



TO: All NIH Employees

FROM: Deputy Director for Management

SUBJECT: Competitive Sourcing Reviews in Fiscal Year 2004

NIH is continuing to comply with Office of Management and Budget (OMB) Circular A-76 - also known as competitive sourcing - which is the process of obtaining commercial activities at the best price through open and fair competition. By the end of Fiscal Year 2005, we must compete approximately 4,600 NIH positions that have been identified as "commercial in nature." The requirement to compete these positions with the private sector is a key piece of President Bush's Management Agenda. Currently, NIH has two competitions under way, in the areas of real property management and of extramural administrative support. We expect to complete these competitions this fall.

Recently, each IC completed its annual Federal Activities Inventory Reform (FAIR) Act inventory, which assigned every NIH employee to a specific function from a list of functions developed by OMB. This list identifies the nature of employees' work as either "inherently governmental" or "commercial." From this information, and with input from the NIH scientific community, the NIH Commercial Activities Steering Committee (comprised of executive officers and senior NIH officials in the areas of competitive sourcing, acquisition, strategic planning, human resources, equal employment opportunity, general counsel, and information technology) identified the next functional areas to be competed. Dr. Zerhouni has approved the Committee's recommendations. The following are the functional areas selected for competitions scheduled to be completed in Fiscal Year 2004:

- 1) fire prevention
- 2) information technology
- 3) materials management and logistics
- 4) visual and medical arts
- 5) veterinary and animal support
- 6) laboratory safety
- 7) committee management support

In addition, the intramural research fellow program and category 2 senior scientists will be competed under A-76. Specific information about this competition will be provided separately to the affected individuals.

The next step, the preliminary planning for each competition, will take place before the competition is announced to the public. Preliminary planning involves conducting workshops to identify and clarify (1) the specific functions and positions in the scope of the competition, (2) current NIH contracts, (3) major requirements and standards, and (4) any issues that may change or effect the scope of the competition. (A more detailed description of preliminary planning steps can be found on the NIH A-76 web page at <http://a-76.nih.gov/>). As we work through this process, many of you may be contacted for input or clarification.

Once the preliminary planning step has been completed, we will meet with employees whose functions will be competed to discuss the competition process in detail and to answer any questions. Where applicable, we will also include appropriate union representation. In addition to preliminary planning for the Fiscal Year 2004 competitions, the process of identifying functions for the Fiscal Year 2005 competitions will be starting soon, and these will be announced this fall.

Please remember that Secretary Thompson remains committed to ensuring that all NIH federal employees continue to have a job. NIH has created a Transition Plan to carry out this commitment. The Plan will help affected employees move into new jobs by offering career counseling and retraining.

NIH will continue to be open and honest with you during the entire competitive sourcing process. We encourage you to participate and to raise your concerns and questions with us and with the NIH Commercial Activities Review Team. You may send your questions to the Review Team on A76@OD.NIH.GOV. The A-76 web site includes links to OMB Circular A-76, as well as additional information on competitive sourcing and Frequently Asked Questions.

As we work to comply with this requirement, it is our intention to be as competitive as possible and to win competitions against the private sector through an open and fair process. We truly believe that we have the best employees at NIH; we have been working at these jobs longer and know them better than anyone else. If we find ways to increase efficiencies and improve our operations, we have an obligation to do so. But make no mistake - we can compete for the work and keep it in-house at NIH. By working together, we can truly remain competitive. And the best way for us to prepare to compete for work and to win competitions is to have fair and honest communication with the NIH community, and for NIH employees to be open and honest about their work and their processes. We look forward to working with all of you through this challenge.

/s/

Charles E. Leasure, Jr.