Competitive Sourcing Activity in FYs 2003 & 2004

Table 1. Competitions Completed or Announced

Element	FY 2003	FY 2004
Completed Competitions		
Total competitions completed	**662**	**217**
Streamlined	570	116
Standard	92	101[a]
Total FTEs competed	**17,595[b]**	**12,573[b]**
Streamlined	5,474	1,201
Standard	12,121	11,372[a]
% of competitions where agency determined best result provided in-house (based on FTE studied)	89%	91%
Announced Competitions		
Total competitions announced	**73**	**76**
Streamlined	17	27
Standard	56	49
Total FTE in announced competitions	**7,385**	**9,654**
Streamlined	302	396
Standard	7,083	9,258

[a]Excludes 5 competitions completed by the Departments of Energy (DOE), Health and Human Services (HHS), Justice (DOJ), and Commerce (DOC), and the Office of Personnel Management (OPM), respectively, that were assessed in the FY 2003 report (involving a cumulative total of 1240 FTEs); also excludes DOD "direct conversions" (despite the name, DOD does not convert activities to private sector performance until after having considered the cost of in-house performance, as required by 10 U.S.C. 2462).

[b] According to the 2003 Federal Activities Inventory Reform (FAIR) Act inventories of agencies tracked by the PMA, there were approximately 380,000 FTEs identified as suitable for competition. Thus, approximately 4.6% the FTEs potentially eligible for competition were competed in 2003 and 3.3% were competed in 2004.

Table 2. Costs

Element	FY 2003	FY 2004
Incremental (out-of-pocket) costs [a]		
Cost directly attributable to conducting *completed* competitions	$88 million	$74 million
Cost directly attributable to conducting *announced* competitions	$15 million	$19 million
Average incremental cost per FTE studied	$5,000	$6,000 [b]
Fixed costs for central direction & oversight		
Total fixed costs	Data not collected	$36 million

[a]These are one-time expenses.
[b]The increase from FY 2003 to FY 2004 likely reflects the increased use of standard competitions (versus streamlined competitions).

Table 3. Estimated Savings from Completed Competitions

Savings	FY 2003	FY 2004	Two Year Total
Gross	$1.2 billion	$1.5 billion	$2.7 billion
Net[a]	$1.1 billion	$1.4 billion	$2.5 billion
Annualized gross	$237 million	$285 million	$522 million

[a] Net savings = gross savings less incremental costs. (i.e., out-of-pocket expenses). Incremental costs attributable to completed competitions were $88 million in FY 2003 and $74 million in FY 2004. Net savings reflect fixed costs in FY 2004, the first year OMB started to collect such costs. Transition costs are not included.

Table 4. Savings per FTE[a]

Factor	FY 2003	FY 2004
Annualized net savings per FTE	$12,000	$22,000
Savings rate per FTE studied	15%	27%

[a] These figures do not include fixed costs (which were not reported by agencies in FY 2003). They also do not reflect transition costs. In addition, the FY 2003 figures reflect savings achieved under 5 standard competitions completed in the first quarter of FY 2004 by the Departments of Energy, Health and Human Services, Justice, and Commerce, and the Office of Personnel Management but reported by OMB as part of its FY 2003 report. If the savings from these 5 competitions were removed from the FY 2003 data and added to the FY 04 data, annualized savings for FY 04 would be $23,000 and the savings rate for FY 04 would climb to 28 percent.

Figure 1. Civilian agency use of streamlined & standard competitions: FY 2003 vs. FY 2004 (based on FTE)

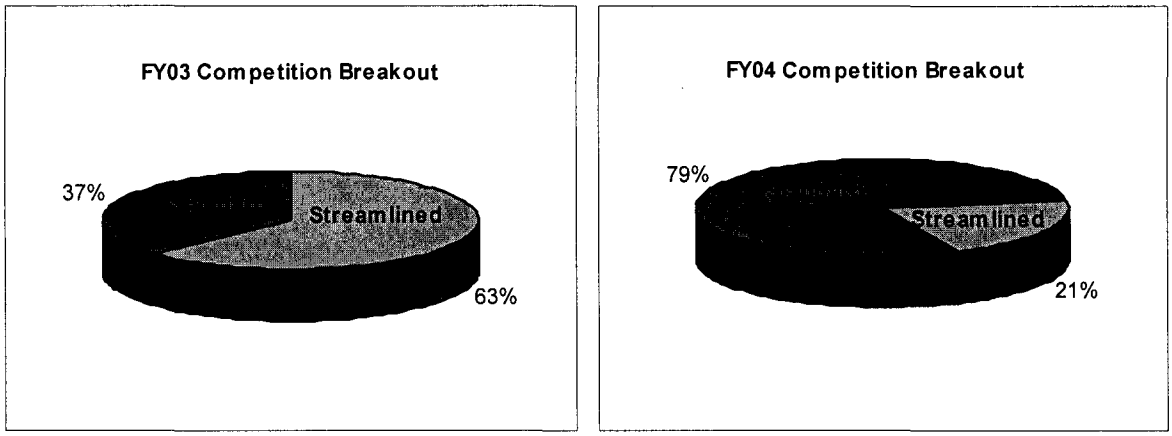


Table 5. Average annual net savings: streamlined vs. standard competitions

Type of Competition	FY 2003	FY 2004	Weighted Average[a]
Streamlined	$900	$10,300	$2,700
Standard	$16,300	$23,800	$19,500

[a]Weighted average = the sum of the total net anticipated savings for FYs 2003 and 2004 divided by the sum of the FTEs competed in both years.

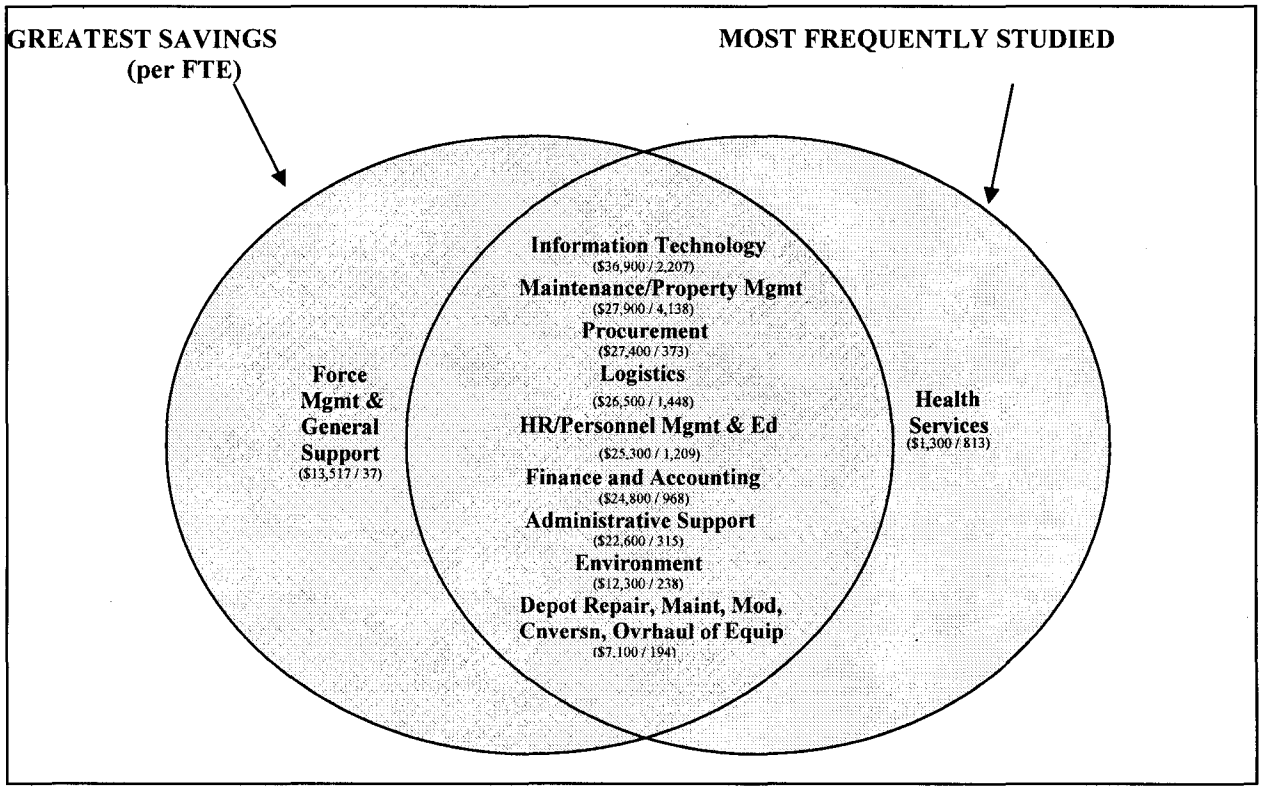
Table 6. Average annual net savings based on the size of the competition

Size of Competition	FY 2004
Under 100 FTEs	$21,400
100 or more FTEs	$36,100

Table 7. Getting on track: agencies reporting savings increases of more than $10 million from FY 2003 to FY 2004

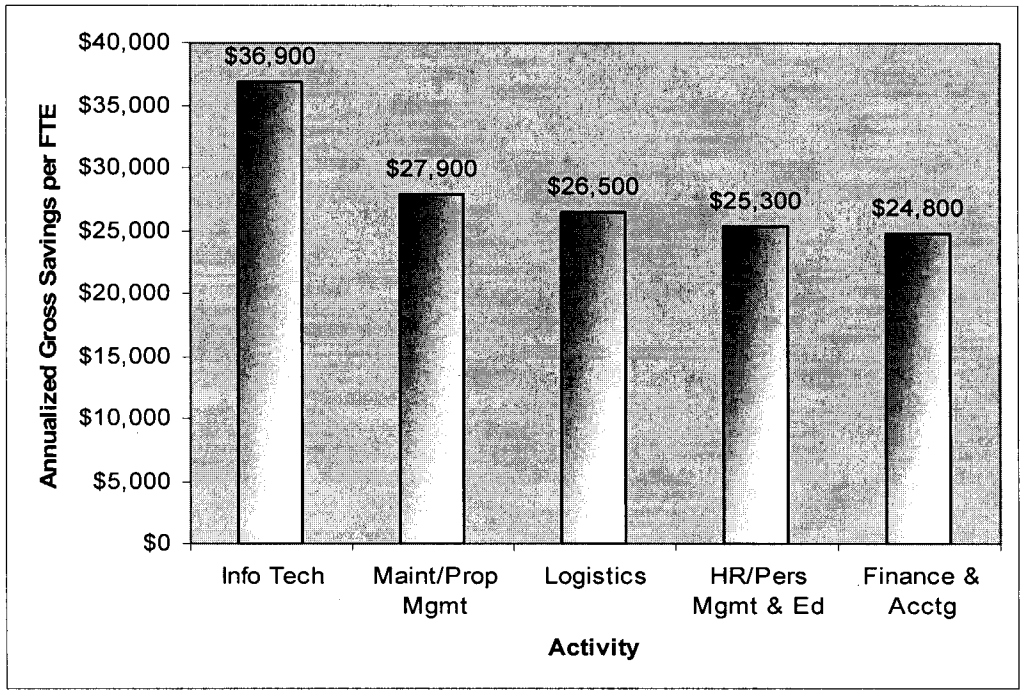
Agency	Total Anticipated Net Savings from Completed Competitions	
	FY 2003	FY 2004
Agriculture	-$3,596,000	$173,932,000
Education	No competitions completed	$87,448,000
DHS	No competitions completed	$11,009,000
Interior	$3,258,000	$16,378,000
Treasury	$253,000	$217,867,000
GSA	$6,211,000	$18,339,000
SSA	-$78,000	$35,979,000

Figure. 2. Activities generating the greatest savings & studied most frequently[a]



[a]Parenthetical figures represent the following: monetary figures indicate annualized gross savings per FTE; non-monetary figures indicate FTE competed.

Figure 3. Activities generating the highest annualized gross savings per FTE*



*The number of FTEs competed in each activity category were: Info Tech (2,207); Maint/Prop Mgmt (4,138); Logistics (1,448); HR/Pers Mgmt & Ed (1,209); and Finance & Acctg (968).

Table 8. Examples of improvements facilitated by competitions completed or announced in FY 2004

Management Objective	Cost-Saving Changes and Other Improvements Facilitated by Competition	Estimated Savings
FAA (DOT): Modernize Automated Flight Service Stations	• Consolidation of stations from 58 to 20. • Modernization of facilities and technologies.	$1.7 billion over 10 years
IRS (Treasury): Reengineer support operations	• Consolidation of distribution centers from 3 to 1. • Leveraging of technology. • Reduction of labor costs.	$ 207 million over 5 years
Forest Service (USDA): Improve IT support	• Consolidation of operations from 150 locations to 10 server farms. • Reduction of labor costs.	$147 million over 5 years
Navy (DoD): Make facilities management more cost-effective	• Leveraging of technology. • Restructuring of workflow to adopt customary commercial practices.	$73 million over 5+ years
SSA: Make IT support more efficient	• Consolidation and streamlining of help desk and administrative support activities. • Redeployment of labor to understaffed IT-related positions.	$36 million over 5 years
Education: Achieve better payment processing	• Consolidation of accounts payable operations. • Leveraging of technology • Reduction of labor dedicated to payment processing. • Customer-focused performance standards.	$34 million over 5 years
Energy: Make the delivery of financial services support more efficient	• Consolidation of financial services operations from 15 to 2. • Restructuring of job mix. • Leveraging of telecommunications technology.	$31 million over 5 years
Public Buildings Service (GSA): Obtain less costly custodial services	• Reliance on a more cost-effective mix of federal and contractor support (identified through a series of regionalized competitions).	$14 million over 5 years
FBI (DOJ): Reduce the cost of vehicle maintenance	• New performance standards. • Consolidation of operations. • Reduction of labor costs. • More efficient use of resources.	$11.5 million over 5 years
OPM: Reengineer test administration services	• Leveraging of technology to automate test scheduling and materials ordering. • Reduction of labor costs. • Restructured customer-focused processes.	$10 million over 5 years
Bureau of Land Mgmt (DOI): Improve maintenance operations	• Restructuring of management. • More effective use of resources (sharing of road and maintenance crews between districts). • Use of temporary and term positions to maintain a flexible workforce.	$9 million over 5 years
Coast Guard (DHS): Make public works support for the Academy more effective & efficient.	• Streamlined work order process & reporting. • Fewer FTEs dedicated to administration. • Clear, customer-focused performance standards.	$ 6 million over 5 years

Table 9. Using feasibility assessments and business cases to validate whether activities have been properly grouped for competition

Management objective	Steps taken to determine how well the proposed application of competition will achieve management objective	Estimated savings from competition
Reengineer support operations at IRS	• Activities at area distribution centers and IT support services at campus operations are identified from FAIR inventory as potential candidates for competition. • IRS subject matter experts and high-level managers, with contract support, perform business case analysis to evaluate if: (a) competition can achieve sizable potential return on investment and significantly improved performance (b) risks are manageable, and (c) results are likely to align with IRS' strategic business objectives. • IRS Strategy and Resources Committee, headed by Deputy Commissioner of Operations and Support, decides to proceed with competition after reviewing business case.[a]	$207 million over 5 years
Improve financial services support at Department of Energy (DOE)	• Senior DOE functional personnel identify potential financial services support functions from FAIR inventory. • The study team develops plan of actions and milestones for conducting the study, including strategic study goals, study risks, employee communications strategies, and charters for the PWS and MEO teams. All major DOE locations under study are visited by PWS team to validate work tasks, workload, and positions to be studied. • Executive Steering Committee, chaired by DOE Deputy Secretary, approves the use of competition after reviewing study team's plan of actions and milestones.	$31 million over 5 years