

National Leadership Team Proposal Briefing Paper

SUBJECT: Selection of work activities for Competitive Sourcing study

LEAD EXECUTIVE: Deputy Chief for Business Operations

DESCRIPTION OF ISSUE:

A decision is needed to select work activities to study in fiscal year 2004 and a tentative decision about the work activities to study in fiscal year 2005 using Competitive Sourcing.

A white paper was sent to the National Leadership Team asking for their input and suggestions on this decision. The white paper described three options and suggested several work activities for study. NLT input was requested on their preference of the options, comments on the work activities suggested to study, and their ideas for other work activities to consider for study.

- ? Option 1 was for smaller, separable studies in fiscal years 2004 and 2005.
- ? Option 2 was for larger, integrated studies in fiscal years 2004 and 2005.
- ? Option 3 was a combination with smaller studies in fiscal year 2004 and larger studies in fiscal year 2005.

ASSUMPTIONS:

The following assumptions were used in developing these recommendations:

- ? We will continue to use FTE targets as a means to schedule work and track accomplishments;
- ? For fiscal years 2004 and 2005 we will use a 10% annual target;
- ? We are not deciding at this time the complete bounds of the work activities recommended for study nor the type of study that will be conducted. Those decisions will follow at a later time;
- ? Within any studied work activity, work that is considered inherently governmental or core will be included in the study but excluded from the competitive process as the study is carried out;
- ? Given an anticipated over accomplishment in fiscal year 2003, it may be possible to schedule fewer FTEs to study in fiscal year 2004;
- ? We anticipate that a limited number of business process re-engineering (BPR) studies will be counted toward FTE targets in fiscal year 2005, and we may propose one BPR study in 2004.

RECOMMENDATIONS:

Clearly, the decision on work activities to study is a critical one. NLT comments received do not demonstrate a clear choice of an approach nor clear preferences for work activities to study in fiscal year 2004. No Executive Leadership Team decision will satisfy all the comments submitted.

Strategically, our approach:

- ? In fiscal year 2004 will be to study smaller, separable work activities where there is a significant likelihood to increase cost effectiveness without disrupting associated programs;
- ? In fiscal year 2005 will be to study larger, more integrated work activities where cost effectiveness increases are likely; and
- ? Will continue to develop a more strategic/holistic approach for use in fiscal year 2005 and beyond.

Fiscal Year 2004

1. Fleet Management (147 FTEs)
 - a. Work activity: Management of fleet including the working capital fund component.
 - b. Rationale: This activity was deferred from fiscal year 2003 since it will most likely require a national full study. Fleet maintenance is being studied in fiscal year 2003. A nation-wide study of Fleet Management could result in significant savings for the agency.
2. Computer Applications Development (200 FTEs)
 - a. Work activity: Focus on specific, larger applications for study such as financial applications (e.g., timber sale accounting, Infra, etc.), NRIS (application development only), GIS support (database management, map making, etc.), and Oracle application development, operation and maintenance (National applications).
 - b. Rationale: It is too complex to study all computer applications simultaneously. However, there is potential for significant savings by studying selected applications. Applications recommended for study are large and fairly well self contained. (Studying GIS support, for example, matches well with studying the Geospatial Service and Technology Center recommended in number 5 below.)
3. Fire (150 FTEs)
 - a. Work Activity: Small separable program components such as Regional Fire Caches, Predictive Services Group, Infrared Group at NIFC, and the National Radio Cache at NIFC.

- b. Rationale: There is potential significant savings in studying fire. Also, since fire is over 25 percent of our budget and is interwoven into most of our programs, fire must eventually be studied. The recommended 2004 studies will help us gain experience prior to a major study of the entire fire program.
4. Data Collection and Information Analysis in support of decision making (formerly called NEPA) (300 FTEs)
 - a. Work activity: The information collection and analysis that supports decisions or the implementation of policies, e.g., selected portions of the information collection for a major NEPA decision and/or the compilation of the science information relevant and useful to the implementation of a large number of project decisions (such as the National Fire Plan fuel treatment projects). This includes information collection and analysis for major environmental decisions and centralizes this activity which is now dispersed throughout the organization.
 - b. Rationale: A study will help the agency develop a consistent and efficient process to perform this activity.
5. Technology and Services Centers (250 FTEs)
 - a. Work activity: Units included in the study are: Missoula Technology and Development Center; San Dimas Technology and Development Center; Geospatial Service and Technology Center; Remote Sensing Applications Center; Forest Health Technology Enterprise Team; and the Inventory and Monitoring Institute. (Need to be sure we have them all identified.)
 - b. Rationale: The FS Strategy for Improving Organizational Efficiency recommends study of WO Detached Units. A “Quikview” of these units was completed in FY 2003 and will provide valuable information for competitive sourcing. A Competitive Sourcing study of technology and service centers supports this recommendation to help improve the efficiency of these units. These centers are separable from other work activities and can stand-alone as individual studies for each unit similar to the Job Corps studies in 2003.
6. Resource inventory and monitoring data collection (300 FTEs)
 - a. Work activity: This includes FIA data collection, forest health protection surveys, and NFS inventory and monitoring work activities.
 - b. Rationale: This work is currently performed by permanent, temporary, cooperators, and contract employees. A study will help determine how best to perform this work in a cost effective manner.
7. Law Enforcement (650 FTEs)
 - a. Work activity: All of the work activities currently performed by FS law enforcement and investigations employees regardless of where they reside geographically. This includes work conducted by forest protection officers.

- b. Rationale: A study will help determine the most efficient way to deliver law enforcement services within the agency and is consistent with the FS Strategy to Improve Organizational Efficiency. Much of the work is also separable from other FS work activities. Some aspects of Law Enforcement work may be considered inherently governmental or otherwise work that we would not want to have performed by a contractor. By studying all Law Enforcement work activities the FS has the discretion to extract some aspects of the work that will not be subject to competition but count the FTEs against the target.

Summary of Competitive Sourcing studies recommended for fiscal year 2004:

Activity	Approx. FY04 FTEs
1. Fleet management	147
2. Computer Applications Development (e.g., financial applications, NRIS, GIS support, and Oracle application development, operation and maintenance)	200
3. Fire (e.g., Regional Fire Caches; Predictive Services Group; Infrared Group at NIFC; National Radio Cache at NIFC)	150
4. Data collection and analysis	300
5. Technology and Service Centers	250
6. Resource inventory and monitoring data collection	300
7. Law Enforcement	650
Total	1,997

Fiscal Year 2005

For fiscal year 2005, we believe the Forest Service will have mastered the Competitive Sourcing process and procedures to allow us to take on major work activities. The following work activities are recommended for study in 2005 because we feel there are opportunities to capitalize on cost and program delivery efficiencies.

1. Financial Management (2,000 FTEs)

Much discussion has occurred since the February NLT on approaches to consolidating financial management functions to achieve effectiveness, efficiency, data integrity and sustainability. These discussions included OMB, the Department, and members of this office. We need to use a variety of approaches to achieve our ends including which functions should be re-engineered, which functions should be addressed through competitive sourcing, and which functions should be moved directly to contract. The 6500 memorandum of April 30, 2003 provides more detail on decision on how we will approach financial management needs.

- a. Work activity: Work performed by budget and fiscal staffs throughout the FS regardless of location or organizational alignment excluding work re-engineered and identified as direct to contract under agreement with the Department and OMB as communicated on April 25.
 - b. Rationale: The Chief is committed to accomplishing significant reform of the agency financial management organization and work activities. This study will accomplish the re-engineering of work processes and align the organization to meet those needs for the future using both Competitive Sourcing and BPR. This is being done in lieu of the B&F Efficiency Study that began in fiscal year 2003. The listing of roles and responsibilities developed by the B&F Efficiency Team will become a source document for the BPR and Competitive Sourcing efforts.
2. Human Resources Management (900 FTEs)
- a. Work activity: All work performed by human resources staffs throughout the FS regardless of location or organizational alignment.
 - b. Rationale: The FS has recognized the need to make its human resources work processes more efficient. This study encompasses all Human Resources work activities and not just business process activities. This study will accomplish the re-engineering of work processes to meet the needs for the future.

Summary of Competitive Sourcing and BPR studies recommended for fiscal year 2005

Activity	Approx. FY05 FTEs
1. Financial Management (using both Competitive Sourcing and Business Process Re-engineering)	2,000
2. Human Resources Management (using Business Process Re-engineering)	900
Total	2,900

Large Fire Study

Fire management is beginning to conduct the pre-planning in fiscal year 2004 of fire work activities with an expected completion in 2006. The number of FTEs studied will be large (between 5,000 and 10,000). By planning and organizing a study of fire now we are confident this critical part of Forest Service work will be better prepared to conduct a full study later that includes our inter-agency partners. This study will be included when ready, but no later than fiscal year 2006.

Studies Considered for fiscal year 2004 but dropped

1. Recreation Site Maintenance (542 FTEs)
 - a. Work activity: Activities associated with the maintenance of minor constructed features in recreation sites, both developed and dispersed. Also included are janitorial maintenance and grounds maintenance activities in recreation sites and general forest areas which the FS usually defines as recreation operations.
 - b. Rationale (for dropping): Several regions recommended dropping this due to the significance of the public interaction that occurs with recreation.

2. Larger NEPA study (1,000 FTEs)
 - a. Work activity: This includes the information collection, analysis and information management associated with NEPA projects. It does not include planning advice, management of the process, nor decision making.
 - b. Rationale (for dropping): Much of this work is integrated throughout field work activities and thus, it would be very difficult to study the NEPA process.

3. All of Computer Applications Development (1,000 FTEs)
 - a. Work activity: Study the operational side of application development and not the technical development part that is tied to other activities.
 - b. Rationale (for dropping): It is too complex to study all computer applications development work.

Summary of studies considered for fiscal year 2004 but dropped

Activity	Approx. FY04 FTEs
1. Recreation site maintenance	542
2. Larger NEPA study	1,000
3. All of Computer Applications Development	1,000
Total	2,542

Other Considerations

We may have an opportunity to consider a reverse A-76 study in fiscal year 2005. A reverse A-76 study is a study of work we currently contract out to determine if we can do it cheaper in-house. This type of study gives the FS the opportunity to demonstrate how Competitive Sourcing can be used to increase cost efficiency by studying work that is already contracted to determine the most efficient method to conduct the work. The result of a reverse A-76 study could be a morale booster for employees since one possible outcome is to bring jobs back into the agency that are now contracted. An example of such a study could be Recreation Site Maintenance in one Region or locality. These studies might be assigned to the field to conduct.

FTE SUMMARY:

FTE targets and planned accomplishments for each fiscal year are shown below. Over accomplishment of the FTE target in fiscal year 2003 will make up for any shortfall in 2004. Planned accomplishments for 2006 and 2007 are to be determined. The FS fully expects to meet the total FTE target by the end of 2007.

	FY03	FY04	FY05	FY06	FY07	Total
Percent target	15	10	10	10	5	50
FTE target	3,035	2,023	2,023	2,023	1,011	10,115
Planned	3,990	1,997	2,900	TBD	TBD	TBD

NATIONAL LEADERSHIP TEAM ACTION:

1. Comment on the proposal;
2. Suggest work activities to add to the list with rationale;
3. Suggest work activities to take off the list and if so, what should replace them to meet our target;
4. Suggest candidates for a reverse A-76 study; and
5. Any other thoughts for Executive Team consideration.

Appendix A Frequently Asked Questions

The following frequently asked questions that relate to the FS decision regarding 2004 and 2005 Competitive Sourcing studies.

1. What are the sequence of events that will lead up to an Executive Team decision of fiscal year 2004 and 2005 Competitive Sourcing studies?

- ? April 29: Letter to R/S/A requesting comments on options and recommended work activities to study
- ? May 20: Executive Team discussion on R/S/A comments received to April 29 request
- ? June 7: Letter to R/S/A requesting final comments on proposed studies prior to Executive Team decision
- ? June 23: NLT conference call to discuss proposal and answer questions
- ? June 27: NLT comments on proposal due
- ? July 1: Executive Team decision

2. How will publication of the revised OMB A-76 Circular impact this decision?

The revised OMB A-76 Circular has been published and is now in effect. Therefore, studies beginning in fiscal year 2004 or later will fall under the rules of the revised Circular. Direct Conversions and Express studies have been eliminated; Streamlined studies will be required to be completed in 90 days or less; Full Studies will be required to be completed in less than a year; and new or existing sub-contracts will be allowed as a part of a Most Efficient Organization. Full impact of the revised Circular will not be known until we begin using it to conduct our studies.

3. Under what conditions can Business Process Re-engineering be used in place of Competitive Sourcing?

OMB has indicated that they will allow, under certain circumstances, the use of Business Process Re-engineering (BPR) studies in place of Competitive Sourcing or A-76 studies. In stating this, OMB has further indicated that this will be done in a limited number of studies, on a case-by-case basis and only when submitted to OMB in advance and approved. The circumstances under which OMB will approve BPR studies are not completely known. The FS is confident we can make a strong case to use BPR to study Human Resources in fiscal year 2005. A smaller BPR study may be requested in 2004 to help determine the amount of rigor and conditions under which BPR can be used in the Forest Service. Clearly, use of BPR in place of Competitive Sourcing will not be wide-spread, but limited where it makes sense and we can demonstrate a strong case to be approved.

4. What is a reverse A-76 study and how does that relate to a normal A-76 study?

A normal A-76 study is used to help determine the most cost effective source to perform work that is non-inherently governmental. A reverse A-76 study is just the opposite in that it is used to help determine whether work that is now being contracted can be more efficiently performed in-house by government employees. A successful reverse A-76 study would require that funding and positions now going to a contractor would be added to the existing government work force to perform the work activity. An example might be in a recreation location where contractors or concessionaires, rather than FS employees, are performing a work activity that interacts with the public. Reverse A-76 provides a vehicle to look at these type of situations and determine whether this is the right thing to do to accomplish our mission. Reverse A-76 studies in most cases will be performed at a local level. One down side to reverse A-76 is that the FTEs studied do not count towards an agency Competitive Sourcing study.

5. Why are inherently governmental positions included in full studies?

Inherently governmental positions are those which are so intimately related to the public interest as to mandate performance by federal employees. Activities that meet these criteria are not in competition with commercial sources, and are, therefore, not subject to the competitive process. One of the first steps in any full study is to determine what work within the study area is inherently governmental. That work is set aside from the study and continues to be performed in-house by federal employees. Guidelines for determining what work is inherently governmental are fairly narrow and strictly followed. The bounds of a full study include all work activities in the study whether the work is inherently governmental or not. In setting aside the inherently governmental work, the FTEs associated with that work are still counted within a full study. For example, some aspects of Law Enforcement work may be considered inherently governmental or otherwise work that we would not want to have performed by a contractor. By studying all Law Enforcement work activities the FS has the discretion to extract some aspects of the work that will not be subject to competition but count the FTEs against the target.