



United States Department of the Interior

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



DEC 29 2004

The Honorable Richard B. Cheney
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

Enclosed is Department of the Interior's report to Congress on Fiscal Year 2004 competitive sourcing, required by the Consolidated Appropriations Act, Fiscal Year 2004 (P.L. 108-199). In FY 2004, we announced two standard reviews involving 400 Full Time Equivalents (FTE) and completed five streamlined and three standard reviews involving 383 FTE. Department of the Interior (DOI) employees won all three standard reviews completed this fiscal year. Planning efforts prior to formal announcements continued on 1,877 FTE, resulting in a total of 2,660 DOI FTE in some phase of the competitive review process during FY 2004. We expect to begin review of approximately 700 FTE in FY 2005.

Section 332(e) of the Department of Interior and Related Agencies Appropriations Act, FY 2005 (Division E of the Consolidated Appropriations Act, P.L. 108-447) requires agencies funded by this Act to identify "the incremental cost directly attributable to conducting the competitive sourcing competitions, including costs attributable to paying outside consultants and contractors and, in accordance with full cost accounting principles, all costs attributable to developing, implementing, supporting, managing, monitoring, and reporting on competitive sourcing, including personnel, consultant, travel, and training costs associated with program management." This report provides information on both out-of-pocket costs of competition as well as costs of providing direction and oversight (i.e., program management) consistent with guidance provided in Office of Management and Budget Memorandum M-05-01 "for activities conducted during fiscal year 2004." Because section 332(e) was enacted only weeks before the reporting deadline, the Department intends to review its costing methodologies in coordination with Office of Management and Budget (OMB) prior to submitting future reports.

Competitive reviews improve the quality, efficiency, and effectiveness of the services that we deliver to the American people. The completed reviews this fiscal year alone have projected savings of \$3.155M annually, with the expectation that the annual savings will continue over at least the next five years. The savings will result from implementing the employee-most-efficient Government organization. Accordingly, we urge Congress to eliminate funding caps in section 332 of the Interior Appropriations Act that are currently limiting the Department's ability to reduce costs and improve program performance through the effective use of public-private competition.

We continue to look for ways to implement our workforce plans using competitive sourcing as a means to reduce organizational redundancies, identify skill imbalances, and address employee attrition and recruitment challenges. To date, only one permanent Interior employee out of 5,032 reviewed has been involuntarily separated as a result of our competitive reviews.

Competitive sourcing is one of a variety of management tools we will continue to use to carry out our mission in the most efficient, effective manner possible. We will also be looking at reducing redundancies and increasing efficiencies across the agency in space management, fleet management, and IT management.

Sincerely,



P. Lynn Scarlett
Assistant Secretary
Policy, Management and Budget

Enclosures

**DEPARTMENT OF THE INTERIOR
FY 2004 COMPETITIVE SOURCING ACTIVITIES SUMMARY**

COMPLETED COMPETITIONS
(Dollars in Millions)

Competition Description														FY 2004	Total Cost	Estimated	Period of	Annualized	Actual	
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 (Mo/Yr)	End Date (Mo/Yr)	Expected Phase-In Completion Date (Mo/Yr)	Actual Phase-In Completion Date (Mo/Yr)	Source Selection Strategy Used	Winning Provider	Costs	AH Years	Savings	estimated savings (in years)	Savings	Savings (if available)
STREAMLINED COMPETITIONS																				
BLM	W430 Mapping and Charting			Cartographic operations and aerial photography archive	Streamlined competition with MEO	CO	11	N.A.	05/04	08/04	01/05			in-house government personnel (I/H)	0.000	0.000	4.200	10.000	0.420	
MMS	T807 Visual Information			Visual Information	Streamlined competition with MEO	VA	2	N.A.	09/03	12/03	01/04	01/04		in-house government personnel (I/H)	0.000	0.000	0.567	5.000	0.113	0.085
MMS	D100 Regulatory Activities Support	Y570 Visual Information Program Activities and	W430 Mapping and Charting	Technical Environmental functions in LA & VA	Streamlined competition with MEO	LA	11	N.A.	06/04	09/04	01/05			in-house government personnel (I/H)	0.000	0.000	0.705	5.000	0.141	
MMS	Y899 Other Administrative Support Activities	D000 Administrative Support	Y850 Microfilming and Library Services	Administrative functions in LA & AK	Streamlined competition with MEO	LA	14	N.A.	06/04	09/04	01/05			in-house government personnel (I/H)	0.000	0.000	0.000	5.000	0.000	
MMS	D410 Compliance Operations			Stripper Well Notification	Streamlined competition with MEO	CO	4	N.A.	06/04	09/04	01/05			in-house government personnel (I/H)	0.000	0.000	0.000	5.000	0.000	
SUBTOTAL, STREAMLINED COMPETITIONS															0.000	0.000	5.472		0.6744	0.085
STANDARD COMPETITIONS																				
BLM	Z992 Minor Construction, Maintenance and Repair of Buildings and Structures Other Than Family Housing	Z993 Maintenance and Repair of Grounds and Surfaced Areas	Z999 Maintenance, Repair and Minor Construction of Other Real Property	Maintenance and minor construction of roads, recreation facilities and other real property in the states of OR & WA	Standard competition	OR	176	0	12/02	03/04	10/04		cost-technical trade-off	in-house government personnel (I/H)	0.008	0.683	9.000	5.000	1.800	
BOR	U999 Other Training Functions	U304 Vocational Training	U302 Training Administration	Centennial Job Conservation Center	Standard competition	ID	91	0	10/02	01/04	07/04	07/04	sealed bid	in-house government personnel (I/H)	0.000	0.623	2.301	5.000	0.460	0.115
NPS	Z993 Maintenance and Repair of Grounds and Surfaced Areas	Z999 Maintenance, Repair and Minor Construction of Other Real Property		Maintenance	Standard competition	MS	74	1	06/03	04/04	01/05		cost-technical trade-off	in-house government personnel (I/H)	0.110	0.192	1.103	5.000	0.221	
SUBTOTAL, STANDARD COMPETITIONS															0.118	1.498	12.404		2.481	0.115
DIRECT CONVERSIONS																				
							0								0.000	0.000	0.000		0.000	0.000
SUBTOTAL, DIRECT CONVERSIONS															0.000	0.000	0.000		0.000	0.000
TOTAL, ALL COMPETITIONS															0.118	1.498	17.876		3.155	0.200
CANCELLED COMPETITIONS																				
NPS	S410 Custodial Services			Maintenance	Standard competition	DC	142	N.A.	06/03	N.A.				competition was cancelled (N/A-C)						
NPS	T815 Engineering and Technical Services			Design Services	Standard competition	CO	80	N.A.	06/03	N.A.				competition was cancelled (N/A-C)						
TOTAL, CANCELLED COMPETITIONS															0.000	0.000	0.000		0.000	0.000

FY 2004 FIXED COSTS* 0.627

Saving Methodology: Calculation/Proxy	Quantifiable Description of Improvements in Service or Performance
Proxy	
Proxy	

**DEPARTMENT OF THE INTERIOR
FY 2004 COMPETITIVE SOURCING ACTIVITIES SUMMARY**

Announced Competitions*
(Dollars in Millions)

Competition Description												
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)	Start Date (Mo/Yr)	Incremental Costs of Conducting Studies	Anticipated Savings or Quantifiable Description of Improvements in Service or Performance (if available)	
STREAMLINED COMPETITIONS												
SUBTOTAL, STREAMLINED COMPETITIONS							0			0.000	0.000	
STANDARD COMPETITIONS												
FWS	S700 Natural Resource Services			Aquatic Species Husbandry Support - Multiple States	Standard competition	ND	70	cost-technical trade-off	06/04	0.043		
FWS	S700 Natural Resource Services			Bio Science Support - Multiple States	Standard competition	MI	330	cost-technical trade-off	06/04	0.182		
SUBTOTAL, STANDARD COMPETITIONS							400			0.225	0.000	
TOTAL, ALL COMPETITIONS							400				0.225	0.000

**DEPARTMENT OF THE INTERIOR
FY 2003 COMPETITIVE SOURCING ACTIVITIES**

**SAVINGS & PERFORMANCE UPDATE
(Dollars in Millions)**

Bureau	Function Competed	Type of Competition	Total Estimated Savings (As reported to Congress in FY03)	Total Performance Period (in years)	Actual Phase-In Completion Date (Mo/Yr)	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									
NPS	T813 Archeology - SEAC, FL	Streamlined competition with MEO	4.234	5	01/04	0.788		Calculation*	
SUBTOTAL, STREAMLINED COMPETITIONS			4.234			0.788			
STANDARD COMPETITIONS									
SUBTOTAL, STANDARD COMPETITIONS			0.000			0.000			
TOTAL, ALL COMPETITIONS			4.234			0.788			

* 1st year actual savings of \$1,051,034 x .75 (9 months implementation) = \$788K

DESCRIPTION OF HOW THE DOI COMPETITIVE SOURCING DECISION MAKING PROCESSES ARE ALIGNED WITH THE STRATEGIC HUMAN CAPITAL MANAGEMENT PLAN

The DOI Center for Competitive Sourcing Excellence (Center) reviews all proposed competitive sourcing plans for consistency with the Strategic Human Capital Management Plan. For example, of the critical skills shortages noted in the Strategic Human Capital Management Plan, fire management, information technology and facilities management/engineering skills have all either been a part of past studies or are planned for future studies. (P.17, Strategic Human Capital Management Plan)

The Center and the Office of Human Resources are working together with the DOI Bureaus to promote common position descriptions for critical occupations across the DOI which directly translate into consistent application of function and "reason" codes in the FAIR Act Inventory. (P. 24, Strategic Human Capital Management Plan)

The DOI Strategic Human Capital Management Plan FY 2003-2007 recognizes competitive sourcing as an opportunity to determine which operations should be performed as currently structured, which should be redesigned, and which should be contracted. The plan recognizes that competitive sourcing gives management the flexibility to manage position vacancies in a more integrated manner and identify employment opportunities elsewhere in the Department if a particular in-house function is subsequently provided by a private sector contractor. (P. 33, Strategic Human Capital Management Plan)

The Center works closely with the Office of Human Resources to plan for VSIP/VERA requests so that, when competitive sourcing studies are implemented, any transition for DOI employees, regardless of the outcome of competitions, is timely and less stressful.

Both the Center for Competitive Sourcing Excellence and the Office of Human Resources reports to the Deputy Assistant Secretary for Performance, Accountability and Human Resources, so coordination is facilitated.