



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

APR 14 2008

The Honorable Tom Davis
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
B-350A Rayburn House Office Building
Washington, D.C. 20515-4611

Dear Congressman Davis:

In accordance with Section 647(b) of Division F of the Consolidated Appropriations Act, fiscal year (FY) 2004, P.L. 108-199, the Department of Agriculture's (USDA) Report to Congress on FY 2007 Competitive Sourcing Efforts is enclosed.

In FY 2007, USDA announced two competitive sourcing studies for 129 full-time equivalent employees (FTE) that are still ongoing. No competitive sourcing studies were completed in FY 2007. Several feasibility studies are also ongoing that may lead to competitions in FY 2008. USDA estimates these competitions will include approximately 691 FTE. See Enclosure A for additional information regarding announced competitions without performance decisions.

USDA continues to use competitive sourcing as a management tool to improve the effectiveness of its workforce. An example is the Forest Service (FS) public-private competition of Information Technology services completed in FY 2005 which is projected to save \$146.7 million over five years. As a result of this competition, FS realized actual savings of \$21.6 million in FY 2007 and \$56.8 million in cumulative savings since FY 2005. See Enclosure B for additional information regarding completed competitions.

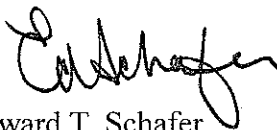
USDA continues to implement the Competitive Sourcing Initiative as part of the President's Management Agenda in a fair and equitable manner, focusing on broader, more strategic groupings of related functional areas.

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However, to sustain continued progress, we urge the elimination of the restrictive language in the Agriculture Appropriations acts, which prohibits competitive sourcing activity for rural development or farm loan support personnel. In addition, the prohibitor in the Interior Appropriations Act that restricts the amount of resources the FS may spend on competitive sourcing should also be eliminated.

If you have any questions or need additional information, please contact Charles R. Christopherson, Jr., Chief Financial Officer at (202) 720-5539.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Schafer", written in a cursive style.

Edward T. Schafer
Secretary

Enclosures

**United States Department of Agriculture
Report to Congress on Fiscal Year (FY) 2007
Competitive Sourcing Initiative Activities**

The United States Department of Agriculture (USDA) continues to refine its competitive sourcing process and procedures to maximize the initiative's impact and results. This ensures that functions selected for public-private competition will result in an implemented organization that operates with lower costs and increased efficiencies. In addition, USDA recently developed guidance for post-competition accountability reviews and tracking, including the Office of Management and Budget requirement for the independent validation of a reasonable number of competitions.

In response to the President's Management Agenda (PMA), the USDA is using tools such as performance and budget integration, program reviews, efficiency studies and improved financial management to improve the cost-effectiveness and performance of its programs. Identifying work activities for improvement and determining the appropriate study approach are central to the pursuit of increased program and cost effectiveness. USDA's alignment of the competitive sourcing decision-making process and strategic work plan has enabled the Department and its agencies to be more effective and efficient in the implementation of this initiative.

USDA recognizes that its human capital strategy is an important factor in how well the Department supports its mission. The Department's component agencies and staff offices have historically linked the strategic management of Human Capital (HC) to the competitive sourcing program through the Department's HC planning process. Examples of joint actions taken include: conducting skills gap analyses of the most critical occupational series and implementing workforce planning to address projected deficiencies; and sharing and promoting 'best practices' among component agencies. The HC Plan also includes an action to develop and implement workforce restructuring activities, as needed, that incorporate competitive sourcing solutions.

USDA conducts an annual analysis of the USDA Federal Activities Inventory by functional area for possible future competitive sourcing studies. In FY 2008, USDA plans to conduct feasibility studies covering approximately 691 FTE. These feasibility studies do not include FTE related to rural development or farm loan programs, which are subject to Congressional restrictions. In addition, no feasibility studies for the Forest Service will be conducted due to the spending restriction. If a favorable return on investment is indicated by the results of the feasibility studies and market research indicates that potentially qualified bidders exist, a public - private competition will be conducted.

If results are not favorable, competitions will not be conducted. However, USDA is committed to establishing greater efficiency and effectiveness in all activities, and utilizing other available tools when functions are deemed unsuitable for competition.

**United States Department of Agriculture
FY 2007 COMPETITIVE SOURCING ACTIVITIES WORKSHEET**

Announced Competitions
(Dollars in Millions)

Agency	Bureau	Primary Activity Code	Secondary Activity Code	Additional Activity Code	Competition Description		Type of Competition	Location (State)	# of FTE in study	Source Selection Strategy Used (if Known)	Start Date (MM/DD/YYYY)	Incremental Costs of Conducting Studies			Total Cost - All Years	Anticipated Savings or Improvements in Service or Performance (if available)
					Description of Activity Completed	Travel, Utility and Payment Processing						FY 2005 Costs	FY 2006 Costs	FY 2007 Costs		
STANDARD COMPETITIONS																
Agriculture	NRCS	T000 Administrative Support			Clerical	Standard competition	DC	45	N/D	3/30/2007	0.000	0.000	0.141	0.141	N/D	
Agriculture	OCEO	C312 Payments Issuance Support/Processing	C300 Accounting Technicians		Travel, Utility and Payment Processing	Standard competition	LA	84	N/D	12/18/2006	0.000	0.000	0.073	0.073	N/D	
SUBTOTAL, STANDARD COMPETITIONS												0.000	0.000	0.214	0.214	
TOTAL, ALL COMPETITIONS												0.000	0.000	0.214	0.214	

N.D. = No Data Available

Department of Agriculture
FY 2007 COMPETITIVE SOURCING ACTIVITIES
SAVINGS & PERFORMANCE UPDATE
(Dollars in Millions)

Enclosure B

Agency	Bureau	Function	Description of Activity	Type of Competition	FTE	Total Estimated Savings (As reported to Congress in past 647 reports)	Total Performance Period (in years)	Actual Phase-In Completion Date (Mo/Yr)	Actual Accrued Savings FY 2006	Actual Accrued Savings FY 2007	Total Actual Accrued Savings	PA Over Which Actual Savings Accrued (in Years)	Savings Methodology: Calculation Error	Quantifiable Description of Improvements in Service or Performance (if appropriate)
STANDARD COMPETITIONS														
Agriculture	NRCS	TR20	Clerical	Streamlined competition with Area District Organization	6.00	0.14	5	01/01/2004	0.08	0.08	0.16	3.8	Calculation	Forest Services provided more on-site ground inspection in the preparation and administration of road maintenance contract.
Agriculture	FS	Z993	Olympic National Forest Road Maintenance ¹	Streamlined cost comparison	8.00	0.42	2	04/01/2004	0.18	0.02	0.20	3.5	Calculation	
SUBTOTAL STREAMLINED COMPETITIONS														
					14.00	0.56	5		0.08	0.08	0.37			
STANDARD COMPETITIONS														
Agriculture	FS	Z993	R3 Road Maintenance	Standard competition	66.00	5.70	5	07/07/2004	2.20	1.08	3.88	3.2	Calculation	Sharing resources across Forest boundaries, and use of seasonal employees.
Agriculture	FS	A400	R3 Fleet Maintenance ²	Standard competition	57.00	5.70	4.5	02/22/2005	1.70	0.00	1.70	1.7	Calculation	
Agriculture	FS	W601	IT Infrastructure	Standard competition	1200.00	146.70	5	02/08/2005	35.20	21.55	66.75	2.7	Calculation	
Agriculture	NRCS	1853	Cartography	Standard competition	96.00	11.45	5	11/19/2004	4.44	2.94	7.28	1.9	Calculation	
Agriculture	NRCS	1841	Geological Analysis	Standard competition	34.00	2.25	5	12/1/2006	0.06	0.05	0.05	0.8	Calculation	
Agriculture	REE-ARS	R140	Facilities Ops and Maintenance	Standard competition	189.04	4.70	5	05/15/2005	1.25	1.29	2.53	2.4	Calculation	
Agriculture	REE-ARS	R990	Research Framing Support	Standard competition	81.00	3.46	5	05/15/2005	0.23	0.76	0.99	2.4	Calculation	
SUBTOTAL STANDARD COMPETITIONS					1723.00	180.46	5		0.23	0.76	0.99			
TOTAL ALL COMPETITIONS					1737.00	180.96					70.25			

¹The performance period ended April 1, 2007.
²The contract detailed and the contract was terminated at the convenience of the government on May 1, 2006.