

NATIONAL SCIENCE FOUNDATION
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OFFICE OF THE
DIRECTOR

July 10, 2006

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 2006 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-06-08 dated March 8, 2006 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. 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.

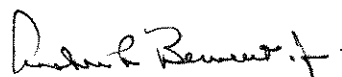
Results from the business analysis effort have led to the development of a competency-based Job Family framework for evaluating the Foundation's human capital needs. Following discussions with OMB and OPM, NSF first utilized the framework while developing the 2004 FAIR Act Inventory, and it continues to be utilized for the annual inventory. Results from the business analysis effort and the Job Family framework have been integrated into NSF's efforts to develop an agency level competitive sourcing plan. NSF's competitive sourcing plan continues to be informed by findings from the business analysis and the human capital studies that have been undertaken.

NSF's 2006 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 2006 justification for the use of Reason Code A remains largely unchanged from previous years.

NSF will continue to refine our Inventory and evaluate the viability of competitive sourcing as a tool 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,



Arden L. Bement, Jr.
Director

Attachments