



Homeland Security

January 12, 2007

The Honorable Richard B. Cheney
President of the Senate
S-212 Capitol Building
Washington, DC 20502

Dear Mr. President:

The Department of Homeland Security (DHS) is pleased to submit its annual Report to Congress for the Fiscal Year (FY) 2006 Competitive Sourcing program. This report is required by Section 647(b) of Division F of the Consolidated Appropriations Act, FY 2004 (P.L. 108-199). Enclosed are the Summary of Completed Competitions, Summary of Announced Competitions and the Summary of Savings and Performance Improvements in accordance with the OMB guidance, M-07-01, dated October 5, 2006.

In FY 2006, DHS completed six public-private competitions that involved the workload of 184 Full Time Equivalent (FTE) work years within three different DHS Components. Savings generated by these competitions are estimated at approximately \$7 million for the 5-year performance period. The incremental one-time cost to DHS of conducting these competitions is estimated at \$1.464 million.

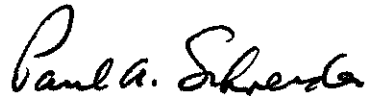
A DHS task force has been created to ensure that its workforce planning, skills gap analysis and hiring requirements are coordinated with the determination of commercial and inherently governmental functions as referenced in the DHS Federal Activities Inventory Reform (FAIR Act) inventory. Joint training of human capital resource and competitive sourcing officials has been provided. Skills gap weaknesses and their projected dates of impact on mission capabilities are being developed. This information is being coordinated with our hiring strategies, training requirements, costs and out-year competitive sourcing competition schedules. DHS anticipates announcing approximately 2,000 FTE for competition in FY 2007, in accordance with current Green Plan schedules.

Additionally, members of the DHS Human Capital Council and the Training Leaders Council recently gathered in Baltimore, MD to discuss these and other challenging human capital issues facing DHS leadership. The FY 2007 DHS Human Capital Strategic Planning and Training Leadership Conference focused on: 1) making sure DHS has the right people with the right skills in the right job; 2) creating and enabling a team of leaders who are committed to the mission of DHS; 3) putting in place a consistent performance management system where employees know what is expected of them and

managers are held accountable; and 4) providing educational and training opportunities for employees so they can grow in their jobs and their careers.

DHS will continue to monitor and evaluate opportunities to improve mission performance and solve related human capital issues, to include the use of Competitive Sourcing when and where appropriate. I appreciate your continued interest in the Department of Homeland Security.

Sincerely,



Paul A. Schneider
Under Secretary for Management

Enclosures

- S.1 - DHS Completed Competitions
- S.2 - DHS Announced Competitions
- S.3 - DHS Savings and Performance Update

PL 108-199 – Section 647(b) Report Distribution List
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(As of January 4, 2007)

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Department of Homeland Security
FY 2006 COMPETITIVE SOURCING ACTIVITIES SUMMARY SHEET
Announced Competitions

(Dollars in Millions)

Competition Description											
Agency	Bureau	Primary Activity Code	Secondary Activity Code	Additional Activity Code	Description of Activity Competed	Type of Competition	Location (State)	# of FTE in study	S e l e c t i o n	I l l u s t r a t i o n s	Anticipated Savings or Quantifiable Description of Improvements in Service or Performance (if available)
STREAMLINED COMPETITIONS											
Homeland	ICE	S713			Food Service	Streamlined competition with MEO	AZ, CA, FL, TX	49		0.099	
Homeland	FLETC	E503	E120	E110	Environmental and safety functions at the Federal Law Enforcement Training Center.	Streamlined competition with MEO	GA	14		0.110	
Homeland	FLETC	Z992	S726	F400, S000, S200, S210, S999	Facilities Operations	Streamlined competition with MEO	GA	38		0.029	
Homeland	FLETC	C408	T130	C000, C409, C999, F100, S000, S731, T819, T824	Property management, fleet management and property disposal.	Streamlined competition with MEO	GA	20		0.000	
SUBTOTAL, STREAMLINED COMPETITIONS								121		0.238	
STANDARD COMPETITIONS											
SUBTOTAL, STANDARD COMPETITIONS								0		0.000	
TOTAL, ALL COMPETITIONS								121		0.238	

**Department of Homeland Security
FY 2006 COMPETITIVE SOURCING ACTIVITIES WORKSHEET**

COMPLETED COMPETITIONS

(Dollars in Millions)

Competition Description																Savings and/or Performance Improvements							
Agency	Bureau	Activity	Code	Section	Division	Description of Activity Competed	Type of Competition	Location	# of FTE in study	# of Bids Recd	Start Date (Day/Mo/Yr)	End Date (Day/Mo/Yr)	Expected Phase-In Completion Date (Day/Mo/Yr)	Actual Phase In Completion Date (Day/Mo/Yr)	Source Selection Strategy Used	Winning Provider	FY 2006 Costs	Total Cost - All Years	Estimated Savings (Performance Period--in years)	Annual Savings	Savings Calculation /Proxy	Quantifiable Description of Improvements in Service or Performance (if appropriate)	
STREAMLINED COMPETITIONS																							
Homeland	CBP	C310				Payroll Processing	Streamlined competition with MEO	IN	57	n/a	09/30/2005	02/11/2006	05/01/2006	10/01/2006		In-house government personnel (I/H)	0.109	0.109	1.779	5	0.356		
Homeland	CBP	B100				Position Classification	Streamlined competition with MEO	DC	22	n/a	09/30/2005	02/11/2006	05/01/2006	05/01/2006		In-house government personnel (I/H)	0.109	0.109	2.545	5	0.509	0.959	Calculation
Homeland	CIS	D501				Language Svcs	Streamlined competition with MEO	NY	29	n/a	03/06/2006	08/18/2006	04/01/2007			In-house government personnel (I/H)	0.300	0.300	-0.743	5.16	-0.144		Full time positions at higher grades required for stability.
Homeland	USCG	A600				Technical Testing and Inspections	Streamlined competition with MEO	CT	10	n/a	04/28/2006	09/28/2006	01/30/2007			In-house government personnel (I/H)	0.068	0.068	0.357	5	0.071		
SUBTOTAL, STREAMLINED COMPETITIONS									118	0							0.586	0.586	3.938	7.92	0.959		
STANDARD COMPETITIONS																							
Homeland	USCG	S200	S310			Public Works - TRACEN Petaluma	Standard competition	CA	22	2	10/14/2004	10/12/2005	04/30/2006	08/31/2006	Lowest price technically acceptable evaluation	In-house government personnel (I/H)	0.000	0.292	-0.301	5	-0.060		
Homeland	USCG	S200	J504	E120		Public Works - Ketchikan	Standard competition	AK	44	3	10/14/2004	10/13/2005	03/31/2006	06/30/2006	Lowest price technically acceptable evaluation	In-house government personnel (I/H)	0.000	0.586	3.240	5	0.648		
SUBTOTAL, STANDARD COMPETITIONS									66	5							0.000	0.878	2.939	5.88	0.000		
TOTAL, ALL COMPETITIONS									184	5								0.586	1.464	6.876	13.80	0.959	

FY 2006 FIXED COSTS* 0.930

*Note: These costs are not competition-specific

**Department of Homeland Security
FY 2006 COMPETITIVE SOURCING ACTIVITIES**

SAVINGS & PERFORMANCE UPDATE

(Dollars in Millions)

Agency	Bureau	F C u o n m c p t e i t o e n d	Description of Activity Competed	Type of Competition	F T E S	Total Estimated Savings (As reported to Congress in past 647 reports)	Total Performa nce Period (in years)	Actual Phase In Completion Date (Mo/Yr)	Actual Accrue d Savings FY 2003	Actual Accrue d Savings FY 2004	Actual Accrue d Savings FY 2005	Actual Accrue d Savings FY 2006	Total Actual Accrue d Savings	Pd Over Which Actual Savings Accrue d (In Years)	Savings Methodology: Calculation/ Proxy	Quantifiable Description of Improvements in Service or Performance (if appropriate)
STREAMLINED COMPETITIONS																
Homeland	FLETC	S717	Vehicle Maint & Repair	Streamlined competition with	17	1.326	5	10/01/2005	0.000	0.000	0.069	0.000	0.069	1	Calculation	
SUBTOTAL, STREAMLINED COMPETITIONS					17	1.326							0.069			
STANDARD COMPETITIONS																
Homeland	USCG	B830	Retiree and Annuitant Services	Standard competition	31	3.319	5	01/31/2005	0.000	0.000	0.000	0.000	0.000			
Homeland	USCG	S200	Public Works - Elizebeth City	Standard competition	44	2.702	5	12/15/2005	0.000	0.000	0.000	0.000	0.000			
Homeland	USCG	S200	Public Works - Academy	Standard competition	69	6.298	5	04/30/2005	0.000	0.000	0.000	2.093	2.093	1	Calculation	
Homeland	USCG	S200	Public Works - Portsmouth	Standard competition	30	1.920	5	09/30/2006	0.000	0.000	0.000	0.000	0.000			
Homeland	USCG	S200	Public Works - Cape May	Standard competition	42	7.564	5	09/30/2006	0.000	0.000	0.000	0.000	0.000			
Homeland	USCG	S200	Public Works-ISC Boston	Standard competition	39	3.401	5	04/30/2006	0.000	0.000	0.000	0.000	0.000			
Homeland	USCG	S200	Public Works-ISC Buoy	Standard competition	12	0.146	5	09/30/2006	0.000	0.000	0.000	0.000	0.000			
SUBTOTAL, STANDARD COMPETITIONS					267	25.349							2.093			
TOTAL, ALL COMPETITIONS					284.0	26.675							2.162			