

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

Dear Mr. President:

This letter is in response to the annual Competitive Sourcing reporting requirement contained in section 647(b) of Division F of the Consolidated Appropriations Act, for FY 2004, P.L. 108-199. The enclosed report on the Department of Energy's (DOE) Competitive Sourcing program complies with the agency reporting elements outlined in P.L. 108-199 for submitting the annual Congressional Competitive Sourcing Activity Report. In summary, DOE's Fiscal Year (FY) 2006 Competitive Sourcing Activity Report includes data on costs, savings, Federal full-time equivalent employees (FTEs), and other information on the Department's completed, ongoing, and planned competitive sourcing studies.

The information on DOE's completed, ongoing, and planned studies is provided in the following enclosures:

Enclosure 1 – DOE FY 2006 Competitive Sourcing Activities Summary:
Completed Competitions

Enclosure 2 – DOE FY 2006 Competitive Sourcing Activity Summary:
Announced Competitions

Enclosure 3 – DOE FY 2003 - FY 2006 Competitive Sourcing Activities
Summary: Savings and Performance Update

Enclosure 4 – Projected Number of DOE FTEs To Be Announced in FY
2007 for Study During FY 2008

Enclosure 5 – Alignment of Human Capital and Competitive Sourcing
Initiatives

If you or your staff need any additional information on DOE's Competitive Sourcing Program, please contact Jill Sigal, Assistant Secretary for Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

Samuel W. Bodman

Enclosures

Department of I												
FY 2006 COMPETITIVE SOURCING												
COMPLETED COMP												
(Dollars in Millio												
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	# of Bids Received	Start Date (Day/Mo/Yr)	End Date (Day/Mo/Yr)	Expected Phase-In Completion Date (Day/Mo/Yr)
STREAMLINED COMPETITIONS												
SUBTOTAL, STREAMLINED COMPETITIONS								0	0			
STANDARD COMPETITIONS												
Energy		D200	D704		New Brunswick Laboratory	Standard competition	IL	40	0	09/28/2004	06/03/2006	10/01/2006
Energy		S731	S733		DOE - Logistics	Standard competition	DC, MD	136	2	07/10/2003	06/04/2006	09/01/2006
SUBTOTAL, STANDARD COMPETITIONS								176	2			
TOTAL, ALL COMPETITIONS								176	2			
		FY 2006 FIXED COSTS*		0.759								
<i>*Note: These costs are not competition-specific</i>												

Energy										
ACTIVITIES WORKSHEET										
COMPETITIONS										
Competition(s)										
Savings and/or Performance Improvements										
Actual Phase-In Completion Date (Day/Mo/Yr)	Source Selection Strategy Used	Winning Provider	FY 2006 Costs	Total Cost - All Years	Estimated Savings	Period of Est. Savings (Performance Period--in years)	Annualized Savings	Actual Savings(if available)	Saving Methodology: Calculation/Proxy	Quantifiable Description of Improvements in Service or Performance (if appropriate)
			0.000	0.000	0.000		0.000	0.000		
10/01/2006	Lowest price technically acceptable evaluation	In-house government personnel (I/H)	0.139	0.484	2.575	5	0.515	0.000	Calculation	
09/01/2006	Lowest price technically acceptable evaluation	Private sector source (CTR)	0.151	0.914	1.562	5	0.312	0.000	Calculation	
			0.290	1.398	4.137		0.827	0.000		
			0.290	1.398	4.137		0.827	0.000		

Department of Energy
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	Source Selection Strategy Used (If Known)	Incremental Costs of Conducting Studies	Anticipated Savings or Quantifiable Description of Improvements in Service or Performance (if available)
STREAMLINED COMPETITIONS											
SUBTOTAL, STREAMLINED COMPETITIONS								0		0.000	
STANDARD COMPETITIONS											
Energy		A699	D700		Radiological and Environmental Sciences Laboratory	Standard competition	ID	19		0.000	
SUBTOTAL, STANDARD COMPETITIONS								19		0.000	
TOTAL, ALL COMPETITIONS								19		0.000	

Department of Energy																
FY 2006 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 (Mo/Yr)	Actual Accrued Savings FY 2003	Actual Accrued Savings FY 2004	Actual Accrued Savings FY 2005	Actual Accrued Savings FY 2006	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)
STREAMLINED COMPETITIONS																
Energy		B501	Civil Rights	Streamlined cost comparison	8	1.500	5	09/01/2003	0.000	0.354	0.845	0.663	1.862	3.08	Calculation	
Energy		K541	NNSA - Logistics	Streamlined competition with MEO	76	6.000	5	09/30/2004	0.000	0.000	2.100	1.861	3.961	2	Calculation	
SUBTOTAL, STREAMLINED COMPETITIONS					84	7.500							5.823			
STANDARD COMPETITIONS																
Energy		Y570	Graphics	Cost comparison	13	4.300	5	03/01/2004	0.000	0.764	0.694	0.693	2.151	2.5	Calculation	
Energy		C307	Financial Services	Standard competition	181	31.000	5	04/01/2005	0.000	0.000	1.700	0.000	1.700	1.42	Calculation	
Energy		U301	Human Resources Training	Standard competition	146	33.840	5	07/01/2006	0.000	0.000	0.000	0.000	0.000	0.3	Calculation	
Energy		S731	Albany Research Center Logistics	Standard competition	8	0.798	5	11/30/2005	0.000	0.000	0.000	0.177	0.177	0.8	Calculation	
Energy		W310	Information Technology	Standard competition	642	456.492	7	12/31/2006	0.000	0.000	0.000	0.000	0.000	0	Calculation	
SUBTOTAL, STANDARD COMPETITIONS					990	526.430							4.028			
TOTAL, ALL COMPETITIONS					1,074.000	533.930							9.851			

Projected Number of DOE FTEs To Be Announced for Competition in FY 2007

The Department of Energy anticipates announcing an estimated 100-300 FTEs for public-private competition under its Competitive Sourcing program by the end of FY 2007.

The Department is employing a sound methodology for identifying potential competitions, nominating potential competition candidates, analyzing nominated candidates through feasibility reviews, executing competitions, and implementing the results. The Federal Activities Inventory Reform Act of 1998 (FAIR Act) commercial activities inventory forms the primary basis for identifying potential candidates for nomination to undergo a feasibility review. A feasibility review, which is not a formal competitive sourcing study, is a preliminary assessment to determine if a "candidate" function meets the criteria for being considered for a standard (12 month) or streamlined (90-day) competitive sourcing study.

Throughout our review processes the Department is ensuring a careful and thorough analysis of all competitive sourcing candidates. The potential scope of the study, mission impacts, risks, costs, estimated return on investment, and timeframe will be considered during the feasibility review process.

DOE Alignment of Human Capital and Competitive Sourcing Initiatives

The Department of Energy (DOE) has continued to align and link all initiatives associated with the President's Management Agenda. Specifically, the Human Capital Management principles continue to be an integral part of the Competitive Sourcing/A-76 initiative. The Chief Human Capital Officer (CHCO) continues to serve as an advisor to the Department's Competitive Sourcing Executive Steering Group. In addition, the Department has filled the position of Human Resource Advisor (HRA) for all competitive sourcing activities being conducted within the Department. The HRA has designated a Human Resource Advisor Representative to support each competitive sourcing study being conducted, including Feasibility Reviews that are initially performed to support the decision to formally conduct a competitive sourcing study.

In a continuous effort to improve the Department's A-76 activities, the HRA provides advice – and more importantly, assistance – to the A-76 Study Team Leads as they begin to implement the MEO and incorporate the residual organization with on-going reorganizations throughout DOE. These Department-wide studies require extensive communications and coordination on the part of the HRA. Specifically, the role of the HRA is to assist the Team Leads to significantly reduce skills gap in mission-critical occupations; assist in the development of strategies to integrate the results of competitive sourcing and e-Gov initiatives; and analyze and optimize organizational structures for service and cost. This leads to the development of new concepts and processes that allow and encourage local HR involvement with these Department-wide studies. It also provides a cadre of Human Resources Specialists to complement the limited resources of the Department's HRA.

These new concepts and processes aligned with the A-76 studies will also enhance the knowledge and skills of the local HR staffs. It will provide them with a much broader knowledge and appreciation of the day-to-day interactions of other site operations offices within the Department and give them insight as to how the functions of these offices complement their organization. In addition, the involvement of local HR staff in the Department's overall A-76 initiatives will provide additional training, experience, and an understanding of how this initiative aligns with and links to Human Capital Management (HCM) principles and local HCM plans.

In FY 2006, the Department established DOE's Office of Legacy Management (LM) as a high performing organization (HPO). In the establishment of this governmental HPO, LM improved its management of human capital by: implementing a team based organizational structure focused on achieving the LM mission; adding LM's core values and performance goals to federal performance plans; improving the alignment of the federal grade structure with requirements; and, enabling succession planning using career ladders and a dedicated portion of its FTE allowance.