicitations and other arrangements or agreements requiring access to classified information by U.S. contractors.

7. Paperwork Reduction Act Guidelines

This collection of information does not require collection to be conducted in a manner inconsistent with the guidelines delineated in 5 CFR 1320.5(d)(2).

8. Consultation and Public Comments

Part A: PUBLIC NOTICE

A 60-Day Federal Register Notice (FRN) for the collection published on Tuesday, March 15, 2022. The 60-Day FRN citation is 87 FR 14521.

No comments were received during the 60-Day Comment Period.

A 30-Day Federal Register Notice for the collection published on Friday, May 16, 2022. The 30-Day FRN citation is 87 FR 29302.

## Part B: CONSULTATION

No additional consultation apart from soliciting public comments through the Federal Register was conducted for this submission.

### 9. Gifts or Payment

No payments or gifts are being offered to respondents as an incentive to participate in the collection.

### 10. Confidentiality

A Privacy Act Statement is not required for this collection because we are not requesting individuals to furnish personal information for a system of records.

A System of Record Notice (SORN) is not required for this collection because records are not retrievable by PII.

A Privacy Impact Assessment (PIA) is not required for this collection because PII is not being collected electronically.

Records are retained and disposed of according to Records Schedule Number DAA-0446-2019-0001. Records are retained for three years and then destroyed. Longer retention is authorized if required for business use.

### 11. Sensitive Questions

No questions considered sensitive are being asked in this collection.

### 12. Respondent Burden and its Labor Costs

## Part A: ESTIMATION OF RESPONDENT BURDEN

- 1) Collection Instrument(s)  
DD Form 254 (Paper)
  - a) Number of Respondents: 1,200
  - b) Number of Responses Per Respondent: 6
  - c) Number of Total Annual Responses: 7,200
  - d) Response Time: 70 minutes
  - e) Respondent Burden Hours: 8,400 hours

DD Form 254 (NCCS)

- a) Number of Respondents: 6,800
- b) Number of Responses Per Respondent: 6
- c) Number of Total Annual Responses: 40,800
- d) Response Time: 30 minutes
- e) Respondent Burden Hours: 20,400 hours

2) Total Submission Burden

- a) Total Number of Respondents: 8,000
- b) Total Number of Annual Responses: 48,000
- c) Total Respondent Burden Hours: 28,800 hours

Part B: LABOR COST OF RESPONDENT BURDEN

1) Collection Instrument(s)

DD Form 254 (Paper)

- a) Number of Total Annual Responses: 7,200
- b) Response Time: 70 minutes
- c) Respondent Hourly Wage: \$36.35
- d) Labor Burden per Response: \$42.41
- e) Total Labor Burden: \$305,340

DD Form 254 (NCCS)

- a) Number of Total Annual Responses: 40,800
- b) Response Time: 30 minutes
- c) Respondent Hourly Wage: \$36.35
- d) Labor Burden per Response: \$18.18
- e) Total Labor Burden: \$741,540

2) Overall Labor Burden

- a) Total Number of Annual Responses: 48,000
- b) Total Labor Burden: \$1,046,880

\* Total number of responses (48,000) is based on the estimated number of classified subcontracts awarded by prime contractor annually, not including any subcontracts for which DCSA does not have security cognizance/oversight (e.g., special access programs for which DCSA does not have such security cognizance or sensitive compartmented information for which DCSA also does not have security cognizance).

\*\* Hourly wage for respondent is based on the Bureau of Labor Statics average hourly wage for Compliance Officers: (\$36.35).

13. Respondent Costs Other Than Burden Hour Costs

There are no annualized costs to respondents other than the labor burden costs addressed in Section 12 of this document to complete this collection.

#### 14. Cost to the Federal Government

##### Part A: LABOR COST TO THE FEDERAL GOVERNMENT

- 1) Collection Instrument(s)  
DD Form 254 (Paper and NCCS)
  - a) Number of Total Annual Responses: 48,000
  - b) Processing Time per Response: 0.5 hours
  - c) Hourly Wage of Worker(s) Processing Responses: \$47.35\*
  - d) Cost to Process Each Response: \$23.68
  - e) Total Cost to Process Responses: \$1,136,400
  
- 2) Overall Labor Burden to the Federal Government
  - a) Total Number of Annual Responses: 48,000
  - b) Total Labor Burden: \$1,136,400

##### Part B: OPERATIONAL AND MAINTENANCE COSTS

- 1) Cost Categories
  - a) Equipment: \$0
  - b) Printing: \$0
  - c) Postage: \$0
  - d) Software Purchases: \$0
  - e) Licensing Costs: \$0
  - f) Other: \$2,100,000 (help desk and development support costs annually)
  
- 2) Total Operational and Maintenance Cost: \$2,100,000

##### Part C: TOTAL COST TO THE FEDERAL GOVERNMENT

- 1) Total Labor Cost to the Federal Government: \$1,136,400
  
- 2) Total Operational and Maintenance Costs: \$2,100,000
  
- 3) Total Cost to the Federal Government: \$3,236,400

\*Cost to federal government is based on the approximate salary of a GS-12, Step 4 in the Washington, D.C., Maryland and Virginia metropolitan area (effective January 2022): (\$47.35) rate per hour

#### 15. Reasons for Change in Burden

The change in burden can be attributed to new development of NCCS and the new FAR mandate for use. NCCS allows users to seamlessly create, select reviewers, review and certify the document all within the NCCS application. Previously, not everyone implemented NCCS thus the process was split between application and .PDF processing. The last review for burden was collected prior to the FAR mandate, which has caused an increase in use of the system both

in users and in DD Form 254 output. Additionally, taking into account pay raised from the last review till now, the cost and burden has risen as it should, with no significant change, taking into account the prior date of review.

16. Publication of Results

The results of this information collection will not be published.

17. Non-Display of OMB Expiration Date

We are not seeking approval to omit the display of the expiration date of the OMB approval on the collection instrument.

18. Exceptions to "Certification for Paperwork Reduction Submissions"

We are not requesting any exemptions to the provisions stated in 5 CFR 1320.9.