



UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

MAY 24 2004

The Honorable Richard B. Cheney
President of the Senate
Washington, DC 20510

Dear Mr. President:

This letter transmits the Office of Personnel Management's (OPM) Annual Report to Congress on its competitive sourcing accomplishments required by section 647(b) of the Transportation, Treasury, and Independent Agencies Appropriations Act, 2004, as incorporated in Division F of the Consolidated Appropriations Act, 2004 (Public Law 108-199). It is prepared using the guidance contained in the Office of Management and Budget's memorandum of February 26, 2004.

Information regarding competitions completed during Fiscal Year 2003 is provided in the spreadsheets at Enclosure 1 to this letter. Information on OPM's 2004 competitions and the description of how our competitive sourcing decision-making process relates to OPM's Strategic Management of Human Capital Initiative is provided in Enclosure 2 to this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "K.C. James".

Kay Coles James
Director

Enclosures

cc: The Honorable Susan Collins
The Honorable Joseph Lieberman
The Honorable Daniel K. Akaka
The Honorable Richard Durbin
The Honorable George Voinovich
The Honorable Peter Fitzgerald
The Honorable Ted Stevens
The Honorable Robert C. Byrd
The Honorable Richard C. Shelby
The Honorable Patty Murray

**OFFICE OF PERSONNEL MANAGEMENT
FY 2003 COMPETITIVE SOURCING ACTIVITIES SUMMARY**

COMPLETED COMPETITIONS
(Dollars in Millions)

Competition Description							Incremental Costs of Conducting Studies		Savings and/or Performance Improvements				
Function Competed/Description	Type of Competition	Location (State)	# of FTE in study	Start Date (Mo/Yr)	End Date (Mo/Yr)	Winning Provider	FY 2003 Costs	Total Cost -- All Years	Estimated Savings	Period of Est. Savings	Annualized Savings	Actual Savings (if available)	Quantifiable Description of Improvements in Service or Performance (if appropriate)
Test Administration and Warehousing	Standard (New)	Nationwide	180	2/2003	10/2003	H/H	0.253	0.25	10.4	Over 4 years, 9 months	2.2	N/A	N/A
Job Information System	Direct Conversion (Old)	Macon, GA	22	10/2002	1/2003	CTR	0.031	0.031	N/A	N/A	N/A	N/A	*See Below

SUMMARY
 Total number competitions: 2
 Total number of FTEs studied: 202
 Total FY 2003 costs to conduct studies: \$284,000
 Total anticipated savings associated with 2003 studies: \$10.4 million over 4 years, 9 months

***Quantifiable Improvements in Service or Performance:**

1. New user interface; more powerful search engine; enhanced career management tools for job seekers; and resume mining for Federal recruiters
2. Usage has increased from 31,111 average daily visits in July 2003 to 227,894 average daily visits in February 2004
3. The average score on ACSI e-Government web site index for customer satisfaction has increased from 71 to 75 in March 2004
4. Performance improvements to be introduced in FY 2004 include new job announcement template and builder; streamlined "create once, use many" application process; and real-time application status tracking feedback.

Announced Competitions*
(Dollars in Millions)

Competition Description						Incremental Costs of Conductin	Anticipated Savings or Quantifiable
Function Competed/Description	Type of Competition	Location (State)	# of FTE in study	Start Date (Mo/Yr)	End Date (Mo/Yr)		
None							

SUMMARY:
 Total number competitions: **None**
 Total number of FTEs being studied
 Total FY 2003 costs to conduct studies

FY 2004 COMPETITIONS

OPM will complete competitive sourcing competitions of 327 Full Time Equivalents (FTE) during Fiscal Year 2004.

Integration of OPM's Human Capital and Competitive Sourcing Initiatives

OPM's competitive sourcing initiatives are closely linked to and complement its HC initiatives under the President's Management Agenda. As described in the Plan for the Strategic Management of OPM's Human Capital, "where appropriate, we use competitive sourcing to ensure that the best human capital assets are acquired, deployed, and maintained as efficiently and effectively as possible." In practice, we view competitive sourcing as a tool to address core competency gaps that are identified through OPM's workforce planning review and analysis.

OPM's core competency information will be provided to members of the FAIR Act Inventory Work Group to consider as they complete their annual Competitive Activity Review. This information is useful in ensuring that competitive sourcing activities align with goals and objectives stated in OPM's HC Plan and support organizations in meeting their mission.

Because of the intrinsic linkage between competitive sourcing and human capital, OPM appoints a Human Resources (HR) Advisor for each competition to address all human resources considerations, including potential reductions in force. The HR advisor and contracting personnel meet with employees included in each competition to provide them with information regarding the procedures, time frames, and potential impact of the results of the competitions. Employees are given the opportunity to ask any questions they have regarding the potential impact each competition may have on them.

If the OPM employees lose a competition, or in implementing a most efficient organization, it may be necessary to conduct a reduction in force. There are a number of options OPM can use to respond to a reduction of positions as a result of competitive sourcing:

1. We are in the process of requesting the use of the Voluntary Early Retirement (VERA) and Voluntary Separation Incentive Payment (VSIP) authorities through September 30, 2004. This timeframe should cover all contemplated competitive sourcing competitions for FY 2004. Having these authorities will help us to make any necessary staff reductions associated with implementing the Government's most efficient organization (MEO) or staff reductions resulting from the Government losing a competition. This request will require OPM approval after consultation with OMB.

2. If positions are eliminated as a result of losing a competition, employees would receive priority consideration under OPM's Career Transition Assistance Program (CTAP).

If an OPM activity faces a reduction in force as a result of losing a competition, the Center for Human Capital Management Services will deploy staff to work with the organization's impacted staff to discuss their benefit options, provide coaching on resume writing, review their Official Personnel Files, and conduct other activities to assist impacted personnel in planning their actions to address any impending reduction in force.