



Homeland
Security

FEB 03 2005

The Honorable Susan M. Collins
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Chairman Collins:

The Department of Homeland Security (DHS) is pleased to submit its annual Report to Congress on FY 2004 Competitive Sourcing efforts. This report is required by Section 647(b) of Division F of the Consolidated Appropriations Act, FY 2004 (P.L. 108-199). In accordance with OMB guidance, enclosed is the DHS 2004 Summary of Completed Competitions and Summary of Announced Competitions.

In FY 04, DHS completed three public-private competitions, in accordance with the OMB Circular A-76, involving 144 FTE at the United States Coast Guard (USCG). Two DHS competitions that were scheduled for completion in FY 04 were cancelled: (1) the USCG's competition of its military travel support function (36 FTE), which was cancelled due to the development of E-Travel technologies which will obviate the current approach to this service requirement; and (2) the Citizenship and Immigration Service (CIS) competition of its Immigration Information Officer (IIO) function (1,350 FTE). DHS announced two Immigration & Custom Enforcement (ICE) competitions for completion in FY 05. These competitions involve 97 FTE, but we expect to announce additional DHS competitions for completion in FY 05 involving up to 1,397 FTE that are currently undergoing preliminary planning.

Savings generated by the three completed FY 04 USCG competitions are estimated at \$12.3 million over a 5 year period. All three competitions were retained in-house. The incremental cost of conducting these USCG studies is estimated at \$1.3 million. In addition, four FTE are associated with DHS's FY 04 fixed costs - spread across the agency - and are estimated at \$450,000. The DHS fixed program cost estimate includes dedicated resources to provide central policy, planning, and implementation oversight, yet excludes annual FAIR Act inventory costs.

Responsibility for competitive sourcing and for workforce management falls to the DHS Under Secretary for Management. A DHS task force has been created to ensure that workforce planning, skill gap analysis, and hiring requirements are coordinated with the Federal Activities Inventory Reform (FAIR) Act inventory of commercial and inherently governmental functions and the identification and scheduling of potential competition candidates. Joint training of human capital

resource officials and competitive sourcing officials, at the organizational element levels, have been provided. Our goal is to minimize any adverse impact on employees, which could be caused by the implementation of competitive sourcing, by ensuring that we prioritize those activities for competition that are likely to be most affected by retirements, or where available performance and skills do not meet requirements.

I appreciate your continued interest in the Department of Homeland Security.

Sincerely,

A handwritten signature in cursive script that reads "Janet Hale".

Janet Hale
Under Secretary for Management

Enclosures

**DEPARTMENT OF HOMELAND SECURITY
FY 2004 COMPETITIVE SOURCING ACTIVITIES SUMMARY**

COMPLETED COMPETITIONS
(Dollars in Millions)

Competition Description														FY 2004	Total Cost	Estimated	Period of	Annualized	Actual	Saving	Quantifiable													
Bureau	Primary Activity Code	Secondary Activity Code	Additional Activity Code	Description of Activity Completed	Type of Competition	Location (State)	# of FTE in study	# of Bids Received	Start Date (Mo/Yr)	End Date (Mo/Yr)	Expected Phase-In Completion Date (Mo/Yr)	Actual Phase-In Completion Date (Mo/Yr)	Source Selection Strategy Used	Winning Provider	Costs	All Years	Savings	estimated savings (in years)	Savings	Savings (if available)	Methodology: Calculation/Proxy	Improvements in Service or Performance (if appropriate)												
STREAMLINED COMPETITIONS																																		
SUBTOTAL, STREAMLINED							0								0.000	0.000	0.000			0	0.000													
STANDARD COMPETITIONS																																		
024-60-USCG	B300 Staffing Reviews			Retiree and Annuitant Services	Standard competition	KS	31	0	06/03	07/04	01/05		cost-technical trade-off	in-house government personnel (I/H)	0.378	0.386	3.319	5.000	0.664															
024-60-USCG	B200 Employee Development			Employee Development	Standard competition	CT	69	2	09/03	9/04	02/05		lowest price technically acceptable evaluation	in-house government personnel (I/H)	0.549	0.549	6.298	5.000	1.260															
024-60-USCG	B102 Classification Reviews			Employee Development	Standard competition	NC	44	3	09/03	09/04	03/05		lowest price technically acceptable evaluation	in-house government personnel (I/H)	0.374	0.374	2.702	5.000	0.540															
SUBTOTAL, STANDARD COMPETITIONS							144								1.302	1.310	12.319		2.464	0.000														
DIRECT CONVERSIONS																																		
SUBTOTAL, DIRECT CONVERSIONS							0								0.000	0.000	0.000			0.000	0.000													
TOTAL, ALL COMPETITIONS							144									1.302	1.310	12.319		2.464	0.000													

FY 2004 FIXED 0.450

**DEPARTMENT OF HOMELAND SECURITY
FY 2004 COMPETITIVE SOURCING ACTIVITIES SUMMARY**

Announced Competitions*
(Dollars in Millions)

Competition Description											
Bureau	Primary Activity Code	Secondary Activity Code	Additional Activity Code	Description of Activity Competed	Type of Competition	Location (State)	# of FTE in study	Source Selection Strategy Used (If Known)	Start Date (Mo/Yr)	Incremental Costs of Conducting Studies	Anticipated Savings or Quantifiable Description of Improvements in Service or Performance (if available)
STREAMLINED COMPETITIONS											
024-50-ICE	B000 Personnel Administrative Support	B700 Personnel Management Specialist	B500 Labor Relations and Support	Labor Management	Streamlined competition with MEO	DC	13		09/04	0.000	
SUBTOTAL, STREAMLINED							13			0.000	0.000
STANDARD COMPETITIONS											
024-50-ICE	M301 Management Headquarters—Intelligence			Intelligence Support	Standard competition	DC	84	cost-technical trade-off	09/04	0.000	
SUBTOTAL, STANDARD COMPETITIONS							84			0.000	0.000
TOTAL, ALL COMPETITIONS							97			0.000	0.000