



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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ACQUISITION,  
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MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Revised Fiscal Year 2016 Rating Cycle Pay Pool Funding Guidance for the Department of Defense Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo)

References: (a) Memorandum, Under Secretary of Defense (Personnel and Readiness), dated December 21, 2016, subject: Guidance on Award Limitations for Department of Defense Non-Senior Executive Service/Senior-Level/Scientific or Professional Employees for Fiscal Year 2017  
(b) Memorandum, OSD AT&L/HCI-AcqDemo Program Office, dated August 4, 2016, subject: Fiscal Year 2016 Rating Cycle Pay Pool Funding Guidance for the DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo)  
(c) Memorandum, OSD AT&L/HCI-AcqDemo Program Office, dated August 6, 2015, subject: Fiscal Year 2015 Rating Cycle Pay Pool Funding for the DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo)  
(d) Federal Register Notice (FRN), 64 FR 1426, January 8, 1999, as amended, Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo); Department of Defense (DoD)

The purpose of this memorandum is to revise the annual Department of Defense (DoD) Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) Pay Pool funding guidance, Reference (b), previously issued August 4, 2016, for use during the pay pool reviews of the FY16 AcqDemo contribution period, with payout to occur in January 2017. The guidance has changed in response to a new DoD memorandum concerning award limitations for performance awards. This memorandum increases the Contribution Award amount and updates the language and references to the new DoD memorandum, Reference (a).

Contribution Rating Increase (CRI) Pay Pool Funding. As established in Reference (c), subject to any subsequent guidance issued by the Office of Personnel Management (OPM) and/or the DoD Assistant Secretary of Defense (Readiness and Force Management), minimum funding of the CRI portion of all pay pools will be set at no less than 2.0 percent, and maximum funding will be set at no more than 2.26 percent of the sum of the [base] salaries of all eligible employees in the pay pool. The range of 2.0-to-2.26 percent funding will be available in the Compensation Management Spreadsheet (CMS), for consideration and applicable Personnel Policy Board decision for those organizations undergoing their second or greater AcqDemo pay pool assessments. Organizations undergoing their first AcqDemo payout are to use a minimum of 2.4 percent of base salaries, as required in Reference (d), Section III D.5.

Contribution Award (CA) Pay Pool Funding. As provided in Reference (a), organizations may fund Contribution Awards up to 1.5 percent of the sum of total [aggregate] salaries of all eligible employees in the pay pool at the end of the previous fiscal year. Reference (a), Attachment 1, instructs that funding limits identified in *Federal Register* notices such as Reference (d) are controlling. Therefore, in accordance with this guidance, calculation of CA funding in the CMS will be set at not less than 1.0 percent for the FY 2016 Pay Pool Cycle, unless another limit has been identified through the collective bargaining process. Organizations undergoing their first AcqDemo payout are to fund Contribution Awards at 1.3 percent of aggregate salaries, as required in Reference (d), Section III D.5. The CMS will set aside 10% of the budgeted amount to be distributed during FY 2017 as on-the-spot, group, or other awards.

Contribution Carry Over Award Funding. Per Reference (a), Attachment 1, “When a performance-based continuing pay increase cannot be fully applied due to pay band limitations, the excess amount is generally paid as a lump sum from the funding available for continuing pay increases. Payments of this nature are not considered performance awards under Chapter 45 of title 5, U.S.C., and are not counted against the 1.5 percent budgetary limitation imposed by OMB/OPM.” Therefore, the practice of rolling over individually-identified CRI, that cannot be paid as a salary increase, into a lump sum Carry Over Award (Nature of Action 885), may be followed in accordance with guidance provided in the organization’s Pay Pool Business Rules.

These spending levels remain in effect, pending additional OMB/OPM or DoD guidance, until rescinded or amended.

Compensating employees for their contribution to the organization’s mission is a fundamental principle of AcqDemo. Therefore, providing pay pools and managers with the ability to execute their programs in accordance with the provisions of AcqDemo is essential to conducting a thorough evaluation of the program’s impacts on the performance of the acquisition workforce. We appreciate your support in this endeavor.



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