

# ***COMPETITIVE SOURCING***

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## **Report on Competitive Sourcing Results Fiscal Year 2003**



**May 2004**

*Executive Office of the President  
Office of Management and Budget*

## Executive Summary

Section 647(b) of the Transportation, Treasury, and Independent Agencies Appropriations Act, FY 2004 (Division F of the Consolidated Appropriations Act, P.L. 108-199) requires agencies to report annually on their competitive sourcing efforts. The Office of Management and Budget (OMB) prepared this summary to highlight results achieved from the application of competitive sourcing (i.e., public-private competition) to the commercial activities of agencies tracked by the President's Management Agenda. The report describes promising trends and steps that will be taken to improve results where weaknesses have been identified.

A snapshot of agency efforts undertaken in FY 2003 indicates that competitive sourcing is producing positive results. This activity has generated a projected net savings of \$1.1 billion, to be achieved over the next three to five years. This equates to a net savings of about \$12,000 per full-time equivalent employee (FTE) competed, or a cost reduction (avoidance) of approximately 15 percent.

### Competitive Sourcing at a Glance: Investments & Results in FY 2003

#### Competitive assessments completed in FY 2003

- ⇒ Number of assessments completed: **662\***
- ⇒ Type conducted\*\*: streamlined = **570**; standard = **92**
- ⇒ Number of FTEs studied: **17,595\***
- ⇒ Percentage of studies where federal agency determined best value is provided by the in-house organization (based on FTEs studied): **89%**

#### Competitive assessments announced but not completed in FY 2003

- ⇒ Number of assessments announced: **73**
- ⇒ Type conducted\*\*: streamlined = **17**; standard = **56**
- ⇒ Number of FTEs announced for competitive assessment: **7,385**

#### Out-of-pocket cost of competitive assessments\*\*\*

- ⇒ Incremental cost directly attributable to conducting completed competitive assessments: **\$88 million**
- ⇒ Incremental cost directly attributable to conducting announced competitive assessments: **\$15 million**
- ⇒ Average incremental cost per FTE studied: **\$5,000**

#### Results: estimated savings from completed competitive assessments\*\*\*\*

- ⇒ Gross: **\$1.19 billion** (over three to five years)
- ⇒ Net: **\$1.1 billion** (over three to five years)
- ⇒ Annualized gross: **\$237 million**
- ⇒ Annualized net per FTE: **\$12,000**

\* excludes direct conversions; includes 4 standard competitions completed in the first quarter of FY 2004.

\*\* includes streamlined and standard competitions conducted under the revised Circular and streamlined and standard cost comparisons conducted under the old Circular A-76.

\*\*\* these are one-time expenses.

\*\*\*\* aggregate cost and savings figures were derived from agency calculations made in accordance with the general methodologies described in OMB Memorandum M-04-07.

These are good returns for an initiative that has faced statutory restrictions, cultural challenges, and a large learning curve, especially at civilian agencies that, until recently, had relatively little experience with using competition as a management tool. Based on recent trends at the Department of Defense (DOD), projected savings might have been significantly higher but for statutory restrictions that effectively precluded DOD from announcing new competitions under revisions to OMB Circular A-76 during the latter part of FY 2003.

The experiences of FY 2003, on balance, affirm the long-standing conclusion that the application of competition to in-house operations will produce cost savings. In addition, the high percentage of studies where an agency determined that best value is provided by the in-house organization -- nearly 89 percent of the FTEs competed -- confirms that competitive sourcing is neither dismantling the workforce at large nor limiting future opportunities for federal service.

Despite the overall success of competitive sourcing, the data also make clear that results are uneven. Some agencies have managed to capture impressive savings, cost avoidances, or performance improvements, but others have struggled to find a vision for success. Those agencies which have repeatedly experienced limited returns or losses typically have failed to adequately plan, generate private sector interest in competition, or seize chances to reorganize inefficient operations.

OMB will work with all agencies, especially those that have experienced missteps, to ensure that competition is applied in a reasoned and responsible manner. Based on the findings in this report, OMB has planned the following steps:

- ⇒ increased emphasis on long-range competition plans that group activities into broader functional areas, whenever appropriate, and use streamlined competitions to facilitate the development of most efficient organizations as is routinely done as part of a standard competition;
- ⇒ improved training to ensure our workforce is the best it can be in identifying activities that are suitable for competition and applying the tools authorized by OMB Circular A-76; and
- ⇒ deployment of a competitive sourcing database that can be used to gauge progress and identify promising practices.

## Introduction

Section 647(b) of the Transportation, Treasury, and Independent Agencies Appropriations Act, FY 2004 (Division F of the Consolidated Appropriations Act, P.L. 108-199) establishes a government-wide reporting requirement for competitive sourcing. Pursuant to the Section 647(b), each executive agency must annually inform Congress about its competitive sourcing efforts for the prior fiscal year. Information to be reported on includes: the number of competitions, the number of federal employees studied under competitions, incremental costs, savings, the number of federal employees to be studied in the coming fiscal year, and a discussion of how the agency aligns competitive sourcing decisions with its strategic workforce plan.

The Office of Management and Budget (OMB) has taken two actions to maximize the value of the Section 647 reporting requirement. First, OMB developed guidelines for agencies to use in preparing their reports. Second, OMB has developed this report to summarize the information captured individually by agencies tracked under the President's Management Agenda (PMA).

1. *OMB's reporting guidelines.* OMB's reporting guidelines are designed to ensure consistent and clear reporting. The guidance provides a standard reporting format and describes how agencies should calculate incremental costs and estimated savings. See OMB Memorandum M-04-07, *Report to Congress on FY 2003 Competitive Sourcing Efforts* (February 26, 2004), available at [www.omb.gov](http://www.omb.gov).

Although Section 647 calls only for summary information, OMB's guidance further requires agency reports to include information on each underlying competition. The additional detail on each competition, described in Table 1, is intended to give members of Congress and taxpayers better insight into the basis for the aggregate figures called for by Section 647.

**Table 1. Information reported by agencies on a competition-by-competition basis**

Reporting Element	Completed Competitions	Announced Competitions
Function competed	•	•
Type of competition	•	•
Location of competition	•	•
Number of FTEs in study	•	•
Start date of competition	•	•
End date of competition	•	
Public or private provider	•	
Incremental costs	•	•
Estimated savings	•	•
Period of estimated savings	•	
Annualized savings	•	
Actual savings (if available)	•	
Quantifiable description of improvements in service or performance (if appropriate)	•	•

Copies of each PMA agency report will be made available at [www.results.gov](http://www.results.gov). (*Note:* Each agency has made a good faith attempt to provide the competition-specific information requested by OMB, but information was not always available for all data elements requested. At the time the competitions were conducted, information was not being systematically collected and there were no uniform government-wide definitions or methodologies to address what information should be covered where it was collected. As a result, some agency reports will contain incomplete information).

2. *Summary report.* OMB has prepared this summary report to synthesize individual agency reports. OMB's report is divided into two parts.

- Part I highlights significant findings and describes promising trends and areas in need of improvement. The discussion looks at where and how competition is being applied, resulting costs and savings, the integration of competitive sourcing decision-making with human capital planning, and next steps for the competitive sourcing initiative.

The report briefly discusses how actions taken or planned by OMB relate to recommendations made to OMB by the General Accounting Office (GAO) in report no. GAO-04-367. This discussion is provided in accordance with 31 U.S.C. 720. Among other things, GAO recommended that OMB work with agencies to ensure they are more strategic in their sourcing decisions and focus on achieving measurable efficiency and performance improvement outcomes.

- Part II provides appendices with consolidated data from each of the PMA agency reports.

## Part I. Summary of findings

### A. Use of competition

Agency competitive sourcing reports indicate that: (1) over 60 percent of the PMA agencies completed or announced competitions in FY 2003 that cumulatively involve at least 100 full-time equivalent employees (FTEs), (2) streamlined competitions were used more frequently than standard competitions by civilian agencies, (3) competitions were accomplished in a timely fashion, (4) agencies competed a wide range of commonly available commercial services, and (5) agencies determined that best value is provided by the in-house organization for the vast majority of work studied.

**Table 2. Agencies that completed or announced competitions that cumulatively involved at least 100 FTE in FY 2003<sup>1</sup>**

Agency	FTEs studied in FY 2003 <sup>a</sup>		FTEs in studies ongoing as of 9/30/03 <sup>b</sup>		Total FTEs
	Streamlined competitions <sup>c</sup>	Standard competitions <sup>d</sup>	Streamlined competitions <sup>c</sup>	Standard competitions <sup>d</sup>	
Agriculture	3,467	122	66	1,888	5,543
Commerce	56	259	0	66	381
Defense <sup>e</sup>	237	9,016	0	2,203	11,456
Education	0	0	10	220	230
Energy	8	172 <sup>f</sup>	76	932	1,188
HHS	641	1,692 <sup>g</sup>	0	0	2,333
Homeland	0	0	0	183	183
Interior	502	0	89	563	1,154
Justice	0	153 <sup>f</sup>	0	0	153
DOT	10	203	0	14	227
Treasury	150	14	0	820	984
VA <sup>h</sup>	0	276	0	0	276
GSA	134	34	0	32	200
OPM	0	180 <sup>g</sup>	0	0	180
SBA	190	0	61	0	251
SSA	25	0	0	162	187
<b>Total</b>	<b>5,420</b>	<b>12,121</b>	<b>302</b>	<b>7,083</b>	<b>24,926</b>

- a. Includes competitions completed in FY 2003 irrespective of when they were initiated.
- b. Includes competitions announced but not completed in FY 2003.
- c. Includes streamlined competitions under the revised Circular and streamlined cost comparisons under the old Circular, including modified processes such as "express reviews."
- d. Includes standard competitions under the revised Circular and standard cost comparisons under the old Circular.
- e. No Department of Defense competitions were conducted or announced under the revised Circular in FY 2003. Section 335 of P.L. 108-136 required DOD to delay use of the Circular's revisions until 45 days after reporting to Congress on their impact and DOD's plan for implementation. DOD transmitted its report to Congress on February 24, 2004.
- f. Includes one competition completed in December 2003.
- g. Includes one competition completed in mid-October 2003.
- h. 38 U.S.C. 8110(a)(5) restricts VA's use of public-private cost studies.

<sup>1</sup> For more comprehensive data, see Appendix A-1 (completed competitions) and A-2 (announced competitions).

1. *Agencies using competition.* When the PMA was first announced, few, if any, agencies other than the Department of Defense (DOD) had a significant history of using competitive sourcing. As a result, in the past, most in-house providers of commercial services were not motivated to improve their organizations as they likely would have been if faced with competition. The picture is changing. Civilian agencies across government are positioning themselves to improve many of their day-to-day operations through the use of public-private competition.

As Table 2 illustrates, 16 of the 26 PMA agencies completed or announced competition in FY 2003 involving a total of 100 or more FTEs. Six additional agencies -- the Corps of Engineers, the National Aeronautics and Space Administration, the Environmental Protection Agency, the Department of State, the Department of Labor, and the Department of Housing and Urban Development -- have announced, or plan to announce, competitions in FY 2004. Two of the agencies which did not conduct competitions in FY 2003, Smithsonian and OMB, have less than 20 FTEs identified as available for competition on their most recent workforce inventories, developed pursuant to the Federal Activities Inventory Reform Act and Circular A-76.

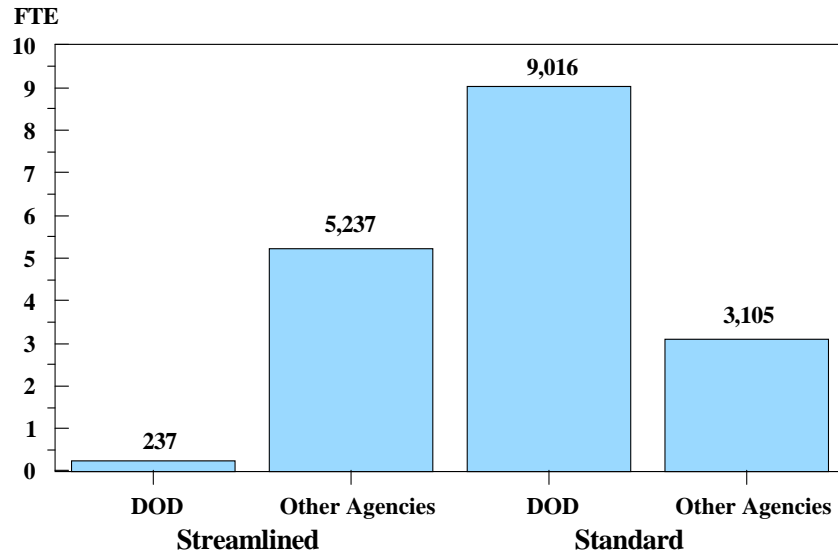
DOD, which accounted for the largest percentage of the FTEs competed or in the process of being competed in FY 2003, is likely to remain the predominant user of competitive sourcing. According to the inventories developed pursuant to the Federal Activities Inventory Reform Act, DOD holds the most substantial portion of FTEs performing commercial activities that are available for competition.

2. *Type of competition used.* In FY 2003, agencies completed 570 streamlined competitions and 92 standard competitions. This includes streamlined cost comparisons and standard cost comparisons conducted under the old Circular as well as modified processes approved under the old Circular, such as express reviews by the Department of the Interior. Agencies announced an additional 17 streamlined competitions and 56 standard competitions that were still in-progress at the end of FY 2003.

Streamlined competitions were favored over standard competitions by agencies other than DOD for competitions completed in FY 2003, as illustrated by Figure 1, below. A number of other agencies acknowledged informally that they initially focused on smaller-sized single function activities, which are well suited to the streamlined competition process, as a way to acclimate themselves to public-private competition in general and the new procedures in the revised Circular in particular. In addition, agencies are relying on streamlined competitions in lieu of direct conversions, which were often used to address activities involving ten or fewer FTEs. OMB's revisions to Circular A-76 eliminated the use of direct conversions as a general practice. As a result, agencies must routinely consider the cost of both in-house providers and private contractors in arriving at a decision as to which sector is best suited to help the agency meet its needs in a cost-effective manner.<sup>2</sup>

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<sup>2</sup> OMB's revisions to A-76 became effective on May 29, 2003. OMB's transition procedures permitted agencies to move forward with direct conversions after this date only where they took reasoned efforts culminating in a management decision prior to May 29, 2003 to rely on the private sector. Although a few agencies have moved forward with direct conversions under the transition procedures, this practice has not been a focus of agency efforts under Circular A-76 since its revision.

**Figure 1. Streamlined and standard competitions completed in FY03\***

\*Figures include 4 standard competitions completed in first quarter of FY 2004. DOD competitions were conducted under the old Circular A-76 as streamlined cost comparisons and standard cost comparisons.

As agencies continue to gain experience with competitive sourcing, OMB expects there will be greater reliance on standard competitions and larger activities. DOD, the agency most experienced with competitive sourcing, relied on standard cost comparisons for over 95 percent of the FTE for which studies were complete in FY 2003. A recent independent review of DOD competitions found that savings are likely to be higher for larger competitions. This finding is discussed in greater detail in Section B., below.

3. *Length of competition.* OMB incorporated standard timeframes into the revised Circular to ensure agency management focuses on completing competitions in a timely fashion. Streamlined competitions must be completed within 90 days. Standard competitions must be completed within one year. To achieve a "green" status rating on the PMA scorecard, an agency must have completed 95 percent of all streamlined competitions and 90 percent of all standard competitions conducted within the past year in the required time frames.

In setting timeframes, OMB was careful to ensure that agencies have the flexibility they need to make well-reasoned and cost-effective decisions. Time periods do not begin until the agency completes its planning and announces the competition. In addition, the competitive sourcing official (CSO) may extend the time period for completing a streamlined competition from 90 to 135 days where the agency is developing a most efficient organization (MEO). The CSO may also extend the 12-month period for standard competitions by six months if the competition is expected to be particularly complex.

The timeframes in the new Circular are motivating agencies to carry out their commitments in a timely manner. For example, the Department of Health and Human Services (HHS) reports that it completed streamlined competitions within three-month timeframes and standard competitions within a year. (By contrast, the report prepared by the Commercial



Activities Panel pursuant to Section 832 of P.L.106-398, found that decisions routinely took two and a half to three years under the old Circular.) Equally important, these timeframes are not causing agencies to sacrifice quality decision making. Competitive sourcing efforts by HHS have generated savings or cost avoidances. See Figure 2 and Table 5 in Section B. These findings illustrate that effective planning lays the foundation for both timely and results-oriented competitions.

4. *Activities competed.* Agency reports do not identify activities competed in a standardized manner in their reports. However, it appears that attention is being focused on commonly available commercial services where there are likely to be numerous capable and highly competitive private sector providers worthy of comparison to agency providers -- such as information technology services, logistics, and property management. The range of activities is broad and includes both low and high technology services. See Appendix B for a list of activities most frequently included in streamlined or standard competitions in FY 2003.

5. *Provider of service.* Agencies determined that in-house organizations would provide the best service when compared to the private sector for 89 percent of the FTEs studied in FY 2003.<sup>3</sup> Table 3, below, identifies the percentage of work to be performed by each sector based on performance decisions made by PMA agencies that conducted at least five competitions or competitions that cumulatively involve 50 or more FTEs. These statistics suggest that the federal workforce will continue to be relied on to provide a wide range of commercial services at agencies across government.

The statistics further suggest that agencies are taking steps envisioned by the revised Circular to ensure government providers have a fair opportunity to demonstrate their capability to serve the taxpayer. The revised Circular expands federal employees' opportunity to demonstrate their capability to serve the taxpayer in several significant ways. The Circular:

- ⇒ requires agencies to ensure that their in-house providers have access to available resources (e.g., skilled manpower, funding) necessary to develop competitive agency tenders.
- ⇒ moves agencies away from the general practice of direct conversions where agencies convert work from in-house to private sector performance without considering the in-house capabilities or cost implications.
- ⇒ encourages in-house providers to develop an MEO in streamlined competitions. (The old Circular limited the in-house provider to developing a bid based on its current structure.)

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<sup>3</sup> The same conclusion was reached by the GAO in its February 2004 report (no. GAO-04-367) on competitive sourcing. The GAO, which reviewed the results of agencies with the largest inventory of commercial positions among the 26 PMA agencies, concluded that government providers were winning more than 75 percent of the competed work, as measured by FTEs studied.

⇒ allows in-house providers, like their private sector counterparts, to offer better solutions in competitions where agencies trade off cost and increased quality to determine which source can provide the best value. (The old Circular precluded in-house providers from negotiating alternative performance standards with agency selection officials even though private sector competitors are routinely afforded this opportunity.)

**Table 3. Provider of service as determined by streamlined or standard competitions completed in FY 2003 (based on FTE competed)\***

Agency	In-house	Contractor
Agriculture	100%	0%
Defense	81%	19%
Energy	96%	4%
HHS	99%	1%
Interior	99%	1%
Justice	100%	0%
DOT	100%	0%
Treasury	91%	9%
VA	0%	100%
GSA	100%	0%
OPM	100%	0%
SBA	58%	42%

\* This table reports on agencies that conducted at least five competitions or competitions that cumulatively involve 50 or more FTEs. For a complete listing of agency results, see Appendix C.

## B. Results achieved from competition

OMB estimates that competitive sourcing actions completed in FY 2003 (exclusive of direct conversions) should generate total gross savings of about \$1.2 billion. One-time total incremental costs to conduct the studies were approximately \$88 million,<sup>4</sup> which translates into total net savings of about \$1.1 billion. Annualized gross savings add up to around \$237 million or roughly \$12,000 in average annualized net savings per FTE studied. Taking into account that the government pays roughly \$77,000 per civilian FTE annually in salary and benefits,<sup>5</sup> competitive sourcing efforts in FY 2003 arguably yielded about 15 percent in savings, on average, per FTE studied.<sup>6</sup>

<sup>4</sup> For an agency-by-agency breakout of incremental costs, see Appendix D. To help minimize incremental costs, Labor recently issued a blanket purchase agreement to facilitate easy access to a number of prequalified contractors that can provide cost-effective technical expertise to agencies conducting competitive sourcing.

<sup>5</sup> OMB's Budget Database was used to determine the average cost of a civilian FTE.

<sup>6</sup> For an agency-by-agency breakout of gross and net savings figures, see Appendix E.

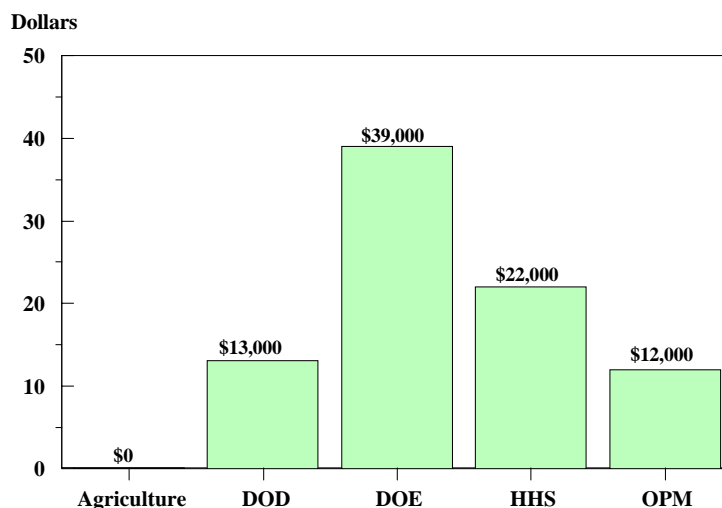
**Table 4. Estimated savings achieved from streamlined & standard competitions completed in FY 2003\***

Savings	Amount
Gross	\$1.19 billion
Net	\$1.1 billion
Annualized gross	\$237 million
Annualized net per FTE	\$12,000

\* These aggregate figures were derived from agency calculations made in accordance with the general methodologies described in OMB Memorandum M-04-07.

These are good overall results for an initiative with a steep learning curve and one that, in many ways, represents such a significant departure from the old way of running the government. At the same time, the initiative has yet to achieve its full potential.

**Figure 2. Average Annual Net Savings Per FTE \***



\*Figures include 3 standard competitions completed in first quarter of FY 2004.

Some agencies have managed to capture impressive savings, cost avoidances, or performance improvements but others have struggled to find a vision for success. Figure 2, above, and Table 5, below, illustrate the disparity in agency results.

**Table 5. Estimated savings for completed standard & streamlined competitions\***

Agency	Estimated savings		Net estimated savings per FTE		Average annualized net savings per FTE competed	
	Gross	Net	Streamlined competitions	Standard competitions	Streamlined competitions	Standard competitions
Agriculture	\$593,000	-\$3,596,000	-\$1,000	-\$5,000	\$0	n/a
Defense	\$800,539,000	\$732,677,000	\$100,000	\$79,000	\$18,000	\$13,000
Energy	\$36,800,000	\$35,363,000	\$174,000	\$197,000	\$35,000	\$39,000
HHS	\$252,020,000	\$246,008,000	\$1,000	\$145,000	\$0	\$29,000
Interior	\$4,234,000	\$3,258,000	N.D.	n/a	N.D.	n/a
OPM	\$10,400,000	\$10,147,000	n/a	\$56,000	n/a	\$12,000

\* Figures rounded to the nearest thousand. Calculations based on available data. Savings were not reported for all competitions conducted. "n/a" indicates not applicable since no competitions were reported. "N.D." indicates that available data were insufficient to be reflective of overall activity.

OMB reviewed and compared the practices used by each of the agencies identified in Figure 2 and Table 5, and drew the following conclusions regarding successes and shortcomings.

1. *Successes.* OMB has identified two main principles that are common to the agencies that have had the greatest success with competitive sourcing in FY 2003:

**Principle for success #1: Effective planning and strategic grouping of activities increases the likelihood that savings will be realized.**

Agencies that place the greatest emphasis on planning and grouping of activities yield the best return from competition.

- Before competing an activity, the Department of Energy (DOE) evaluates the extent to which a function can be competed as a business unit, as opposed to a collection of independent, unrelated positions. Feasibility assessments are reviewed by a high level executive steering committee, chaired by the Deputy Secretary, which assures that the interests of all agency stakeholders are appropriately considered. In their first three competitions completed under the new Circular, DOE reports a 25 percent or better annual savings for each function competed as compared to its baseline costs. DOE projects that the largest of the three competitions -- which involved 159 FTE for financial services -- will save taxpayers \$30 million net over five years.
- The National Institutes of Health (NIH) developed a software program to aid its competitive sourcing decision makers. Among other things, the software considers the efficiency of and customer satisfaction with current operations, annual rate of staff turnover, long-term demand for function, and availability of function in the marketplace. The GAO cited NIH's software as a promising tool for identifying competitive sourcing candidates.<sup>7</sup> NIH used this

<sup>7</sup> See GAO report no. GAO-04-367 at pp. 37-38.

software to select grants support and real property functions as suitable candidates for competition. NIH expects to realize significant savings from these competitions.<sup>8</sup>

- After careful planning, the Office of Personnel Management (OPM) subjected its testing services activity (involving 180 FTEs) to a standard competition and concluded that the reorganized "most efficient" in-house organization can perform the work more cost-effectively than the private sector. OPM estimates savings of \$10 million over a five-year performance period, or \$12,000 per FTE studied. Process improvements were also achieved through the implementation of an automated test scheduling system.

These results are not unlike the findings in a study performed by the Center for Naval Analysis (CNA) last summer. CNA concluded from a review of 16 DOD competitions dating back to 1996 that large competitions (i.e., competitions involving 100 FTEs or more at announcement) are likely to result in higher savings -- an average expected savings of 48 percent.<sup>9</sup>

DOD anticipates savings or cost avoidance of more than \$9 billion from competitions completed from 2000 through 2004. Results reported by DOD on competitions completed in 2003 indicate that the DOD components continue to generate significant savings by strategically packaging commercial activities and focusing on large competitions. To maximize the benefit of competition, DOD carefully considers the structure and composition of the marketplace, such as relevant labor and economic conditions.

Table 6 provides a sampling of savings achieved through competitions completed in FY 2003 by the Army, Navy, Air Force, and Marines. These competitions, which were conducted under the old Circular, took between 18 and 48 months to complete. DOD anticipates that these timeframes will be reduced as the Department begins its measured implementation of the revised Circular and its improved processes.

**Table 6. Savings achieved on DOD activities through public-private competition**

DOD Component	Activity	FTE	Length of Competition (in months)	Provider	Annualized Savings (in millions)
Army	Base operation support	325	18	In-House	\$8.9
Army	Base operation support	593	48	Contractor	\$6.4
Army	Base operation support	282	43	In-House	\$6.6
Army	Military personnel operations	175	47	Contractor	\$2.2
Navy	Base operation support	263	48	Contractor	\$6.6
Navy	Finance/accounting services	163	42	In-House	\$6.4
Air Force	Civilian personnel operations	364	43	In-House	\$2.2
Marine Corps	Budget support	138	39	In-House	\$3.9
Marine Corps	Test & evaluation operations	238	41	In-House	\$2.5

<sup>8</sup> NIH originally estimated approximately \$235 million in savings over a 5-year period from these competitions. However, as a result of court action, this figure may be adjusted. NIH still anticipates beneficial impact irrespective of the outcome of the court action.

<sup>9</sup> See *The Impact of Large, Multi-Function/Multi-Site Competitions*, CRM D0008566.A2/Final (August 2003)). According to the report, DOD took a number of steps to ensure effective small business participation.

A number of competitions currently in progress appear strategically focused and hold the promise of good results:

- Following extensive preliminary planning, the Federal Aviation Administration (FAA) announced that it would compete its automated flight service station function, involving approximately 2,750 positions. These employees are responsible, among other things, for pilot weather briefings, assisting aircraft that are lost or in emergency situations and providing search and rescue services to users of the National Airspace System. FAA is counting on the competition to facilitate the modernization of current operations and will give significant consideration during the evaluation process to factors such as improved performance through the introduction of new or modified equipment. FAA's recently issued solicitation includes a not-to-exceed amount that will provide significant savings over current baseline costs and improved performance of the flight service function, irrespective of the provider selected.
- The Department of Homeland Security expects better customer service at U.S. Citizenship and Immigration Services to result from its competition involving well over 1,000 positions performing immigration information services.
- The National Aeronautics and Space Administration (NASA) intends to consolidate multiple business activities currently performed by around 200 FTEs in a decentralized fashion to one shared services center. NASA anticipates that consolidation of services will allow redeployment of staff and budget to core mission needs.

**Principle for success #2: Streamlined competitions yield the best results when the agency reorganizes its internal operations and performs effective market research to identify competitive pricing.**

Streamlined competitions work best when the agency identifies better and more cost-effective business practices to improve efficiency as part of the competition process, when the incentive to improve is generally greatest.

- The National Park Service (NPS) reorganized the team of in-house personnel that provide archaeological services at the Southeastern Archeological Center in Tallahassee, Florida. Seasonal and temporary positions were eliminated. After comparing personnel costs, material and supply costs, overhead costs, and other costs of in-house performance to the cost of private sector performance, the agency's contracting officer determined that the MEO represented the more cost effective option. NPS expects implementation of the MEO to trim \$850,000 per year in personnel costs, saving NPS \$4.2 million over five years. According to the Department of the Interior, the results of this study reflect the largest cost savings realized from the 76 streamlined competitions it conducted in FY 2003.

At least one agency identified performance improvements from running a streamlined competition with an as-is organization that had been reorganized prior to competition.

- The Social Security Administration's (SSA) Office of Systems continuously examines existing business processes to identify the best ways to implement efficiencies. In June 2003, SSA conducted a streamlined competition to evaluate the cost-effectiveness of its systems software validation function. This unit provides services in the testing of automation software and test execution. The in-house provider was determined to be more cost-effective than private sector alternatives. Although SSA does not project specific monetary savings, it reports that the re-engineered in-house source operates at higher quality standards.

In order to ensure viable alternatives are being compared, agencies need to seek out competitive market pricing through effective market research or solicitation of quotes or offers.

- DOE obtained private sector quotations through the Multiple Award Schedules Program to validate that private sector performance could save the Department dollars from current operations. DOE estimates that its decision to convert work to contractor performance will save DOE approximately \$1.2 million over five years -- or \$30,250 per FTE studied.
- Through market research and a carefully documented comparison of in-house and private sector costs:
  - HHS determined that it could save nearly \$490,000 over five years -- or close to \$20,000 per FTE -- from the conversion of data collection and analysis to private sector performance. The incremental cost for this effort was about \$13,500.
  - The Small Business Administration concluded that the conversion of clerical service supporting its disaster loan program from in-house to contractor performance will reduce costs by \$1.2 million over a five-year period when compared to continued in-house performance. Incremental costs were \$4,000.

2. *Shortcomings.* Too often, agencies are not following the successful practices identified above when conducting streamlined competitions. Agencies are passing up the opportunity to reorganize in-house operations. They also may not be making sufficient efforts to identify viable alternatives in the private sector.

While the savings generated from small streamlined competitions are likely to be more limited than what might be achieved from larger standard competitions, streamlined competitions can provide clear benefits when they are used strategically. OMB plans to review current guidance and consider changes to ensure streamlined competitions are used more effectively.

In the meantime, at least two agencies with identified performance shortcomings are taking steps to address weaknesses and emulate successful practices. In particular:

- The Forest Service announced that it will rely more heavily on studies that reflect broader -- and related -- functional areas. In FY 2003, the Forest Service conducted more than 160 competitions, of which about half involved three or fewer FTEs. Forest Service officials acknowledged that there was generally little or no private sector interest in these fragmented competitions. In some cases where work was not fragmented, private sector interest was low

because the Forest Service grouped activities in ways that work would not normally be provided by the private sector. Incremental costs for these studies, which are expected to generate no savings, were well in excess of \$6 million.<sup>10</sup> To improve results, the Forest Service is now focusing its attention on larger, more strategically grouped studies. They include a service-wide 1,200 FTE standard competition for IT and three other standard competitions for fleet, road, and trail maintenance.

- DOI has adopted a policy that will result in the development of MEOs as a matter of routine whenever the Department pursues a streamlined competition involving more than ten FTEs. DOI generally found little benefit from conducting streamlined competitions without forming MEOs. By contrast, DOI experienced significant savings (as described above) when it developed an MEO as part of the streamlined competition process.

Only one PMA agency, Agriculture, reported a net estimated loss from using standard competitions. To address its shortcomings, Agriculture's Office of the Chief Financial Officer has developed internal guidance to ensure feasibility studies are routinely performed, including a "current state" assessment, gap analysis, and risk assessment. As agencies plan for competitions, OMB will work to ensure that efforts focus on activities that offer measurable efficiency gains and performance improvements.

### **C. Alignment of competitive sourcing and human capital**

Successful application of competitive sourcing requires that competition decisions be aligned with the agency's human capital initiative. Both PMA initiatives share a common goal of seeking to improve mission performance by:

- ⇒ closing competency and skill gaps;
- ⇒ identifying redundancies, unbalanced staffing, and other inefficiencies that cut across agency functions;
- ⇒ restructuring organizations; and
- ⇒ redeploying resources to higher program priorities.

As required by Section 647(b)(9), agency reports provide a general description of how competitive sourcing efforts are being coordinated with human capital considerations. Progress

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<sup>10</sup> The cost of support contractors and travel to complete studies in FY 2003 was \$6.2 million. Personnel costs were an additional \$100,000. The Forest Service originally reported to Congress that its in-house personnel costs were \$10.1 million. The Forest Service explained in its FY 2005 Budget Justification for competitive sourcing that the \$10.1 million figure included the cost of in-house staff that spent time on studies during regular working hours but were not hired specifically for the competition. OMB Memorandum M-04-07, which provides guidance on the calculation of incremental costs, excludes salaries that an agency would pay irrespective of whether the competition was pursued because these are not incremental (i.e., out-of-pocket) expenses. For additional discussion regarding the methodologies used for calculating costs and savings, see Part II of this report.



in addressing this linkage varies among agencies, but a number of reports point to the following types of efforts:

- Considering whether a proposed competition addresses activities whose performance has been, or could be, affected by attrition, retirements, recruitment or retention difficulties, or skill imbalances.
- Timing competitions to support workforce initiatives, such as realignments, reorganizations, or consolidations, and minimize workforce disruption (e.g., as recognized by Circular A-76, competitions should not be scheduled in advance of an agency approved restructuring decision, but rather should be timed to implement such decisions in the most efficient and effective manner possible).
- Involving a human resource advisor (HRA) to assist the agency tender official (ATO) and MEO team in addressing workforce considerations associated with preparing an agency tender, such as position classification restrictions, market analyses to determine the availability of sufficient labor to staff the MEO, developing an employee transition plan, and planning for potential reductions in force. Ideally, the agency's HR staff should also be prepared to assist the agency's source selection authority as it makes plans to address potential workforce needs, by exploring opportunities for relocation, retraining, or the use of the Voluntary Early Retirement and Voluntary Separation Incentive Payment authorities to provide soft landings for directly affected employees.

## D. Next steps

Of the 26 PMA agencies, 20 plan to conduct competitions in FY 2004. See Appendix F. Some of the FTE listed in Appendix F are included in competitions that were announced after the end of FY 2003, but before issuance of this report. In most cases, FTE figures are estimates that may be subject to adjustment based on the results of agency analyses (e.g., business case analysis, cost-benefit analysis).

OMB has planned a number of steps to reinforce the reasoned and responsible use of competition to these FTEs and others planned in the coming years.

1. *Development of long-range strategic plans.* As discussed in detail in OMB's previous reports on competitive sourcing, OMB seeks to ensure competitions are tailored around the mission and workforce needs of each individual agency. For this reason, OMB has asked agencies to develop long-term "green" plans that apply competition in a strategic fashion. OMB will look for green plans to explain how functions are generally being selected for competition, so it can ensure that agencies are focusing their overall efforts on activities that offer measurable efficiency gains and performance improvements. This includes taking steps to group activities.<sup>11</sup>

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<sup>11</sup> In accordance with 31 U.S.C. 720, OMB reports that these actions are consistent with recommendations made to OMB in GAO report no. GAO-04-367. The GAO also recommended that OMB ensure greater consistency in the classification of positions as commercial or inherently governmental when positions contain a mix of commercial and inherently governmental tasks. In Memorandum M-04-09, which provides guidance on the preparation of 2004

It also generally includes limiting application of streamlined competitions to situations where it makes sense to reorganize internal operations or where the agency can identify competitive market pricing through market research or solicitation of bids or offers.<sup>12</sup>

2. *Deployment of a competitive sourcing database.* OMB is working with agencies to develop a competitive sourcing database ("CSD") to document the results of public-private competition on an ongoing basis, as envisioned by OMB Circular A-76. OMB anticipates that agencies will be able to use the CSD to prepare future reports to Congress on competitive sourcing efforts. The CSD will be used to collect additional data, such as information on fixed costs associated with competitive sourcing and the number of offers or bids received. The latter statistic will help agencies gauge whether they are taking sufficient steps to engage the private sector and whether additional efforts might further enhance competition (e.g., such as through issuance of draft requests for proposal, bidders conferences, etc.).

In addition, the CSD will provide a mechanism for agencies to leverage their collective knowledge and experiences using competitive sourcing as a management strategy to improve the efficiency and effectiveness of the government's commercial operations. Equally important, the CSD will facilitate comprehensive and consistent reporting of data to demonstrate the value of competitive sourcing and help to address any concerns of Congress, industry, and labor.

3. *Measuring the ongoing benefits of competition.* Because most competitions awarded in FY 2003 have not reached the end of a full performance period, few agencies reported actual savings.<sup>13</sup> Almost all reported savings are projected estimates. OMB will work with agencies to establish the ongoing benefits derived from completed competitions. At a minimum, agencies will be expected to review performance against standards stated in their contracts with the private sector or letters of obligation with in house and public reimbursable sources to ensure work is being performed at the agreed upon level. Independent reviews may also be employed to evaluate results achieved on a representative sampling of actions. In addition, OMB will consider whether new standards of success should be developed for the PMA scorecard process to gauge the results of competition.

4. *Training.* Successful application of competitive sourcing requires that our workforce be the best it can be in identifying activities that are suitable for competition, applying streamlined and standard competition techniques in a strategic manner, running a fair and transparent selection process, and properly managing the resulting contract or letter of obligation established with a winning government provider. The Federal Acquisition Council has been inventorying agency resources, skill sets and training needs. OMB will work closely with the Council and ask senior agency management to give priority attention to developing plans that address identified skills gaps. The Defense Acquisition University and Federal Acquisition

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inventories of commercial and inherently governmental activities, OMB invited agencies to offer suggestions on ways in which the inventory development and submission process might be improved. Agencies were encouraged to include suggestions with their inventory submissions in June 2004.

<sup>12</sup> As of the issuance of this report, three PMA agencies have developed approved green plans: HHS, DOE, and OPM.

<sup>13</sup> DOD reported that it has documented about \$7 million in savings in FY2003 based on performance periods where the selected service providers started work in FY 2003.

Institute will be asked to play a lead role in providing training materials geared to skills such as market analysis, cost analysis, and contract administration.

## Part II. Appendices

The following appendices have been included in this report to provide additional consolidated information on agencies' competitive sourcing efforts:

- Appendix A-1. Competitions Completed in FY 2003
- Appendix A-2. Competitions Announced in FY 2003
- Appendix B. Activities Most Frequently Competed by Agency
- Appendix C. Performance Decisions
- Appendix D. Incremental Cost of Competition
- Appendix E. Estimated Savings for Completed Streamlined & Standard Competitions
- Appendix F. Planned Competitions for FY 2004

1. *General caveat regarding data in the appendices.* The data provided in these appendices have been derived from individual agency reports prepared in accordance with OMB Memorandum M-04-07. Each agency has reviewed the data in these appendices for consistency with its individual report to Congress.

As explained in the introduction, each agency has made a good faith attempt to provide the competition-specific information requested by OMB in its individual report, but data were not always available for all data elements requested. At the time the competitions were conducted, information was not being systematically collected and there were no uniform government-wide definitions or methodologies to address what information should be covered where it was collected. As a result, many agency reports have some information gaps.

The attached appendices and the summary tables in the report are limited to the extent information was not included in an agency's report. For example, while agencies were able to provide incremental cost information for the vast majority of competitions, many were unable to provide cost information on all competitions reported. When calculating the incremental cost per FTE in Appendix D, OMB excluded competitions where cost information was not provided by the agency (i.e., OMB did not assume that incremental costs were zero). In a couple of cases, figures are based on very limited information that may not be reflective of overall activity.

2. *Methodologies and assumptions.* The following explanations are provided for readers to better understand what figures in the appendices represent.

a. Streamlined and standard competitions. These terms include streamlined and standard competitions conducted under the revisions to OMB Circular A-76 published on May 29, 2003 and streamlined and standard cost comparisons conducted under the Circular prior to its revision.

b. Reporting period. Data reflect (i) competitions completed in FY 2003 regardless of when they were initiated and (ii) competitions announced in FY 2003 but not completed in 2003. Competitions outside this timeframe were excluded except for the following four standard competitions: an Office of Personnel Management competition for test administration (involving 180 FTE), a Health and Human Services competition for facilities management (714 FTE), a Department of Energy competition for financial services (159 FTE), and a Department of Justice competition for vehicle maintenance (153 FTE). Each of these actions was completed in the first quarter of FY 2004. In each case, substantial action was taken in FY 2003.

c. Incremental costs. To evaluate agency results in a consistent manner, OMB developed guidelines for agencies to calculate the incremental cost of competition and estimated savings. Consistent with Section 647, which calls for agencies to identify the incremental costs of competition, OMB developed guidance to capture only the out-of-pocket expense of competition. These costs include:

- ⇒ The costs of consultants or contractors who participated in the conduct of the reported competitions;
- ⇒ The costs of travel, training, or other incremental expenses directly attributed to the conduct of the reported competitions; and
- ⇒ Incremental in-house staff costs that were incurred as part of conducting the competition (i.e., any staff hired specifically to work on a particular competition or fill behind employees temporarily working on a competition or overtime costs (where overtime costs are tracked)).

Reporting excludes any costs that would have been paid irrespective of whether the agency pursued competition, such as the costs of in-house staff that may have spent time on the competition during regular working hours, but were not hired to work on a competition and will continue to be on-board after the competition is completed. Any costs incurred prior to public announcement of the competition are also excluded. The steps typically involved in preliminary planning -- e.g., conducting a workload assessment, evaluating how the organization could be reorganized to operate more efficiently, benchmarking against industry standards -- are good management practices that offer benefit to the agency irrespective of whether public-private competition is pursued.

Incremental cost does not reflect, nor is it intended to reflect, the amount of overall effort an agency applies to competitive sourcing. It simply reflects the out-of-pocket costs to the agency. Fixed costs of competition, such as the cost of operating offices that provide central direction and oversight for the agency, are not reflected in the incremental cost figures reported in accordance with Section 647. However, OMB intends to have agencies begin tracking such costs in the competitive sourcing database when it becomes operational.

d. Savings. To estimate savings achieved under the winning bid, agencies developed an "as is" baseline reflecting the total of in-house personnel costs, overhead, and contract costs. Agencies were instructed to develop estimates that correspond to the manner in which the function was planned for budgeting purposes in the year that the announcement was made. This guidance is designed to produce a realistic estimate of savings and avoid baselines that reflect

desired staffing levels or staffing that happened to exist at the time the competition was announced. Agencies were further instructed to adjust savings figures to constant 2004 dollars.

Some figures in the appendices are presented in terms of FTE in order to provide a common measure across agencies. This does not mean that savings are exclusively the result of lower personnel costs. While savings were largely attributable to reductions in federal labor costs, reported savings may be derived in other ways. For example, where in-house sources have relied on private support contractors, the development of a most efficient organization may result in lower contract support costs.

e. Direct conversions. Direct conversions were permitted under OMB Circular A-76 prior to its revision on May 29, 2003. OMB's transition procedures permitted agencies to move forward with direct conversions after May 29, 2003 only when they took reasoned efforts culminating in a management decision prior to May 29, 2003 to rely on the private sector. Appendix A identifies several agencies with direct conversions that were not completed in 2003 -- i.e., Social Security Administration (SSA), Department of Treasury (Treasury), and Department of Defense (DOD). SSA made a decision to rely on the private sector prior to May 29, 2003. However, SSA management has since decided not to pursue direct conversion of these activities. Treasury reports that a decision to rely on the private sector was made prior to May 29, 2003. However, Treasury's conversion was halted by Section 647(a) of the Transportation, Treasury, and Independent Agencies Appropriations Act, which requires public-private competition. The Administration recently recommended to Congress that an exception to the requirement for public-private competition be recognized where work is performed by an entity that employs individuals with disabilities pursuant to the Javits-Wagner-O'Day Act. Finally, pursuant to 10 U.S.C. 2462, DOD will not convert activities to private sector performance until after having considered the cost of in-house performance.

f. Planned competitions. In most cases, FTE figures are estimates that may be subject to adjustment based on the results of agency analyses (e.g., business case analysis, cost-benefit analysis).

Competitions Completed in FY 2003<sup>1</sup>

Agency	Number of Competitions				Number of FTEs Completed						
	Streamlined	Standard	Direct Conversions	Total	Total				Average per competition		
					Streamlined	Standard	Direct Conversions	Total	Streamlined	Standard	Direct Conversions
Agriculture	398	2	17	417	3,467	122	340	3,929	9	61	20
Commerce	3	2	5	10	56	259	182	497	19	130	36
Defense	7	71	56	134	237	9,016	879	10,132	34	127	16
Education	0	0	0	0	0	0	0	0	0	0	0
Energy	1	2	0	3	8	172	0	180	8	86	0
EPA	3	0	3	6	38	0	12	50	13	0	4
HHS	44	8	69	121	641	1,692	431	2,764	15	212	6
Homeland	0	0	2	2	0	0	7	7	0	0	3.5
HUD	0	0	0	0	0	0	0	0	0	0	0
Interior	84	0	511	595	502	0	756	1,258	6	0	1
Justice	0	1	0	1	0	153	0	153	0	153	0
Labor	0	0	28	28	0	0	156	156	0	0	6
State	1	0	0	1	9	0	0	9	9	0	0
DOT	4	2	28	34	10	203	61	274	3	102	2
Treasury	16	1	18	35	150	14	357	521	9	14	20
VA	0	1	0	1	0	276	0	276	0	276	0
AID	0	0	0	0	0	0	0	0	0	0	0
Corps	0	0	0	0	0	0	0	0	0	0	0
GSA	4	1	12	17	134	34	954	1,122	34	34	80
NASA	1	0	26	27	7	0	152	159	7	0	6
NSF	0	0	0	0	0	0	0	0	0	0	0
OMB	0	0	0	0	0	0	0	0	0	0	0
OPM	0	1	1	2	0	180	22	202	0	180	22
SBA	3	0	0	3	190	0	0	190	63	0	0
Smithsonian	0	0	0	0	0	0	0	0	0	0	0
SSA	1	0	0	1	25	0	0	25	25	0	0
GOVERNMENTWIDE	570	92	776	1,438	5,474	12,121	4,309	21,903	10	132	6

1. Includes competitions completed in FY2003 irrespective of when they were initiated.

Competitions Announced in FY 2003<sup>1</sup>

Agency	Number of Competitions				Number of FTEs Completed						
	Streamlined	Standard	Direct Conversions <sup>2</sup>	Total	Total				Average per competition		
					Streamlined	Standard	Direct Conversions <sup>2</sup>	Total	Streamlined	Standard	Direct Conversions
Agriculture	11	9	0	20	66	1,888	0	1,954	6	210	0
Commerce	0	2	0	2	0	66	0	66	0	33	0
Defense	0	21	11	32	0	2,203	735	2,938	0	105	67
Education	1	2	0	3	10	220	0	230	10	110	0
Energy	1	3	0	4	76	932	0	1,008	76	311	0
EPA	0	0	0	0	0	0	0	0	0	0	0
HHS	0	0	0	0	0	0	0	0	0	0	0
Homeland	0	4	0	4	0	183	0	183	0	46	0
HUD	0	0	0	0	0	0	0	0	0	0	0
Interior	2	6	0	8	89	563	0	652	45	94	0
Justice	0	0	0	0	0	0	0	0	0	0	0
Labor	0	0	0	0	0	0	0	0	0	0	0
State	0	0	0	0	0	0	0	0	0	0	0
DOT	0	1	0	1	0	14	0	14	0	14	0
Treasury	0	5	0	5	0	820	0	820	0	164	0
VA	0	0	0	0	0	0	0	0	0	0	0
AID	0	0	0	0	0	0	0	0	0	0	0
Corps	0	0	0	0	0	0	0	0	0	0	0
GSA	0	1	0	1	0	32	0	32	0	32	0
NASA	0	0	0	0	0	0	0	0	0	0	0
NSF	0	0	0	0	0	0	0	0	0	0	0
OMB	0	0	0	0	0	0	0	0	0	0	0
OPM	0	0	0	0	0	0	0	0	0	0	0
SBA	2	0	0	2	61	0	0	61	31	0	0
Smithsonian	0	0	0	0	0	0	0	0	0	0	0
SSA	0	2	2	4	0	162	513	675	0	81	257
GOVERNMENTWIDE	17	56	13	86	302	7,083	1,248	8,633	18	126	96

1. Includes competitions announced, but not completed, in FY 2003.

2. See discussion in report at II.2.e.



## Activities Most Frequently Competed by Agency

Agency	Activity <sup>1</sup>	FTE
Agriculture	Maintenance	1,584
Commerce	Clerical/Office Automation	270
Defense	Logistics	571
Education	Human Resources and Training Services	123
Energy	Information Technology	642
EPA	Risk Analysis Services	38
HHS	Administrative Support	761
Homeland	Public Works	111
HUD	n/a	
Interior	Road and Recreation Maintenance	177
Justice	Vehicle Maintenance	153
Labor	n/a	
State	Warehousing	9
DOT	Reserve Fleets	195
Treasury	Computer Assistant/Specialists	200
VA	Property Management	276
AID	n/a	
Corps	n/a	
GSA	Financial Operations	112
NASA	Library Services	7
NSF	n/a	
OMB	n/a	
OPM	Test Administration and Warehousing	180
SBA	Customer Service Representatives	102
Smithsonian	n/a	
SSA	Facilities Maintenance	94

## Notes:

"n/a" indicates not applicable since no competitions were reported.

1. Determined based on number of FTEs in standard and streamlined competitions announced or completed in FY 2003.

## Performance Decisions

Agency	Provider Selected, Str/Std Competitions (Based on FTE Competed)	
	In-House	Contractor
Agriculture	100%	0%
Commerce	100%	0%
Defense	81%	19%
Education	n/a	n/a
Energy	96%	4%
EPA	100%	0%
HHS	99%	1%
Homeland	n/a	n/a
HUD	n/a	n/a
Interior	99%	1%
Justice	100%	0%
Labor	n/a	n/a
State	0%	100%
DOT	100%	0%
Treasury	91%	9%
VA	0%	100%
AID	n/a	n/a
Corps	n/a	n/a
GSA	100%	0%
NASA	100%	0%
NSF	n/a	n/a
OMB	n/a	n/a
OPM	100%	0%
SBA	58%	42%
Smithsonian	n/a	n/a
SSA	100%	0%
GOVERNMENTWIDE	89%	11%

Note: "n/a" indicates not applicable since no competitions were reported.

## Incremental Cost of Competition

Agency	Incremental Costs			Incremental Cost per FTE (Completed Competitions only)		
	Completed	Announced	Total	Streamlined	Standard	Average
Agriculture	\$4,729,000	\$4,769,000	\$9,498,000	\$1,019	\$5,368	\$1,167
Commerce	\$1,522,000	\$1,879,000	\$3,401,000	\$5,661	\$3,174	\$3,616
Defense	\$67,862,000	NA	\$67,862,000	\$3,802	\$7,367	\$7,271
Education	n/a	\$498,000	\$498,000	n/a	n/a	n/a
Energy	\$1,437,000	\$2,166,000	\$3,603,000	\$13,250	\$7,738	\$7,983
EPA	\$7,000	n/a	\$7,000	\$187	n/a	\$187
HHS	\$6,012,000	n/a	\$6,012,000	\$2,604	\$2,567	\$2,577
Homeland	n/a	\$1,800,000	\$1,800,000	n/a	n/a	n/a
HUD	n/a	n/a	n/a	n/a	n/a	n/a
Interior	\$976,000	\$1,912,000	\$2,888,000	N.D.	n/a	N.D.
Justice	\$1,005,000	n/a	\$1,005,000	n/a	\$6,569	\$6,569
Labor	\$0	n/a	\$0	\$0	\$0	\$0
State	\$0	n/a	\$0	\$0	n/a	\$0
DOT	\$982,000	\$86,000	\$1,068,000	\$1,900	\$4,744	\$4,611
Treasury	\$679,000	\$950,000	\$1,629,000	\$480	\$2,429	\$646
VA	\$1,700,000	n/a	\$1,700,000	n/a	\$6,159	\$6,159
AID	n/a	n/a	n/a	n/a	n/a	n/a
Corps	n/a	n/a	n/a	n/a	n/a	n/a
GSA	\$327,000	\$133,000	\$460,000	\$348	\$3,170	\$1,005
NASA	\$0	n/a	\$0	\$0	n/a	\$0
NSF	n/a	n/a	n/a	n/a	n/a	n/a
OMB	n/a	n/a	n/a	n/a	n/a	n/a
OPM	\$284,000	n/a	\$284,000	n/a	\$1,406	\$1,406
SBA	\$13,000	N.D.	\$13,000	\$68	N.D.	\$68
Smithsonian	n/a	n/a	n/a	n/a	n/a	n/a
SSA	\$78,000	\$412,000	\$490,000	\$3,120	n/a	\$3,120
GOVERNMENTWIDE	\$87,613,000	\$14,605,000	\$102,218,000	\$1,359	\$6,344	\$4,860

Notes:

"n/a" indicates not applicable since no competitions were reported.

"N.D." indicates that no data were available for any reported competitions, or available data were insufficient to be reflective of overall activity.

Cost figures reported by Defense, Energy, Interior, and VA include some costs associated with preliminary planning that were excluded by other agencies pursuant to OMB Memorandum # 04-07. DoD and VA figures also include additional personnel costs that were excluded by other agencies per to M # 04-07.

## Estimated Savings for Completed Streamlined and Standard Competitions

Agency	Anticipated Savings		Net Savings per FTE		Annualized Gross Savings			Average Annual Net Savings per FTE		
	Gross	Net	Streamlined	Standard	Streamlined	Standard	Total	Streamlined	Standard	Total
Agriculture	\$593,000	-\$3,596,000	-\$848	-\$5,368	\$175,000	\$0	\$175,000	-\$174	n/a	-\$174
Commerce	\$11,136,000	\$9,997,000	\$5,054	\$37,506	\$100,000	\$2,536,000	\$2,636,000	\$9,844	\$8,230	\$8,284
Defense	\$800,539,000	\$732,677,000	\$100,118	\$79,010	\$5,402,000	\$153,355,000	\$158,757,000	\$17,772	\$13,128	\$13,260
Education	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Energy	\$36,800,000	\$35,363,000	\$174,250	\$197,494	\$242,000	\$6,645,000	\$6,887,000	\$34,850	\$39,499	\$39,292
EPA	\$0	-\$7,100	-\$187	n/a	\$0	n/a	\$0	-\$37	n/a	-\$37
HHS	\$252,020,000	\$246,008,000	\$1,008	\$145,013	\$463,000	\$49,941,000	\$50,404,000	\$263	\$29,003	\$21,808
Homeland	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HUD	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interior	\$4,234,000	\$3,258,000	N.D.	n/a	\$847,000	n/a	\$847,000	N.D.	n/a	N.D.
Justice	\$11,500,000	\$10,495,000	n/a	\$68,595	n/a	\$2,300,000	\$2,300,000	n/a	\$13,719	\$13,719
Labor	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
State	\$307,000	\$307,000	\$34,067	n/a	\$60,315	n/a	\$60,315	\$6,702	n/a	\$6,702
DOT	\$9,038,000	\$8,056,000	\$1,850	\$39,591	\$8,000	\$1,000,000	\$1,008,000	\$7,500	\$3,877	\$3,895
Treasury	\$359,000	\$253,000	-\$480	\$23,214	\$0	\$88,000	\$88,000	-\$327	\$5,804	\$1,234
VA	\$47,000,000	\$45,300,000	n/a	\$164,130	n/a	\$10,000,000	\$10,000,000	n/a	\$36,473	\$36,473
AID	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Corps	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
GSA	\$6,358,000	\$6,211,000	-\$348	\$183,824	\$0	\$1,272,000	\$1,272,000	-\$116	\$36,765	\$8,473
NASA	0	0	0	n/a	\$0	n/a	\$0	\$0	n/a	\$0
NSF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
OMB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
OPM	\$10,400,000	\$10,147,000	n/a	\$56,372	n/a	\$2,200,000	\$2,200,000	n/a	\$11,868	\$11,868
SBA	\$1,200,000	\$1,187,000	\$6,247	n/a	\$245,000	n/a	\$245,000	\$1,249	n/a	\$1,249
Smithsonian	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SSA	\$0	-\$78,000	-\$3,120	n/a	\$0	n/a	\$0	N.D.	n/a	N.D.
GOVERNMENTWIDE	\$1,191,484,000	\$1,105,577,900			\$7,542,315	\$229,337,000	\$236,879,315	\$890	\$16,316	\$11,731

## Notes:

"n/a" indicates not applicable since no competitions were reported.

"N.D." indicates that no data were available for any reported competitions, or available data were insufficient to be

## Planned Competitions for FY 2004

Agency	Number of FTEs in Competitions Planned for Announcement <sup>1</sup>
Agriculture	467
Commerce	129
Defense	6,842
Education	0
Energy	600-800
EPA	95
HHS	1,927
Homeland	1,533
HUD	200 - 300
Interior	2,609
Justice	132
Labor	141
State	169
DOT	2,949
Treasury	1,444
VA	0
AID	0
Corps	1,400
GSA	811
NASA	237
NSF	0
OMB	0
OPM	327
SBA	330
Smithsonian	0
SSA	290
GOVERNMENTWIDE	22,782

1. These figures are subject to adjustment based on result of agency analyses.