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**Competitive Sourcing Saves Billions of Dollars for the Federal Government**

**Washington, D.C.** – Competitive sourcing continues to generate significant savings for taxpayers, according to a report released today by the Office of Management and Budget (OMB). The report shows that public-private competitions completed in FY 2006 are expected to yield \$1.3 billion in savings over the next five to ten years. The report also shows Federal employees succeeded in winning a large majority – nearly 87 – percent of the work competed.

“The reasoned and strategic application of competition is helping agencies achieve greater efficiencies and better performance,” said Paul Denett, OMB’s Administrator for the Office of Federal Procurement Policy. “By reducing the cost of commercial support services, agencies have more resources to spend directly on their missions.”

Competitions are used to compare the costs and overall value of commercial services among private sector and federal government providers. Providers are selected based on who can deliver the best services for taxpayers. Only commercial services are considered for competition. All inherently governmental activities are performed by federal employees.

Cumulative projected savings from competitions completed during the past four years are expected to generate nearly \$7 billion, or just over \$1 billion in annualized estimated savings. This translates into savings of about \$31 for every dollar spent conducting the competitions, regardless of who wins the competition.

The report notes that competitions are being completed in a timelier manner, with the average standard competition taking just over 13 months. This is a noteworthy improvement over the 2-3 year average time experienced under OMB’s earlier competition guidance. More timely completion increases accountability for results and decreases employee uncertainty.

Competitive sourcing continues to be an especially effective management tool for improving the cost-effectiveness of IT services. In FY 2006, the Army Corps of Engineers completed a Command-wide information technology services competition that is projected to save \$950 million over six years. Savings and improved service delivery will be generated, in part, from leveraged enterprise-wide purchasing, which will enable greater compatibility in IT solutions and reduce the time and cost of equipment maintenance and replacement costs.

OMB recently asked agencies to establish validation plans on a reasonable sampling of competitions to ensure that cost savings and performance improvements are being realized as promised.

To read OMB’s report, go to [www.results.gov](http://www.results.gov) or [www.omb.gov](http://www.omb.gov).

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