

NATIONAL SCIENCE FOUNDATION

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ARLINGTON, VIRGINIA 22230



July 5, 2005

Clay Johnson III
Deputy Director for Management
Office of Management and Budget
Executive Office of the President
725 17th Street, NW
Washington, D.C. 20503

Dear Mr. Johnson:

In accordance with the Federal Activities Inventory Reform (FAIR) Act (P.L. 105-270), the FY 2005 Commercial Activities Inventory for the National Science Foundation is attached. We have followed the guidance from the revised A-76 Circular and from OMB Memo M-05-12 dated May 23, 2005 to prepare this year's Inventory.

NSF has developed an Administration and Management (A&M) strategy as part of its overall strategic planning process that is consistent with the President's Management Agenda priorities and other external requirements. A key element of NSF's A&M strategy is a comprehensive, multi-year business analysis, which began in July 2002. The Business Analysis involves the concurrent consideration of human capital and next-generation technology-enabled systems in an analysis framed around the Agency's core business processes. Interim outcomes of the Business Analysis are now guiding long-term, integrated administration and management investments that promise important mission-focused results. The Business Analysis responds directly to issues raised in the President's Management Agenda, to government-wide issues identified by the General Accounting Office (GAO) and others, and to agency-specific challenges such as the effective management of an increasingly multidisciplinary science and engineering research and education portfolio, and the management and oversight of an increasing number of complex, large facility projects.

In the area of Human Capital Management, NSF has developed a strategic approach to workforce planning and deployment that evaluates mission needs, customer expectations and workload. The approach also identifies competencies; develops strategies to obtain, develop and retain critical competencies; and reduces excess organizational layers and redundancies.


Initial results from the business analysis effort have led to the development of a competency-based "Job Family" framework for evaluating the Foundation's human capital needs. Following discussions with OMB and OPM, NSF utilized the framework while developing the 2004 FAIR Act Inventory. The framework was again utilized in the development of the 2005 Inventory. Initial results from the business analysis effort and the "Job Family" framework have been integrated into NSF's efforts to develop a competitive sourcing plan and alternative strategies for implementing the competitive sourcing initiative. The competitive sourcing plan and alternative strategies will be informed by additional findings of the business analysis and the human capital studies that have been undertaken as a result of the business analysis regarding possible structural or functional realignments across the agency.

NSF's 2005 FAIR Act Inventory continues its use of Reason Code A to identify those commercial activities that are core to the agency's mission, and therefore are not appropriate for private sector performance. The 2005 justification for the use of Reason Code A remains largely unchanged from previous years.

As we gather more information through the Business Analysis process, NSF will continue to refine our Inventory and evaluate the viability of competitive sourcing as a tool for to ensure that business process efficiencies are maximized at the Foundation, and that objectives defined by the President's Management Agenda are achieved. We appreciate OMB's ongoing support of our efforts to maintain an agile workforce, and we will continue to work closely with you as we move forward.

Please contact Joseph Burt, Director, Division of Human Resource Management, at 703-292-8180, for further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Arden L. Bement, Jr." with a stylized flourish at the end.

Arden L. Bement, Jr.
Director

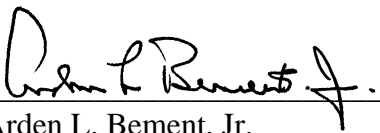
Enclosures

JUSTIFICATION FOR EXEMPTED COMMERCIAL ACTIVITIES

Justification Statement for Reason Code A

Efficient achievement of the Foundation's mission requires a collaborative effort among a variety of staff including scientists, engineers, program assistants, administrative personnel and support staff. The interaction between Directorate staff and Universities is critical to the announcement, receipt, processing, review, decision and oversight of grants. The relationship of program staff with program directors and senior officials within the Directorates is vital because of the broad responsibilities and relatively small size of the program staff. The need for program continuity, recognition of program priorities and continuous interaction with the research community is core to the Foundation's mission, and make program staff integral to the Foundation's success. Loss of the continuity afforded by the in-house performance of the functions listed below would result in substantial risk to the Foundation's ability to accomplish its unique mission. Therefore, the following functions, although potentially commercial in nature, should not be subject to privatization, commercialization or competitive sourcing study:

- C315 Financial Management (17 positions)
- D300 Statistical Analysis (30 positions)
- D707 Program Evaluation (44 positions)
- D000 Regulatory and Program Management Administrative Support (182 positions)
- L000 Grants Management Administrative Support (24 positions)



Arden L. Bement, Jr.
Director
National Science Foundation