



**UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415**

DECEMBER 20 2005

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

Dear Mr. Speaker:

This letter transmits the Office of Personnel Management's (OPM) Annual Report to Congress on our competitive sourcing accomplishments required by section 647(b) of the Transportation, Treasury, and Independent Agencies Appropriations Act 2004, as incorporated in Division F of the Consolidated Appropriations Act 2004 (Public Law 108-199). It is prepared using the guidance contained in the Office of Management and Budget's memorandum of October 7, 2005.

Information on completed and announced competitions is provided in the spreadsheets at Enclosure 1. The total projected number of federal full-time-employee equivalents (FTE) included in competitions scheduled for announcement during Fiscal Year 2006 and a general description of how the competitive sourcing decision-making processes are aligned with OPM's implementation of our Strategic Management of Human Capital Initiative are addressed in Enclosure 2.

Questions regarding this report may be directed to Ronald C. Flom, Associate Director, Management Services Division at 202-606-2200.

Sincerely,

A handwritten signature in black ink, appearing to read "LMS", with a long horizontal line extending to the right.

Linda M. Springer
Director

Enclosures

cc: The Honorable Tom Davis
The Honorable Henry A. Waxman
The Honorable Jo Ann Davis
The Honorable Danny K. Davis
The Honorable C.W. (Bill) Young
The Honorable David R. Obey
The Honorable Ernest Istook, Jr.
The Honorable John W. Oliver

Enclosure 1
OFFICE OF PERSONNEL MANAGEMENT
FY 2005 COMPETITIVE SOURCING ACTIVITIES WORKSHEET

COMPLETED 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	# of Bids Received	Start Date (MM/DD/YYYY)	End Date (MM/DD/YYYY)	Length (days)	Winning Provider	Expected Phase-In Completion Date (MM/DD/YYYY)	Actual Phase-In Completion Date (MM/DD/YYYY)	
STREAMLINED COMPETITIONS																	
OPM	Management Services Division	S735 Engineering Services	S737 Electrical Craft Support Services		Building Operations and Customer Service	Streamlined competition with MEO	DC	10		N/A	4/11/2005	8/16/2005	127	private sector source (CTR)	5/22/2006		
OPM	Human Resources Products and Services Division	W601 Information Technology Management			Information Technology Specialists	Streamlined competition with MEO	GA	52		N/A	4/11/2005	8/16/2005	127	in-house government personnel (IH)	1/1/2006		
										N/A							
										N/A							
										N/A							
SUBTOTAL, STREAMLINED COMPETITIONS								62		0							
STANDARD COMPETITIONS																	
OPM	Multiple OPM Divisions	B000 Personnel Administrative Support	A000 Administrative Support		Clerical/Technical and Administrative Support	Standard competition	DC	163	lowest price technically acceptable evaluation	4	2/3/2004	3/2/2005	393	private sector source (CTR)	6/28/2005	6/28/2005	
SUBTOTAL, STANDARD COMPETITIONS								163		4							
TOTAL, ALL COMPETITIONS								225		4							
CANCELLED COMPETITIONS (post-performance decision)																	

FY 2005 FIXED COSTS* 0.162
**Note: These costs are not competition-specific*

**OFFICE OF PERSONNEL MANAGEMENT
FY 2005 COMPETITIVE SOURCING ACTIVITIES SUMMARY SHEET**

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/YYYY)	End Date (MM/DD/YYYY)	Expected Phase-In Completion Date (MM/DD/YYYY)	Actual Phase-In Completion Date (MM/DD/YYYY)	Source Selection Strategy Used	Winning Provider	FY 2005 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)	
STREAMLINED COMPETITIONS																								
OPM	Management Services Division	S735	S737 Electrical Craft Support Services		Building Operations and Customer Service	Streamlined competition with MEO	DC	10	N/A	4/11/2005	8/16/2005	5/22/2006		private sector source (CTR)		0.026	0.026	0.529	5.000	0.106				
OPM	Human Resources Products and Services Division	W601	Information Technology Management		Information Technology Specialist	Streamlined competition with MEO	GA	52	N/A	4/11/2005	8/16/2005	1/1/2006		in-house government personnel	(14)	0.152	0.152	0.895	5.000	0.179				
									N/A															
									N/A															
									N/A															
SUBTOTAL, STREAMLINED COMPETITIONS								62	0							0.178	0.178	1.424		0.285	0.000			
STANDARD COMPETITIONS																								
OPM	Multiple OPM Divisions	B000 Personnel Administrative Support	A000 Administrative Support		Clerical/Technical and Administrative Support	Standard competition	DC	163	4	2/3/2004	3/2/2005	6/28/2005	6/28/2005	lowest price technically acceptable evaluation	private sector source (CTR)	0.010	0.344	12.876	5.0	2.575	0.337	Calculation		
SUBTOTAL, STANDARD COMPETITIONS								163	4							0.010	0.344	12.876		2.575	0.337			
TOTAL, ALL COMPETITIONS								225	4									0.188	0.522	14.300		2.860	0.337	
CANCELLED COMPETITIONS (post-performance decision)																								

FY 2005 FIXED COSTS* 0.162
*Note: These costs are not competition-specific.

Office of Personnel Management
FY 2005 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											
OPM	Human Resources Products and Services Division	U300 Specialized Skill Training			Performance and Career Development	Streamlined competition with MEO	DC	15		0.000	
										0.000	
										0.000	
SUBTOTAL, STREAMLINED COMPETITIONS								15		0.000	
STANDARD COMPETITIONS											
								0		0.00	
TOTAL, ALL COMPETITIONS								15		0.000	
CANCELLED COMPETITIONS (pre-performance decision)											
										0.000	
										0.000	

Office of Personnel Management
FY 2003 and FY 2004 COMPETITIVE SOURCING ACTIVITIES

SAVINGS & PERFORMANCE UPDATE
(Dollars in Millions)

Agency	Bureau	Function Competed	Type of Competition	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 Savings FY 2002	Actual Savings FY 2003	Actual Savings FY 2004	Actual Savings FY 2005	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														
OPM	Human Resources Products and Services Division	Computer Assistants and Building Management Assistant	Streamlined competition with MEO	1.034	5	01/05				0.155	0.155	0.9	Calculation	
										0.000				
										0.000				
SUBTOTAL, STREAMLINED COMPETITIONS				1.034						0.155				
STANDARD COMPETITIONS														
OPM	Human Resources Products and Services Division	Test Administration and Warehousing	Standard competition	10.400	4.6	04/04			-0.228	0.323	0.095	2.5	Calculation	
										0.000				
										0.000				
SUBTOTAL, STANDARD COMPETITIONS				10.400						0.095				
TOTAL, ALL COMPETITIONS				11.434						0.250				

Projected number of OPM Employees that will be covered by competitions during Fiscal Year 2006:

OPM projects that 25 federal full-time-equivalent employees (FTE) will be covered by competitions announced during Fiscal Year 2006.

Description of how the competitive sourcing decision making processes of the Office of Personnel Management (OPM) are aligned with the OPM Strategic Work Plan:

OPM's competitive sourcing initiative is closely linked to and complements the Human Capital (HC) initiative under the President's Management Agenda. Where appropriate, we use competitive sourcing to ensure that the best human capital assets are acquired, deployed, and maintained as efficiently and effectively as possible. In practice, we view competitive sourcing as a tool to address core competency gaps that are identified through OPM's workforce planning review and analysis. Other instances – such as intermittent work, skill deficiencies, high turn over, or hard to fill positions – are also identified as conditions that may be addressed through competitive sourcing.

Training was provided to members of OPM's Fiscal Year 2005 FAIR Act Inventory Work Group to provide information on how competitive sourcing could be used to address current or anticipated competency gaps caused by retirements or other loss of staff expertise. The Work Group members were provided with a copy of the Plan for the Strategic Management of OPM's Human Capital (HC Plan) to consider as they completed their review of the commercial activities to determine which were appropriate for competition. The information contained in the HC Plan guided Work Group deliberations and helped ensure that competitive sourcing activities aligned with goals and objectives stated in the HC Plan and supported organizations in meeting their responsibilities.

OPM appointed a Human Resource (HR) Advisor from the Management Services Division Center for Human Capital Management Services for each competition conducted during Fiscal Year 2005 and will again do so for all Fiscal Year 2006 competitions. The HR Advisor provided information to all employees included in the competition on all human resource considerations, including potential reductions in force. The HR advisor and contracting personnel met with employees included in each competition to provide them with information regarding the procedures, time frames, and potential impact of the results of the competitions. Employees are given the opportunity to ask any questions they have regarding the potential impact each competition may have on them personally. OPM has involved federal employee unions in its efforts to ensure effective communications and understanding of the competitive sourcing process.

The Center for Human Capital Management Services (CHCMS) deploys staff to work with any OPM activity faced with a reduction in force as a result of losing a competition. CHCMS personnel work with the organization's impacted staff to discuss their benefit options, review their Official Personnel Files, provide coaching on resume writing, and provide other activities to assist impacted personnel in planning their actions to address any impending reduction in force. These services were provided to OPM employees impacted by the result of the clerical/technical and administrative support competition and will be provided to the ten OPM employees included in the building operations/customer service competition. In addition, all employees impacted by this competition were offered Voluntary Early Retirement (VERA) and Voluntary Separation Incentive Payment (VSIP) options. Additionally, many of the impacted employees were placed internally within OPM into vacant positions for which they were qualified, and received priority consideration under OPM's Career Transition Assistance Program (CTAP).

OPM developed a template and timeline of steps to be taken to implement a competitive sourcing decision if there will be a reduction of personnel in the implementation of a performance decision. This timeline covers everything from identifying the need and requesting VSIP authority to offer buyouts, to freezing the positions involved in the competition in order to conduct a VERA/VSIP offering and/or a reduction in force during the transition period from decision to implementation.

A recent streamlined competition afforded OPM the opportunity to test many facets of the Strategic Human Capital Plan and the linkage with the competitive sourcing plan. A most efficient organization (MEO) was developed and subsequently won the Information Technology Specialists streamlined competition. The MEO used the competition as an opportunity to restructure the activity to more effectively and efficiently perform its assigned duties. The activity was re-designed to establish a Quality Assurance Branch to improve the quality and customer satisfaction. The establishment of the Branch will make better use of the skills of the available resources and result in a 40 percent reduction in overtime costs resulting from improvements in systems produced.