



**Homeland  
Security**

**JAN 23 2008**

The Honorable Richard B. Cheney  
President  
United States Senate  
Washington, DC 20510

Dear Mr. President:

Pursuant to Section 647(b), Division F of the Fiscal Year (FY) 2004 Consolidated Appropriations Act (P.L. 108-199), enclosed is the annual report from the Department of Homeland Security (DHS) on competitive sourcing efforts for FY 2007. Included are the Summary of Completed Competitions, Summary of Announced Competitions and Summary of Savings and Performance Improvements in accordance with the OMB guidance, M-08-02, dated October 31, 2007.

In FY 2007, DHS completed nine public-private competitions that involved the workload of 261 Full Time Equivalent (FTE) work years among five different DHS components. Savings generated by these competitions are estimated at approximately \$18 million for the five-year performance period. The incremental one-time cost to DHS of conducting these competitions is estimated at approximately \$1 million with fixed costs at approximately \$1.8 million.

DHS continues to coordinate the Human Capital and Competitive Sourcing programs to address skill imbalances, competency gaps, and organizational redundancies. 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 jobs; 2) creating a team of leaders who are committed to the mission of DHS; 3) putting in place a consistent performance management system; and 4) providing educational and training opportunities for employees so they can grow in their jobs and careers. In 2007, DHS issued its Workforce Planning Guide, which includes specific references to Competitive Sourcing. DHS has also begun a special effort to confirm that no inherently governmental functions have been inappropriately contracted out.

Finally, in FY 2007, DHS undertook a complete review of its Competitive Sourcing program and competition schedule. DHS will continue to monitor and evaluate opportunities to improve mission performance to include the use of Competitive Sourcing where appropriate. DHS anticipates announcing approximately 1,622 FTEs for competition in FY 2008, in accordance with Green Plan schedules.

An identical letter has been sent to the Speaker of the House, and to the Chairmen and Ranking Members of the House and Senate Committees on Appropriations; the Chairman and Ranking Member of the House Subcommittee on Homeland Security Appropriations; the Chairman of the

**Senate Committee on Homeland Security and Governmental Affairs; the Chairman and Ranking Member of the House Committee on Oversight and Government Reform; and the Chairman and Ranking Member of the House Committee on Homeland Security.**

**Should you have any questions, please contact me at (202) 447-3400.**

**Sincerely,**



**Elaine C. Duke  
Deputy Under Secretary for Management**

**Enclosure**

**Department of Homeland Security  
FY 2007 COMPETITIVE SOURCING ACTIVITIES WORKSHEET**

**COMPLETED COMPETITIONS**  
(Dollars in Millions)

Competition Description															Savings and/or Performance Improvements								
Agency	Bureau	Primary Activity Code	Secondary Activity Code	Additional Activity Code	Description of Activity Competed	Type of Competition	Location (State)	# of FTE in study	# of Bids Received	Start Date (MM/DD/YY)	End Date (MM/DD/YY)	Expected Phase-In Completion Date (MM/DD/YYYY)	Actual Phase-In Completion Date (MM/DD/YYYY)	Source Selection Strategy Used	Winning Provider	FY 2007 Costs	Total Cost - All Years	Estimated Savings	Period of Est. Savings (Performance Period)	Annualized Savings	Actual Savings (if available)	Savings Methodology: Calculation/Proxy	Quantifiable Description of Improvements in Service or Performance (if appropriate)
<b>STREAMLINED COMPETITIONS</b>																							
Homeland	FLETC	E503	E120	E110	Environmental and safety functions at the Federal Law Enforcement Training Center.	Streamlined competition with MEO	GA	14	0	07/14/2006	10/27/2006	10/01/2007	10/01/2007		In-house government personnel (I/H)	0.054	0.164	4.183	5	0.837	0.000		
Homeland	ICE	S713			Food Service	Streamlined competition with MEO	AZ, CA, FL, TX	49	0	05/04/2006	11/06/2006	09/13/2007			Private sector source (CTR)	0.000	0.099	2.041	3	0.680	0.000		Better selection of food and maximum flexibility at reduced rates.
Homeland	FLETC	Z992	S726	F400, S000, S200, S210, S999	Facilities Operations	Streamlined competition with MEO	GA	38	0	09/05/2006	12/19/2006	10/01/2007	10/01/2007		In-house government personnel (I/H)	0.103	0.132	-0.925	5	-0.185	0.000		
Homeland	FLETC	C408	T130	F100, C000, C409, C999, S000, S731, T819, T824	Property management, fleet management and property disposal.	Streamlined competition with MEO	GA	20	0	09/29/2006	02/07/2007	09/30/2007	09/30/2007		In-house government personnel (I/H)	0.094	0.094	3.734	5	0.747	0.000		
Homeland	FEMA	G101			Disaster Relief Services in the National Processing Service Center	Streamlined competition with MEO	MD	30	0	10/31/2006	03/16/2007	09/15/2007			Private sector source (CTR)	0.375	0.453	0.000	5	0.000	0.000		
Homeland	USCG	R660			Research & Development Center (Technical)	Streamlined competition with MEO	CT	44	0	01/25/2007	05/01/2007	03/31/2008			In-house government personnel (I/H)	0.015	0.015	2.595	10	0.260	0.000		Organization Streamlining and Process Improvements
Homeland	USCG	R660			Research & Development (Support)	Streamlined competition with MEO	CT	14	0	05/03/2007	08/01/2007	03/31/2008			In-house government personnel (I/H)	0.006	0.006	4.729	10	0.473	0.000		Organizational Process Improvements
Homeland	CIS	T150	D704	D000	Forms Warehouse and Distribution	Streamlined competition with MEO	CA, VT	26	0	05/02/2007	09/21/2007	05/08/2008			In-house government personnel (I/H)	0.091	0.091	0.000	5.33	0.000	0.000		
Homeland	USCG	G009			Uniform Distribution Center (UDC)	Streamlined cost comparison	NJ	26	0	05/15/2007	09/25/2007	03/31/2008			In-house government personnel (I/H)	0.018	0.018	1.998	5	0.400	0.000		Organizational Streamlining Process Improvements
<b>SUBTOTAL, STREAMLINED COMPETITIONS</b>																<b>0.756</b>	<b>1.072</b>	<b>18.355</b>		<b>3.211</b>	<b>0.000</b>		
<b>STANDARD COMPETITIONS</b>																							
<b>SUBTOTAL, STANDARD COMPETITIONS</b>																<b>0.000</b>	<b>0.000</b>	<b>0.000</b>		<b>0.000</b>	<b>0.000</b>		
<b>TOTAL, ALL COMPETITIONS</b>																<b>0.756</b>	<b>1.072</b>	<b>18.355</b>		<b>3.211</b>	<b>0.000</b>		

**FY 2007 FIXED COSTS\*** 1.813

*\*Note: These costs are not competition-specific*

**Department of Homeland Security  
FY 2007 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	Source Selection Strategy Used (If Known)	Incremental Costs of Conducting Studies	Anticipated Savings or Quantifiable Description of Improvements in Service or Performance (if available)
<b>STREAMLINED COMPETITIONS</b>											
Homeland	USCG	W100			Navigation Center (NAVCEN)	Streamlined competition with MEO	CA, VA	22		0.000	
Homeland	USCG	Y899	B830		Coast Guard Personnel Command (CGPC)	Streamlined competition with MEO	VA	25		0.000	
Homeland	USCG	H100			Health Service Program (Medical Various)	Streamlined competition with MEO	AL, AK, CA, CT, DC, NJ	32		0.000	
Homeland	CIS	S731	F399	T110	Supply and Logistics	Streamlined cost comparison	CA, FL, GA, ME, MI, MO, NE, NY, TX, VT	31		0.053	
Homeland	FLETC	Y570			Media support services	Streamlined competition with MEO	GA	13		0.000	
<b>SUBTOTAL, STREAMLINED</b>								123		0.053	
<b>STANDARD COMPETITIONS</b>											
Homeland	USCG	S200			Public Works - Sector San Juan	Standard competition		16	Lowest price technically acceptable evaluation	0.000	
Homeland	USCG	S200			Public Works - Air Station Borinquen	Standard competition		15	Lowest price technically acceptable evaluation	0.000	
<b>SUBTOTAL, STANDARD</b>								31		0.000	
<b>TOTAL, ALL COMPETITIONS</b>								154		0.053	

**Department of Homeland Security  
FY 2007 COMPETITIVE SOURCING ACTIVITIES**

**SAVINGS & PERFORMANCE UPDATE**  
(Dollars in Millions)

Agency	Bureau	Function Competed	Description of Activity Competed	Type of Competition	FTEs	Total Estimated Savings (As reported to Congress in past 647 reports)	Total Performance Period (in years)	Actual Phase In Completion Date (MM/DD/YY)	Actual Accrued Savings FY 2004	Actual Accrued Savings FY 2005	Actual Accrued Savings FY 2006	Actual Accrued Savings FY 2007	Total Actual Accrued Savings	Pd Over Which Actual Savings Accrued (In Years)	Savings Methodology/Calculation/Proxy	Quantifiable Description of Improvements in Service or Performance (if appropriate)
<b>STREAMLINED COMPETITIONS</b>																
Homeland	FLETC	S717	Vehicle Maintenance and Repair	Streamlined competition with MEO	17	1.326	5	10/01/2005	0.000	0.000	0.069	0.092	0.161	1.998631075	Calculation	
Homeland	CBP	C310	Payroll Processing	Streamlined competition with MEO	57	1.778	5	10/01/2006	0.000	0.000	0.000	0.000	0.000	0.999315537		
Homeland	CBP	B100	Position Classification	Streamlined competition with MEO	22	2.544	5	05/01/2006	0.000	0.959	0.849	0.000	1.808	1.418206708	Calculation	
Homeland	CIS	D501	Language Svcs	Streamlined competition with MEO	29	0.000	5.16	06/23/2007	0.000	0.000	0.000	0.000	0.000	0.273785079		Based on the increase of FTE's (from 29 to 33.66 and funding (\$12.7m to \$14.5m), The MEO will be able to process an increase in workload not identified in the PWS. - 11% increase of after-hours interpretations and - 30% increase in face to face interviews - 51% increase Garden City phone interviews - 32% increase in phone interviews for ICE - 59% increase phone interviews for other organizations - 47% increase in out of office calls
Homeland	USCG	A600	Technical Testing and Inspections	Streamlined competition with MEO	10	0.357	5		0.000	0.000	0.000	0.000	0.000	0	Proxy	
<b>SUBTOTAL, STREAMLINED COMPETITIONS</b>					135	6.006							1.968			
<b>STANDARD COMPETITIONS</b>																
Homeland	USCG	B830	Retiree and Annuitant Svcs-Topeka	Standard competition	31	3.319	5	01/31/2005	0.664	0.664	0.664	0.000	1.991	2.663928816	Proxy	
Homeland	USCG	S200	Public Works - Academy	Standard competition	69	6.298	5	04/30/2005	0.000	0.000	2.093	0.000	2.093	2.420260096	Calculation	
Homeland	USCG	S200	Public Works - Elizabeth City	Standard competition	44	2.702	5	12/14/2005	0.540	0.540	0.540	0.000	1.621	1.796030116	Proxy	
Homeland	USCG	S200	Public Works-ISC Boston	Standard competition	39	3.401	5	04/30/2006	0.000	0.680	0.000	0.000	0.680	1.420944559	Proxy	
Homeland	USCG	S200	Public Works - Portsmouth	Standard competition	30	1.920	5	09/30/2006	0.000	0.384	0.384	0.000	0.768	1.002053388	Proxy	
Homeland	USCG	S200	Public Works - Cape May	Standard competition	42	7.564	5	09/30/2006	0.000	1.513	1.513	0.000	3.026	1.002053388	Proxy	
Homeland	USCG	S200	Public Works-ISC Buoy Maintenance	Standard competition	12	0.146	5	09/30/2006	0.000	0.029	0.029	0.000	0.058	1.002053388	Proxy	
Homeland	USCG	S200	Public Works - TRACEN Petaluma	Standard competition	22	0.000	5	08/31/2006	0.000	0.000	0.000	0.000	0.000	1.084188912	Proxy	
Homeland	USCG	S200	Public Works - Ketchikan	Standard competition	44	3.240	5	06/30/2006	0.000	0.000	0.648	0.000	0.648	1.253935661	Proxy	
<b>SUBTOTAL, STANDARD COMPETITIONS</b>					333	28.589							10.886			
<b>TOTAL, ALL COMPETITIONS</b>					467.950	34.596							12.854			