

Competitive Sourcing: The Top 6 Facts

There is much misinformation surrounding the administration's competitive sourcing agenda. NTEU wants to clear up any misunderstandings about the administration's program and developed these Top 6 Facts to make clear the issues and the facts.

Fact 1. Officials claim Competitive Sourcing saves the government money, but it doesn't really.

No one knows if there are any actual savings. Federal agencies have been told by the Office of Management and Budget (OMB) to ignore certain costs when preparing reports for Congress and projected savings are optimistically reported. We are not getting the complete picture; nor is Congress. In fact, no one is actually tracking the costs and performance of federal contractors and the Bush administration has resisted all attempts to establish an accurate system to do so. NTEU is pushing for legislation that would establish such a tracking system so that we all know exactly how private contractors stack up against federal employees.

Fact 2. The aim of Competitive Sourcing is to give work to contractors.

This administration has taken very aggressive steps to ensure that the contractors are actively pursuing the work currently being performed by federal employees. Here are a few examples of its very methodical and aggressive actions:

- OMB established rules that require dramatic increases in the number of positions federal agencies open up to competition. For example, the number of IRS positions open to competition have soared dramatically, from 19,000 to 31,000—nearly one-third of the agency.
- When the winning bidder is chosen based on cost, federal employees almost always win. But OMB is encouraging agencies to choose a winner based on Best Value—a disingenuous term that favors contractors because the contract does not have to be awarded to the lowest bidder.
- Federal employees still do not have a fair process for appealing contracting decisions. Contractors can appeal to an independent third party; federal workers must rely on management to appeal to itself.
- Despite a professed ban on “direct conversions,” agencies are still handing work over to the private sector without competition. The IRS has done it twice.

Fact 3. Competitive Sourcing brings major layoffs.

The White House has relied on a University of Maryland study to support its claim that very few federal government employees are adversely impacted by a competitive sourcing study. The data used in that UMD study is old and pre-dates the aggressive actions this administration has taken to move thousands of federal government jobs through the competitive sourcing program. There is no current data that reliably reflects this administration's effort to move jobs to the private contractors. But what is undisputed is that when the agency decides to conduct a competitive sourcing study, hundreds and sometimes thousands of federal employees are immediately and adversely impacted by that decision, through downgrades, reassignments and early retirements.

Fact 4. A contractor will bid low to win, then increase costs after contract award.

Again, there is no reliable tracking of contractor performance and costs but there are plenty of examples of contractors failing to meet promised performance at the bid price. For example, an IRS mailroom contractor is unable to deliver the same level of services that had been required of the agency employees before they were RIFed and other IRS employees are taking up the slack because the mail must be delivered, even if the private contractor won't do it.

As another example, after receiving the contract to perform the services of the ADC Toll-free unit, the contractor informed the IRS that they would be unable to meet the requirements of the contract, at the price that they bid, without the agency paying for more contractor employees. IRS employees were called in to do the work the contractor couldn't.

Fact 5. Competitive Sourcing is politically driven.

While the origin of the rules for conducting public-private competitions date back 50 years, public-private competitions were rarely used by the agencies as a means to target federal government jobs. Earlier administrations supported other tools for change (e.g., re-engineering, business process improvement, and restructuring). This administration, however, came into office with a clear agenda of offering federal employee jobs for public-private competitions: established competitive sourcing as one of its top five initiatives, overhauled the rules of competition, set quotas for the number of jobs that had to be competed, and grades agencies on their efforts in conducting competitions.

Fact 6. Competitive Sourcing is the same as outsourcing.

The White House is playing semantic games with Congress and the public. With the rules biased in favor of contractors; with a failure to accurately track program performance and hold contractors accountable to their service commitments; with the failure to allow third party oversight in all competition outcomes; and, with the continued support of agencies that don't even bother to allow the employees to compete for their jobs, but instead just directly convert the work to the contractor, this program has shown itself to be less about fair competition and more about handing jobs over to private contractors. This is outsourcing.

NTEU is working to bring fairness and accountability to the entire competitive sourcing process from the compilation of the FAIR Act lists to ensuring the accountability of contractors. NTEU firmly believes that federal employees are the best value for taxpayers' dollars and they deserve a fair and level playing field on which to demonstrate their effectiveness and efficiency to the White House, Congress and the American public.



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