

Competitive Sourcing at USDA

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What is *Competitive Sourcing*? *Competitive Sourcing* is the President's Government-wide initiative to open commercial activities performed by the Federal Government to competition with the private sector. The goal is to reduce operating costs and improve service to the public. Based on the results of these competitions, some Government commercial activities functions may be won by private businesses. Also, in a number of cases involving less than ten FTEs, Government positions will be directly converted to the private sector without cost-comparison studies.

Under this initiative, all Government agencies must do cost comparison studies on some of their positions to see if the work could be done more efficiently. There are no budget or personnel reduction goals to be met. However, the U.S. Office of Management and Budget (OMB) has directed Federal agencies to compete or convert 15 percent of all Government positions that perform *commercial activities* by the end of September 2003. *Commercial activities* are services normally available from private sector businesses. Eventually, OMB plans to have cost comparison studies done on up to 50 percent of these Government positions.

To put the Government in the most competitive position possible for each function being studied (more than ten FTEs), agency study teams will develop what is called a ***Most Efficient Organization (MEO)***. An MEO is a reconfiguration of the current organization designed to more efficiently perform the work function being studied. The MEO nearly always contains fewer employees than the current organization. Costs for the MEO will be calculated and compared to bids from private sector businesses doing the same function. If the MEO costs less, the agency will implement the MEO. If the private sector is less costly, the private bidder will win the work. Based on results of competitions over the past several years in other agencies, the Government's MEO has been the least costly in about 60 percent of the cost comparison studies.

How will this affect USDA? USDA Mission Areas and Offices have identified more than 46,000 positions that perform *commercial activities*, and they will be working to comply with OMB's direction to compete approximately 15 percent of these positions by September 2003. Competition studies vary in length but usually take several months or longer

to perform. Positions to be studied are usually grouped by functions they perform. For example, all positions in a given road maintenance organization or human resources management program may be grouped for study.

How will this affect me? Employees who occupy positions in functions that will be studied will be directly impacted. They will become part of a new MEO or a private bidder could win their function. Every effort will be made to assist employees whose positions are eliminated to find new jobs. However, some USDA agencies may need to have a Reduction-In-Force. In some cases, a private sector business who has been awarded a contract may offer or be required to offer any vacancies to qualified displaced Government employees.

Where can I get more information? Each Mission Area and USDA Office, in cooperation with the USDA Office of the Chief Financial Officer, has developed a plan that identifies which functions will be studied or designated for direct conversion before September 2003. Managers will make these plans available to Unions who represent USDA employees. Employees who are in positions whose functions will be studied will be informed before those studies begin.

Additional information on competitive sourcing can also be accessed through the USDA Office of the Chief Financial Officer web site at <http://www.usda.gov/ocfo/>.