

The Honorable Dick 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) 2003 Competitive Sourcing Activity Report includes cost, savings, Federal full-time equivalent (FTE), and other information on the Department's completed, ongoing, and planned competitive sourcing studies.

The information on DOE's FY 2003 completed, ongoing, and planned studies is provided in the following enclosures:

Enclosure 1 – DOE FY 2003 Competitive Sourcing Activities Summary:
Completed Competitions

Enclosure 2 – DOE FY 2003 Competitive Sourcing Activity Summary:
Announced Competitions

Enclosure 3 – Projected Number of DOE FTE To Be Studied in FY 2004

Enclosure 4 – 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 Rick Dearborn, Assistant Secretary for Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

Spencer Abraham

Enclosures

The Honorable J. Dennis Hastert
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

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) 2003 Competitive Sourcing Activity Report includes cost, savings, Federal full-time equivalent (FTE), and other information on the Department's completed, ongoing, and planned competitive sourcing studies.

The information on DOE's FY 2003 completed, ongoing, and planned studies is provided in the following enclosures:

Enclosure 1 – DOE FY 2003 Competitive Sourcing Activities Summary:
Completed Competitions

Enclosure 2 – DOE FY 2003 Competitive Sourcing Activity Summary:
Announced Competitions

Enclosure 3 – Projected Number of DOE FTE To Be Studied in FY 2004

Enclosure 4 – 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 Rick Dearborn, Assistant Secretary for Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

Spencer Abraham

Enclosures

DEPARTMENT OF ENERGY
FY 2003* COMPETITIVE SOURCING ACTIVITIES SUMMARY

COMPLETED COMPETITIONS
(Dollars in Millions)

Bureau	Competition Description							Incremental Costs of Conducting								
	Function Competed/Description	Type of Competition	Location (State)	# of FTE in study	Start Date (Mo/Yr)	End Date (Mo/Yr)	Winning Provider	FY 2003 Costs	Total Cost -- All Years	Baseline Costs	Cost of Winning Offeror/Tender	Estimated Savings	Period of Est. Savings	Average Annualized Savings	Actual Savings (if available)	Quantifiable Description of Improvements in Service or Performance (if appropriate)
	Civil Rights Function Code: B501	Streamlined(New Circular)	DC	8	**June-03	Aug-03	CTR	\$71K	\$106K	\$5.6M	\$4.1M	\$1,500,000	5 Years	\$242K	N/A	TBD - Implementation in process
	Graphics Function Code: Y570	Standard (Old Circular)	DC, MD	13	**June-03	Sep-03	I/H	\$102K	\$131K	\$ 6.4M	\$2M	\$4,400,000	5 Years	\$845K	N/A	TBD - Implementation in process
	Financial Services Function Code: C - various categories	Standard (New Circular)	CA, CO, ID, IL, LA, MD, NM, N V, OH, PA, SC, TN, WA, WV, WY	159 Fed FTE 22 Contract Employees	**June-03	Dec-03	I/H	\$803K	\$1.2M	\$91M	\$60M	\$31,000,000	5 Years	\$5.8M	N/A	TBD - Implementation in process
	Civil Rights: Process all EEO complaints and oversees the affirmative action obligations for the Department	Streamlined(New Circular)	DC	8	**June-03	Aug-03	CTR	\$0.071	\$0.11	\$5.60	\$4.10	\$1.50	5 Years	\$0.242	N/A	TBD - Implementation in process
	Graphics: The primary objective of Visual Information (VI) Services is to communicate information by Graphic Design or other means in support of DOE's scientific, technical, administrative, and public information programs.	Standard (Old Circular)	DC, MD	13	**June-03	Sep-03	I/H	\$0.102	\$0.131	\$6.400	\$2.000	\$4.400	5 Years	\$0.845	N/A	TBD - Implementation in process
	Financial Services: Provides financial accounting and support services related to general accounting, payments, billing, collections, payroll support activities, travel, and financial systems. Produce financial reports, and conduct monthly and year-end closings	Standard (New Circular)	CA, CO, ID, IL, LA, MD, NM, N V, OH, PA, SC, TN, WA, WV, WY	159+22 contractor total of 181	**June-03	Dec-03	I/H	\$0.803	\$1.200	\$91.000	\$60.000	\$31.000	5 Years	\$5.800	N/A	TBD - Implementation in process
Total				202				\$1.0	\$1.4	\$103.0	\$66.1	\$36.9		\$6.9		

SUMMARY:

Total number competitions 3
Total number of FTEs studied 180 Federal FTE plus 22 contractor employees for a total of 202

Total FY 2003 costs to conduct studies \$976K
Total anticipated savings assoc. with '03 studies \$36.9M

*Includes a competition completed in 1st quarter FY2004

**FY02/03 Studies originally announced March 2002, reannounced under direction of New Circular in June and July 2003

***Definitions (CTR=contractor) (I/H=in house)

DEPARTMENT OF ENERGY
FY 2003 COMPETITIVE SOURCING ACTIVITY SUMMARY
Announced Competitions*
(Dollars in Millions)

Competition Description						Incremental Costs of Conducting the Study	Anticipated Savings or Quantifiable Description of Improvements in Service or Performance (if available)
Function Competed/Description	Function Code(s)	Type of Competition	Location (State)	# of FTE in study	Start Date (Mo/Yr)		
DOE Logistics: Facility and Buildings Maintenance and Management, Transportation Management and Motor Vehicle Maintenance, and Supply and Logistics Operations.	Multiple Functions : R, K, S, T, Y, Z	Standard(New Circular)	CO, DC, ID, IL, LA, MD, NV, OH, OR, SC, TX, WA,	144	*June-03	\$0.45	TBD
National Nuclear Security Administration (NNSA) Logistics: Management for NNSA Service Center Direct Operations, Support Supply Operations and Management Support Real Property Management, Support Facilities Maintenance and Management, Perform Space for Direct Operations, and Support Oversight of Personal Property	Multiple Functions: R, K, S, T, Y, Z	Streamline(New Circular)	CA, NM, NV	76	*June-03	\$0.34	TBD
Human Resources Training: Performs the management and administration of training services to DOE.	Multiple Functions: B, U	Standard(New Circular)	CA,CO,DC,ID,IL,LA, MD,NM,NV,OH,PA, SC,TN,WA	146	*July-03	\$0.44	TBD
Information Technology: Provides information technology support services at 26 DOE sites nationwide, both in the Washington DC metropolitan area (Virginia, D.C. and Maryland) and at numerous field offices.	Multiple Functions: W, Y, H, T	Standard(New Circular)	CA,CO,DC,ID,IL,KS, LA,MD,NM,NV,NY,O HOR,PA,SC,TN,WA, WV,WY	642	*July-03	\$0.95	TBD
1,008						\$2.18	

SUMMARY:

Total number competitions
Total number of FTEs being studied
Total FY 2003 costs to conduct studies

4
1,008
\$2.2M

* FY02/03 Studies originally announced March 2002, reannounced under direction of New Circular in June and July 2003

Projected Number of DOE FTE To Be Studied in FY 2004

The Department of Energy anticipates subjecting an estimated 600-800 FTE to public-private competition in its FY 2004 Competitive Sourcing program.

To initiate the FY 2004 program, Departmental elements were requested to identify potential candidate functions; the A-76 study targets of other federal agencies were referred to in order to discern any similar opportunities within DOE; and, an analysis of DOE's FAIR Act commercial activities inventories was conducted to select a preliminary list of potential study 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. The feasibility review team(s) will make a recommendation to the Department's Senior leadership on the number, functions, and timeframes for conducting its next round of studies. The Department anticipates announcing its FY 2004 studies by August 30, 2004.

Alignment of Human Capital and Competitive Sourcing Initiatives

Consideration of the Department's Human Capital Management (HCM) principles continues to be an integral part of the A-76/Competitive Sourcing studies currently being conducted. The teams developing Most Efficient Organizations are supported by the Department's Human Resources Advisor (HRA). The HRA assists the MEO teams in developing the Most Efficient Organization designs, including consideration of the Human Capital Plans of the organizations currently performing the functions under study, particularly with regard to the HCM "Performance Measures on Restructuring Improvements." This HCM measure helps ensure that the Department provides optimal service at the lowest cost, which is consistent with the overall intent of the A-76 process. Additionally, the Department's Human Capital Management program and DOE's competitive sourcing program both aim to reduce management layers; improve spans of control; and, reduce the number of managers.

The Department is also attempting to integrate all phases of the A-76/Competitive Sourcing process with its Human Capital Management initiatives. The teams for the feasibility studies currently underway will take into consideration the Human Capital Plans of the organizations affected with regard to skills gaps, succession planning, knowledge management, and the Department's core values (safety, security, environmental stewardship).