



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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AUG 29 2017

ACQUISITION,
TECHNOLOGY
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MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Fiscal Year 2017 Rating Cycle Pay Pool Funding Guidance for the Department of Defense Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo)

References: (a) Memorandum, USD (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) 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 provide annual Department of Defense (DoD) Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) Pay Pool funding guidance for use during the pay pool reviews of the FY17 AcqDemo contribution period, with payout to occur in January 2018. This memorandum provides guidance within the following areas:

Contribution Rating Increase (CRI) Pay Pool Funding. 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 (B), Section III D.5.

Contribution Award (CA) Pay Pool Funding. As provided in Reference (B, Section III D.5), the CA fund will be set at not less than 1.0 percent of the sum of the total [aggregate] salaries of all eligible employees in the pay pool. While a more restrictive funding limit may be used within non-AcqDemo organizations, Reference (A) instructs that funding limits identified in *Federal Register* notices such as Reference (B) are controlling. Therefore, in accordance with this guidance, calculation of CA funding in the CMS will be 1.0 percent for the FY17 Pay Pool Cycle, unless another limit has been identified through the collective bargaining process. Organizations undergoing their first AcqDemo payout are to use 1.3 percent of aggregate salaries, as required in Reference (B), Section III D.5.

Contribution Carry Over Award Funding. Per Reference (A), “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 Reference (A) budgetary limit imposed by the Office of Management and Budget (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.

With the publication of the new Federal Register, projected to be published in October 2017, the change from 6 to 3 factors will take effect for the FY18 Contribution-Based Compensation and Appraisal System (CCAS) rating period of October 1, 2017 – September 30, 2018. Visit the AcqDemo website at <http://acqdemo.hci.mil/> to learn more about the conversion to the 3 factors. We encourage AcqDemo organizations to communicate the conversion to the three factors to their workforce. This change from 6 to 3 factors is highly anticipated by the user community and will bring efficiencies to the contribution planning, mid-year, and annual assessment process.

We appreciate your support in this endeavor.



Scott Wortman
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Human Capital Initiatives

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