

## **Agency Competitive Sourcing Reports Show Savings Continuing to Grow**

This past December, agencies submitted reports to Congress on their competitive sourcing activities for FY 2005. These reports indicate that savings for the taxpayer are continuing to grow as more competitions are completed and cost controls and other performance improvements are brought to bear on a larger number of our daily tasks. In particular:

- Agencies completed 181 competitions involving nearly 10,000 FTEs. Competitions were conducted for a wide range of commercial activities, with the greatest focus being placed on logistics, maintenance and property management, information technology, finance and accounting, and human resources.
- Improvements set in motion by these competitions are expected to generate net savings or cost avoidances totaling in excess of \$3.1 billion over the next 5-10 years. These savings have been made possible by operational consolidations, process reengineering, workforce realignments, better use of technology, and lower contractor support costs.

### **Three-year results**

More than 1,000 competitions were completed over the last three years. These competitions are projected to save taxpayers about \$5.6 billion. The majority of these savings are expected to be realized over the next 3-5 years. Expected annualized savings are \$900 million.

One-time, out-of-pocket expenses for conducting these competitions were just over \$210 million. This represents a return of about \$27 for every dollar spent on competition.

“Best value” tradeoff competitions – i.e., where both cost and quality (as opposed to just cost alone) are taken into account in selecting a provider – have produced estimated annual net savings of \$68,000 per FTE, roughly three times the overall average of \$23,000. In the two years that this authority has been used, best value competitions accounted for only one-third of the FTEs competed and less than 15% of the competitions conducted, but 70% of the total estimated net savings reported.

Federal employees have fared well, taking advantage of competitions to eliminate waste from their operations and create most efficient organizations. Employees have received more than 80% of the work competed during FYs 2003, 2004, and 2005.

Additional details on results will be provided in OMB’s forthcoming consolidated report on FY 2005 competitive sourcing activities.

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