



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

DEPUTY DIRECTOR  
FOR MANAGEMENT

December 22, 2003

MEMORANDUM FOR THE PRESIDENT'S MANAGEMENT COUNCIL

FROM: Clay Johnson III 

SUBJECT: Development of "Green" Plans for Competitive Sourcing

Development and implementation of a long-range competition plan is a fundamental standard for success in achieving "green" status on the scorecard for the Competitive Sourcing Initiative of the President's Management Agenda (PMA).<sup>1</sup> This memorandum is intended to assist agencies as they prepare or refine long-range ("green") competition plans. The document describes the type of information the Office of Management and Budget (OMB) will generally look for from agencies to ensure that competitive sourcing is a carefully and regularly considered option for improving the cost-effectiveness and quality of its commercial operations. OMB recognizes that agency missions and inventories vary widely and will work with agencies to customize the framework described below as appropriate.

**Framework for a long-range "green" plan**

1. Content. A long-range vision is integral to the success of competitive sourcing. It will enable the agency to act strategically and tailor application of public-private competition to its mission as well as to its workforce needs, as reflected in the agency's human capital plan. Accordingly, competition plans should cover the following:
  - a. *General decision making process*. Explain the general process the agency uses to determine which commercial activities are competed.
  - b. *Activities to be announced for competition*. Identify the activities that the agency is planning to announce for competition in FY 2004 (or other period negotiated with OMB).<sup>2</sup>
  - c. *Handling of other reason code "B" activities*. For activities that are not identified in item 1.b, but have been designated as reason code B on the 2003 FAIR Act inventory, identify management's plan for taking timely and effective advantage of competition.

<sup>1</sup> For a complete list of the standards for success associated with the Competitive Sourcing Initiative, see attachment B.

<sup>2</sup> Agencies who submit plans after the third quarter of FY 04 should also include information on FY 05 activities in their plans.

- d. *Potential constraints.* Identify the most significant factors (up to three) that limit the agency from giving greater consideration to competitive sourcing than is reflected in its plan. Also identify what the agency is doing to minimize these constraints and when it expects to have minimized the constraints.

Additional content considerations to assist agencies in developing a green plan are provided in Attachment A.

2. Timing. To be of greatest use, competition plans must be updated periodically based on changed conditions, improved insight into agency programs, and results achieved in conducting competitions. Accordingly, once an agency has developed an OMB-approved green plan, it should update the plan by August 1st of each year. The update should revise the information provided in items 1.b, c, and d. In addition, agency management will be expected to explain changes to their plans (e.g., delays in, or decisions to suspend, planned announcements) as part of their quarterly PMA scorecard reviews with OMB.

### **OMB review of agency plans**

Recognizing that every agency is different, OMB will assess a plan's effectiveness in a manner that accounts for the agency's unique mission and workforce needs as well as the agency's demonstrated ability to conduct reviews and competitions in a reasonable and responsible manner. Considerations that will be taken into account include, among others:

- The size and diversity of the agency's mission;
- The current workforce mix;
- The complexity and diversity of the competitions planned;
- The pace of implementation;
- The agency's demonstrated ability to conduct competitive sourcing reviews and competitions; and
- Any extenuating circumstances.

I appreciate your attention to this matter. Questions regarding this document may be referred to the appropriate Resource Management Office in OMB or to Mathew Blum in OMB's Office of Federal Procurement Policy at 202-395-4953.

Attachments

## Suggested Content for a "Green" Plan for Competitive Sourcing

Agencies should carefully consider incorporation of the following information in preparing "green" competition plans. Plans need not be lengthy, but should contain sufficient information to demonstrate that the agency is taking maximum practicable advantage of competitive sourcing and that decisions are well reasoned and responsible -- e.g., there is a general rationale underlying (i) how functions were selected for competition and (ii) the timing of actions. Agencies and OMB may agree upon alternative content to that suggested in this attachment, as appropriate. In addition, agencies may incorporate documents that have been previously developed to manage their competitive sourcing activities.

### a. General decision making process

Brief narrative should address the following issues:

- *Evaluation factors.* What factors are used to evaluate whether an activity should be scheduled for competition? If the decision making process is divided into phases, identify the phases and the factors that are considered in each phase.
- *Relation to human capital plans.* What steps are taken to ensure competitive sourcing plans are consistent with and support human capital plans? Describe how competitive sourcing and human capital initiatives reinforce each other (e.g., are competitions being considered as a way to reduce skill gaps).
- *Adoption of lessons learned.* What mechanisms are used to incorporate lessons learned from previous competitions into future decision-making?
- *Participation.* What components of the agency are involved in the process of determining whether an activity is scheduled for competition? What mechanisms are used to facilitate cross-functional participation (e.g., are there standing committees)? If decision-making is decentralized, what role does the agency's central office play in the process (e.g., does the central office approve plans or issue guidance to assist offices in developing plans)?

### b. Activities to be announced for competition

For each competition tentatively planned to be publicly announced in FY 2004, identify the following (preferably in tabular form):

- the activity or activities covered (i.e., scope of competition), including general description as well as function code and location;
- the number of FTEs involved;
- fiscal quarter in which announcement is tentatively planned; and
- the type of competition (i.e., standard or streamlined).

This information should be updated by August 2, 2004, and annually thereafter, to identify new activities being scheduled for competition in the next fiscal year.

**c. Handling of other reason code B activities**

Provide the following information for activities that are not identified in item b., above, but have been designated as reason code B on the 2003 FAIR Act inventory:

- Identify the aggregate number of B-coded FTEs that are likely to be publicly announced for competition, by fiscal year, for FY 2005-2008, along with an estimate of the number of competitions anticipated. Provide a separate brief narrative explaining why the agency believes this level of competitive sourcing is optimal for the agency.
- Identify the specific B-coded activities (and associated FTEs with each identified activity) that management has concluded will not be announced for competition by the end of FY 2008 and briefly identify the basis for the determination.
- Identify the specific B-coded activities (and associated FTEs with each identified activity) that must be further analyzed to determine whether or not they are likely to be publicly announced for competition by the end of FY 2008. Explanations should be provided for any analysis that is not likely to be completed by September 30, 2006.

This information should be updated on an annual basis. See Figure 1., below, for an optional tabular format.

Figure 1.  
**Handling of reason code B activities/FTEs  
not scheduled for competition in FY 2004\***

<b>Number of FTEs likely to be publicly announced for competition in FYs 2005-2008**</b>	<b>Activities that will not be publicly announced for competition by end of FY 2008 (w/rationale)</b>	<b>Activities requiring further analysis to determine whether they are likely to be publicly announced for competition by FY 2008</b>
List total number of FTEs and competitions likely to be publicly announced in each of the next 4 fiscal years, beginning with FY 2005.	List function code description(s) & associated FTE (and identify general rationale for determination)	List function code description, associated FTE & general time period during which analysis will be performed (with brief explanation if analysis is to be completed after 9/30/06)
"	"	"
"	"	"

\* The total number of FTE identified in this table, when added to the total number of FTE identified in item b. should equal the total number of FTEs classified as reason code B in the 2003 FAIR Act inventory.

\*\* In addition to the table entry, explain why this level of competitive sourcing is optimal.

**Competitive Sourcing  
Standards for Success / Scorecard Criteria  
(July 24, 2003)**

<b>YELLOW</b>	<b>GREEN</b>
<p>An agency will earn a "yellow" status when it has:</p> <ul style="list-style-type: none"> <li>• an OMB approved "yellow" competition plan to compete commercial activities available for competition</li> <li>• completed one standard competition or publicly announced standard competitions that exceed the number of positions identified for competition in the agency's yellow competition plan</li> <li>• in the past two quarters, completed 75% of streamlined competitions in a 90-day timeframe</li> <li>• in the past two quarters, cancelled less than 20% of publicly announced standard and streamlined competitions.</li> </ul>	<p>An agency will earn a "green" status when it has:</p> <ul style="list-style-type: none"> <li>• an OMB approved "green" competition plan to compete commercial activities available for competition</li> <li>• publicly announced standard competitions in accordance with the schedule outlined in the agency "green" competition plan</li> <li>• since January 2001, completed at least 10 competitions (no minimum number of positions required per competition)</li> <li>• in the past year, completed 90% of all standard competitions in a 12-month time frame</li> <li>• in the past year, completed 95% of all streamlined competitions in a 90-day timeframe</li> <li>• in the past year, canceled fewer than 10% of publicly announced standard and streamlined competitions</li> <li>• OMB-approved justifications for all categories of commercial activities exempt from competition</li> </ul>