



# United States Department of the Interior


OFFICE OF THE ASSISTANT SECRETARY  
POLICY, MANAGEMENT AND BUDGET  
Washington, DC 20240



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## Memorandum

To: Department of the Interior Employees Nationwide

From: Paul Hoffman   
Deputy Assistant Secretary for Performance, Accountability and  
Human Resources

Subject: Competitive Sourcing Update

We have successfully completed the fourth full year of competitive reviews under the Competitive Sourcing initiative, which is part of the President's Management Agenda. The competitive sourcing program has resulted in \$7 million in annual cost savings and improved performance. These savings are being used to enhance mission delivery. To date, out of 3,200 positions reviewed, only one permanent employee has been involuntarily separated as a result of our competitive reviews.

Competitive reviews improve the quality, efficiency, and effectiveness of the services we deliver to the American people. In the four formal reviews competed in FY 2005, the employee Most Efficient Organization (MEO) became the winning service provider. Over the past four years, the federal employees have won 90% of the competitions. This record reflects the efforts of dedicated employees who put together the most efficient organization to accomplish their work. In doing so, they are savings millions of dollars every year that bureaus can reinvest in accomplishing their missions. The completed reviews this past fiscal year have projected additional savings of \$1.664M annually, with the expectation that the annual savings will continue over at least the next five years.

Over the past four years, we have identified practices that improve our competitive sourcing efforts. The most important lesson is the value of adequate planning prior to formal announcement of a review. I applaud all bureaus for utilizing preliminary planning efforts outlined in OMB Circular A-76 and conducting a reasoned analysis of functions to determine their suitability and proper packaging for future studies. Of the 5,200 FTE already reviewed or under review, 500 FTE are currently undergoing such planning efforts. Some will result in formal reviews; others may not.

For the reviews completed in FY2005, we have offered the option of voluntary early retirement (VERA), and "buy-outs" (VSIP) to every employee eligible in cases where the MEO resulted in

a smaller organization. We will continue to seek these authorities from the Office of Personnel Management when warranted and cost effective. We are confident they will be granted promptly as the need arises.

Bureau Directors will be following up with their respective employees to share information on each of the bureau specific plans for FY 2006. The Department recently transmitted the Fiscal Year 2006 Competitive Sourcing Plan to our labor unions that have national consultation rights with the Department. Bureau plans that may impact bargaining unit employees should be shared with local union representatives by the bureaus, as applicable.

Thank you for your dedication, hard work, and support as we continue to improve our efficiency and effectiveness to benefit the American people.