



United States Department of Agriculture

Office of the Secretary  
Washington, D.C. 20250

MAR 28 2003

**MEMORANDUM**

**TO:** All REE Employees

**FROM:** Joseph J. Jen  
Under Secretary

**SUBJECT:** Competitive Sourcing Initiative

The President's Management Agenda is an initiative to make the Federal government more performance-based and accountable. It focuses on five key areas: (1) strategic management of human capital, (2) electronic government, (3) improved financial performance, (4) performance and budget integration, and (5) competitive sourcing.

The competitive sourcing initiative is a management tool for all Federal agencies to find the best, most cost effective ways to carry out agency functions. There are several options under competitive sourcing, including the process commonly referred to as "A-76" (OMB A-76 Circular describes this process), outsourcing and privatization.

Under the Federal Activities and Inventory Reform (FAIR) statute, all Executive Branch agencies are required annually to classify their functions as inherently governmental or commercial activities. "Commercial activities" are functions that could be performed by a contractor and, therefore, may be subjected to competitive sourcing. The REE FY-2002 Inventory can be found on the USDA competitive sourcing website at [www.usda.gov/ocfo/compsorc](http://www.usda.gov/ocfo/compsorc). OMB has proposed a revised A-76 Circular that has been published for comment but not yet released as final. The revised Circular could affect the way REE develops its next commercial activities inventory.

The commercial functions in REE represent a wide range of occupations and grades and are found in each of our agencies. Following the competitive sourcing guidelines, each year we are expected to pursue competitive sourcing for a share of our commercial functions. Within the next few months, we expect to announce the specific functions the mission area will study this year.

A competitive sourcing study may result in a more efficient in-house organization. Alternatively, the study could result in a private contractor performing some functions. If the latter were to happen, our human resources office will provide assistance to affected

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employees. This could include choices such as the opportunity to join the contract staff or to pursue other job opportunities within REE or elsewhere in the Federal government.

An REE Competitive Sourcing Working Group has been formed. It includes representatives from each of the REE agencies and two AFM members who have been reassigned to a newly formed Competitive Sourcing Program Office (CSPO). As the REE agencies go forward with this initiative, there will be regular communications providing more information and updates to all employees as decisions and key events occur. In addition, a website is being developed that will include Frequently Asked Questions and other information. Other forms of communications will include electronic memos and staff meetings.

REE is approaching this process very carefully. Our goals are to be fair to all employees, to assure that sound management decisions are made, and to ensure that we make the best use of the resources provided to us to carry out our important mission.