

Action Learning Scenario Competitive Sourcing at the USGS

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Background:

Office of Management and Budget (OMB) Circular A-76 was issued in 1966 and describes the Federal Government's policy to rely on commercial sources to supply needed products and services. The Circular has been revised during both Republican and Democratic Administrations in 1967, 1979, 1983, and 1999 and most recently in 2003. OMB recently revised the circular to increase competition and entrepreneurship in the performance of government services, create a more level playing field between the public and private sectors in competitive sourcing, increase accountability, and reduce the time required for competitive sourcing studies.

The Federal Activities Inventory Reform Act (FAIR Act) of 1998 requires agencies to annually inventory the Federal workforce and identify all commercial activities. In the inventory, all positions are categorized as inherently governmental or commercial. Draft inventories are subject to OMB review. Final inventories are available to Congress and the public. Interested parties including Federal employees may challenge and appeal. During FY 2002 and 2003, OMB set competitive sourcing goals (# of FTE) goals based on percentages of commercial FTE identified in each agency's FY 2000 FAIR Act Inventory. More recently, OMB has negotiated agency-specific Competitive Sourcing Green Plans, which identify the planned approach to studying agency positions. Competitive sourcing is a key part of the President's Management Agenda (PMA) and progress in competitive sourcing is reported on a PMA scorecard to OMB. The Department of the Interior (DOI) has consistently scored in the green on the competitive sourcing scorecard due, in large degree, to OMB's positive reception to DOI's "forward-looking green plan that charts its long-term visions for competitive sourcing."

Recent OMB A-76 Standard Competitive Sourcing Competitions have resulted in cost savings of about 30% on average, regardless of whether the work remained in the Federal sector or was transitioned to the private sector. According to OMB's Competitive Sourcing Report for FY 2004, there was \$22,000 in annualized net savings per position studied. Although historically about 50–60% of A-76 studies have resulted in work remaining within the Federal sector, recent estimates show that an average of 89% of competitions are now won by the Federal sector.

Current Status of USGS Competitive Sourcing Activities:

As required by the DOI, the USGS has developed a Competitive Sourcing Green Plan for FY 2005-2008 which details how the USGS will study our workforce to identify commercial positions and evaluate opportunities for competition. In addition, the Green Plan establishes the USGS Business Strategy Review (BSR) Process. The USGS workforce is studied based on the following 9 business areas which are mutually

exclusive and encompass all activities and FTE included in the annual USGS FAIR Act Inventory:

- Visual information
- Mapping and charting
- Science technicians and science technical support
- Library and information services
- Information technology
- Administrative management
- Science
- Buildings and grounds maintenance
- Warehousing

Each business area is comprised of one or more function codes used in the FAIR Act inventory to describe the work performed in each position. The USGS Green Plan was initially submitted in September 2004 and was revised in September 2005 to add the National Geospatial Technical Operations Center (NGTOC) study and update information on FTE and study periods for the science technician and science technical support business area.

When USGS studies a given business area, a Business Strategy Review (BSR) team of managers and technical personnel is appointed and tasked with developing a recommended Business Strategy on what competitive sourcing studies should be announced and conducted. The strategy includes a description of the business area and its component activities, the current and future role and significance of these activities within the USGS, and identification of those activities that need to be accomplished by USGS employees. This recommended strategy is presented to the USGS Executive Leadership Team (ELT) for their consideration and approval.

To date, the USGS has conducted streamlined competitive sourcing studies, at the time called Express Reviews, for two business areas: warehousing and buildings and grounds maintenance. As an alternative to a competitive sourcing study, a high performing organization for the visual information business area (245 FTE affected) was formed in October 2005 and is currently pending DOI approval. A standard competitive sourcing study has been announced for the USGS National Geospatial Technical Operations Center (400 FTE in the mapping and charting business area). The BSR of the library and information services business area (104 FTE) has been conducted and is currently under revision based on guidance from the ELT. The BSR of administrative management positions has recently been initiated. Information technology positions are scheduled to be examined beginning in August 2006.

In the FY 2006 FAIR Act Inventory 1,688 positions in the USGS have been categorized as science technician (function code R660) of which 224 will be studied. The USGS has announced a standard competitive sourcing study of 124 hydrologic technician positions at grade 6 and below. Because these positions are distributed at water science centers nationwide and have a relatively low grade/salary, the competition may not be viewed as

attractive by the private sector. Note: Hydrologic data technicians represent the third largest study announced by the DOI.

Preliminary planning teams briefed recommendations concerning the study of the some of the remaining USGS science technician positions to the ELT in February. The ELT decided that studies planned for technician positions in Reston, Lakewood, Menlo Park and Cook, Washington will not be announced on March 1 as is stated in the USGS Green Plan. Instead, studies planned for Reston, Lakewood and Cook, Washington will be announced before March 31 to meet the DOI scorecard goal to announce studies in the second quarter. A study will not be conducted in Menlo Park due to the small number of science technicians in each cost center. About 100 FTE are affected. A decision was made to delay the study planning process for technician positions in Stennis Space Center until August 2007 due to the effects of hurricane Katrina.

Issues:

Federal managers have been reluctant to use competitive sourcing as a management tool despite statistics from the OMB which indicate the vast majority of functions that are studied remain within the Government and result in net savings for the Government of over \$20,000 per position per year. With the current outlook for limited Federal domestic budget growth, can the USGS afford to discount the possible benefits offered by A-76 as one possible cost-management tool?

DOI guidance provides that the decision to conduct a competitive sourcing study is optional if the number of FTE is below 10 because a study of that size may not be cost effective (i.e., cost to the Government to conduct the study may exceed the potential cost savings resulting from the study). Under the current USGS Green Plan, FTE are examined by business area and function code within specific cost centers. As a result of this approach, the number of FTE performing a given function within a given cost center is often below 10. As we begin to study highly distributed functions, such as administrative management and information technology, USGS may need to re-examine the functional approach in the current Green Plan and conduct some studies that look at entire organizations. As an example, the current study of the NGTOC is being conducted on an organizational basis and so considers all FTE regardless of function. NGTOC is the largest study announced by the DOI. In another example, the high performing organization for visual information was formed as an alternative way to unify distributed FTE into one virtual organization.

Under the USGS Green Plan, approximately 4,200 science positions are scheduled to be examined beginning in spring, 2007. Almost 70% of these positions have been classified as inherently governmental in the FY 2006 FAIR Act inventory.

Questions to Address:

1. How can the USGS more effectively use Circular A-76 and competitive sourcing procedures to our advantage to help increase our management options, especially in periods of limited budget growth?

2. How can the purposes and potential benefits of competitive sourcing be more effectively communicated to managers?
3. Are there certain functions which lend themselves to being more effectively performed by the private sector?
4. How does the USGS overcome the complications of competitive sourcing of highly distributed functions including administrative management and information technology?
5. Should the USGS Green Plan be revised to include some organization-based studies?
6. What criteria should be used to identify the most appropriate approach for conducting studies either functionally or organizationally (nationally, regionally or locally)?

Expected Outcomes from this Action Learning Scenario:

The USGS has focused on meeting the short term annual goals of competitive sourcing contained within the Green Plan and scorecard. We need to focus more strategically on competitive sourcing as a tool to achieve multiple goals including mission goals, long term workforce planning and administration priorities. The outcome of this action learning scenario is new perspectives on the competitive sourcing process especially how it can be used more effectively as a tool by USGS leaders and managers to achieve multiple goals.

Attachments:

OMB Circular A-76

USGS Green Plan and Green Plan Update

FY 2006 FAIR Act Guidelines and Function Code Definitions

USGS 2006 FAIR Act Inventory (White Paper for the ELT)

USGS has created an informative web page on competitive sourcing on the USGS Intranet which links to both the DOI and Department of Defense homepages and includes many helpful documents.