

## Competitive Sourcing Update

### May 2007

- **Competitive sourcing helps make more money available for agencies to spend directly on their mission.** The reasoned and strategic application of competition is helping agencies achieve greater efficiencies and better performance. By reducing the cost of commercial support services, agencies have more resources to spend directly on their missions.
- **Competitive sourcing is strategically applied to highly commercial activities.** Agencies have carefully tailored their use of competition to highly commercial support activities that the private sector is equipped to perform, such as information technology services, logistics, and finance and accounting.
- **Projected savings are significant for the small percentage of the workforce competed.** In FY 2006, agencies competed only 1.7 percent of their commercial workforce -- 0.4 percent of the entire civilian workforce. Yet, these competitions are expected to generate savings of \$1.3 billion over the next 5-10 years. Competitions completed since FY 2003 are expected to produce almost \$7 billion in savings for taxpayers over the next 5-10 years. This means taxpayers will receive a return of about \$31 for every dollar spent on competition. Annualized expected savings are more than \$1 billion.
- **Federal employees have fared well in competitions.** In FY 2006, employees received 87 percent of the work competed. Between FY 2003-2006, they received 83 percent of the work competed.
- **Competitions are being performed in a timely manner.** The average standard competition completed in FY 2006 took just over 13 months. Timely completion of competitions increases accountability for results and decreases employee uncertainty. These results are significantly better than those from competitions announced before 2003, under the old version of Circular A-76, where competitions often took 2-3+ years to complete.
- **Agencies are ensuring the results of their competitions are realized.** OMB has asked all PMA agencies to establish validation plans on a reasonable sampling of competitions to ensure that cost savings and performance improvements are being realized as promised. A number of agencies are already validating their results.