

**A Review of the Expenses Associated with
Competitive Sourcing in Region Five,
The Pacific Southwest Region,
U.S. Forest Service**

Prepared by the
National Federation of Federal Employees
In association with
Public Employees for Environmental Responsibility (PEER)

August 2003

In 2002 the Office of Management and Budget directed that all federal agencies develop management plans to compete up to 50% of the jobs of federal employees in their respective agencies over the next five years utilizing the A-76 Competitive Sourcing process. In response, the Forest Service formulated a plan to subject 11,000 jobs within the agency to the A-76 process over the next three years.

In April of 2003, the Forest Service Competitive Sourcing team in Washington published a report that indicated that the Forest Service would spend approximately \$10 million in FY 2003 to implement the Competitive Sourcing initiative. This review indicates, based solely on the costs incurred in Region 5 of the Forest Service (California), that on a national level the Forest Service **will spend several times its original \$10 million estimate** during the current fiscal year.

Region 5 Competitive Sourcing Costs

The following cost estimates reflect only a portion of the total amount of money spent in the first three quarters in Region 5 on Competitive Sourcing. This partial tabulation focuses on several high cost areas such as training, data calls, and the work of planning for A-76 competitions. Based upon interviews with managers and staff with direct knowledge of costs for that particular area of the process, in Region 5 the true costs for Competitive Sourcing through June 30 (three-quarters of FY 2003) are in excess of \$7 to \$8 million.

Regional Office Competitive Sourcing Costs

Regional Office Competitive Sourcing expenses through the third quarter are itemized below with a brief explanation of my rationale for how the costs of each function or item are determined. Costs are calculated only for the first 3 quarters of FY 2003 with the exception of the cost of the Region-wide Competitive Sourcing contracts (including MEVATEC).

In Region 5, as a result of this initiative, approximately 16 teams (Performance Work Statement and Most Efficient Organization Teams) formulate the documents used in the

A-76 Competitive Process), numbering approximately 90 Forest Service employees have been working nearly full-time on the A-76 process for several months--much of this work has required substantial travel. In addition, there have been numerous high level management staff meetings, week long training sessions involving hundreds of employees, and numerous calls to every National Forest in the Region for information related to creating the A-76 documents. It has required hundreds of employees to spend a substantial amount of time responding to "data calls." Another large expenditure is the approximately one million dollars spent on Competitive Sourcing contracts with private consulting firms specializing in working with federal agencies to implement the A-76 process.

1. A76 PWS, MEO, IHCE Teams

The cost-figures used for the time employees spent on these teams vary considerably. Most were provided by team members. Where no cost-figures were available costs for the closest team for which cost-figures were available were extrapolated using conservative assumptions. For example the PWS Facilities North data was used to compute the costs of the closely related Sierra Facilities and South Facilities PWS teams.

These figures do not include cost data for the two ICHE (In House Cost Estimate Teams) totaling 12 employees. Expenditures for these teams will add a significant expense to the Region 5 cost data.

2. Regional CORE team expenses

The R5 Core team consists of 17 members and a facilitator. The CORE team is made up of heads of departments and high-level Regional and National Forest Staff Officers. In addition to a number of meetings, there were several conference calls. Data on the number of meetings and travel trips was based on input from a team member.

3. RO staff position

This line includes an 89-day detail and a conservative number of travel trips made to National Forests for employee meetings by the incumbent

4. National IT Study Regional and National Forest Data Calls

This work is perhaps the most extensive in the entire Competitive Sourcing initiative. Unfortunately management, as noted earlier, will not provide any information on data calls. I have learned, however, that the Region 5 Information Technology (IT) department has created a database to track IT data calls from the Washington Office. To date there have been approximately 49 data calls. Nearly all of these data calls have been forwarded to the 20 IT Departmental Units in the Region. Although some calls require as little as 10 to 15 minutes of effort by one person, many require the entire staff to actually stop work and spend up to several days assembling data.

Disseminating the data calls, creating a Regional database, gathering the National Forest data and then assembling the data from 20 units in the Regional Office has taken a considerable amount of time and effort by a member of the Regional IT staff as well as a number of others working in the department.

5. Competitive Sourcing Consultants

Region 5 has spent a considerable amount of money on consultants. The Regional contracts have totaled approximately \$1 million.

These expenses do not include consultant fees for any of the planning (PWS or MEO) teams. These figures do include consultant fees for two of the early training sessions in Reno.

6. Training

There was a number of Competitive Sourcing training sessions including three large sessions totaling approximately 300 Forest Service employees in Reno, Nevada. Two of these training sessions lasted a week (including travel) and the third lasted 4 days.

Preliminary Cost Data Regional Office

1. PWS, MEO, IHCE Teams
2. Regional CORE team expenses
3. RO staff position
4. National IT study Regional Office and other Data Calls
5. Competitive Sourcing Consultants
6. Training

Total Regional Office Costs \$ 3,325,641.00

Uncalculated Costs

- * Competitive Sourcing costs in the Fire Management Organization.
- * Competitive Sourcing costs for the Research Stations in Region 5.
- * FAIR Act Inventory costs related to FY2003.
- * IHCE Team expenditures for 2 teams totaling 12 employees
- * Logistical expenses related to renting meeting rooms, facilitators, etc.

Preliminary Cost Data National Forests in Region 5

1. Forest-wide Competitive Sourcing meetings
2. Forest Data Calls and other National Forest Costs

Total National Forest Costs \$ 1,622,696.00

Uncalculated Costs

- * Fair Act Inventory activities

Total Region 5 Competitive Sourcing Expenditures \$ 4,948,337.00

As noted, these cost estimates reflect only a portion of expenses incurred. The real costs for Region 5 are likely 50% to 70% higher. Even using conservative assumption, by the end of the fiscal year the total spent in Region 5 on this initiative will be approximately \$9 to \$10 million.

National Forest Cost Estimates

It is clear from the Region 5 cost data that the Forest Service has spent a considerable sum on Competitive Sourcing in FY2003. Given the fact there are nine Forest Service Regions, National Competitive Sourcing contracts, dozens other Units such as Job Corps Centers, and Research Stations, and an entire high level Competitive Sourcing staff in the Washington Office, the final costs of Competitive Sourcing to the Agency in FY 2003 are likely to be in excess \$50 to \$70 million, and, if all costs were factored into the equation, the final national total would be in excess of \$100 million.

Note that none of this money was appropriated by Congress but came from the project monies normally used to fund National Forest work. It is also important to point out that management made clear in E-mails to every employee in Region 5 that, after insuring for the health and safety of employees and visitors and our fire prevention responsibilities, our number one priority this year is to respond to data calls from any PWS or MEO team.