UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Office of the Director

AUG 17 2007

The Honorable David C. Chu
Under Secretary of Defense
Personnel and Readiness
1000 Defense Pentagon
Washington, DC 20301-1000

The Honorable Kenneth J. Krieg
Under Secretary of Defense
Acquisition, Technology and Logistics
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Dr. Chu and Mr. Krieg:

This letter conveys the U.S. Office of Personnel Management's (OPM) formal response to the "Department of Defense (DoD) Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) Summative Evaluation Report," dated June 2006. After thorough review and subsequent revisions, the report is hereby released for publication.

We appreciate the dedication and hard work your staff and SRA International, the independent contractor, put forward in evaluating the project and producing the report. We especially thank Ms. Mary Thomas, AcqDemo Project Manager, for her efforts and assistance throughout the review process.

We are pleased the report indicates that at the conclusion of the project's fifth year, the interventions fully tested, including the Contribution-based Compensation and Appraisal System, broadbanding, and simplified classification, continue to be effective and have contributed to the project's success in meeting many of its goals and objectives.

While most of our concerns about the report were adequately addressed during the review, two issues remain. First, the report itself was not prepared by an external evaluator as agreed in the project's final Evaluation Plan. To address this concern, we requested a letter from SRA certifying that the report accurately conveys the results of their data analyses. The SRA letter, which is enclosed, refers to the scope and detail of SRA support, not to the actual results of their data analyses. In saying SRA's role was well represented in the report, SRA leaves unanswered the critical question of whether the report's conclusions accurately reflect what SRA found. We believe the credibility of the report would have been strengthened by clearly linking its conclusions to specific data and analyses developed by SRA.

Second, we believe the evaluation report fails to adequately address cost management and cost accountability issues. This is not just a matter of meeting reporting requirements; more importantly, it points to needed improvements in the operation of the demonstration project itself.

The demonstration project plan, as announced in the January 8, 1999, *Federal Register* (FR) notice, requires tracking of base pay costs, and the evaluation report provides information on such tracking. But the project plan also requires that project evaluation results "be used to ensure that out-year project costs will not outweigh the derived benefits to the demonstration." The project plan further states that "these evaluations will balance costs incurred against benefits gained, so that both fiscal responsibility and project success are given appropriate weight." (See 64 FR 1490, January 8, 1999.) However, the evaluation report states: "The AcqDemo evaluation did not specifically include a cost-benefit analysis . . . ." (See section IV.B.2.)

The project plan also describes a deliberate approach to determining the appropriate amount of funds allocated to contribution increases, taking into account historical spending, labor market conditions, recruitment and retention needs, and the organization's fiscal condition. A key sentence states: "Given the implications of base pay increases for long-term pay and benefit costs, the compensation levels will be determined after cost analysis with a documentation of the mission-driven rationale for the amount." (See 64 FR 1490, January 8, 1999.) The project plan also states that local commanders will adjust contribution rating increase fund amounts "as necessary to maintain cost discipline over the life of the demonstration project" and that pay adjustment decisions will "be subject to command review." (See 64 FR 1478, January 8, 1999.) We have not received evidence that DoD managers within the AcqDemo project have performed the expected type of cost analysis, which considers long-term costs and documents the justification supporting those cost levels.

Based on data DoD has collected, it appears that annual spending on pay increases is significantly higher (between 0.5 and 1 percent of basic payroll) than it would have been in the General Schedule. We estimate that, over the long term, spending 0.5 to 1 percent of basic payroll more each year will result in total payroll costs being 8 to 16 percent higher than they would have otherwise been. DoD decision makers should be considering long-term salary cost projections in determining the size of pay pools and analyzing whether mission-related benefits justify the estimated costs. Both the cost projections and the analysis/justification should be documented to ensure accountability.

We understand that DoD intends to move all AcqDemo participants into the National Security Personnel System, and we will continue to support your efforts to ensure the project continues to operate effectively during this transition period. Congratulations on the completion of the summative evaluation. For the record, we ask that this letter and SRA's letter be added to the published report.

Sincerely,

Linda M. Springer
Director

Enclosure

June 13, 2007

Ms Mary Thomas
AcqDemo Program Management Office
3060 Defense
Pentagon, RM 50325
Washington, DC 20301-3060

Subject: Contract No. GS-35F-4594G, Delivery Order W91QV1-06-F-0278

After a comprehensive and independent review of the 2006 AcqDemo Summative Evaluation, the SRA consultants who directly supported the Project, found all areas of the report documenting SRA support roles and deliverables to be thorough and accurate. The scope and detail of SRA support which encompassed data collection, analysis, information technology development, and training is well represented in the report.

Sincerely,

Robert C. Rue
Project Manager

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Department of Defense (DoD) Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo)

Summative Evaluation Report

June 2006

Prepared by the AcqDemo Project Office
2001 N. Beauregard Street, Suite 210
Alexandria, Virginia 22311

DoD Civilian Acquisition Workforce Personnel Demonstration Project
Summative Evaluation

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I. Executive Summary

The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 1996, as amended by section 845 of the NDAA for FY 1998, allowed the Department of Defense (DoD), with approval of the Office of Personnel Management (OPM), to conduct a personnel demonstration project with its civilian acquisition workforce. The DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) was implemented on February 7, 1999, in accordance with the *Federal Register notice (64 FR 1426), January 8, 1999*. AcqDemo was an opportunity to re-engineer the civilian personnel system to meet the needs of the Acquisition, Technology, and Logistics (AT&L) Workforce and to facilitate the fulfillment of the DoD acquisition mission. The AcqDemo Project was the most diverse personnel demonstration project authorized. Starting with 4,700 participants in 1999, today participants include over 11,000 union and non-union employees, from across all the Military Departments and several Defense Agencies, and representing more than 60 geographic locations, 13 acquisition career fields, and over 400 occupational specialties. Over 15% of the AcqDemo population is covered by a bargaining unit. In a hearing on September 27, 2005, before members of the Senate Committee on Homeland Security and Governmental Affairs, a national union president commended the AcqDemo Project and its "respectful relationship" between labor and management. He also commented on the positive aspects of evaluating employees based on their contribution to the mission.

The purpose of AcqDemo was to demonstrate that the effectiveness of the AT&L Workforce could be further enhanced by allowing greater direct managerial control over personnel functions and, at the same time, expanding the opportunities available to employees through a more responsive and flexible personnel system. It was designed to provide managers the authority, control, and flexibility needed to better manage the AT&L Workforce, with the immediate goal of enhancing the quality and professionalism of that workforce, and the ultimate goal of providing the best acquisition systems for the DoD.

The AcqDemo Project implemented ten civilian personnel system changes, or interventions, designed to overcome the limitations of the existing title 5 personnel system. Together, the AcqDemo interventions:

- Delegated and streamlined position classification and assignment processes;
- Gave managers a wider range of applicants and the ability to set pay;
- Linked pay and awards to employee contribution to mission; and
- Rewarded high contributors, and encouraged low contributors to improve.

Similarly, AcqDemo was designed to provide the following opportunities to employees:

- Allow rapid advancement without cumbersome promotion procedures;
- Provide flexibility to adequately compensate (salaries and awards) employees;
- Link employee work assignments to the mission of the organization; and
- Expand opportunities for training and development.

Success for the AcqDemo Project was focused on the achievement of three broad objectives: Improved Management of the AT&L Workforce; Improved Human Resources Management Systems; and Improved Mission Accomplishment. In addition to these three broad objectives, the *Federal Register* listed five expected outcomes for the demonstration project:

- Increased Quality in the AT&L Workforce and the Products it Acquires
- Increased Timeliness of Key Personnel Processes
- Workforce Data Trends Toward Higher Retention Rates of "High Contributors" and Higher Separation Rates of "Low Contributors"
- Increased Satisfaction of Serviced DoD Customers with the Acquisition Process and its Products
- Increased Workforce Satisfaction with the Personnel Management System.

Public law requires the "evaluation of the results of each demonstration project and its impact on improving public management" (title 5, United States Code (U.S.C.), Section 4703 (h)). The AcqDemo Evaluation Plan, approved in July 1999 by the Office of Personnel Management (OPM), addressed how each AcqDemo intervention would be comprehensively evaluated for the first five years of the demonstration project.

The evaluation results indicted that:

- AcqDemo had a positive impact on overall workforce quality. It enabled managers to compete with the private sector for the best talent available and make timely job offers to potential employees through processes that were streamlined and easy to administer.
- When AcqDemo procedures were fully implemented, hiring timeliness was significantly improved.
- AcqDemo achieved higher retention rates of high contributors and higher separation rates of low contributors without damaging employees' overall sense of fairness.
- AcqDemo achieved high levels of customer satisfaction. Both employees and supervisors realized the benefits of the flexibilities offered by AcqDemo interventions in responding to customer requirements quickly.
- A variety of data indicate that there was a positive shift in workforce satisfaction with the AcqDemo personnel management system.

This report also documents lessons learned from the implementation of the AcqDemo Project to include the knowledge/involvement of senior leaders, the roles and responsibilities of all stakeholders, the benefits of an iterative/integrated training approach, the pay pool process, and the delegation of human resources authorities.

DoD intends to move all AcqDemo participants into the the National Security Personnel System (NSPS). Personnel are scheduled to be converted in a spiral, event-driven process beginning in calendar year 2007. The transition of AcqDemo participants is projected to continue through at least January 2008.

Until such time that all participants are converted out of AcqDemo, the AcqDemo Project Office will maintain all centrally provided services in support of participating organizations

to include operation and maintenance of automated employee appraisal and pay systems and interface with the Defense Civilian Personnel Data System; technical support of pay pools and pay pool managers; policy and procedure interpretation and assistance; and assistance to Component personnel on use of automated appraisal and pay system software. In addition, the Project Office will coordinate with and assist the NSPS Program Executive Office in the transition process.

II. Introduction

II.A. Background/Authority

The Defense Acquisition Workforce Improvement Act (DAWIA), codified in title 10 of the U.S. Code, was enacted in 1991 to enhance the quality and professionalism of the Department of Defense (DoD)-wide AT&L Workforce.[1] DoD made great strides in using the authority of DAWIA to achieve that objective. However, the DAWIA authority did not allow for changes to the civilian personnel management system under which the AT&L Workforce is managed.

The AT&L Workforce supports an acquisition process that is continually changing. It is impacted by a variable workload and mission changes that require flexibility not only in workforce numbers, but also in required skills and knowledge. The acquisition process requires multi-skilled personnel who can function in a dynamic environment. The inflexibility and complexity of the title 5 personnel system did not support the requirements of the acquisition community. Committed to maintaining a high-performing AT&L Workforce and improving the manager's ability to manage the Workforce effectively, the Department required a human resources management system that could provide the tools needed to improve management of this vital asset.

Title 6 of the Civil Service Reform Act of 1978, 5 U.S.C. 4703, authorized the Office of Personnel Management (OPM) to conduct demonstration projects that experiment with new and different personnel management concepts to determine whether such changes in personnel policy or procedures would result in improved Federal personnel management. Section 4308 of the National Defense Authorization Act (NDAA) for Fiscal Year 1996 (Public Law 104-106, 10 U.S.C.A. § 1701 note), as amended by section 845 of the NDAA for Fiscal Year 1998 (Public Law 105-85), permitted the Department of Defense, with OPM approval, to conduct a demonstration project with the Department's civilian AT&L Workforce and those supporting personnel assigned to work directly with the AT&L Workforce (see **Appendix B.** for a complete legislative history).

[1] Within the Department of Defense the term "acquisition workforce" has been replaced by the term "acquisition, technology and logistics (AT&L) workforce" to more accurately reflect the breadth of the types of functions and duties performed by employees currently in positions designated as acquisition positions. This change in terminology does not change or expand the scope of the workforce as defined in section 1701 of title 10, United States Code.

The AcqDemo Project was implemented on February 7, 1999, in accordance with the *Federal Register notice (64 FR 1426), January 8, 1999*, as an opportunity to re-engineer the civilian personnel system to meet the needs of the AT&L Workforce and to facilitate the fulfillment of the DoD acquisition mission (see **Section IV.B.1.** for more information on the *Federal Register*).

AcqDemo is the most diverse personnel demonstration project authorized to date. Starting with 4700 participants in 1999, today participants include over 11,000 union and non-union employees from across the Military Departments and several Defense Agencies, representing more than 60 geographic locations, 13 acquisition career fields, and over 400 occupational specialties.

The AcqDemo Project implemented ten civilian personnel system changes, or interventions, designed to overcome the limitations of the existing title 5 personnel system. Together, these AcqDemo interventions:

- Delegated and streamlined position classification and assignment processes
- Gave managers a wider range of applicants and the ability to set pay
- Linked pay and awards to employee contribution to mission
- Rewarded high contributors, and encouraged low contributors to improve.

Similarly, AcqDemo was designed to provide the following opportunities to employees:

- Allow rapid advancement without cumbersome promotion procedures
- Provide flexibility to adequately compensate (salaries and awards) employees
- Link employee work assignments to the mission of the organization
- Expand opportunities for training and development.

Demonstration authorizing language (5 U.S.C. 4704(h)) mandates evaluation of AcqDemo to assess the effects of the project's personnel system changes. A project evaluation plan was developed to address how each personnel system change/intervention would be comprehensively evaluated for the first five years of the demonstration project. In accordance with the original plan, the entire demonstration project was to be reexamined at the five-year point for permanent implementation, modification and additional testing, extension of the test period, or termination (see **Section IV. B. 2.** and **Appendix A.** for more information on the evaluation process).

Due to the advent of the NSPS, the original concept and methodology for this AcqDemo Summative Evaluation Report was modified. Rather than building a case to support permanent implementation of AcqDemo interventions, the report focuses instead on assessing the effects of project features and outcomes based on five AcqDemo evaluation cycles and documenting AcqDemo lessons learned for application in NSPS and other Federal Agencies (see **Section IV.A.2.** for more information on the impact of NSPS on AcqDemo).

II.B. Program Objectives

The purpose of AcqDemo was to demonstrate that the effectiveness of the AT&L Workforce could be further enhanced by allowing greater direct managerial control over personnel functions and, at the same time, expanding the opportunities available to employees through a more responsive and flexible personnel system. The AcqDemo Project was designed to provide managers the authority, control, and flexibility needed to better manage the AT&L Workforce, with the immediate goal of enhancing the quality and professionalism of that Workforce, and the ultimate goal of providing the best acquisition systems for DoD.

The definition of success for AcqDemo was focused around three broad objectives. Each objective, as described below, was an integral part of the Department's efforts to enhance the effectiveness of the AT&L Workforce.

II.B.1. Objective 1. Improved Management of the AT&L Workforce

This objective dealt with improving the local acquisition manager's ability and authority to manage the AT&L Workforce effectively while simultaneously promoting the growth of all employees. The acquisition process was continually changing and moving more toward a team environment. In order to respond to this environment, managers required local control of positions in order to move employees freely within their organization when demanded by the mission, and to provide developmental opportunities for employees. Managers needed the tools required to reward excellence, retain high value/performing employees, and shape the workforce to ensure continued growth of new ideas, perspectives, and state-of-the art skills. In addition, and equally as important, the AT&L Workforce required a system that supported the employees' personal and professional growth.

In summary, it was the objective of AcqDemo to improve the local acquisition manager's ability and authority to manage the AT&L Workforce effectively and to provide an encouraging environment that promoted the growth of all employees.

II.B.2. Objective 2. Improved Human Resources Management Systems

This objective addressed the complexity and inflexibility of many civilian personnel processes. Hiring restrictions and overly complex job classifications unduly exhausted valuable resources and unnecessarily detracted attention from the acquisition mission. The complexity of the General Schedule (GS) personnel system along with various hiring restrictions created delays and hampered management's ability to hire, develop, realign, and retain a quality workforce. AcqDemo was designed to provide managers with streamlined processes that were easy to administer, so that they could compete with the private sector for the best talent available and make timely job offers to potential employees.

In addition, the combination of the inefficient longevity-based existing title 5 performance management system and the hesitation on the part of managers to adequately evaluate and,

when appropriate, reward performance, resulted in little if any performance differentiation in the workforce. It was the objective of AcqDemo to correlate individual compensation to organizational mission contribution.

II.B.3. Objective 3. Improved Mission Accomplishment

This objective dealt with the need to facilitate mission execution and organizational excellence. The GS personnel system did not provide an environment that motivated employees to increase their contribution to the organization and its mission, nor did it provide managers with the tools required to reward employees for their contribution to the acquisition mission. It was the objective of AcqDemo to link an employee's compensation to his/her contribution to the mission of the organization, thereby improving mission accomplishment.

II.C. Project Design

AcqDemo was designed by a Process Action Team (PAT), chartered in September 1996 under the authority of the Undersecretary of Defense for Acquisition and Technology, with participation and review by DoD and OPM. The PAT, consisting of managers from each of the Military Departments and several DoD Agencies, as well as subject matter experts from civilian personnel and manpower, reviewed the demographics of the workforce, researched initiatives implemented under other personnel demonstration programs, and identified the barriers that existed in the human resources management system. They then developed initiatives that together represented sweeping changes to human resources management for the DoD AT&L Workforce.

Several initiatives were designed to assist DoD acquisition activities in hiring and placing the best people to fulfill mission requirements. Others focused on developing, motivating, and equitably compensating employees based on their contribution to mission. Initiatives to manage workforce realignment effectively and maintain organizational excellence were also developed. Civil service rules governing employee leave, employee benefits, equal employment opportunity, political activity, merit system principles, and prohibited personnel practices remained in effect.

A *Federal Register* notice (63 FR 14253) was published in March 1998 to establish DoD's intent to conduct a personnel demonstration for the acquisition workforce and to describe the initiatives in detail. Upon publication there was a 60-day public comment period that ended on May 26, 1998. Between May 1998 and late December 1998, the PAT members continued to refine the project and prepared for the final *Federal Register* notice. This *Federal Register* notice was published in January 1999 to describe eleven civilian personnel system changes, or interventions, to be tested under the demonstration project. Two of these interventions (i.e., simplified, accelerated hiring and expanded candidate selection process) were later combined for evaluation purposes. Working in conjunction with one another, the resulting

ten interventions described below sought to achieve AcqDemo objectives and expected outcomes. A more detailed description of each intervention may be found at **Appendix D**.

II.C.1. Simplified, Accelerated Hiring and Expanded Candidate Selection Process

This intervention was designed to provide simplified, accelerated hiring and expanded candidate selection to allow for expeditious appointment to positions. It implemented three changes made to the title 5 recruitment and selection procedures:

1. Competitive examining authority for the hiring and appointment of candidates into permanent and non-permanent positions was delegated to the Components. The Components could, in turn, re-delegate to lower levels to streamline the process.
2. A delegated examining process provided a flexible system in which candidates were assigned numerical scores of 70, 80, or 90 and placed into three quality groups (basically qualified, highly qualified, or superior) as opposed to consideration according to the current "rule of three." After assignment to a quality group, any applicable veterans' preference points were added, preserving veterans' preference eligibility. This categorical ranking process – initially referred to as the Expanded Candidate Selection Process - provided the selecting supervisor with an expanded list of qualified candidates to choose from, thus reducing the need for supplemental certificates.
3. The Scholastic Achievement Appointment provided the authority to appoint degreed candidates to positions with positive education requirements, thus facilitating rapid appointment. Based on their cumulative grade point average (overall and in those fields of study required for the occupation), these candidates may be appointed to a position at a pay level lower than GS-7, step 10 or (on the basis of graduate education) a position at the equivalent of GS-9 through GS-11.

II.C.2. Modified Term Appointment Authority

This intervention was designed to increase the capability to expand and contract the AT&L Workforce, in response to variable workloads and mission changes. AcqDemo incorporated three appointment options: permanent, temporary-limited, and modified term. The permanent and temporary-limited were existing title 5 authorities. The modified term appointment was a new authority under AcqDemo which allowed for appointments to a position expected to exist longer than one year, not to exceed five years, with an option for one additional year. After two years of continuous service under this appointment, an employee could be converted to a career-conditional appointment through internal merit promotion procedures without further competition.

II.C.3. Flexible/Expanded Probationary Period

This intervention was designed to expand the employee assessment period and provide managers with the time needed to properly assess the contribution and conduct of new hires in the acquisition environment. This provision applied only to the Business Management and Technical Management Professional career path (see **Section II.C.5.** for a discussion of career paths). Often new hires in this career path were required to attend extensive training and educational assignments away from their normal work site and outside the review of their supervisors. An extension of the probationary period could be equal to the length of any educational/training assignment that placed the employee outside normal supervisory review, and thus afforded management the opportunity to evaluate the contribution and potential of new hires.

II.C.4. Contribution-Based Compensation and Appraisal System (CCAS)

This intervention was designed to provide an equitable and flexible method for evaluating and compensating the AT&L Workforce. CCAS is a contribution-based appraisal system that went beyond a performance-based rating system - it measured the employee's contribution to the mission and goals of the organization, rather than how well the employee performed a job as defined by a performance plan. In addition, CCAS allowed for more employee involvement in the performance appraisal process, increased communication between supervisors and employees, promoted clear accountability of contribution by each employee, facilitated employee progressions tied to organizational contribution, and provided an understandable basis for salary changes.

Under CCAS, contribution was measured using a set of factors, discriminators, and descriptors, each of which was relevant to the success of the DoD acquisition organization. Taken together, these factors, discriminators, and descriptors captured the critical content of jobs in each career path. These factors, discriminators, and descriptors could not be modified or supplemented – they were the same factors, discriminators, and descriptors used to classify a position at the appropriate broadband level (see **Section II.C.6**).

These six factors were Problem Solving, Teamwork/Cooperation, Customer Relations, Leadership/Supervision, Communication, and Resource Management. Annual objectives, tied directly to the mission of the organization, were developed jointly by the employee and supervisor against each factor. Employees were assessed on accomplishment of these objectives and their contributions in each of the factors, resulting in an overall contribution score (OCS). The OCS was used by a panel of managers to determine pay increases and contribution awards (CA). The CCAS integrated pay schedule provided a direct link between increasing levels of contribution and increasing salary. Under CCAS, the general pay increase was not automatic. The amount of money available for annual contribution rating increases was determined by the general pay increase, money that would have been available for quality and within-grade step increases, career promotions (i.e., promotions between grades encompassed in the same broadband level), and other appropriate factors. These funds were distributed among all participants in a pay pool according to their contribution.

II.C.5. Broadbanding

This intervention was designed to increase organizational flexibility by facilitating pay progression and the internal assignment of duties, and to allow for competitive recruitment of quality candidates at differing pay rates. The AcqDemo broadbanding structure replaced the existing GS structure. Occupations with similar characteristics were grouped together into three career paths with broadband levels. The three career paths were Business Management and Technical Management Professional (NH); Technical Management Support (NJ); and Administrative Support (NK). There were four broadband levels covering GS grades 1 through 15.

Broadband	Business and Technical Mgmt Professional	Technical Mgmt Support	Administrative Support
I	GS 1 - 4	GS 1 - 4	GS 1 - 4
II	GS 5 - 11	GS 5 - 8	GS 5 - 7
III	GS 12 - 13	GS 9 - 11	GS 8 - 10
IV	GS 14 - 15	GS 12 - 13	

Under the broadbanding structure, managers had greater flexibility to assign duties to an employee within broad descriptions, consistent with the needs of the organization and the individual's qualifications. Hiring officials determined the starting salary of new hires based on labor market conditions, scarcity of qualified applicants, programmatic urgency, and the education and experience of candidates. Employees had greater advancement opportunities across a broad range of salary rates. Competitive promotion between broadbands was still required, but most salary adjustments took the form of contribution rating increases.

II.C.6. Simplified Classification System

This initiative was designed to simplify and automate classification procedures and to reduce associated administration workload and paperwork.

Classification Standards. While the existing system of OPM position classification standards was used for identification of proper series and occupational titles of positions in AcqDemo, grading criteria in the position classification standards was not used. Rather, the CCAS broadband level descriptors, as aligned in the three career paths, were used for the purpose of broadband level determination.

Classification Authority. Under AcqDemo, commanders (or equivalent) had delegated classification authority and could re-delegate classification authority to subordinate management levels, at least one level above the first-line supervisor (except commander's direct reports).

Position Requirements Documents. Under AcqDemo, a new Position Requirements Document (PRD) replaced the current agency-developed position description. The PRD combined position information, staffing requirements, and contribution expectations into a single document. It included job-specific information, referenced the CCAS broadband level descriptors for each of six factors (Problem Solving, Teamwork/Cooperation, Customer Relations, Leadership/ Supervision, Communication, and Resource Management) for the assigned broadband level, and provided other information pertinent to the job. Supervisors used a computer-assisted process to produce the PRD. The objectives in developing the new PRD were to: (a) simplify the descriptions and the preparation process through automation; (b) provide more flexibility in work assignments; and (c) provide a more useful tool for other functions of personnel management, e.g., recruitment, assessment of contribution, employee development, and reduction in force.

II.C.7. Modified Reduction-In-Force (RIF) Procedures

This intervention was designed to decrease the loss of high contributors with needed skills and to contain cost and disruption. Unlike other AcqDemo interventions, revised RIF procedures did not drastically change the personnel system. The revised RIF procedures established separate competitive areas for AcqDemo and non-demo employees and provided additional years of retention service credit in RIF, based on appraisal results.

In AcqDemo, RIF was conducted according to the provisions of 5 CFR 351, except as specified below:

- Employees under AcqDemo were placed in a separate competitive area. Either all positions participating in the demonstration project within a given Component and located within the same commuting area could be considered a separate competitive area, or alternatively, all or part of the Component at a given geographic location could be established as a competitive area.
- Employees were entitled to additional years of retention service credit in RIF, based on appraisal results. This credit was based on the three most recent OCSs of record received during the four-year period prior to the issuance of RIF notices. However, if at the time RIF notices were issued, three CCAS cycles had not yet been completed, the annual performance rating of record under the employee's previous performance management system would be substituted for one or more OCSs, as appropriate. In cases where an individual employee had no annual OCS or performance rating of record, an average OCS or performance rating would be assigned and used to determine the additional service credit for that individual.

II.C.8. Academic Degree and Certificate Training

This intervention was designed to facilitate continuous acquisition of essential, advanced, specialized knowledge. It also recognized that a well-developed training program is a valuable tool for recruiting and retaining personnel critical to the present and future requirements of the acquisition workforce. DAWIA previously authorized degree and certificate training for acquisition-coded positions. AcqDemo extended this authority to include acquisition support positions in the AcqDemo population. It also provided authorization at the local level to administer and pay for these degree and certificate training programs.

II.C.9. Sabbaticals

This intervention was designed to help employees participate in study or work experience that would benefit the organization and acquisition community and contribute to their development and effectiveness. Organizations participating in AcqDemo had the authority to grant sabbaticals without higher level approval. The sabbatical provided opportunities to acquire knowledge and expertise that employees would not receive in the standard work environment. As a program requirement, a sabbatical had to result in a product, service, report, or study that benefited the acquisition community and increased the employee's individual effectiveness. Approval by the activity commander or equivalent was required.

II.C.10. Voluntary Emeritus Program

This intervention was designed to enable retired acquisition professionals to return and provide a continuing source of corporate knowledge and valuable on-the-job training or mentoring to less experienced employees. Under AcqDemo, Commanders/Directors had the authority to offer retired or separated individuals voluntary assignments in their activities and to accept the gratuitous services of those individuals. Voluntary emeritus assignments were not considered federal employment, and therefore did not affect an employee's entitlement to buy-outs, severance pay, or retirement payments based on earlier separation from federal service. This program could not be used to replace civilian employees occupying regular positions required to perform the mission of the command.

III. Results

III.A. Analyses of Expected Outcomes

The *Federal Register* that authorized implementation of AcqDemo listed five expected outcomes of the demonstration project:

1. Increased Quality in the AT&L Workforce and the Products it Acquires

2. Increased Timeliness of Key Personnel Processes
3. Workforce Data Trends Toward Higher Retention Rates of "High Contributors" and Higher Separation Rates of "Low Contributors"
4. Increased Satisfaction of Serviced DoD Customers with the Acquisition Process and its Products
5. Increased Workforce Satisfaction with the Personnel Management System

This section addresses the degree to which AcqDemo interventions have contributed to the realization of these expected outcomes. Results are based on data collected on both AcqDemo participants and a comparison group of non-participants, and gathered from numerous sources throughout the life of the AcqDemo Project. Attitude surveys and focus groups were used to capture employee perceptions; site historian reports were used to capture intervening events important to the evaluation; workforce data from the Defense Manpower Data Center provided a complete personnel history on each AcqDemo participant; the analyses of CCAS data provided the impact of the CCAS process; and personnel office data provided information not available from automated systems and surveys. A thorough analysis of the ten AcqDemo interventions contributing to these results can be found at **Appendix D**.

III.A.1. Increased Quality of the AT&L Workforce and the Products it Acquires

The following interventions were designed to contribute to this outcome:

- Simplified, Accelerated Hiring and Expanded Candidate Selection Process – Facilitated flexibility in recruitment, improved ease of hiring, and rapid appointment, resulting in increased quality of new hires.
- CCAS – Provided management with the tools to adequately reward contribution and performance, thus increasing the quality of the workforce by incentivizing improved performance, retaining high contributors, and increasing the turnover of low contributors.
- Broadbanding – Facilitated pay progression, allowing for competitive recruitment of quality candidates at labor market rates.
- Academic degree and certificate training – Increased employee career progression and flexibility for workforce shaping, leading to better utilization and quality of the workforce and higher levels of performance.
- Flexible/Expanded Probationary Period – Afforded management an expanded period to properly assess the contribution and conduct of new hires, thus providing more control over the quality of employees.
- Sabbaticals – Enabled employees to participate in study or work experiences that benefited the organization and acquisition community and improved employee development and effectiveness.
- Voluntary emeritus program – Encouraged retirees to mentor junior professionals, providing a continuing source of corporate knowledge and valuable on-the-job training to less experienced employees and thus increasing employee contribution to the organization.

Evaluation results indicate that the interventions contributed as addressed below.

Survey results show a statistically significant, more positive perception of the quality of new hires in AcqDemo versus the comparison group. In addition, on a composite of survey questions related to satisfaction with new hire competence, favorable responses from AcqDemo employees and managers grew from 62% in 1998 to 73% by 2003. In the comparison group, the favorable response rate remained at 66% throughout the period.

Survey respondents also increasingly agreed that high contributors tended to stay with the organization, while low contributors tended to leave. This perception was borne out by objective data (loss rates by contribution zone) from CCAS that showed that the retention rates of high contributors increased while the retention rates of low contributors decreased.

CCAS was also expected to increase employees' perceptions of the link between contribution and rewards, while not compromising perceptions of fairness. Survey results indicate that employees saw a direct link between their daily activities (contributions) and the organization's mission. This clear link encouraged individuals to focus on their roles and responsibilities to help achieve organizational goals. The CCAS process also required that contribution gaps were tracked and individuals were counseled on their progress. By tracking and monitoring, and through continuous communication, organizations underscored the importance of holding individuals accountable for making progress on their priorities, thereby increasing the quality of the acquisition workforce.

This outcome addressed not only the quality of the workforce but also the quality of the products the workforce acquired. The Project Office concluded that the AcqDemo evaluation did not capture all of the information required to provide a thorough assessment of this outcome. A better assessment of how increased quality impacts organizational results could have been obtained by adding the following elements to the evaluation plan/process:

- Track utilization and effectiveness of new hires
- Track utilization and effectiveness of training opportunities
- Capture impact of workforce quality on organization results
- Track/document changes in acquisition processes, resources, and the acquisition environment, each of which impact organizational results

In summary, while the evaluation methodologies provided no basis to judge the quality of the products acquired by the workforce, it is clear that AcqDemo had a positive impact overall on workforce quality. AcqDemo enabled managers to compete with the private sector for the best talent available and make timely job offers to potential employees through processes that were streamlined and easy to administer. Results from surveys, focus groups, and case studies, as well as objective data, strongly support this conclusion.

III.A.2. Increased Timeliness of Key Personnel Processes

The following interventions were designed to contribute to this outcome:

- Simplified, Accelerated Hiring and Expanded Candidate Selection Process – Facilitated improved ease of hiring, resulting in streamlined hiring process.
- Appointment Authority, Modified Term – Reduced administrative workload associated with expanding/contracting the workforce.
- Simplified Classification System - Reduced administrative workload and paperwork, resulting in fewer position requirements documents and actual/perceived time savings.
- Broadbanding – Reduced administrative workload/paperwork associated with movement/reassignment of employees.

Evaluation results indicate that AcqDemo successfully increased the timeliness of key personnel processes and that the interventions contributed as addressed below.

Data collected over a five year period showed that the average number of days from the receipt of a personnel action request, to entry on duty (EOD) of a new employee dropped considerably under AcqDemo. The Air Force, in particular, dramatically improved the timeliness of the external staffing process in its AcqDemo organizations. Before AcqDemo was implemented, it took an average of 150 days from the time a request to fill a job was received in the HR office, to the EOD of new Air Force employees. By the end calendar year 2001, the Air Force had reduced AcqDemo hiring time by more than half, taking only 67 days to get the employee on board.

Navy timeliness also improved substantially between 2000 and 2003; however, the participating Navy AcqDemo organizations hired a relatively small number of employees during that period, while the Air Force hired several hundred. Both the Army and the Marine Corps improved considerably between 2002 and 2003. Hiring timeliness for the Comparison Group did not show similar improvement (130 days to EOD in 1999 to more than 152 days in 2001, 188 days in 2002, and 146 days in 2003).

The Air Force's success in improving the timeliness of the external staffing process in its AcqDemo organizations provided a best-practice example that may be used for future improvements in other organizations and/or systems. See **Appendix H** for more information on the study documenting the Air Force best practice.

In summary, the data support the conclusion that improvements in hiring timeliness were at least in part attributable to AcqDemo. The Air Force experience indicated that, when AcqDemo procedures were fully implemented, hiring timeliness was significantly improved.

III.A.3. Workforce Data Trends Toward Higher Retention Rates of "High Contributors" and Higher Separation Rates of "Low Contributors"

The following interventions were designed to contribute to this outcome:

- CCAS – Facilitated the adequate compensation and reward of contribution and performance, resulting in pay progression based on contribution, greater employee satisfaction with ratings, the increased retention of high contributors, and the increased turnover of low contributors.
- Broadbanding – Increased pay potential, pay satisfaction, and satisfaction with advancement.
- Academic Degree and Certificate Programs - Provided access to advanced, specialized knowledge critical to success in the acquisition community, thus increasing employee career progression and satisfaction.
- Sabbaticals – Provided opportunity to acquire knowledge and expertise that employees could not obtain in the standard work environment, thus increasing employee career progression and satisfaction.
- Extended Probationary Period - Expanded the employee assessment period, providing managers with the opportunity to properly assess the contribution, potential and quality of new hires retained to meet mission needs.
- Modified RIF – Entitled high contributors to additional years of retention service credit based on appraisal results, thus allowing high contributors to earn more credit than low contributors.

Evaluation results indicate that the interventions contributed as addressed below.

AcqDemo succeeded in retaining "high contributors" and in increasing the separation rates of "low contributors". Survey respondents increasingly agreed that high contributors tended to stay with the organization, while low contributors tended to leave. This perception was borne out by objective data from CCAS which indicated that loss rates for "high contributors" were typically one quarter to one-third of loss rates for "low contributors".

Focus group results also supported these findings. Focus group participants said their trust in the system and perceptions of its fairness depended on management's willingness to accurately assess and reward contribution. In organizations utilizing CCAS effectively, low contributors did get the message and leave. Other employees observed the accuracy of the system and not only saw potentially greater rewards for their work, but also gained a sense of trust in the system. This in turn affected their willingness to stay. In organizations where ratings were distributed in a way that employees perceived to be inaccurate, fairness and trust in the system were undermined. When lower contributors were not rated or rewarded accurately, higher contributors not only felt that productivity suffered, but also that their own opportunities for appropriate recognition were diluted. When this occurs, lower contributors were more motivated to stay and higher contributors were less motivated to remain.

The results of this intervention support the notion that effective performance management requires the organization's leadership to make meaningful distinctions between high, low and

acceptable contribution/performance, and to appropriately compensate/reward those individuals who contribute/perform at the highest level. Additionally, in order to better understand how to have a positive impact on loss rates, an organization must track where people that leave AcqDemo are going and understand why they are leaving.

In summary, the results documented the achievement of higher retention rates of high contributors and higher separation rates of low contributors. AcqDemo succeeded in rewarding and retaining higher contributors and did so without damaging employees overall sense of fairness.

III.A.4. Increased Satisfaction of Serviced DoD Customers with the Acquisition Process and its Products

The following interventions were designed to contribute to this outcome:

- Appointment Authority, Modified Term – This intervention enabled managers to expand and contract their workforce as needed in order to adapt to the rapidly changing acquisition environment and mission. By using the modified term appointment, managers could carry out special project work; staff new or existing programs of limited duration; fill a position in activities undergoing review for reduction or closure; or replace permanent employees who have been temporarily assigned to another position, are on extended leave, or have entered military service.
- Broadbanding – The career path/broadband structure facilitated pay progression and allowed for the more competitive recruitment of quality candidates at differing rates.
- Modified RIF – This intervention prevented loss of high performing employees with needed skills and contained cost and disruption.

Evaluation results indicate that the interventions contributed as addressed below.

Indirect measures (attitude surveys and focus groups) indicate high levels of customer satisfaction, as shown in the following table with results from the 1998, 2001, and 2003 AcqDemo employee attitude surveys.

Perceived Organizational Effectiveness

Survey Item	1998	2001	2002
Perceived Effectiveness	71%	70%	72%
Perceived Customer Satisfaction	74%	76%	74%

Survey and focus group results also indicate that both employees and supervisors realized the benefits of the flexibilities offered by AcqDemo interventions in responding to customer requirements quickly.

Several factors hindered our ability to more thoroughly evaluate this outcome, however. First, employee perceptions may not accurately reflect customer perceptions. Second, few participating organizations have developed direct measures of customer satisfaction. As

such, little or no actual customer service data could be obtained because most AcqDemo organizations did not systematically collect customer service data. And finally, this outcome is susceptible to external/contextual effects to a greater extent than other expected outcomes. It may be unrealistic to expect a personnel demonstration project alone to achieve the goal of improved customer satisfaction, as there are so many other variables affecting this outcome. In addition, efforts to capture the impact of the personnel management system on customer satisfaction should be focused in organizations that already measure customer satisfaction or track other indicators of effectiveness.

III.A.5. Increased Workforce Satisfaction with the Personnel Management System

All of the interventions that comprise AcqDemo were designed to contribute to this outcome. Taken together, all ten interventions and the manner in which they were applied should have resulted in increased workforce satisfaction with the personnel management system. A related goal was to ensure that employees were treated fairly and that their perceptions of fairness and satisfaction with the system at least did not decrease during the course of the demonstration.

An important aspect of this desired outcome was employee perception of fairness. Based on the survey responses shown below, AcqDemo participants' views of fairness on a variety of dimensions remained the same or increased slightly over the life of AcqDemo. (See also section D.2. of Appendix D.)

Perceived Fairness Questions, AcqDemo Participants' Responses

Survey Question	1998	2003
I am satisfied with my chances for advancement	31%	45%
CCAS is administered without regard to gender, ethnic origin, or age	52%*	62%
Supervisors are fair in recognizing individual contributions	46%	50%
Supervisors are fair in recognizing team contributions	41%	51%
Pay pools are fair in recognizing individual contributions	25%*	37%
Promotion opportunity-best qualified applicant is chosen	27%	35%
Competition for jobs is fair and open	27%	41%
Gender, race, national origin, age, cultural background, or disability do not affect advancement opportunities	64%	67%

* Responses from 2001 survey

The information gathered from focus groups also indicates that participants were somewhat more confident in the fairness of AcqDemo and its administration in 2003 than they were in 2000 and 2001.

Another measure of employee views of the personnel system, and its administration by managers and supervisors, was the proportion of grievances and appeals filed. Participating organizations reported that AcqDemo employees were less likely to file grievances, formal complaints, or appeals than persons in non-AcqDemo organizations. Even with an initial

surge of grievances after the first Contribution-based Compensation and Appraisal System payout in 2000, AcqDemo grievance rates were lower than those of a comparable organization.

Grievance and Appeal Rates

	AcqDemo	Comparable Non-Demo Organization
1998-1999 (2000 payout)	2.2%	2.6%
1999-2000 (2001 payout)	1.3%	2.5%
2000-2001 (2002 payout)	1.6%	5.6%
2001-2002 (2003 payout)	1.8%	2.5%

Potential problems with fairness and an indication of satisfaction with the personnel system could also be seen through turnover - separations from the Federal workforce - for particular demographic groups. There were a negligible number of involuntary separations (terminations during probationary period and separations for cause). An examination of voluntary separation rates for both minorities and women indicate that, for both groups, separation rates were significantly higher in the comparison group than for AcqDemo participating organizations. In fact, the comparison group experienced twice as many separations as one would expect for a comparable population. As shown below for the period 1999-2002, and separately, for calendar year 2003, while the separation rates for all groups increased somewhat, the historical pattern did not change significantly.

Turnover Data—Minorities and Women

		AcqDemo	Comparison Group
Separation Rate – Total	1999-2002 2003	3.0% 5.4%	7.3% 6.5%
Separation Rate – Minority	1999-2002 2003	2.7% 4.8%	7.1% 8.8%
Separation Rate-Women	1999-2002 2003	3.2% 5.1%	6.7% 6.0%

Finally, survey results showed a major positive trend in overall workforce approval of AcqDemo. In response to the statement "I am in favor of the demonstration project for my organization," the overall favorable response rate increased from 25% (in 1998) to 52% (in 2003) and every component showed a large increase in favorable responses by participants.

In summary, a variety of data indicate that there was a positive shift in favor of workforce satisfaction with the personnel system.

III.B. Achievement of Objectives

III.B.1. Improved Management of the AT&L Workforce

A successful personnel management system provides managers with the flexibility they need to manage the workforce. Managers must have the ability to implement decisions and make changes quickly. They need direct control over personnel functions, to include the capability to move positions/employees freely within their organization with little to no administrative burden when demanded by the mission. They need tools to reward excellence. Managers must be able to retain high value/high performing employees and compete with the private sector for talent. AcqDemo successfully provided all of these tools to managers – improving their ability to manage the workforce. The results that follow document the achievement of this objective.

Survey results showed that perceptions of the flexibility in the AcqDemo personnel management system improved, with favorable responses increasing from 24.9% in 1998 under the GS system to 38.9% in 2003 under AcqDemo.

Personnel management system flexibility
(based on survey responses)

		AcqDemo	Comparison Group
1998 (Baseline)	Favorable	24.9%	20.8%
	Not Favorable	75.1%	79.2%
2003	Favorable	38.9%	31.1%
	Not Favorable	61.1%	68.9%

The AcqDemo simplified classification system allowed commanders (or their equivalent) to re-delegate classification authority to subordinate management levels. This intervention was implemented by all components with widespread use. An added benefit of simplified classification, when coupled with the broadband structure, was the ability to assign an employee to a new set of duties without creating a new position description and/or processing a formal personnel action. As shown below, survey and focus group results indicated that both employees and supervisors were increasingly satisfied with these flexibilities.

Satisfaction with AcqDemo flexibilities
(based on survey responses)

	Favorable	Not Favorable
1998 (Baseline)	43.2%	56.8%
2003	51.8%	48.2%

Equally important to improving management of the AT&L Workforce was the ability to reward excellence. In 1998, AcqDemo participants agreed at a rate of 49% that "All in all, I am satisfied with my pay." By 2003, the favorable response rate had increased to 57%. In a related question, "I am satisfied with my chances for advancement," AcqDemo participants' agreement increased from 31%% in 1998 to 45% in 2003. During the same period, comparison group respondents' agreement went from 27% to 33%.

To be effective in rewarding excellence, a contribution-based performance management system, such as AcqDemo, must (a) facilitate the meaningful distinction between high, low, and acceptable contribution/performance and (b) appropriately reward those who contribute/perform at the highest level. The CCAS data that follow illustrate the AcqDemo Project's achievement of these goals:

Percentage of AcqDemo employees who received salary increases greater than a typical GS promotion (6.7%)

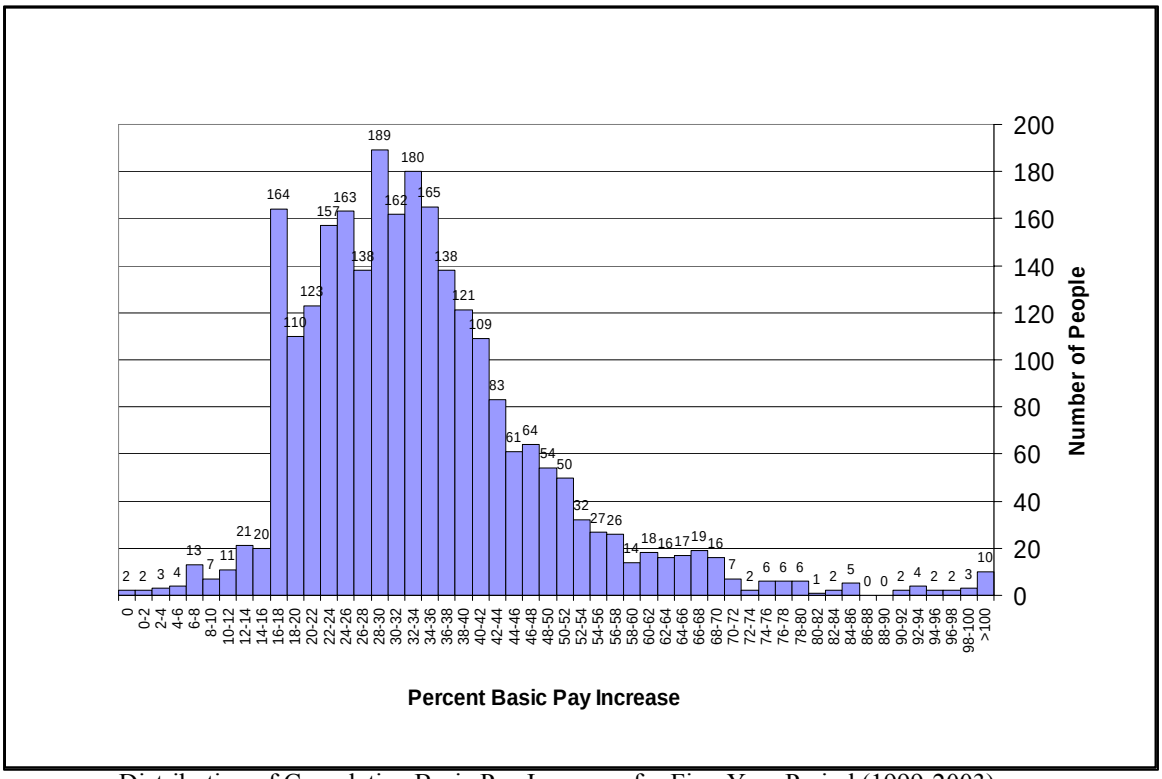
1999 CCAS cycle – 7.3%
1999 - 2000 CCAS cycle – 5.4%
2000 – 2001 CCAS cycle – 6.5%
2001 - 2002 CCAC cycle – 5.7%
2002 – 2003 CCAS cycle – 3.6%

Percentage of funds returned to the CRI pot for redistribution due to partial/denied general pay increase (GPI)

1999 CCAS cycle - 5.5%
1999 - 2000 CCAS cycle - 1.8%
2000 - 2001 CCAS cycle - 1.4%
2001 - 2002 CCAS cycle - 1.0%
2002 - 2003 CCAS cycle - 0.7%

For each CCAS cycle, payouts occurred in January of the following year, e.g., for the 1999-2000 CCAS cycle, payouts occurred in January 2001.

The chart below illustrates the *frequency* distribution *for the* cumulative pay increase for a five-year period (1999-2003) under AcqDemo.[2] The continuous curve highlights the added flexibility managers had under AcqDemo to adequately compensate their employees. Under the GS system, the size of the pay increases (general pay increases, within-grade increases and promotion increases) received by an employee is determined by applying inflexible pay rules established by law. AcqDemo offers a full range of pay percentages and the option to partially or totally deny increases.



Distribution of Cumulative Basic Pay Increases for Five-Year Period (1999-2003)
(Excluding out-of-cycle promotions and changes)

Results illustrating the achievement of the third element of this objective – the ability for managers to retain high value/high performing employees and compete with the private sector for talent – were addressed in **Section III.A.3.**

[2] The data in this chart cover the September 1999 to January 2004 period (Cycles 1999 through 2003) and include payouts that occurred between January 1999 and January 2004, inclusive. The data exclude locality pay. They represent cumulative salary increases (based on January 2004 compared to September 1999 salaries) for those employees who were in AcqDemo for the entire period and who did not change pay schedule or pay band. The increases include only general pay increases and contribution rating increases. Note that the chart does include the retroactive change in the general pay increase that occurred early in 2004.

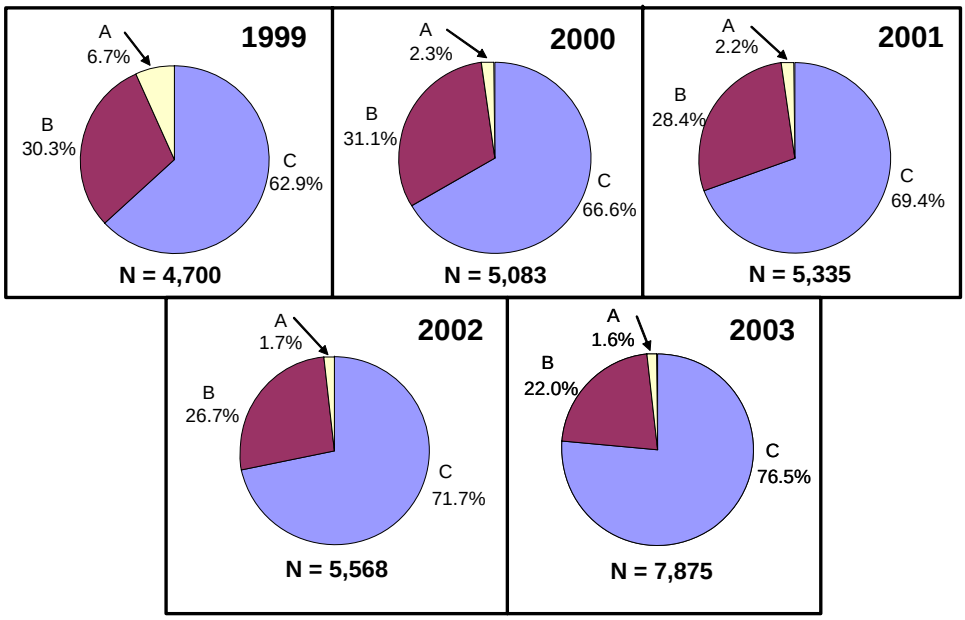
III.B.2. Improved Human Resources Management Systems

Two key factors in meeting this objective were a) providing managers with easy to administer/streamlined processes and b) providing for meaningful distinction between high, low, and acceptable contribution/performance while ensuring that employees demonstrating the highest level of contribution/performance received the largest increases in compensation.

AcqDemo successfully streamlined key personnel processes as evidenced by the following results. **Section III.A.2.** documents that when AcqDemo procedures were fully implemented, hiring timeliness was significantly improved. In addition, results documenting classification efficiency indicate that pages per position description (PD)/PRD went from a pre-AcqDemo average of 7 pages per PD to 3.7 pages per PRD in 2003. Staff time required to create and classify a PD/PRD went from a pre-AcqDemo average of 9.2 hours per PD to 2.6 hours per PRD in 2003. Finally, focus group and survey results indicated that managers benefited from simplified classification and broadbanding authorities which allowed them to assign new employees or reassign existing employees without creating new position descriptions and/or a formal personnel action.

AcqDemo also was successful in providing leadership with the tools required to make meaningful distinctions between high, low, and acceptable contribution/performance and to appropriately reward those who contribute/perform at the highest level. CCAS facilitated candid and constructive feedback between managers, supervisors, and their employees in order to maximize their contribution; provided management with the objective and fact-based information needed to reward high contributors/performers; and provided the necessary information and documentation to deal with low contributors/ performers. The chart below illustrates the distribution of compensation/pay pool dollars across the AcqDemo population over the evaluation period. Zone B consists of employees who were under compensated for their performance/contribution ("high-contributors"); Zone A consists of employees who were over-compensated for their performance/contribution ("low-contributors"); and Zone C consists of employees who were adequately compensated for their performance/contribution.

Distribution of Compensation/Pay Pool Dollars across AcqDemo Population



Detailed results of the CCAS process may be found at **Appendix E.**

In summary, AcqDemo enabled managers to make meaningful distinctions in performance by establishing a process to provide documented evidence of performance and to enforce the need for communication between supervisor and employee. It also provided a venue whereby a supervisor's decision on the performance appraisal was subject to scrutiny and required defensible evidence.

III.B.3. Improved Mission Accomplishment

High-performing organizations seek to create pay, incentive, and reward systems that clearly link employee knowledge, skills, and contributions to organizational results, and ultimately improve mission accomplishment. To facilitate the achievement of this objective, the performance management system must require executives and managers to include critical job responsibilities which represent core values, broad actions and competencies the organization expects its executives and managers to demonstrate during the year. The critical job responsibilities provide executives and managers with a consistent message about how their daily activities support mission accomplishment.

Organizations participating in AcqDemo measured contribution using a set of six factors to examine individual contributions to organizational results. These six factors, each relevant to the success of a DoD acquisition organization, defined the skills and supporting behaviors that individuals were expected to exhibit to carry out their work effectively. Based on these factors, AcqDemo provided pay, incentive, and reward systems that clearly linked employee knowledge, skills, and contributions to organizational results. The factors served as the basis for setting expectations for employees' roles and objectives, for motivating employees, and for evaluating individual performance and contributions to the achievement of organizational mission and results. In addition, CCAS linked pay to individual and organizational performance and created a line of sight showing how team, unit, and individual performance contributed to overall organizational results. CCAS served as the basis for setting expectations for employees' roles in meeting organizational objectives and for evaluating individual performance and contributions to the achievement of organizational results.

Results achieved at the Naval Sea Systems Command's Program Executive Office, Aircraft Carriers (NAVSEA, PEO, Carriers) was one example of how AcqDemo contributed to improved mission accomplishment and organizational effectiveness. PEO, Carriers developed and implemented a management operating system that both complemented, and was supported by, CCAS. The system was designed to measure effectiveness in accomplishing the organization's mission. As a result, PEO, Carriers improved its program management focus and segmented long-term projects into weekly, monthly, and yearly tasks that aligned with schedule, cost, and performance goals. In addition, the organization increased its customer service focus, providing timely and accurate information and support to its customers.

Under PEO, Carriers' management operating system, each element of work was defined and measured. Data were collected weekly and reports prepared that allowed both managers and employees to see how well they were doing, identify non-value added work, and quantify the cost of unplanned or unscheduled work that interfered with the time needed to meet organizational priorities.

The use of this process supported the implementation of AcqDemo in their organization in that the data produced by the management operating system fed the CCAS process, to include pay pool panel deliberations, and also provided employees information for use in writing their own annual self-assessments. The management operating system was enhanced by CCAS in that individuals were rewarded for their contribution to mission as quantified by individual metrics. An additional benefit of the management operating system was that it surfaced shortfalls in skill sets, allowing the organization to deal with training and/or placement issues based on actual data, thereby improving the likelihood of increased organizational effectiveness. AcqDemo complemented this feature because broadbanding allowed greater flexibility in personnel utilization. In addition, the leadership of PEO, Carriers believed that AcqDemo reinforced the behavior needed to reach their goals and allowed them to reward employees appropriately for meeting them.

See **Appendix I** for more information on this Navy best practice.

III.C. Lessons Learned

III.C.1. Knowledge and Involvement of Senior Leaders

The buy-in, dedicated involvement, and un-wavering support of senior leaders was essential to the successful implementation of AcqDemo. Leadership at all levels - from the Office of the Secretary of Defense (OSD), to the Military Departments and Defense Agencies, to organization commanders and directors, to individual managers and supervisors – were visibly and demonstrably involved. A pay-for-performance system impacts the one thing that the workforce is most passionate about – pay. The workforce must see and believe that leadership is committed to the fairness, equity, and success of the system.

Participation in AcqDemo was voluntary. Each organization commander/director made a decision and commitment to participate. This commitment was vital, especially during the early stages of implementation when obstacles were encountered that needed to be addressed and communicated.

To achieve the buy-in and support of leadership up front, knowledge of the system was essential. Reliance on a group of experts in an implementation team or human resources office would not have achieved optimum results. Leadership and management had to understand and be capable of communicating both the benefits for and potential negative impacts on the organization and the workforce. They also had to be capable of operating the system in such a way as to achieve organizational goals while maintaining fairness and

equity in management of the workforce. Leadership support was the only way to assure employees that the organization was dedicated to the success of the system despite the challenges encountered during the implementation process.

III.C.2. Flexibility Balanced with Simplicity of Design

Perhaps the single most valuable lesson learned was the need for managerial flexibility. The AcqDemo Project Office evolved dynamically as needed over the period of the project—in terms of its internal organization, its programs and policies, and its management style—to meet a changing environment and new challenges.

AcqDemo was designed to have a built-in flexibility that was simple to operate as well as adaptable to varying command missions and structures. Our experience showed that "simple" cannot be emphasized enough.

The AcqDemo compensation and appraisal system was one example of this. The CCAS process required a simple/standard method of distributing performance payout between salary increases and lump sum awards. The use of standard algorithms provided for fair, equitable, and defensible payouts that were easily explained to employees. While the software offered a relatively straight forward solution for pay pools to navigate the system, it limited the flexibility of the system for those who used it. Management required options to address special circumstances. A small number of organizations opted out of using the software system, maintaining total flexibility but thereby putting fairness and equity at risk. We learned from experience that a software approach that offered pay pools the use of more than one set of algorithms provided organizations with a simple way to tailor the system to the needs of the organization while still preserving fairness and equity.

III.C.3. Integrated Management Structure to Manage Flexibility

The AcqDemo philosophy of centralized development and decentralized execution required an integrated management structure to provide oversight, manage flexibility, and hold components accountable for results. The AcqDemo design was based on a philosophy of building a flexible system that could be easily adapted to changing mission requirements. It gave managers the flexibility to manage at the unit level. AcqDemo was designed to provide managers, at the lowest practical level, the authority, control, and flexibility they needed to manage their workforce. The greatest challenge in the development, implementation and continued operation of the system was managing flexibility. Managing flexibility meant ensuring organizations understood and utilized the authorities they had, maintaining the desired level of consistency across the Department, and providing oversight and direction when required.

The key to managing this flexibility in AcqDemo was the early establishment of a permanent, integrated management structure to facilitate consistency in decision making, training, and policy/procedure development. The AcqDemo Executive Council consisted of

representatives from each participating Component and Agency to voice individual organization needs, and assist the Project Office in the identification of necessary operational modifications and controls. The flow of information up and down this management structure allowed for the identification/correction of issues at the proper level and for overall system changes to benefit the organization and participants.

Clear and consistent application of all authorities within all organizations was critical to success. Organizations applied flexibilities in implementation to best match their varying missions, organizational structures and workforce make-ups to enhance mission accomplishment. However, implementation and operation of AcqDemo was regularly monitored at all levels to manage flexibility. Key drivers of success and failure and best practices were identified, communicated, and incorporated into AcqDemo over the duration of the program. We found that a key to managing flexibility was identifying the drivers behind success and failure and communicating best practices. An integrated management structure, at both the OSD and Component level, provided the means to achieve this without intrusive oversight.

III.C.4. Roles and Responsibilities of all Stakeholders

The roles of the workforce changed significantly under AcqDemo. All players needed to know and understand their individual responsibilities and how the new system was going to impact them. AcqDemo defined a new role for managers, supervisors, human resources professionals, and employees. In addition, AcqDemo depended on the strategic partnership of management and human resources professionals. While AcqDemo resulted in a significant increase in the time spent by management and supervisors on personnel issues and an increased involvement by all personnel in the appraisal process, this change in roles for managers and supervisors was essential to achieving the overall goals of a pay-for-contribution/performance system.

All stakeholders understood the system as a whole and what their individual roles and responsibilities were. To provide this perspective to each participant, training was structured to deliver in-depth system design and operational insight to the entire workforce, including senior management. Additional courses/material were then provided to address the specialized knowledge required by each group of employees (senior management, pay pool managers, supervisors, human resources personnel, employees, etc.). We developed "An Employee's Guide to the AcqDemo – Understanding Your Role in the DoD Civilian Acquisition Workforce Personnel Demonstration Project" to facilitate this process. Had AcqDemo become a permanent system, we would have developed a guide for supervisors, managers, human resources professionals, and pay pool panel managers/members as well.

III.C.5. Iterative/Integrated Training Approach

An integrated and iterative training approach, linked into the integrated management structure, was essential to maintaining consistency in AcqDemo. Consistency in both the

content of training provided and the messages conveyed were as critical to program success as the subjects presented and method of delivery. Of equal importance was the ability of trainers to consistently and accurately answer the multitude of questions that were asked during training sessions. These sessions were in many instances the workforce's first exposure to AcqDemo and formed their first and most lingering impressions of its fairness and equity.

Due to size of the population affected, AcqDemo was able to control consistency by delivering all training directly from the Project Office with supplementation by organization experts. The AcqDemo Executive Council contributed greatly to controlling content and achieving consistency as well. This group of experts who had been involved in the design of the system from its earliest stages was able to refine/adjust training content, ensure that all levels of the workforce received consistent information, provide authoritative answers to questions not answerable on-the-spot, and respond to issues arising during both implementation and continued operation.

III.C.6. Integrate Management of the AcqDemo Project with the Organization's Overall Strategic Planning Process

In its evaluation guidelines for personnel demonstration projects, OPM lists organizational outcomes among the purposes of project evaluations: "the results [from project evaluation] aid in linking human resources management to organizational and mission outcomes (e.g., the Government Performance and Results Act)." Improved organizational effectiveness was indeed among the outcomes desired from AcqDemo. The AcqDemo Evaluation Plan was designed to evaluate the impact of AcqDemo on both organizational effectiveness and mission accomplishment. The plan's Organizational Effectiveness Model was designed to link project outcomes to mission accomplishment, productivity, organizational effectiveness and customer satisfaction. The evaluation results did not illustrate the AcqDemo Project's direct impact on these dimensions, however. Several factors contributed to our inability to capture these measurements.

One issue was the inability of the measurement system to show direct cause and effect links between the projects intermediate outcomes and the satisfaction of higher order organizational goals. External factors and unintended consequences, from sources both within and outside of the project, as well as from within and outside of participating organizations, complicated attempts to trace cause and effect. While the evaluation models for this project sought to account for external factors and to mitigate other contextual disturbances, the process did not capture information from outside of the scope of the AcqDemo Project. In most cases, the management of the AcqDemo Project was isolated from the management of the participating organization's overall mission.

We also learned from working with pay pool managers over the duration of the program that in many cases a gap existed between operation/implementation of AcqDemo and the organization's strategic goals and planning. In order to maximize the benefits derived from AcqDemo interventions, and to increase mission accomplishment, productivity,

organizational effectiveness, and customer satisfaction, management of the personnel management system must be integrated into the overall strategic planning and management of the organization. It cannot be managed separately. The organization must track how the personnel system impacts the organization's mission, goals, and objectives and links to customer satisfaction. The system must be strategically aligned to support all aspects of the agency's mission and to address its human capital challenges.

At least one organization participating in AcqDemo was able to accomplish this. The PEO for Aircraft Carriers at the Naval Sea Systems Command implemented a management operating system that successfully linked management of the AcqDemo Project to the organization's overall strategic planning process. The management operating system allowed both managers and employees to see how well they were doing; identified non-value added work; quantified the cost of unplanned and/or unscheduled work; and surfaced shortfalls in skill sets. This allowed the organization to deal with training and/or placement issues based on actual data, thereby improving the likelihood of increased organizational effectiveness. By implementing AcqDemo under the auspices of this system and integrating the personnel management system into the overall planning for the organization, PEO Carriers improved its program management focus and increased its customer service focus, providing timely and accurate information and support to the Fleet and other customers such as Navy and DoD staffs, Congress, and the general public. See **Appendix I.** for a discussion of this Navy Best Practice.

III.C.7. Retention Service Credit

Retention Service Credit (RSC) is a process whereby employees are given extra credit in years of service during a Reduction in Force (RIF) for good performance. Depending on the performance management system in place in the organization, a number of years linked to the level of rating are added to the *time in service* factor during the RIF computation. For example, an adjectival rating of Exceptional or Outstanding could result in an additional 20 years credit, Fully Successful ratings could result in an additional 15 years, and so on. The modified RIF intervention in AcqDemo worked slightly different however. OCS, based on salary, was used to determine if an employee fell into the high, low, or acceptable contribution zone. The connection to adjectival rating was then made based on the OCS. The result of this was that an employee who was earning a high salary (with a corresponding high OCS) could receive the highest number of years for RSC, even though they may not be contributing at or above their salary level or expected OCS. Conversely, an employee at a lower salary, who exceeded expectations, did not receive as many years credit.

We learned that in a target-based system such as AcqDemo, care must be exercised to ensure that scores (based on a correlation to salary) do not adversely impact employees with lower salaries who exceed expectations and do not inadvertently reward employees with higher salaries who do not perform at their expected level. A better solution is to assign RSC based on the difference between the expected score (driven by salary) and the final rating. This shows improvement (or the opposite) without regard to salary.

III.C.8. Evaluation Design and Process

The purpose of the AcqDemo evaluation was to determine the effectiveness of the personnel system changes to be undertaken. Consistent with this purpose, data collection was focused on illustrating the effectiveness of project interventions and "proving" that the interventions worked. Multiple methods of data collection were used to provide more than one perspective on the effectiveness of each intervention. A combination of both objective and perceptual data provided confidence that the findings were the result of the interventions, and not the method of data collection.

After completing several evaluation cycles however, we learned that our need for information went beyond what the evaluation methodology provided. Data collection was not sufficient to identify weaknesses in the interventions or to "improve" them.
We learned that in addition to evaluating the effectiveness of interventions, there was a need to focus on adapting and improving program implementation and applications to best meet the needs of AcqDemo participants to best manage and utilize system flexibilities. What was and was not working and why? By identifying the drivers behind varying levels of success in implementing the interventions, and by communicating best practices, the flexibilities offered by AcqDemo could have been better utilized.

The evaluation of how CCAS impacted retention rates is an example of this lesson-learned. While evaluation data indeed documented that AcqDemo resulted in higher retention rates of high contributors and higher separation rates of low contributors, it did not address where people went when they did leave and why. This information could have led to further improvements in retention rates and increased effectiveness of the compensation and appraisal system even further.

We learned that we needed to better understand what our measurements told us to not only track results, but to identify the drivers behind those results. We needed to identify the processes that linked AcqDemo outcomes to customer satisfaction organizational effectiveness. By focusing our efforts to measure customer satisfaction and organizational effectiveness on individual organizations rather than AcqDemo at large, and by conducting case studies in those organizations, we would have had a better chance of success.

III.C.9. Transparency of Pay Pool Process

The AcqDemo pay pool process provided for an equitable method to make distinctions between employee performance and a systematic and understandable method to compensate employees based on their performance. Knowledge of this pay pool process was the key to management and employee acceptance of a pay-for-performance system. The projects initial training plan provided pay pool process training to pay pool members and managers only. When employees reported a lack of understanding regarding the pay pool panel process, and questioned its fairness, the Project Office modified its training to offer the basics of the pay pool process to not only pay pool members and managers, but to supervisors and employees

as well. This ensured that the process was transparent to the workforce. It was essential that it not be viewed as an impersonal "black box," but rather a clear and understandable step-by-step process. Each pay pool may have been structured and functioned differently, but all adhered to the same principles. The roles of the pay pool manager, pay pool panel, and personnel policy board were clear and understandable. A clear linkage was provided between employee objectives, appraisals, and pay, and overall organization strategies.

III.C.10. Delegation of Human Resources Authorities

The AcqDemo Project permitted waiver of several tenets of title 5 to allow a more streamlined classification, recruitment and retention process. These new authorities were delegated to the Components for implementation, with re-delegation permitted down to the hiring manager level. Some Components utilized these authorities more effectively than others.

In organizations where authorities were delegated down to the organizational manager in consultation with human resources experts, mission success was significantly enhanced. The Air Force Best Practice (**Appendix H**) clearly illustrates this. In classification, HR staff time was reduced from 9.2 hours to 2.6 hours per position. In position management, managers were able to rapidly adjust positions to meet changing mission requirements. In staffing, hiring days were reduced from 150 day to 67 days. Job offers were expedited and HR/managers could rapidly appoint individuals to positions. Pay setting allowed for timely competition with private sector for the best talent. Overall, management's ability to address real time issues was significantly increased.

In contrast to this success, in some instances the Component elected to leave these authorities in the hands of the human resources community rather than to have personnel specialists provide ongoing consultation and guidance to managers and supervisors. This created an uneven application of the new authorities throughout the AcqDemo population, and provided advantages to those who elected to employ the authority to the fullest.

III.C.11. Position Requirements Documents/Position Descriptions

The AcqDemo *Federal Register* stated that under the project's classification system, a new PRD would replace agency-developed position description forms. The PRD would combine position information, staffing requirements, and contribution expectations into a single document. The objectives in developing the new PRD were to simplify the descriptions and the preparation process through automation, provide more flexibility in work assignments, and provide a more useful tool for other functions of personnel management.

Position descriptions used outside of AcqDemo were fairly detailed documents, as performance expectations (and subsequent measurement standards) were derived from the specific duties assigned to a position. Under AcqDemo, these expectations (known as performance objectives) were established by communication between supervisor and

employee, and only loosely based on the PRD. Ideally, PRDs were written at the most generic level, encompassing the grade-controlling work at the top of the band and permitting the movement of employees to duties that encompass the entire range of the band. This reduced the time and tasks that were required (under the GS system) to move employees from one "position description" to another, without penalizing the employee.

Through implementation of AcqDemo, we learned that the best results were achieved by keeping PRDs generic and complementing them with specific performance objectives written for each employee annually. Generic PRDs provided for the broadest latitude in assignments which led to the retention of quality employees, supported greater employee movement without reclassification of position, enhanced developmental opportunities, and led to a significant decrease in classification time.

III.C.12. Movement of Employees Within a Broadband

Broadbanding enables an organization maximum flexibility in the assignment of personnel to meet mission requirements. The nature of most broadbanding structures dictates that there will be a minimum level of the band and a maximum level of the band. The AcqDemo Federal Register stated that movement within a broadband level would be determined by contribution and salary following the CCAS payout calculation. It did not provide managers with the authority to immediately increase an employee's salary based on movement to a position with higher level duties and responsibilities within a broadband. As such, managers lacked the tool needed to make immediate salary adjustments. This created a recruitment challenge.

The Project Office received multiple inquiries over the duration of the program from managers and hiring officials looking for options to address this issue and indicating that their inability to effect out-of-cycle pay adjustments made it difficult for them to recruit individuals already in the AcqDemo. We learned that an option for immediate salary increase for assumption of higher level responsibilities within a broadband should have been included in the original personnel system changes. A proposed amendment to the *Federal Register*, disapproved due to AcqDemo Project's impending transition to NSPS, would have addressed this challenge by allowing an employee's base pay to be adjusted (up to 5%) upon selection to a vacant position within the same broadband level prior to the CCAS process. Salary adjustments would have been approved by the pay pool manager on a case-by-case basis if there was an increased contribution expectation from the employee.

III.C.13. Multiple Personnel Systems

During the time of AcqDemo implementation, multiple personnel demonstration projects were being tested throughout the DoD-wide AT&L Workforce. In many communities, acquisition supervisors and managers, as well as personnel in the human resources community, were required to administer a variety of complex personnel systems. We learned that the operation of multiple personnel systems had a negative impact on the effectiveness of

several AcqDemo interventions. In addition, results varied based on the knowledge and utilization of the authorities provided. The best results were achieved when authorities were fully and consistently utilized by committed, knowledgeable, and cooperative management and human resources personnel.

The Air Force Best Practice (see **Appendix H**) is a good example of this lesson learned. The principal reason behind the Air Force's success in increasing the timeliness of key personnel processes was the creation of a *single designated* HR team responsible for knowing and using AcqDemo procedures. This allowed the Air Force to create a staff that both specialized in and championed the AcqDemo process within the component.

IV. Implementation and Management

IV.A. Implementation

The AcqDemo Baseline/Implementation Report (August 2000) described in detail the actions taken prior to and during the first 18 months of the AcqDemo Project. After that period, the AcqDemo Project Office focused its implementation efforts in three areas: policy development, including revision of operating procedures and issuances of *Federal Register* notices to accomplish needed modifications (**Section IV.B.1.**); the expansion of AcqDemo participation to additional acquisition organizations; and response to the Defense-wide Best Practices Task Force and NSPS.

IV.A.1. AcqDemo Participation

Section 4308 of Public Law 104-106 (later amended by Public Law 105-85), the NDAA for Fiscal Year 1996, encouraged the DoD, with the approval of OPM, to conduct a demonstration program with the Department's civilian acquisition workforce. Acquisition Workforce employees were defined as those individuals serving in acquisition positions within the DoD as designated in Section 1721(a) of title 5, Unites States Code. Also included in the demonstration project were support personnel, defined in Section 845 of Public Law 105-85 as those assigned to work directly with the acquisition workforce in a team of personnel where more than half of the team consisted of members of the acquisition workforce and the remainder of supporting personnel assigned to work directly with the acquisition workforce. The second *Federal Register* notice announcing final rules for the demonstration project further defined specific criteria for employee participation. AcqDemo could include various organizational elements of the Departments of the Army, Navy, and Air Force, and OSD. GS employees were included, while Federal Wage Grade and Senior Executive Service personnel were not. Interns who were assigned to an organization participating in AcqDemo could be included as determined by their organization or components. Position in the Defense Civilian Intelligence Personnel System, law enforcement officer personnel, and student temporaries were excluded, as were employees covered by any other demonstration project.

Employees within a bargaining unit to which a labor organization was accorded exclusive recognition under Chapter 71 of title 5, United States Code, were eligible only if the exclusive representative and the agency had entered into a written agreement covering participation in, and implementation of, AcqDemo. In 1998 the American Federation of Government Employees (AFGE) national office advised their offices not to participate in AcqDemo. The AcqDemo Project Office, in conjunction with representatives from DoD's civilian personnel policy community, continued to meet with the leadership of AFGE and other unions with national consultation rights at the DoD level, to address their issues/concerns. Based on lessons-learned from those meetings, the AcqDemo Project Office encouraged organizations eligible for AcqDemo to approach their local union leadership to negotiate local agreements and to remain proactive in pursuing union support. The majority of union agreements were reached as AcqDemo was first implemented but other organizations reached agreement later in the project. For example, AFGE employees at an Army organization reached an agreement in 2002 with their local allowing individual AFGE employees the option to join AcqDemo once a year.

Today, over 15% of the AcqDemo population is covered by a bargaining unit. Bargaining unit employees are located in the OSD and all of the services with the exception of the Navy. Most recently, in a hearing on September 27, 2005 before members of the Senate Committee on Homeland Security and Governmental Affairs, a national union president commended the AcqDemo Project and its success retaining full collective bargaining rights, leading to "a respectful relationship" between labor and management, and commented on the positive aspects of evaluating employees based on their contribution to the mission.

An organization's decision to join AcqDemo was voluntary. The first AcqDemo appraisal cycle in 1999 covered approximately 4700 participants. By 2003 that number had grown to over 7800 participants. In August 2003, a moratorium was placed on AcqDemo expansion pending development of a new DoD-wide personnel management system. This moratorium restricted entry of new organizations into AcqDemo through January 2004. It was agreed upon however, that if the new system was delayed, USD (P&R) would re-examine expansion. Prior to the hold on new entries, PEO Soldier and PEO Tactical Missile were fully trained and ready to convert to AcqDemo. Due to the rapid development of and projected transition to the DoD-wide system, these organizations were held from entry into AcqDemo. Development of the DoD-wide system was delayed however, and in response the moratorium was lifted and PEO Soldier and PEO Tactical Missile converted to AcqDemo in June 2004. These were the last two organizations to join AcqDemo.

The AcqDemo Project Office later received requests for entry from other organizations. With the new DoD-wide system back in full development, the moratorium was reinstated and these organizations were denied entry. From 2004 on, the only new entries into AcqDemo were new members of larger organizations that were already in AcqDemo, or bargaining unit employees (in organizations that were already in AcqDemo) who were previously eligible and made an independent decision to join. By December 2005, AcqDemo included over 11,000 participants.

IV.A.2. Impact of Best Practices/NSPS

As the Department continued to evaluate the effectiveness of AcqDemo initiatives and incorporate lessons learned, USD(P&R) was preparing for the transition from an environment of multiple demonstration projects to a new, permanent civilian personnel management system for the future. In March 2002 USD(P&R) and USD(AT&L) initiated a joint effort to review the best practices of all existing demonstration projects and to identify the elements of a future civilian personnel management system for all of DoD. The AcqDemo Project Office participated in this DoD Human Resources Best Practices Taskforce effort at both the working group and senior steering committee levels. It was vital that the AcqDemo Project Office continue to demonstrate and test AcqDemo initiatives that would help to define the future system.

In November 2003, Congress granted the Department authority to establish a new civilian human resources management system to better support its critical national security mission. NSPS was enacted by section 1101 of the NDAA for Fiscal Year 2004, Public Law 108-136 (November 24, 2003).

Both the DoD Human Resources Best Practices effort and the subsequent decision to seek Congressional authority for NSPS resulted in a halt to AcqDemo expansion. During that timeframe, AcqDemo was actively planning to bring in new participants. However, those organizations either delayed or placed a hold on final conversion until they fully understood the ramifications of pending personnel policy changes, or were prevented from joining by the moratorium placed on AcqDemo entries in August 2003.

DoD intends to move all AcqDemo participants into the NSPS. Personnel are scheduled to be converted into the NSPS in a spiral, event-driven process beginning in calendar year 2007. The transition of AcqDemo participants into NSPS is projected to continue through at least January/February 2008.

Until such time that all AcqDemo participants are converted out of AcqDemo, the AcqDemo Project Office will maintain all centrally provided services in support of participating organizations to include operation and maintenance of automated employee appraisal and pay system and interface with Defense Civilian Personnel Data System; technical support of pay pools and pay pool managers; policy and procedure interpretation and assistance; and assistance to Component personnel on use of automated appraisal and pay system software. In addition, the Project Office will coordinate with and assist the NSPS PEO in identifying lessons-learned and in developing NSPS training, implementing procedures, software systems, and evaluation processes. Finally, the Project Office will support conversion of AcqDemo personnel into NSPS.

IV.B. Project Management

The AcqDemo Project Office was chartered in September 1999 to implement and manage a DoD-wide experiment with new and different civilian personnel management concepts.

Under this charter, the AcqDemo Program Manager (PM) was granted full line authority to manage the AcqDemo Project. The PM initially reported through the Assistant Secretary of the Army (Acquisition, Logistics and Technology), to the Director, Defense Procurement and Acquisition Policy (DPAP), and the Under Secretary of Defense (AT&L). Today the reporting chain goes direct to the Director, DPAP and USD(AT&L).

Since AcqDemo spans across each of the services and many agencies, an AcqDemo Executive Council (EC), chaired by the AcqDemo PM and comprised of representatives from each Service/Agency participating in the project, ensured that AcqDemo operated smoothly. As the project matured, the PM worked with the Executive Council and evolved a management style centered on consensus building, inclusiveness of all shareholders, communication and training, and the extensive use of information technology—all without impinging upon the implementation flexibilities intentionally built into the demo.

The multiple Service/Component scope of AcqDemo also presented a unique challenge in obtaining consistent and reliable data for results evaluation. To meet this challenge, the Executive Council appointed an Evaluation Working Group (EWG) with membership from each participating organization and representatives of the Program Office and evaluation contractors. The EWG had two primary functions: (1) coordinate collection of evaluation data across all participating organizations, and (2) serve as a forum for discussion of evaluation issues. Membership varied from time to time as needs dictated.

In January 2002, the AcqDemo Project Office also initiated the Policy Development Effort (PDE), a working group with representatives from participating organizations as well as the Office of the Deputy Under Secretary of Defense (Civilian Personnel Policy) and General Counsel, with a three-fold purpose:

- Coordinate all AcqDemo policy issues,
- Provide policy advice and guidance to AcqDemo participants, and
- Maintain the *Federal Register* and AcqDemo Operating Procedures.

The PDE was later subsumed into effort related to the implementation of a Best Practices personnel system (see **Section IV.A.2.**).

IV.B.1. Policy

AcqDemo was implemented on February 7, 1999, in accordance with the *Federal Register notice (64 FR 1426), January 8, 1999,* as an opportunity to re-engineer the civilian personnel system to meet the needs of the AT&L Workforce and to facilitate the fulfillment of the DoD acquisition mission.

The development of AcqDemo Operating Procedures began during the period when the first *Federal Register* notice was progressing through the approval and publication process. The *Federal Register* described the changes to title 5, whereas the AcqDemo Operating Procedures described how to implement the changes. Sections of the Operating Procedures

were assigned to each Component for development and submission to the AcqDemo Project Office. These draft procedures were reviewed by various activities within the Services and by their General Counsels during the approval process to ensure the procedures were in concert with the final Federal Register. In addition, suggested changes and final approval came from DUSD Civilian Personnel Policy (CPP). The second *Federal Register* notice incorporated all the changes made as a result of the public comment period, Component and Project Office decisions, and CPP. The final AcqDemo Operating Procedures included those changes.

Once finalized, the participating Components were provided a template of the AcqDemo Operating Procedures for their use. Each had latitude to use whatever approach they wished to provide guidance on AcqDemo procedures to their workforce in utilizing the eleven interventions.

- Army used the DoD template and published Service-unique operating procedures. Under specific paragraphs within the DoD template, Army amplified or clarified provisions.
- Marine Corps followed the same procedures as the Army.
- Air Force followed the same procedure as the Army and also published a stand-alone document.
- Navy and OSD(AT&L) used the DoD template exclusively without developing any procedures unique to their organizations.

In developing their unique supplements to the Operating Procedures, the Services found value in consulting with the AcqDemo Project office. Any ambiguity or omissions were identified, discussed with the AcqDemo Project Office, and resolved. The most significant lingering problem was the issue of the authority of the AcqDemo Operating Procedures. The DoD template, by design, used language more detailed than that in the *Federal Register*. Therefore, although the *Federal Register* is the primary authority, the DoD-approved AcqDemo Operating Procedures had authority equivalent to a DoD manual. The Operating Procedures document was designed to describe how to implement the changes in the *Federal Register* and provide guidance to meet the common need for a single demonstration project, yet allow flexibility to satisfy unique Component requirements.

While administering the AcqDemo Project, the Office coordinated with Component representatives in responding to participant questions and concerns. Questions that impacted the possible amending of the *Federal Register* or Operating Procedures were fielded through the Executive Council for discussion and vote. The Executive Council met once a month to discuss issues, resolve problems, and ensure a smooth operation of the AcqDemo Project. By addressing those problem areas, policies and procedures were updated and language clarified in the *Federal Register* and Operating Procedures to eliminate policy conflicts and provide for better efficiency/flexibility of the project. As a result, there were three separate *Federal Register* amendments approved and processed to operate the AcqDemo Project in a more fair and equitable manner.

The first *Federal Register* amendment (66 FR 28006) was approved by OPM in May 2001, to correct discrepancies in the list of occupational series included in the project, and allow

managers the authority to offer a buy-in to Federal employees entering the demonstration project after initial implementation.

The second *Federal Register* amendment (67 FR 20192) was approved by OPM in April 2002. It changed the minimum rating period under CCAS to 90 days, changed the scoring matrix for contribution scores, and required that the first appraisal be rendered within 15 months of the date an employee entered AcqDemo.

The third *Federal Register* amendment (67 FR 44250) received OPM approval in July 2002, and replaced the original Table of Participating Organizations with the Table of Eligible Organizations, thus precluding the requirement to amend the Federal Register each time a new organization was approved to join the Demonstration Project. It also replaced the data in Table 3 – DoD Acquisition Workforce Demographics and Union Representation, updating the figures as of February 2002.

In August 2002, the AcqDemo Project Office led an effort to modify and update the AcqDemo Operating Procedures to incorporate changes based on the *Federal Register* amendments and to improve and clarify language. As a result, the Operating Procedures were updated in May 2003, which produced a more efficient and user friendly document. Thereafter, in order to keep the Operating Procedures up to date, barriers were continuously addressed to align expectations of the AcqDemo Project to obtain expected outcomes and desired results.

In October 2002, OPM published in the *Federal Register* (67 FR 63948) a notice of intent to amend AcqDemo in order to revise the method used to calculate Retention Service Credit (RSC). The amendment proposed that employees that scored in the A Region (overcompensated or "low contributors") receive zero years RSC and all others (B- undercompensated or "high contributors" and C – appropriately compensated) receive 12 years. During the 30-day comment period ending on November 15, 2002, several commentors raised concerns that the proposed method would: adversely impact employees on Retained Pay or returning to work from an occupational injury (in the A Region); constitute a Pass/Fail system; disregard the point of RSC; fail to differentiate between average, good and exceptional employees; and adversely impact any AcqDemo employee converting back to GS, as 12 years RSC translates to Fully Successful instead of Outstanding or Highly Successful ratings. (See Section III.C.7) Based on these comments, OPM did not proceed to finalize the amendment.

In November 2003 Congress passed Public Law 108-136, the NDAA for Fiscal Year 2004, which authorized DoD to establish the NSPS. This authority also extended the AcqDemo Project through 2012; changed the participation limit from 95,000 personnel to 120,000 personnel; changed the workforce construct limit from organizations with 'more than half' acquisition personnel to organizations with '1/3 acquisition-2/3 acquisition support' personnel; and permitted continued participation in AcqDemo for an organization or team that ceased to meet any participation condition as a result of reorganization, restructuring, realignment, consolidation or other organizational change.

Based on P.L. 108-136, the AcqDemo Project Office developed and staffed four additional proposed amendments to the initial AcqDemo *Federal Register*. The amendments served to document the legislative changes outlined in NDAA 04: requested authority for out-of-cycle payouts to ensure that AcqDemo participants were not adversely affected prior to transition to NSPS; clarified the intent of movement within a broadband level and allowed out-of-cycle pay increases of up to 5%; and added several occupational series and facilitated addition of new series established by OPM. These proposed amendments were forwarded to CPP in August 2004. In December 2004, the AcqDemo Project Office was notified that the proposed amendments were not approved, given the imminent move to NSPS.

In January 2005, the decision was made by the NSPS PEO staff and the AcqDemo Project Office to submit a *Federal Register* amendment to OPM to address the transition of AcqDemo participants into NSPS (see **Section V.E.**).

IV.B.2. Evaluation

Public law requires " an evaluation of the results of each demonstration project and its impact on improving public management" (5 U.S.C. 4703(h)). The AcqDemo Evaluation Plan was approved in July 1999 by OPM. The plan addresses how each AcqDemo intervention would be comprehensively evaluated for at least the first five years of the demonstration project.

The AcqDemo evaluation consisted of a three phase effort. Phase 1, the Baseline phase, collected workforce data to determine the "as-is" state. The AcqDemo Baseline/Implementation Report was submitted to OPM in August 2000 and stated that "…AcqDemo initiatives have been implemented accurately and completely." Phase II, the formative/interim stage, included baseline data collection and analysis, implementation evaluation, and interim assessments. The AcqDemo Interim Report was submitted to OPM in November 2003 and stated that "AcqDemo has effectively provided greater managerial control and flexibility" and, "similarly, … provided opportunities to employees…without any apparent evidence of compromise of merit systems principles or perceived fairness."

Phase III, the summative phase, addressed the overall assessment of the demonstration project outcomes. The summative phase was also intended to assess whether the demonstration would continue. Due to the DoD decision to transition all AcqDemo participants into the NSPS, the focus of the summative evaluation was adapted to the changing environment, including anticipated transition to NSPS. In addition to updating data from CCAS results and personnel office data calls, the summative phase focused on capturing lessons-learned (see **Section III.C.**) and a major case study of drivers behind more successful organizations and less successful organizations (**Appendix G**).

The AcqDemo evaluation approach used an Intervention Impact Model which specified each personnel system change as an intervention, the expected effects of each intervention, the corresponding measures, and the data sources for obtaining the measures. Measures were obtained through three objective data sources and three perceptual data sources. Objective

data sources included personnel office data to measure HR efficiency and workforce quality (offer/acceptance ratios; % declinations; Classification and hiring timelines; Length of PDs); workforce data collected directly from DCPDS and used to track salary cost, performance ratings, and turnover; and CCAS data portraying the results of the annual appraisal and compensation process. Perceptual data sources included attitude surveys to assess impact of project interventions on employee attitudes; structured interviews and focus groups for in-depth examination of the implementation and effects of specific interventions; and site historian logs which provided alternative explanations of the effects observed at sites. By gathering the same data across different methods, the Intervention Impact Model provided confidence that findings are the results of interventions and not the method of data collection. An illustration of the Intervention Impact Model can be found at **Appendix A**.

The evaluation was enhanced by four additional models as well. A General Context Model was designed to determine the effects of potential intervening variables (e.g., downsizing, regionalization, economy) on the results of AcqDemo. Site historian logs were intended to provide the geographic and organization specific context for the analysis of statistical data to support this approach. The logs proved useful in preparing for focus groups but the quality of input from site historians was uneven.

An Organizational Effectiveness Model attempted to link outcomes of interventions to mission accomplishment, productivity, organizational effectiveness and customer satisfaction. The measurement of mission accomplishment, productivity, and organizational effectiveness proved to be difficult - few participating organizations had systems in place to assess these dimensions (see **Section III.C.6**).

A Cost Analysis Model was designed to be combined with organizational effectiveness measures in order to permit analyses of costs and benefit. The AcqDemo evaluation did not specifically include a cost-benefit analysis but did include annual comparisons between actual AcqDemo base pay and estimates of what the employees would be paid if they had remained under the title 5 General Schedule as required by the AcqDemo *Federal Register.* (See discussion of cost and benefit analyses in section VIII.B of the project plan, 64 FR 1490. See Appendix F for analysis of salary costs.)

Equity studies monitored the impact of the AcqDemo interventions on veterans and EEO groups and adherence to the merit systems principles and avoidance of prohibited personnel practices. Beyond the analytical measures described in the evaluation models, the evaluation was also intended to help answer general questions over time (see **Appendix J**).

Sustainment of the AcqDemo evaluation effort for the duration of the project will be limited to the collection and analysis of CCAS data to provide information necessary to address complaints and grievances and update basic trends and to the sharing of results and lessons learned with the NSPS Program Executive Office.

IV.B.3. Training

A key to the success of AcqDemo was the training provided for all involved. Training provided not only the necessary knowledge and skills to carry out the project, but also led to participant commitment to the program.

People have a basic need for information. They need to know what is going on, what will affect them, where they fit into the larger picture, and that their leadership values them enough to keep them informed. This is especially the case when fundamental changes are occurring, as was the case with AcqDemo. AcqDemo was more than just a collection of "interventions" or changes in personnel policy – it was an attempt to change a business culture. Change brings uncertainty, and worry, that can be lessened by information. Since the inception of the AcqDemo, the overall training goal was to ensure that all stakeholders received adequate information and instruction to enable their full engagement in the project.

Training requirements were delineated in the *Federal Register* as follows: "Training at the beginning of implementation and throughout the demonstration will be provided to supervisors, employees, and the administrative staff responsible for assisting managers in effecting the changeover and operation of the new system. The elements to be covered in the orientation portion of this training will include: (1) a description of the personnel system; (2) how employees are converted into and out of the system; (3) the pay adjustment and/or bonus process; (4) the new position requirements document; (5) the new classification system; and 6) the contribution-based compensation and appraisal system. In conjunction with the education, training and career development assets of the Military Services and DoD Agencies, the demonstration project team will train, orient, and keep informed all supervisors and employees covered by the demonstration project and administrative staff responsible for implementing and administering the human resource program changes."

The AcqDemo Project Office instituted a comprehensive training program consistent with *Federal Register* requirements prior to and coinciding with project implementation. However, the PM recognized in late 2000 —following focus group reports, personal visits to organizations, and survey data—that additional assistance was necessary for new organizations joining AcqDemo as well as sustainment training in those organizations that had previously joined but now faced personnel turnover challenges.

Although training was fundamentally an organizational responsibility, the PM moved to centralize training assets and provide much greater support to organizations in the field. In 2001, the PM expanded the Project Office training capability by contracting four support personnel to develop and conduct AcqDemo training programs, and establishing an Assistant Program Manager to oversee all training efforts. Contractor support consisted of one curriculum designer, one training director and two training consultants. The requirement for a curriculum designer ended following the initial launch of the ramped up training effort.

In 2002, the Project Office developed a three-phase training concept to address the needs of specific stakeholders, e.g., human resources management professionals, union representatives, managers, agency training staff, and others. The three phases included

Orientation, Implementation and Sustainment Training. Training venues include platform, on-line, video, and web-based training. Platform training was continuously revised and updated to reflect policy decisions and lessons learned.

Methods were developed to better evaluate training effectiveness, including course critiques, survey questions, and the use of the Return-on-Investment models. Anecdotal reports as well as the data gathered from the sources listed above provided sound support of the effectiveness of the training. The Project Office was cross-trained to enable them to conduct courses in a variety of subject matter areas, and an administrative process was established for scheduling all training activities. In addition, the Project Office augmented contractor support during periods of high demand for training. All requests for training were controlled by an administrative process to ensure efficient use of personnel and training resources.

The Project Office developed a "Train-the-Trainer" (T3) concept to identify organizational trainers and provide them with instruction, materials, and periodic updates. This approach was designed to ensure consistency in the content of training – all stakeholders heard the same message. Organizations that selected dedicated experienced trainers to implement training modeled by Project Office enjoyed success with the T3 concept. Finally, an employee guide was developed to reinforce training concepts related to employees' understanding their role and responsibilities under AcqDemo.

In summary, AcqDemo deployed an integrated and iterative training approach to ensure all stakeholders understood their individual roles and responsibilities. This approach was directly linked to the integrated management structure, thus maintaining consistency in the system used across Services and Defense Agencies.

IV.B.4. Information Technology

Information technology was an important feature of the AcqDemo Project and has been utilized to the fullest extent since its inception. The Project Office contracted for software support and administration of CCAS. The software was used by over 90 separate pay pools to rate and set pay and awards for AcqDemo participants. The software includes a web-based component, called CAS^{2}Net, that is an Oracle application used to store and maintain the employee database, facilitate ratings and pay pool panel meetings, generate reports, and distribute files from an online repository. The software provides web independent alternatives for running pay pool panel meetings and for setting pay increases and awards using two Visual Basic applications hosted on Microsoft Excel. Both offline components interface with the web application via a file transfer process to aggregate and centrally store all ratings and pay adjustments. The CAS^{2}Net database was used to generate and distribute Defense Civilian Personnel Data System (DCPDS) transactions that updated each employee's pay, rating of record, and award data fields after each annual rating cycle.

In addition to the CCAS software, other major information technology initiatives included use of internet sites to provide information to organizations and participants, COREDOC

support, digital site historian logs, web-based training, and other methods of distance learning:

- CCAS Software. CCAS involved a number of fairly complex computations and imposes four different types of pay caps. It also recognized a number of special cases such as retained pay and presumptive ratings. The CCAS software was a mechanism to ensure that the rules were followed and that the ratings and pay setting processes were applied consistently across pay pools.
- AcqDemo Internet Site. The AcqDemo Project Office further developed the capacity to provide information to participating organizations and individuals. In addition to the AcqDemo web site, several Components and organizations established their own internet or intranet sites with links to participating organizations.
- COREDOC. AcqDemo used standardized PRDs instead of Position Descriptions. As a major feature of the demonstration project, PRDs were linked directly to CCAS appraisals, which used the same six factors to describe the position. A modified version of the DoD Automated Core Document Program (COREDOC) was developed to assist managers and personnelists in producing these PRDs. COREDOC software was available for downloading and use on individual PCs. In addition, a library of standardized PRDs was developed and made available for download. Finally, PRD template software was created to help organizations produce a PRD for any occupation not included in the COREDOC occupational library.

Defense Civilian Personnel Data System (DCPDS) Changes. An important development in IT support for AcqDemo was the DCPDS System Change Request (SCR). This document was created by a PAT subteam led by the Air Force. The team defined requirements for both the legacy system and the modern system which changed data elements such as Nature of Action Codes (NOAC), Pay Plans, Location Codes, and SF-50 remarks. The new NOACs and remarks were negotiated and authorized by OPM. Those changes also affected Service-specific systems used by Navy, Army, and Air Force. The result of those efforts was a tool that streamlined personnel processing for the appraisal cycle by automatically generating updates to appraisal scores in DCPDS and documenting pay and awards in official personnel folders.

- Site Historian Logs. AcqDemo site historian logs were fully digital. They were downloaded at the end of each quarter from the AcqDemo internet site as a pre-formatted Microsoft Access database, filled out, and e-mailed to the evaluation contractor.

Because information technology was so crucial to the success of AcqDemo, software and systems were continually modified and enhanced to better maintain pay pool personnel data, support scoring and compute pay outs. A history of the CAS^{2}Net system follows:

First Cycle – 1999. In April of 1998, the AcqDemo Project Office initiated work on an Oracle web application based on a similar application being developed for the Air Force Laboratory Personnel Demonstration Project (LabDemo). In the spring of 1999, lack of funding led to a ten-week work stoppage on the Oracle web application. Lack of funding also prevented the Project Office from procuring the servers it needed to support the web application. By June of 1999, the Project Office realized that its search for an organization to

offer up servers to support the application was not going to succeed and chose to implement a fallback option that used a series of Microsoft Excel spreadsheets to maintain pay pool personnel data, support scoring, and compute pay out. Work on the Oracle application was stopped and the spreadsheets were rushed to completion in August, in time for a successful close to the first cycle.

Second Cycle – 2000. The Project Office continued to keep a major portion of the Oracle development on hold. The main complaint about the first cycle that surfaced was the difficulty in handling the personnel data required to feed the spreadsheets. A Microsoft Access application was built to better manage the pay pool database. The remaining spreadsheets were consolidated into a single spreadsheet that facilitated both scoring and pay out. The Access application generated files that could be imported into the spreadsheet and the spreadsheet generated files that could be loaded back into the Access application. The combined Access/Excel system was called Option 1. A second parallel effort built the pay pool data maintenance portion of the Oracle web application which could also exchange files with the spreadsheet. A group of five pay pools was identified to pilot test the Oracle web application to maintain their data. The Oracle/Excel system was called Option 2.

Third Cycle – 2001. The pilot participants reported that the test of Option 2 was successful so the Project Office chose to abandon Option 1. All pay pools used the Option 2 system for the third cycle. Based on feedback from the users, several changes were made to the Oracle data maintenance module and the spreadsheet to improve functionality and ease of use.

Fourth Cycle – 2002. The Project Office chose to restart the remainder of the Oracle development work to add employee appraisal and sub-panel meeting modules to the web application. A group of pay pools was identified to pilot test this new system which was called Option 4. The remainder of the pay pools continued to use the Option 2 system for the fourth cycle. Both options continued to use the spreadsheet, which was again enhanced for usability and functionality based on feedback from users.

Fifth Cycle – 2003. The pilot pay pools reported that the test of the Option 4 system was successful so the Project Office decided to abandon the Option 2 system. A sub-panel spreadsheet was added to provide pay pools an offline option parallel to the web-based sub-panel meeting. Users could choose between the online and offline applications. Again, minor enhancements were made to the primary spreadsheet based on user feedback. A new module was added to the web-application to allow the DCPDS regions to access the transaction files used to upload results of the cycle to DCPDS. This replaced a manual process for delivering the files to the regions. Option 4 was renamed CAS^{2}Net (Contribution-based Compensation and Appraisal System Software for the Internet) and all pay pools used it for the fifth cycle.

V. Conclusions/Recommendations

Five cycles of extensive evaluation and analysis of AcqDemo and three additional cycles of sustained analysis clearly indicate that AcqDemo has fully accomplished its goals and objectives. In July 2003, the AcqDemo Interim Evaluation Report declared that the ***singular failure*** of AcqDemo was the lack of sustained growth of its participant population within the 95,000 ceiling, and identified bargaining requirements as a significant barrier to AcqDemo expansion. Today, over 15% of the AcqDemo population is covered by a bargaining unit. Most recently, in a hearing on September 27, 2005 before members of the Senate Committee on Homeland Security and Governmental Affairs, a national union president commended the AcqDemo Project and its success retaining full collective bargaining rights, leading to "a respectful relationship" between labor and management. This illustrates the significant progress made in overcoming this singular AcqDemo short fall.

Success of AcqDemo was also defined by the accomplishment of objectives and expected outcomes, the identification of key drivers to successful implementation, lessons learned regarding how to improve AcqDemo, and the feasibility of successfully applying AcqDemo principles in other organizations and agencies. In addition, AcqDemo served as a necessary step in preparing for the transition of the entire Department to a pay-for-performance system.

V.A. Achievement of Objectives and Expected Outcomes

V.A.1. Achievement of Objectives

AcqDemo improved the management of the AT&L Workforce, improved the human resources management system, and, improved mission accomplishment. Perceptions of the flexibility in the AcqDemo personnel management system improved over the previous personnel system, and both employees and supervisors were increasingly satisfied with these flexibilities. AcqDemo successfully streamlined key personnel processes and provided leadership with the tools required to make meaningful distinctions between high, low, and acceptable contribution/performance and to appropriately reward those who contribute/perform at the highest level. AcqDemo provided pay, incentive, and reward systems that clearly linked employee knowledge, skills, and contributions to organizational results. It also served as the basis for setting employee expectations and for evaluating individual performance and contributions.

V.A.2. Achievement of Expected Outcomes

AcqDemo increased the quality of the AT&L Workforce and the products it acquires; increased the timeliness of key personnel processes; achieved higher retention rates of "high contributors" and higher separation rates of "low contributors"; increased the satisfaction of serviced DoD customers with the acquisition process and its products; and increased workforce satisfaction with the personnel management system.

AcqDemo had a positive impact on overall workforce quality by enabling managers to compete with the private sector for the best talent available and make timely job offers to potential employees. When AcqDemo procedures were fully implemented, hiring timeliness was significantly improved. AcqDemo succeeded in retaining "high contributors" and increasing the separation rates of "low contributors" without damaging employees overall sense of fairness. AcqDemo resulted in high levels of customer satisfaction, and both employees and supervisors realized the benefits of AcqDemo flexibilities in responding to customer requirements quickly. Finally, a variety of data indicate that there was a positive shift in workforce satisfaction with the AcqDemo personnel management system.

V.B. Keys to AcqDemo Success

V.B.1. Knowledge/Support of Key Leadership. The buy-in, dedicated involvement, and unwavering support of senior leaders was essential to the successful implementation of AcqDemo. Leadership support was the only way to assure employees that the organization was dedicated to the success of the system despite the challenges encountered during the implementation process.

V.B.2. Integrated Management Structure. The early establishment of a permanent, integrated management structure to facilitate consistency in decision making, training, and procedure development was key to managing flexibility in AcqDemo. The AcqDemo design was based on a philosophy of building a flexible system that could be easily adapted to changing mission requirements while giving managers the flexibility to manage at the unit level. An integrated management structure ensured organizations understood and utilized the authorities they had, maintained the desired level of consistency across the Department, and provided oversight and direction when required.

V.B.3. Training and Communication. A critical aspect of AcqDemo success is what we refer to as "communication, communication, communication." A major part of the AcqDemo communication strategy was the integrated and iterative training approach. Consistency in both the content of training provided and the messages conveyed were as critical to program success as the subjects presented and method of delivery. Of equal importance was the ability of trainers to consistently and accurately answer the multitude of questions that were asked during training sessions. These sessions were in many instances the workforce's first exposure to AcqDemo and formed their first and most lingering impressions of its fairness and equity. In addition to training, focus groups, surveys, and annual conferences allowed the AcqDemo Project Office to continuously obtain feedback directly from managers, supervisors, and employees.

V.B.4. Information Technology. Information technology also played a key role in AcqDemo success. One example of this was the software developed to support the administration of the AcqDemo Contribution-based Compensation and Appraisal System (CCAS). The CCAS process required a simple/standard method of distributing performance payouts between salary increases and lump sum awards. The use of the software's standard algorithms provided for fair, equitable, and defensible payouts that were easily explained to employees and offered a relatively straight forward solution for pay pools to navigate the system.

V.B.5. Delegation of Human Resources Authorities. AcqDemo permitted waiver of several tenets of title 5 to allow a more streamlined classification, recruitment and retention process. These new authorities were delegated to the Components for implementation, with re-delegation permitted down to the hiring manager level. Some Components utilized these authorities more effectively than others. The delegation of these authorities down to the organizational manager in consultation with human resources experts proved to be key in achieving the best results and significantly enhancing mission success.

V.B.6. Generic Position Requirements Documents. PRDs in the AcqDemo Project replaced agency-developed position description forms and combined position information, staffing requirements, and contribution expectations into a single document. Generic PRDs provided for broad latitude in assignments which led to the retention of quality employees; supported greater employee movement without reclassification of position; enhanced developmental opportunities; and led to a significant decrease in classification time -- all key to AcqDemo success.

V.B.7. Transparent Pay Pool Process. The AcqDemo Project Office efforts to ensure the transparency of the AcqDemo pay pool process proved to be key in AcqDemo success. When employees reported a lack of understanding regarding the pay pool panel process, and questioned its fairness, the Project Office modified its training to offer the basics of the pay pool process to not only pay pool members and managers, but to supervisors and employees as well. This ensured that the process was transparent to the workforce and viewed not as an impersonal "black box," but rather a clear and understandable step-by-step process.

V.C. Observations in Retrospect

V.C.1. Identification of Expected Outcomes

Several of the AcqDemo Project's expected outcomes were difficult to thoroughly evaluate/measure. It was difficult to ascertain how much, or how little, the personnel

management system impacted outcomes such as "quality of products acquired" and "satisfaction of serviced DoD customers," as there were so many other variables affecting these outcomes. Efforts to measure such outcomes should be focused in organizations that already measure or track indicators of their achievement or plan to implement such a tracking system.

V.C.2. Evaluation Design/Process

Data collection in AcqDemo was focused on illustrating the effectiveness of project interventions and "proving" that the interventions worked. After completing several evaluation cycles, we learned that there was a need for data that would allow us to focus on adapting and "improving" program implementation to best meet the needs of AcqDemo participants to best manage and utilize system flexibilities.

V.C.3. Integrate Implementation with Organization's Strategic Planning

AcqDemo management was often isolated from the management of an organization's overall mission. A gap often existed between operation/implementation of the AcqDemo Project and the organization's strategic goals and planning. In order to maximize the benefits derived from AcqDemo interventions, and to increase mission accomplishment, productivity, organizational effectiveness and customer satisfaction, AcqDemo management must be integrated into the overall strategic planning and management of the organization. It cannot be managed separately.

V.C.4. Movement Within a Broadband

The *Federal Register* stated that movement within a broadband level would be determined by contribution and salary following the CCAS payout calculation. It did not provide managers with the authority to immediately increase an employee's salary based on movement to a position with higher level duties and responsibilities within a broadband. As such, managers lacked the tool needed to make immediate salary adjustments. This created a recruitment challenge. An option for immediate salary increase for assumption of higher level responsibilities within a broadband should have been included in the original project design.

V.C.5. Retention Service Credit

In a target-based system such as AcqDemo, care must be exercised to ensure that Retention Service Credit (RSC) is equitably applied and that scores (based on a correlation to salary) do not adversely impact employees with lower salaries who exceed expectations, and do not inadvertently reward employees with higher salaries who do not perform at their expected level. A better solution for AcqDemo would have been to

assign RSC based on the difference between the expected contribution and the final rating. This shows improvement (or the opposite) without regard to salary.

V.D. Feasibility of Application to Other Organizations and Agencies

Design of the AcqDemo Project was initiated by a process action team in 1996. Today, ten years later, that design reflects the modern principles of pay-for-performance systems as documented by organizations/agencies such as OPM, the Government Accountability Office (GAO), and NSPS. The similarities found between the design attributes/parameters identified for successful pay-for-performance systems, and the personnel management system that AcqDemo has successfully demonstrated, illustrate the portability of AcqDemo principles and design to any organization seeking to implement a successful pay-for-performance system.

In its report "Alternative Personnel Systems in Practice and a Guide to the Future", October, 2005, OPM characterizes effective performance management as follows:

- Managers are held accountable
- Managers, HR staff and employees are trained
- Managers set expectations and provide meaningful feedback
- Meaningful performance distinctions are made
- Overall results were better when systems met effectiveness standards
- Best performers stay

Under AcqDemo, managers were held accountable in a pay pool process in which they were required to justify their team's contribution/performance to their peers. HR Staff, employees, supervisors, and managers were trained with an iterative/integrated training approach that ensured all level of the workforce consistently received the information they required. CCAS provided the tools required for managers to set employee expectations which are linked to the organization's mission, to assess the employee's contribution against those expectations, and to make meaningful distinctions between high, low, and acceptable contribution/performance levels. Finally, results clearly indicated that AcqDemo succeeded in retaining high contributors.

In March 2003, GAO documented the following "Key Practices for Effective Performance Management":

- Align individual performance expectations with organizational goals
- Use competencies for a fuller assessment of performance
- Link pay to individual and organizational performance
- Make meaningful distinctions in performance
- Involve employees and stakeholders to gain overall ownership of performance management systems
- Maintain continuity during transitions. Because cultural transformations take time, performance management systems reinforce accountability for change management and other organizational goals

CCAS sets employee expectation against the mission and goals of the organization; uses six factors, or competencies, each of which is relevant to the success of the organization, to assess contribution/performance; correlates individual compensation to the organizational mission contribution; and makes meaningful distinctions between high, low, and acceptable contribution/performance. All employees and stakeholders know and understand their individual responsibilities in the system and how they impact it. As the Department prepares to transition to NSPS, the cultural change that AcqDemo participants have already undergone has prepared them for the changes they will encounter.

The overlap between NSPS performance parameters and the principles demonstrated in AcqDemo is significant:

- The NSPS parameter "high performing workforce and management, compensated and retained based on performance and contribution to mission" is reflected in AcqDemo interventions designed to achieve the best workforce for the acquisition mission, adjust the workforce for change, improve workforce quality, and to retain, recognize, and compensate employees for their contribution to the mission of the organization.
- The NSPS parameter "agile and responsive workforce and management, a workforce easily sized, shaped to meet changing mission requirements" is reflected in the AcqDemo broadbanding structure, simplified assignment process, and CCAS, which, together, enable the organization to have the maximum flexibility to assign employees within broad descriptions, consistent with the needs of the organization.
- The NSPS parameter "fiscally sound, flexibility to manage budget at the unit level" is consistent with the AcqDemo Project's requirement to be cost-disciplined, balancing costs incurred against benefits gained to ensure that both fiscal responsibility and project success are considered, and consistent with the AcqDemo pay pool process which allows individual organizations and/or pay pools to set funding levels.

V.E. Recommendations

DoD intends to move all AcqDemo participants into the NSPS. Personnel are scheduled to be converted in a spiral, event-driven process beginning in calendar year 2007. The transition of AcqDemo participants into NSPS is projected to continue through at least January/February 2008. In order to fully support a smooth transition into NSPS, the AcqDemo Project Office recommends a transition strategy that allows for the completion of the AcqDemo CCAS cycle and payout process prior to conversion. To effect this strategy, an amendment to the AcqDemo *Federal Register* is required to: substitute appropriate performance management standards for CCAS Contribution Factors for personnel converting to NSPS, while allowing them to remain in AcqDemo in order to receive a final AcqDemo payout prior to formal conversion; and to authorize an out-of-cycle CCAS payout should it be necessary. Recommend that the request for this amendment, already in process, be approved.

Until such time that all participants are converted out of AcqDemo, the AcqDemo Project Office will maintain all centrally provided services in support of participating organizations to include operation and maintenance of the automated employee appraisal and pay system

and interface with Defense Civilian Personnel Data System; technical support of pay pools and pay pool managers; policy and procedure interpretation and assistance; and assistance to Component personnel on use of automated appraisal and pay system software. In addition, the Project Office will coordinate with and assist the NSPS PEO in the transition process.

The five plus years of AcqDemo evaluation efforts provide a rich source of data for further in-depth analysis of how to make pay-for-performance systems work, especially survey results and CCAS data. We recommend the continued use of this resource to address particular issues impacting NSPS implementation Department-wide. In addition, we recommend that the principles of the AcqDemo Project training/communication strategy, as well as the other drivers of AcqDemo success, be integrated into plans to implement and sustain NSPS at the Component and organizational levels. Success in implementing and sustaining a pay-for-performance system is not a one-time effort. Diligence is required at all levels to continuously respond to organizational and workforce needs in this dynamic environment of change.

Appendix A. Evaluation Methodology

A.1. Research Design

One of the major purposes of a demonstration project evaluation is to provide information that may persuade Congress to make permanent changes to the Federal personnel system. Therefore, conclusions drawn from this project have potentially far-reaching implications and must be based on a systematic, valid, and unbiased evaluation. The strongest design for a demonstration project, a quasi-experimental design, was chosen. It had two key characteristics for comparison purposes: use of a comparison group and longitudinal analysis. This design made it possible to draw conclusions about project outcomes because results could be compared with a nonparticipating comparison group, and changes over time could be compared for both groups.

A.1.1. Comparison Group

The Civilian Acquisition Workforce Personnel Demonstration Project was applied to a diverse group of employees throughout the Department of Defense. It was agreed early in the design process that the comparison group would be selected from among those acquisition organizations which were included in the baseline survey but which have since determined that they will not participate in the demonstration project. To the extent practicable, the comparison group would be as similar as possible to the demonstration population, e.g., location, size, DoD Component, and workforce composition. However, given the span of the demonstration project across DoD acquisition workforce Components, it was impossible to fully replicate the demonstration group, especially in terms of Service and agency make-up. In those instances, the comparison group was chosen to replicate the acquisition functions of the demonstration group as closely as possible. Baseline differences between the two groups were reported and monitored longitudinally.

A.1.2. Longitudinal Analysis

The other key design characteristic is longitudinal data analysis. Ultimately, effects should show up as changes over time that would be significantly stronger in the demonstration project group than the comparison group.

A.1.3. Multi-method Approach to Data Collection

A variety of data sources and methods were used pre- and post-implementation. There were two advantages to using multiple methods. First, information gathered through one method could validate information gathered through another, increasing confidence in the findings. Second, multiple methods provided more than one perspective on how the demonstration project was working. Evaluation points of contact (POC) were established for all DoD Components. Data specifications, POC expertise desired, and explanations of how and when to collect the data were provided. Training for the internal evaluation contacts was provided if necessary. The majority of data collection activities occurred on an annual basis. Additional data were collected more or less frequently, as needed.

A.2. Data Sources

Objective and perceptual data were gathered to measure both perceived and actual changes. Although the effectiveness of the demonstration project interventions was ultimately assessed through objective, observable changes (e.g., increased retention, changes in turnover patterns), perceptions of employees, management, and customers were critical in evaluating overall project outcomes and goals. If the changes were not accepted they could not be effective. Perceptions, which were considered intermediate-level outcomes, were important also because they predicted behavior and ultimate outcomes. For example, employee and customer satisfaction measures were used to measure effectiveness. Additionally, objective data were used where available and applicable. All data sources are specified in the Expanded Intervention Impact Model **(A.5).**

A.2.1. Workforce Data

Although OPM maintains the Central Personnel Data File, the evaluation team collected demonstration and comparison group workforce data directly from the Department of Defense Central Personnel System (DCPDS), and any other available database or tracking systems in order to be able to correctly identify demonstration and comparison group participants at the level of sub-organizations. The workforce data were needed to track variables, such as salary cost, performance ratings, and turnover.

A.2.2. Personnel Office Data

Although not a principal focus of the evaluation, this data provided measures of HR efficiency and workforce quality. The former measures were classification timeliness, hiring timeliness, length of position descriptions, and offer acceptance ratios. Other measures of HR functions include number of formal grievances, unfair labor practices, adverse actions, and merit systems principle violations. Some of this data was obtained from command or headquarters office reports (personnel, EEO, PME, etc.), rather than from the sites.

Additional workforce quality information not found in automated systems such as DCPDS was also requested. Measures appropriate to the acquisition occupations (certification, etc.) covered by the demonstration project were developed, as were measures relevant to sabbaticals and the voluntary emeritus program.

A.2.3. Employee Attitude Survey

A baseline survey of all potential demonstration project participants was conducted to assess the impact of project interventions on employee attitudes. An employee attitude survey was developed using items from past surveys of Federal employees, relevant items from other demonstration project evaluations, and other items designed specifically for this demonstration project. The baseline survey was administered during the period 20 April – 31 July 1998 to a population of about 70,000 individuals designated as potential demonstration employees. Two additional employee surveys were administered to provide a basis for longitudinal analysis.

A.2.4. Structured Interviews and Focus Groups

These interview and focus group procedures were used for in-depth examination of the implementation and effects of specific demonstration interventions. Structured interviews were conducted with individuals and groups responsible for implementing particular aspects of the demonstration project or with those specifically affected by certain provisions.

The initial set of focus groups was conducted in early 2000, with a second set in early 2003. Focus group sites and organizations were selected following the preliminary analysis of workforce data, baseline survey, site historian logs, and CCAS data, both to round out the data required for analysis and to research any unexpected outcomes which were identified. In addition, the plan called for a small number of *ad hoc* focus groups each year, as needed.

A.2.5. Site Historian Logs

One or more individuals were selected at demonstration installations to document any changes within the Defense acquisition workforce or in the environment as well as implementation activities. Individuals with in-depth knowledge and information about their activity were needed to collect data and provide interpretation (context/history) of events. Events documented by site historians were intended to provide alternative explanations of effects observed at the sites. A training tutorial was developed and distributed via the Internet to all site historians.

A.2.6. Costs and Benefits Analysis

It was difficult to determine whether the interventions in AcqDemo were cost-effective because the desired ultimate outcomes, improved effectiveness and mission accomplishment, were difficult to quantify since they were influenced by many uncontrollable factors. The cost of broadbanding was compared to the cost of the traditional system of grades. Administrative savings from simplified classification, as well as increased workforce quality, lower turnover of high performers, and increased customer satisfaction were measured on the benefit side.

A.2.7. Cost Analysis Model

The basic cost measures that were used to evaluate the AcqDemo's Civilian cost-effectiveness are illustrated below:

Baseline Cost Measures:	**Future Cost Measures:**	**Comments:**
• Total Payroll Cost • Average Basic Pay • Total One-Time Awards* • Average One-time Award*	• Total Payroll Cost • Average Basic Pay • Total One-time Awards* • Average One-time Award*	Expected Trend: Stable or increasing slightly.

*One-Time Awards include Contribution Awards for project participants and Performance Awards for the comparison group.

A.3. Data Collection Plan

Data to support the evaluation were collected throughout the period of the demonstration project from the data sources discussed above. The following table summarizes the overall data collection plan:

Data Source	Collected When	Collection Method
Attitude Survey	Summer 1998 Fall 2002 Fall 2003	Distributed through Evaluation POCs
Focus Groups	Feb 2000 Feb 2003 *Ad hoc* annually as needed, including site historians	Visits to selected sites
Workforce Data	Annually (January)	Calls for data
Personnel Office Data	Annually (Feb-Mar)	Calls for data

A.4. Data Analysis Plan

The AcqDemo contains many separate initiatives. Analysis plans for the major demonstration interventions were based on the **Expanded Intervention Impact Model (see A.5).** Types of statistical analyses included descriptive (means and percentages) and inferential statistics (analysis of variance, regression and correlation). Some data were collected on an annual basis (workforce and grievances data), while other data were collected multiple times across the five-year period (surveys). Data were requested either on a calendar year or fiscal year cycle.

A.4.1 Summary Descriptive Statistics

The following data, from workforce information systems and attitude surveys, were provided for the baseline/implementation report, annual summary reports, the interim decision report, and the final summative report. These data elements:

- Were displayed both for demonstration project participants and the comparison group, and by Service/Component.
- Were collected and analyzed annually for longitudinal trends and for statistically significant differences among demographic groups, locations, organizational components, etc.

The results of this analysis were combined with findings from focus groups, site historian logs, personnel office data, and organizational effectiveness indicators to permit analysis not only of the individual interventions but also the project as a whole.

A.4.1.1 Workforce Summary Data – Annually, as of End of Calendar Year (1998-2003)

1. Total Population
2. Accessions During the Year
3. Separations During the Year
4. Number/Percent of Supervisors and Managers
5. Average Length of Civilian Service
6. Average GS Grade (or Broadband equivalent)
7. Demographics:
    - Percent Female
    - Percent Male
    - Percent White
    - Percent Black
    - Percent Hispanic (any race)
    - Percent American Indian/Alaska Native
    - Percent Asian/Pacific Islander
    - Percent Veterans
    - Percent Non-veterans
    - Average Age
8. Bargaining Unit Status
9. Education:
    - Percent with Associates Degree
    - Percent with Bachelors Degree
    - Percent with Masters Degree
    - Percent with Doctorate
10. Type of appointment:
    - Percent Temporary
    - Percent Term/Modified Term
    - Percent Permanent
11. Career Path:
    - Business Management and Technical Management Professional
    - Technical Management Support
    - Administrative Support
12. Pay:
    - Total Payroll
    - Average Basic Pay
    - Total One-Time Awards (Contribution Awards and Other Performance Awards for Demo Project participants, Performance Awards for the Comparison Group; Break-out by Career Path for Demo Project participants, Corresponding Occupational Series for the Comparison Group)
    - Average One-Time Award (Contribution Awards and Other Performance Awards for Demo Project participants, Performance Awards for the Comparison Group; Break-out by Career Path for Demo Project participants, Corresponding Occupational Series for the Comparison Group)

A.4.1.2. Attitude Survey Summary Data – Baseline Survey, Second Survey in 2002, Third Survey in 2003.

1. Demographics (Questions 2, 3, 4)
2. Education (Question 13)
3. Length of Service (Question 5)
4. Experience (Question 85)
5. Career Path/Occupation (Question 6)
6. Perceived Fairness (Questions 19, 24, 25, 26, 27, 41, 42, 77)
7. Perceived Flexibility (Questions 44, 46, 47, 48, 49, 50, 51)
8. Satisfaction with Pay (Questions 28, 35)
9. Perceived Pay-Contribution Link (Questions 36, 38, 39, 40, 54)
10. Perceived Organizational Effectiveness (Questions 93, 94, 95, 96, 98)
11. General Job Satisfaction (Question 18)
12. Satisfaction with Personnel Services (Questions 108, 109a, 109b, 109c)

A.4.2. Specific Analyses for Interventions

The evaluation effort focused on certain interventions that were of critical importance and visibility, and were mostly unique to the AcqDemo. Other interventions, received relatively less attention in the evaluation process. The specific analyses below permitted the use of inferential techniques to identify significant differences over time and across groupings, and to draw conclusions about the effects and usefulness of these interventions.

1. Simplified Accelerated Hiring
    - Perceived Hiring Flexibility (Questions 62, 63)
    - Perceived Quality of New Hires (Questions 64, 65, 66, 67, 136, 139)
    - Distribution of Education Level for All Employees
    - Distribution of Education Level for New Hires Within Past Year
    - Number of New Hires under new Scholastic Achievement Appointment Authority
    - New Hires Receiving Awards (distribution of awards by length of service)
    - Performance/Contribution of New Hires (CCAS Contribution Scores distributed by length of service)
    - Distribution of New Hires by Demographics/Veterans
    - Number/rate of Separations During Probationary Period

2. Contribution-Based Compensation and Appraisal System
    - Average salary by pay band, career path, and demographics (race, gender, age, time in service)
    - Average starting salary for new hires by occupation and demographics
    - Average salary increase by pay band, career path, demographics, and contribution (CCAS) rating
    - Number and dollar value of awards by pay band, career path, demographics, and contribution (CCAS) rating
    - Correlation between pay and contribution (CCAS) rating
    - Turnover by contribution (CCAS) rating, demographics, and probationary status

- Pay-contribution correlation (Questions 20, 27, 28, 35-42)
- Perceived Pay-Contribution Link (Questions 36, 38, 39, 40, 54)
- Perceived Fairness of Ratings (Questions 24, 25, 26, 27)
- Perceived Fairness of Awards (Questions 36, 37, 40, 41, 42)
- Employees' Trust in Supervisors (Questions 41, 42, 116, 117, 122)
- Adequacy of Contribution and Performance Feedback (Questions 117, 118, 122)
- Employee Satisfaction with Pay (Questions 19, 20, 21, 28)

(Note: Additional detailed analyses were performed as part of the annual CCAS review, and summaries were incorporated in overall evaluation reports.)

3. Modified Appointment Authority

- Distribution of Employees by Appointment Authority :
  - Percent Temporary
  - Percent Term/Modified Term
  - Percent Permanent
- Distribution of Non-Permanent Employees by Demographics/Veterans
- Number of Conversions from Non-permanent to permanent appointments
- Average length of employment for non-permanent employees
- Perceived Flexibility of Appointing Authorities (Question 51)

4. Simplified Classification System
   - Perceived Classification FlexibilityGeneral (Questions 47, 56, 57)
   - Perceived Classification Flexibility-Supervisors (Questions 130, 132, 134, 135)
   - Perceived Classification Timeliness (Question 58)

5. Academic Degree and Certificate Training
   - Distribution of Education Level within the Workforce:
     - Percent with Associates Degree
     - Percent with Bachelors Degree
     - Percent with Masters Degree
     - Percent with Doctorate
   - Number of Employees Receiving Degree or Certificate Training
   - Distribution of Such Employees by Demographics/Veterans
   - Contribution Ratings of Employees Receiving Degree or Certificate Training
   - Turnover Rates Among Employees by Education Level
   - Satisfaction with Training Opportunities (Questions 80, 81, 82)
   - Perceived Flexibility (Questions 44, 47, 49, 50)

6. Expanded Candidate Selection Process
   - Same as Intervention 1 above.

7. Flexible Probationary Period
   - Average length of probationary period (time from probationary appointment to conversion to permanent status appointment)

- Number/percentage of employees completing probationary period.
- Number of separations during probationary period
- Supervisors' perceptions of probationary period (Questions 137, 138)

8. Broadbanding
    - Average Basic Pay for New Hires
    - Average Basic Pay by Pay Band, Career Path, and Demographics/Veterans
    - Employees Perception of Pay Satisfaction and Pay Equity (Questions 19, 20, 21, 28, 29, 35, 54)

9. Simplified, Modified RIF
    - Distribution of Separated/Downgraded Employees by Demographics/Veterans
    - Perceived Fairness of RIF Process (Questions 69a, 69b, 69c)

10. Sabbaticals
    - Number of Sabbaticals
    - Demographics of Affected Employees

11. Voluntary Emeritus Program
    - Number of Participants
    - Demographics of Participants

A.5. Expanded Intervention Impact Model

PRIMARY INTERVENTIONS	EXPECTED EFFECTS	MEASURES	DATA SOURCES
1. Simplified Accelerated Hiring	A. Improved ease of hiring process B. Improved recruitment C. Increased quality of new hires D. Reduced administrative workload/paperwork reduction	i. Perceived flexibility in authority to hire i. Offer/accept ratios ii. Percent declinations i. Experience, education, skills i. Actual/perceived time savings	a. Attitude survey: 47, 51, 62,63; Focus Groups a. Personnel office data: Offer/Acceptance Ratios a. Personnel office data: % Declinations a. Attitude survey: 64, 65; P.O. Data TBD a. Personnel office data: Classification and Hiring Timeliness b. Attitude survey: 62, 63, 108
2. Contribution-based Compensation and Appraisal System I. Contribution-based pay progression	A. Increased pay-contribution link B. Improved contribution feedback C. Increased retention of high contributors D. Increased turnover of low contributors	i. Pay-contribution correlation ii. Perceived pay-contribution link iii. Perceived fairness of ratings iv. Satisfaction with ratings v. Employees trust in supervisors vi. Pay progression by contribution assessment i. Adequacy of contribution feedback i. Turnover by contribution assessment i. Turnover by contribution assessment	a. Attitude survey: 20, 27, 28, 35-42 b. CCAS data a. Attitude survey: 35, 38, 39 a. Attitude survey: 24-27 a. Attitude survey: 24, 25, 41 a. Attitude survey: 41, 42, 116, 117, 122 a. Workforce data: 19, 27, 31, 59 a. Attitude survey: 117, 118, 122 a. Workforce data: 27, NOA Codes, 60 a. Workforce data: 27, NOA Codes, 60
II. Cash awards/bonuses	A. Reward contribution	i. Amount & number of awards by career path, demographics, & contribution ii. Perceived fairness of awards	a. Attitude survey: TBD b. Workforce data: 3,4,5,7,19,27, NOA Codes a. Attitude survey: 36, 37, 40, 41, 42
3. Appointment Authority (Permanent, Modified Term, and Temporary Limited)	A. Increased capability to expand and contract workforce B. Reduced administrative workload	i. Number/percentage of contingent employees ii. Number/percentage of conversions from modified term to permanent appointments iii. Average length of employment (contingent hires) i. Actual/perceived time savings	a. Workforce data: 15 a. Workforce data: 15; NOA codes b. Personnel office data: TBD a. Workforce data: 14, 15, 59, 60 b. Personnel office data: TBD a. Attitude survey: 62, 63, 108 b. Personnel office data: Classification and Hiring Timeliness
4. Simplified Classification System	A. Simplified/automated classification procedures B. Reduced administrative workload/paperwork reduction	i. Perceived flexibility ii. Fewer position requirements documents i. Actual/perceived time savings	a. Attitude survey: 47, 56, 57 a. Workforce data: TBD b. Personnel office data: Length of PDs a. Personnel office data: Classification Timeliness b. Attitude survey: 58
5. Academic Degree and Certificate Training	A. Increased employee career progression B. Increased capability/ flexibility for workforce shaping	i. Demographics of affected employees ii. Employee/management satisfaction i. Perceived flexibility	a. Workforce data: 3, 4, 5, 7 a. Attitude survey: 80, 81, 82 a. Attitude survey: 47, 49, 51

A.6 Attitude Survey Questions

SURVEY QUESTIONS

1	Where do you work?
2	Gender
3	Are you Spanish/Hispanic/Latino? a. No, not Spanish/Hispanic/Latino b. Yes, Mexican, Mexican American, Chicano c. Yes, Puerto Rican d. Yes, Cuban e. Yes, other Spanish/Hispanic/Latino
4	What is your race? a. American Indian/Alaska Native b. Asian/Pacific Islander c. Black/African-American d. White e. Other Race or National Origin
5	How many years have you worked for the Federal Government? a. less than 1 year b. 1-2 c. 3-5 d. 6-8 e. 9-10 f. 11-15 g. 16 years or more
6	What is your career path and broadband level?
7	Are you a: a. military b. civilian, non-veteran c. civilian, veteran (not disabled) d. civilian, veteran (disabled)
8	My current age is: a. 29 years of age or younger b. 30-39 c. 40-49 d. 50-59 e. 60 or more
9	My supervisor is: a. military b. civilian
10	How long have you been a participant in the AcqDemo Personnel Demonstration Project? a. less than one pay cycle b. one pay cycle c. two pay cycles d. three pay cycles e. four pay cycles
11	Are you in a Defense Acquisition Workforce Improvement Act (DAWIA) coded position?
12	Are you in a collective bargaining unit (i.e., represented by a union)?

13	Are you at the salary ceiling (cap) of your broadband level?
14	What is your current level of supervisory responsibility? a. none b. team leader c. first-line supervisor (you sign appraisals) d. manager (you supervisor at least 1 supervisor)
15	What is the highest level of education that you have completed? a. some high school b. high school graduation or GED c. technical, vocational or business school d. some college/associate's degree e. bachelor's degree f. some graduate school g. master's degree h. some graduate school beyond master's degree i. doctorate degree or higher
16	Pay progression, the way I move up within my broadband, is fair.
17	My overall contribution score (OCS) represents a fair and accurate picture of my actual contribution to the mission.
18	All in all, I am satisfied with my pay.
19	Pay is administered fairly in this organization.
20	In this organization, my pay raises depend on my contribution to the organization's mission.
21	I am satisfied with my chances for advancement.
22	High contributors tend to stay with this organization.
23	Low contributors tend to leave this organization.
24	In general, I am satisfied with my job.
25	There are adequate procedures to get my contribution rating reconsidered, if necessary.
26	I will be demoted or removed from my position if I perform my job poorly.
27	Under the present system, financial rewards are seldom related to employee contribution.
28	Other employers in this area pay more than the Government does for the kind of work I am doing.
29	My contribution appraisal takes into account the most important parts of my job.
30	Contribution-based compensation and assessment system (CCAS) self-assessment provided me a good opportunity to influence my contribution assessment.
31	CCAS is administered without regard to gender, ethnic origin, or age in this organization.
32	I understand the contribution-based compensation and assessment system (CCAS) being used in this organization.
33	Overall, the demonstration project is an improvement over the previous performance rating and compensation system.
34	In this organization, my pay raises depend on my contribution to the organization's mission.
35	In this organization, my cash awards depend on my contribution to the organization's mission.

36	High-contributing employees receive monetary rewards (e.g. cash rewards, bonuses, quality step increases).
37	High-contributing employees receive non-monetary rewards (e.g. plaques, letters of appreciation, public recognition).
38	Supervisors are fair in recognizing individual contributions.
39	Supervisors are fair in recognizing team contributions.
40	Pay pool panels are fair in recognizing individual contributions.
41	Management is flexible enough to make changes when necessary.
42	Under the current personnel system, it is easy to reassign employees to permanent positions within this organization.
43	Supervisors here feel that their ability to manage is restricted by unnecessary personnel rules and regulations.
44	The personnel management system is flexible enough to allow changes when necessary.
45	New practices and ways of doing business are encouraged in this organization.
46	Current personnel rules provide the flexibility needed to make workforce adjustments in response to workload and mission changes.
47	I have enough flexibility in my job to initiate tasks that will enhance my contribution to the mission.
48	Pay differentials here fairly represent real differences in levels of responsibility and job difficulty.
49	In this organization, I don't have to become a supervisor to receive more pay.
50	The current job classification system makes it easy for employees to move in and out of supervisory jobs.
51	Our job classification system is flexible enough to respond to changing requirements.
52	It takes too long to get classification decisions approved in this organization.
53	This organization is able to attract high-quality candidates.
54	In this organization, when there is a promotion opportunity, the best-qualified applicant is chosen
55	Competition for jobs here is fair and open.
56	I am satisfied with the process used to fill vacancies here.
57	It takes too long to process the paperwork to fill vacancies here.
58	I am satisfied with the quality of new supervisors.
59	During the next year, I will probably look for a new job outside this organization.
60	In this organization: Employees are kept well informed on all issues affecting their job.
61	In this organization: Supervisors encourage subordinates to participate in important decisions.
62	In this organization: Employees share their knowledge with each other.
63	In this organization: Managers promote effective communication among different work groups (e.g. about projects, goals, needed resources).
64	In general, disciplinary actions are fair and justified.
65	This organization passes off marginal and unsatisfactory workers to others or moves them to positions where they can be ignored.
66	Disciplinary actions in this organization are avoided because of the paperwork that is required.
67	I have the opportunity to take advantage of sabbatical leave.
68	I have all the skills I need in order to do my job.
69	I am given adequate opportunity to participate in training programs.
70	Employees are provided with training when new technologies and tools are introduced.

71	The use of sabbaticals has increased employee skills.
72	I have received sufficient training to prepare me for participation in the demonstration project.
73	This organization offers employees the opportunity for academic degree and certificate training.
74	I have the opportunity for academic degree and certificate training.
75	In my organization, products and services are designed to meet customer needs and expectations.
76	Employees in my organization have a good understanding of who their customers are.
77	Overall, my organization is effective in accomplishing its objectives.
78	Different work groups cooperate to get the job done.
79	I understand the mission of this organization.
80	Employees in my organization use suggestions from their customers to improve the quality of products and services.
81	My organization establishes strategic plans (goals and objectives) that help guide program decisions.
82	My group works well together.
83	Coordination among employees in different organizational functions is good in this organization.
84	When changes are made in this organization, the employees usually lose out in the end.
85	Overall, our customers are satisfied with the support and services provided by my organization.
86	I understand how my job relates to the mission of the organization.
87a	The staff who provide personnel services: a. have a good understanding of my work group's operations and mission.
87b	The staff who provide personnel services: b. provide timely service.
87c	The staff who provide personnel services: c. help me achieve my organization's mission.
88	My supervisor sets clear contribution goals for me.
89	My supervisor and I worked together to set clear contribution goals for me.
90	I have trust and confidence in my supervisor.
91	My supervisor gives me adequate feedback on how I am contributing.
92	My supervisor and I agree on what contribution on my job means.
93	My supervisor knows the technical parts of his/her job well.
94	My supervisor works well with people.
95	My supervisor handles the administrative parts of his/her job well.
96	My supervisor takes corrective action when problems arise.
97	My supervisor recognizes my personal accomplishments.
98	My supervisor determines program or project priorities to allocate resources.
99	My supervisor sets deadlines for project completion.
100	My supervisor assigns me tasks that allow me to contribute to the mission in a meaningful way.
101	My supervisor tends to inflate the contribution ratings of the employees he/she supervises.

102	My supervisor tends to deflate the contribution ratings of the employees he/she supervises.
103	In this organization, differences among individuals (gender, race, national origin, religion, age, cultural background, disability) are respected.
104	Gender, race, national origin, religion, age, cultural background, or disability do not affect advancement opportunities for highly-qualified individuals.
105	Senior leaders in my organization support the demonstration project.
106	I am in favor of the demonstration project for my organization.
107	To what extent have you participated in the development of your contribution plans and the standards on which you are rated?
108	I utilize the skills taught in the AcqDemo training programs.
109a	How satisfied are you with the competence of new hires who are in the following positions? a. Program Manager
109b	b. Contracting
109c	c. Industrial Property Management
109d	d. Purchasing
109e	e. Manufacturing and Production
109f	f. Quality Assurance
109g	g. Business, Cost Estimating and Financial Management
109h	h. Acquisition Logistics
109i	i. Communications and Computer Systems
109j	j. Systems Planning, Research Development and Engineering
109k	k. Test Evaluation
109l	l. Auditing
109m	m. Technical
109n	n. Administrative
109o	o. Support Staff
110	Do you feel the current length of the probation period for employees is: (Choose one) a. Too Long b. About Right c. Too Short d. Don't Know
111	Within the last year, has there been a formal RIF (reduction in force) in your organization or at your installation? Note: Buyouts and offers of early retirement do not constitute a RIF. (Choose one) a. Yes (if yes, answer item 112) b. No, but my organization is planning a RIF (skip to item 113) c. No (skip to item 113) d. Don't know (skip to item 113)
112	If yes, were you personally affected by the RIF (for example, your position or workload changed or you felt jeopardized)? (Choose one) a. Yes (answer 112a. b. and c) b. No (skip to item 113) c. Don't know (skip to item 113)
112a	a. The RIF process is fair.

112b	b. I was provided with adequate information about the RIF.
112c	c. I was provided with adequate information about job placement.
113	I would like to see additional training provided in the following areas: (Choose one) a. The use of all AcqDemo interventions b. Hiring and Pay Setting c. The pay pool panel process d. The Contribution-based compensation & appraisal Scoring e. The Contribution-based compensation & appraisal Pay f. Adjustment g. Other
114	The place where I primarily receive personnel services is located: (Choose one) a. In my building or within walking distance b. Too far to walk but in the same area-within c. driving/commuting d. Outside of this immediate geographic area e. Don't know
115	The factor that most influenced the frequency of communication between my supervisor and me was: (Choose one) a. Mission changes within my b. Personnel changes within my organization c. Information gained in training programs d. Other environmental factors
116	Assigning the right people to the job?
117	Coordinating the efforts of different work groups?
118	Providing supplies, equipment, training, and other resources to get the job done?
119	Overall, the quality of personnel services provided to me is…
120	The skills and abilities of the most recent candidate I hired were a good match for the job.
121	I have enough authority to hire people with the right skills when I need them.
122	I have enough authority to promote people.
123	I have enough authority to determine my employees' pay.
124	I am satisfied with the classification procedures used in this organization.
125	I have enough authority to remove people from their jobs if they perform poorly.
126	I have enough authority to influence classification decisions.
127	In this organization, management has the flexibility to reduce the workforce, when necessary.
128	Discussion over job classification has delayed the staffing process in my organization.
129	I have been adequately trained to exercise the classification authorities delegated to me.
130	Job classification is easier and faster under the demonstration project than under the previous system.
131	In the last CCAS cycle, the pay pool panel generally agreed with the contribution ratings I gave to my immediate employees.
132	I have received sufficient training to prepare me for supervisory responsibilities in the demonstration project.
133	The demonstration project provides supervisors with effective tools to improve employee contributions.

134	If you have hired someone in the past year, what was your assessment of the overall capabilities of the person hired compared to the rest of your workforce? a. Top 1% b. Top 10% outstanding c. Top 25% very good d. Average e. Below average f. Poor
135	Have you ever officially terminated an employee during the probationary period? a. Yes b. No
136	Have you ever encouraged an employee to leave voluntarily during the probationary period? a. Yes b. No
137	For the most recent hire, how much time (in weeks) elapsed from submission of the request for personnel action (SF-52) to the extension of the firm job offer? a. 4 or fewer weeks b. 5-8 weeks c. 9-16 weeks d. 17-25 weeks e. more than 25 weeks
138	For the most recent hire, how many offers were made before a candidate accepted the job? a. One (the top candidate accepted the job) b. Two c. Three d. Four e. Five or more f. No offer was made

Appendix B. Legislation

The Civil Service Reform Act of 1978 and Reorganization Plan No. 2 of 1978 (together with Reorganization Plan No. 1 of 1978) were likely histories' most drastic change in the world of civilian personnel. The plan abolished the Civil Service Commission (CSC) and created a merit-based civil service. The new structure split the functions of the CSC among an Office of Personnel Management, a Federal Labor Relations Authority to oversee labor-management relations, and an independent quasi-judicial Merit Systems Protection Board.

The U.S. Office of Personnel Management (OPM) was established effective January 1, 1979. The Office served the President's chief advisor on civilian personnel matters and inherited from the CSC only one set of its functions and authorities -- personnel management of the civil service of the Government. One major goal of reform was to ensure that Government could continue to experiment with different approaches to personnel management that might lead to future improvements. The Reform Act authorized OPM to conduct demonstration projects to determine whether changes in personnel policy or procedures would result in improved federal personnel management. OPM had the authority to establish up to 10 demonstration projects at a time; each demonstration project could not involve more than 5,000 individuals; and, each project must also terminate before the end of the 5-year period beginning on the date on which the project took effect, except that the project could continue beyond the date to the extent necessary to validate the results of the project.

Over 15 years after the Civil Service Reform Act of 1978, Section 4308 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 1996 (Pub.L.104-106; 10 U.S.C.A 1701 note), as amended by section 845 of the NDAA Act for FY 1998 (Pub.L.105-85), permitted the Department of Defense (DoD), with the approval of OPM, to conduct a personnel demonstration project within the DoD's civilian acquisition workforce and those supporting personnel assigned to work directly with the acquisition workforce and teams of personnel, more than half of which consist of members of the acquisition workforce and the remainder of which consist of support personnel assigned to work directly with the acquisition workforce throughout DoD. Acquisition workforce employees are defined as those in acquisition positions within the DoD, as designated in Section 1721(a) of Title 10, United States Code. The support personnel included in this project are defined in Section 845 of Public Law 105-85. The DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) was granted authority by FY98 NDAA to grow to 95,000 participants.

In November 2003 Congress passed Public Law 108-87 (NDAA 04). NDAA 04 authorized the extension of AcqDemo through 2012; increased participation limit from 95,000 to 120,000 personnel; changed the workforce construct limit from organizations with 'more than half' acquisition personnel to organizations with '1/3 acquisition-2/3 acquisition support' personnel; and permitted continued participation in the AcqDemo for an organization or team that ceased to meet any participation condition as a result of reorganization, restructuring, realignment, consolidation or other organization change.

Appendix C. AcqDemo Workforce Summary Data and Trends

Appendix C.1. Workforce Summary Data

The following tables provide a general, descriptive picture of the AcqDemo workforce through 2003. Data from 1998 (before AcqDemo started) through 2002 are included in the Baseline/Implementation Report and the Interim Evaluation Report. These data were provided by the Defense Manpower Data Center (DMDC)—from its civilian personnel data file—for AcqDemo participants and the comparison group (Air Armaments Center at Eglin, AFB, Florida).

Table C.1-1 AcqDemo Population Baseline

	12/1998	12/1999	12/2000	12/2001	12/2002	12/2003
Air Force	2026 (40.4%)	2008 (40.3%)	1978 (39.0%)	2062 (37.3%)	2218 (36.9%)	2295 (26.2%)
Army	1489 (29.8%)	1492 (29.9%)	1559 (30.8%)	1741 (31.5%)	2052 (34.1%)	4462 (50.9%)
Marine Corps	568 (11.4%)	566 (11.4%)	567 (11.2%)	730 (13.2%)	723 (12.0%)	782 (8.9%)
Navy	650 (13.0%)	646 (13.0%)	671 (13.2%)	713 (12.9%)	614 (10.3%)	1219 (13.9%)
4th Estate	271 (5.4%)	271 (5.4%)	293 (5.8%)	281 (5.1%)	404 (6.7%)	782(8.9%)
Total:	*5,004*	*4,983*	*5,068*	*5,527*	*6,011*	8,758*
Comparison Group	1,328	1,316	1,312	1,338	1,389	1,368

* The Army, Navy, Marine Corps, and Air Force were participating in their fifth year of the demonstration; OSD in their fourth year (OSD entered the demonstration in October 1999). Several organizations joined the demonstration during the fifth cycle while one withdrew, resulting in a significant increase in the number of participants. Most of the new organizations are Army, and include the Program Executive Office (PEO) for Combat Support and Combat Service Support; the Developmental Test Command; the Operational Test Command; the Army Materiel Systems Analysis Activity, the Tank-automotive and Armament Command Armament Research, Development, and Engineering Center; the PEO for Simulation, Training, and Instrumentation; the PEO for Air Space Missile Defense; and the Aviation and Missile Command. In addition to the new Army organizations, the Defense Acquisition University headquartered in Ft. Belvoir, VA also joined AcqDemo this past cycle. The Defense Acquisition University has been grouped with the five OSD organizations under the more general heading "4th Estate". Two organizations entered the AcqDemo, but were not included in the CCAS data as participants in both did not receive ratings. They were the Army Tank-automotive and Armaments Command in Warren and Rock Island, MI; and the Missile Defense Agency.

Table C.1-2 Transaction History for AcqDemo

	AcqDemo				Comparison Group			
	2000	**2001**	**2002**	**2003**	**2000**	**2001**	**2002**	**2003**
Total (as of 12/2000; 12/2001; 12/2002, 12/2003)	5,068	5,527	6,011	8,758	1,312	1,338	1,389	1,538
Number of employees promoted	413 (8.1 %)	235 (4.3%)	309 (5.1%)	570 (6.5%)	212 (16.2%)	128 (9.6%)	363 (26.1%)	191 (12.4%)
Number of accessions during the year	265 (5.2%)	242 (4.4%)	365 (6.1%)	389 (4.4%)	59 (4.5%)	148 (11.1%)	376 (27.1%)	84 (5.5%)
Number of employees denied a WGI	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	1 (0.08%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
Number of employees converted from non-permanent to permanent appointments	40 (0.8%)	29 (0.5%)	50 (0.8%)	52 (0.6%)	25 (1.9%)	19 (1.4%)	66 (4.8%)	16 (1.0%)
Number of employees on temporary appointment	15 (0.3%)	8 (0.1%)	8 (0.1%)	16 (0.2%)	15 (1.1%)	6 (0.4%)	56 (4.0%)	6 (0.4%)
Number of employees on term/modified term appointment	44 (0.9%)	38 (0.7%)	40 (0.7%)	13 (0.1%)	17 (1.3%)	34 (2.5%)	38 (2.7%)	2 (0.1%)

Table C.1-3 Separations by Type for AcqDemo

	AcqDemo				Comparison Group			
	2000 (% of population)	2001 (% of population)	2002 (% of population)	2003 (% of population)	2000 (% of population)	2001 (% of population)	2002 (% of population)	2003 (% of population)
During probationary period	2 (0.04%)	1 (0.01%)	0 (0.0%)	1 (0.0%)	0 (0.0%)	1 (0.07%)	0 (0.0%)	0 (0.0%)
Resignation	113 (2.2%)	56 (1.0%)	71 (1.2%)	80 (0.8%)	21 (1.6%)	34 (2.5%)	69 (5.0%)	16 (1.0%)
Retirement	82 (1.6%)	69 (1.2%)	182 (3.0%)	282 (2.9%)	31 (2.4%)	64 (4.8%)	100 (7.2%)	57 (3.7%)
Removal	5 (0.1%)	1 (0.01%)	1 (0.01%)	11 (0.1%)	2 (0.2%)	1 (0.07%)	2 (0.1%)	0 (0.0%)
Death	12 (0.2%)	5 (0.09%)	9 (0.2%)	12 (0.1%)	2 (0.2%)	2 (0.1%)	3 (0.2%)	3 (0.2%)
RIF	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	3 (0.2%)	1 (0.0%)
Termination	56 (1.1%)	44 (0.8%)	74 (1.2%)	88 (0.9%)	20 (1.5%)	19 (1.4%)	59 (4.3%)	13 (0.8%)
Total # of employees separated	*270*	*176*	*337*	*475*	*76*	*121*	*236*	*90*

Table C.1-4 Workforce Profile I

	AcqDemo			Comparison Group		
	12/2001	**12/2002**	**12/2003**	**12/2001**	**12/2002**	**12/2003**
Total Population	5527	6011	8758	1338	1389	1368
Percent Supervisors/Managers	10.9%	9.8%	6.6%	13.7%	12.2%	11.4%
Average Length of Civilian Service	19 years	18 years	19 years	19 years	18 years	19 years
Average Age	48 years	48 years	49 years	49 years	48 years	49 years
Percent Eligible for Retirement	8.9%	10.0%	12.0%	13.3%	13.5%	8.4%
Percent on Permanent Appointment	97.0%	96.9%	97.8%	91.9%	91.9%	92.9%
Percent in Bargaining Unit	14.1%	16.3%	23.5%	80.9%	81.6%	81.6%
Average GS Grade	10.2	9.7	9.8	10.2	10.2	10.3
DAWIA-Covered	58.4%	NA	NA	55.1%	NA	NA

Table C.1-5 Workforce Profile II

	AcqDemo			Comparison Group		
	12/2001	**12/2002**	**12/2003**	**12/2001**	**12/2002**	**12/2003**
Female	45.2%	44.8%	41.9%	41.4%	39.2%	40.1%
Male	54.8%	55.1%	58.1%	58.6%	60.8%	59.9%
White	75.2%	75.0%	77.0%	83.2%	82.8%	83.3%
Black	14.0%	14.3%	13.1%	9.0%	8.7%	8.4%
Hispanic	4.2%	4.3%	3.9%	3.7%	4.4%	4.2%
American Indian/Alaska Native	0.9%	0.8%	0.8%	1.5%	1.4%	1.5%
Asian/Pacific Islander	5.4%	5.2%	4.7%	2.7%	2.7%	2.6%
Other Race or National Origin	0.4%	0.4%	0.3%	0.0%	0.0%	0.0%
Veteran	27.8%	27.9%	24.3%	35.9%	38.3%	32.8%

Table C.1-6 Education Level for AcqDemo

	Total AcqDemo			New Hires		
	12/2001	**12/2002**	**12/2003**	**12/2001**	**12/2002**	**12/2003**
High School Graduate or Less	22.9%	23.7%	20.7%	46.8%	33.8%	26.4%
Terminal Occupation Program	1.6%	1.5%	1.1%	0.3%	0.0%	0.0%
Some College/Associate's Degree	24.0%	23.0%	19.3%	9.4%	12.3%	8.5%
Bachelor's Degree	25.3%	25.9%	28.8%	20.4%	30.8%	33.3%
Some Graduate School	6.2%	5.9%	7.1%	2.7%	2.5%	2.0%
Master's Degree	17.1%	17.5%	19.8%	18.2%	19.4%	25.6%
Some Graduate School Beyond Master's Degree	1.7%	1.5%	1.9%	0.9%	0.8%	0.4%
Doctorate or Higher	1.1%	1.0%	1.2%	0.6%	0.4%	3.7%
Number of New Hires *				329	238	248
*New hires are employees with a service computation date of 1 year or less.						

Table C.1-7 Education Level for Comparison Group

	Total Comparison Group			New Hires		
	12/2001	**12/2002**	**12/2003**	**12/2001**	**12/2002**	**12/2003**
High School Graduate or Less	13.7%	15.2%	14.0%	58.6%	35.6%	9.3%
Terminal Occupation Program	2.4%	2.1%	1.9%	0.0%	2.2%	0.0%
Some College/Associate's Degree	23.2%	24.0%	23.2%	11.4%	11.1%	16.3%
Bachelor's Degree	23.7%	23.5%	24.7%	20.0%	22.2%	41.9%
Some Graduate School	10.0%	8.6%	8.6%	1.4%	0.0%	2.3%
Master's Degree	24.7%	24.6%	25.7%	7.1%	28.9%	30.2%
Some Graduate School Beyond Master's Degree	1.3%	1.1%	1.0%	0.0%	0.0%	0.0%
Doctorate or Higher	1.0%	0.9%	0.8%	1.4%	0.0%	0.0%
Number of New Hires:				70	45	43

*New hires are employees with a service computation date of 1 year or less.

Table C.1-8 Occupational Baseline

	AcqDemo			Comparison Group*		
	12/2001	**12/2002**	**12/2003**	**12/2001**	**12/2002**	**12/2003**
Business Management and Technical Management Professional (NH)	81.2%	82.1%	85.9%	73.6%	74.8%	75.8%
Technical Management Support (NJ)	5.2%	5.2%	3.5%	8.8%	9.0%	8.4%
Administrative Support (NK)	13.6%	12.7%	10.6%	17.6%	16.2%	15.8%

**Note: The Comparison Group's GS occupation series were converted to AcqDemo career path equivalents.*

C.2. Workforce Trends Report

DoD Civilian Acquisition Workforce
Personnel Demonstration Project Contribution-based
Compensation and Appraisal System (CCAS)

Fiscal Year 1999-2003
Workforce Trends

June 2004

Prepared for:

DoD Acquisition Workforce Personnel Demonstration Project
Program Management Office

Prepared by:

SRA International, Inc.
1777 Northeast Loop 410, Suite 510
San Antonio, TX 78217

The views, opinions, and findings contained in this report are those of the authors and should not be construed as an official U.S. Air Force or Defense position, policy, or decision unless so designated by other official documentation.

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C.2.1. Background

The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 1996, as amended by section 845 of the NDAA for FY1998, allowed the Department of Defense (DoD), with the approval of the Office of Personnel Management, to conduct a personnel demonstration project within its civilian acquisition workforce. Two of the key components of the DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo), were broadbanding and a Contribution-based Compensation and Appraisal System (CCAS), which replaced traditional grades and steps with broad pay bands covering several grades and with pay linked to contribution to the mission rather than to longevity. The AcqDemo is described in the *Federal Register,* January 8, 1999.

Under CCAS, each participating organization is identified as a paypool, where the number of employees in a pool was typically between 35 and several hundred. The head of the organization (or designee) is the paypool manager and he or she is responsible for administering CCAS, including employee appraisals, pay raises, and monetary awards.

SRA International, Inc. was under contract to develop software to help paypool managers, as well as other managers and supervisors under them, to administer CCAS. The contract also includes analyses of the results each CCAS appraisal and compensation adjustment cycle beginning with the first cycle in 1999. Throughout this document, the terms “first cycle”, “second cycle”, “third cycle”, “fourth cycle”, and “fifth cycle” refer to the 1999, 2000, 2001, 2002, and 2003 CCAS assessments and compensation adjustments respectively. With the completion of the fifth cycle, SRA International, Inc. is supplementing the annual cycle analysis with a summary of the demographic changes in the AcqDemo work force corresponding to its growth from 4,700 employees in 1999 to 7,875 employees in 2003.

C.2.2. Purpose

This report documents characteristics and trends in the AcqDemo workforce for FY 1999 through 2003. Demographic changes largely reflect the expansion in the number of organizations participating in the demonstration project since its inception. The Army, Navy, Marine Corps, and Air Force were participating in their fifth year of the CCAS demonstration. OSD was in their fourth year, having entered the demonstration in October 1999. The greatest expansion occurred during 2003 with new organizations[3] increasing the number of paypools from 55 to 80. Most of the new organizations were Army, but also included the Defense Acquisition University (DAU). In the analysis which follows, the DAU paypool has been grouped with the five OSD paypools under the more general heading “4th Estate”.

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[3]*Two organizations entered the AcqDemo, but were not included in this report as both were entirely presumptive due to appraisal eligibility time requirement and did not receive ratings. They were the Army Tank-automotive and Armaments Command (pay pools 190 - 196) in Warren and Rock Island, MI; and the Missile Defense Agency (pay pools 511 - 513) headquartered in the National Capital Region.*

C.2.3. Comparisons Across Fiscal Years

Enclosure 1 displays selected *end-year population* descriptive statistics across the five calendar years. The statistics are as follows:

- Gender
- Race
- Education Level
- Supervisory Status
- Targeted Disabilities
- Veterans' Preference Status
- Average Age
- Average Time in Service
- Average Base Pay

Enclosure 2 displays the same selected descriptive statistics for *losses* from the AcqDemo population occurring during FY2000, FY2001, FY2002, and FY2003. We use a file matching technique to identify losses (i.e., an individual on the FY1999 file who is not on the FY2000 file is considered a loss during FY2000). For this reason we cannot identify FY1999 losses because we do not have a FY1998 file.

Enclosure 3 displays the same selected descriptive statistics for *gains* to the AcqDemo population occurring during FY2000, FY2001, FY2002, and FY2003. Because gains are not explicitly identified on the files, we again use file matching to identify them (i.e., an individual on the FY2000 file who is not on the FY1999 file is considered a gain during FY2000). For this reason we cannot identify FY1999 gains because we do not have a FY1998 file.

The following series of graphs plot selected workforce trends across the five calendar years. Each graph contains three lines. The blue line indicates the trend in the entire end-calendar year AcqDemo population. The violet line indicates the trend in the new-hire (gain) population each year, while the red line indicates the trend in the population leaving the AcqDemo each year.

As explained above, there are five data points for each of the end-calendar year population trends, but only four for the gain and loss population trends.

As shown in Figure C.2-1 below, the AcqDemo population began with 4,700 in FY1999 and grew by about 300 each of the next three years. This slow steady increase was followed by a sizable increase in FY2003 when the AcqDemo population increased by over 2,300 employees to 7,876. Losses, which have averaged about 11 percent of the end-year population, have also been affected by organizational changes. Some of the FY2002 and FY2003 losses were due to reorganizations within the Navy that removed groups of employees from the demonstration.

Figure C.2-1 AcqDemo Population

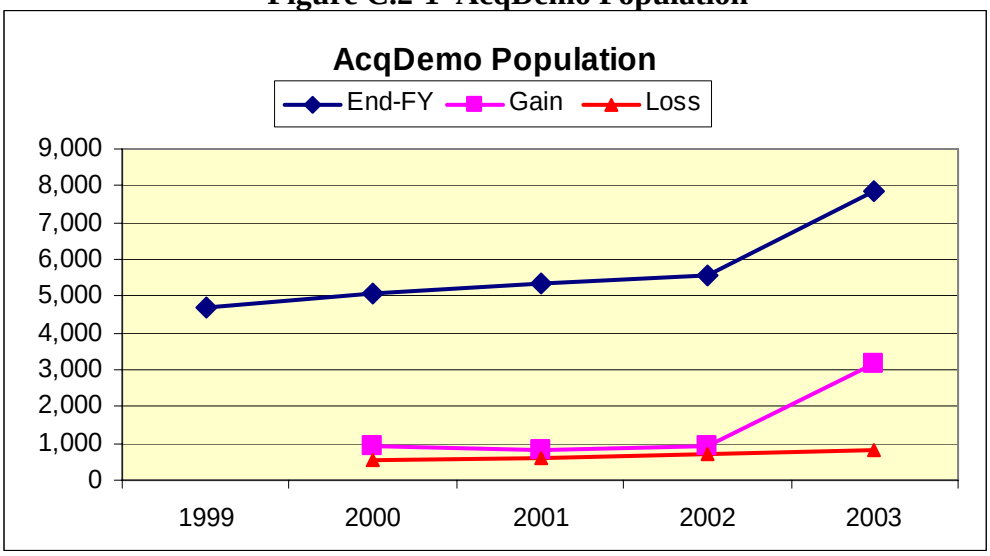


Figure C.2-2 breaks out the end-calendar year populations by career path. Nearly all the growth in the AcqDemo workforce has been in the NH career field. The NH career field, as a percent of the total workforce, has grown from 78 percent in FY1999 to 85 percent in FY2003. The NJ career field represents the smallest segment of the workforce accounting for only 4 percent of the total in FY2003. The NK career field represents the remaining 11 percent of the FY2003 total workforce.

Figure C.2-2 AcqDemo Population by Career Path

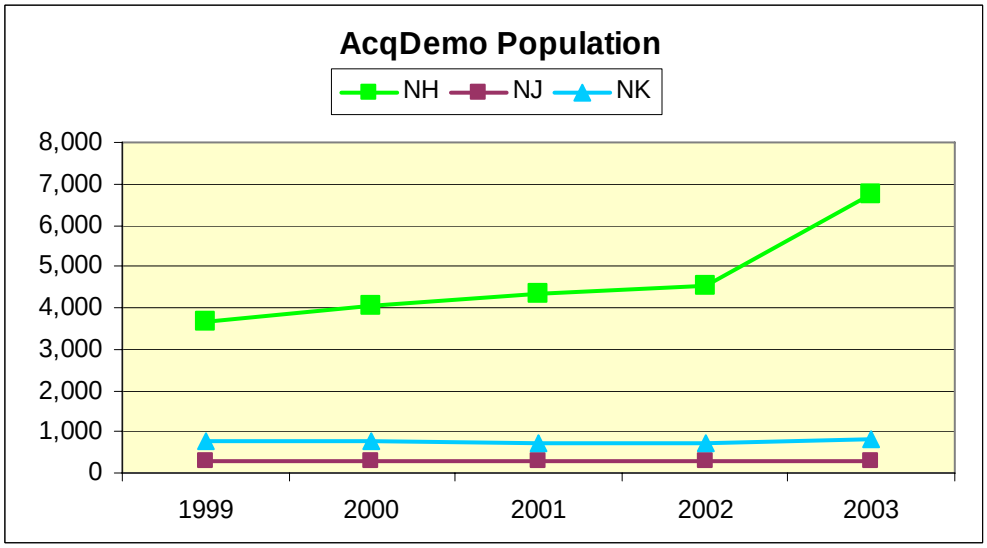


Figure C.2-3 Composition by Component

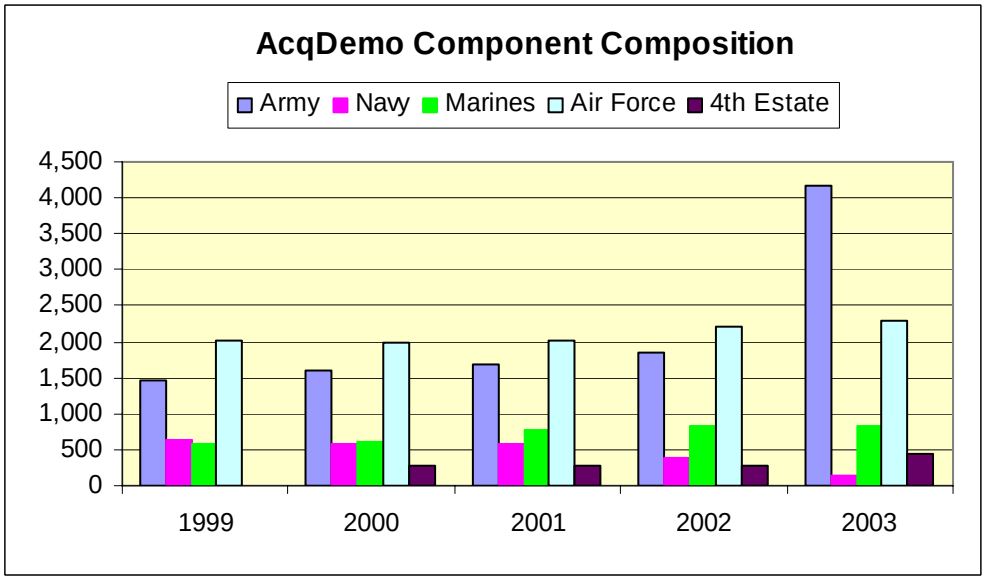


Figure C.2-3 shows the breakout of the AcqDemo workforce by component. Note the addition of the 4th Estate in FY2000 and the significant expansion of the Army component of the workforce in FY2003. Each component has grown steadily each year except for the Navy. During the first four years, the Air Force had the largest number of demonstration employees, at about 2000. This changed in FY2003 with the sizable addition of predominantly Army organizations, more than doubling the number of Army participants to almost 4,200.

Figure C.2-4 Average Base Pay

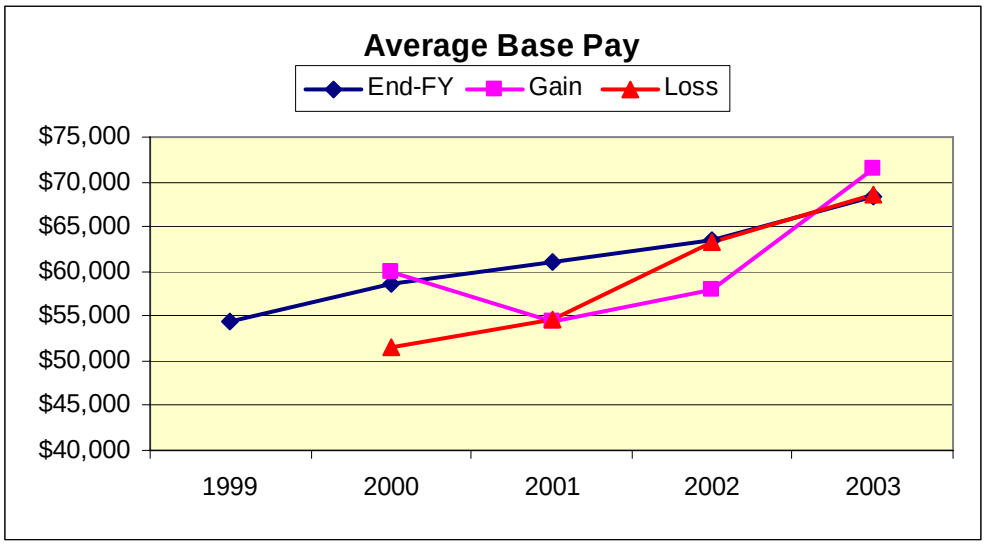
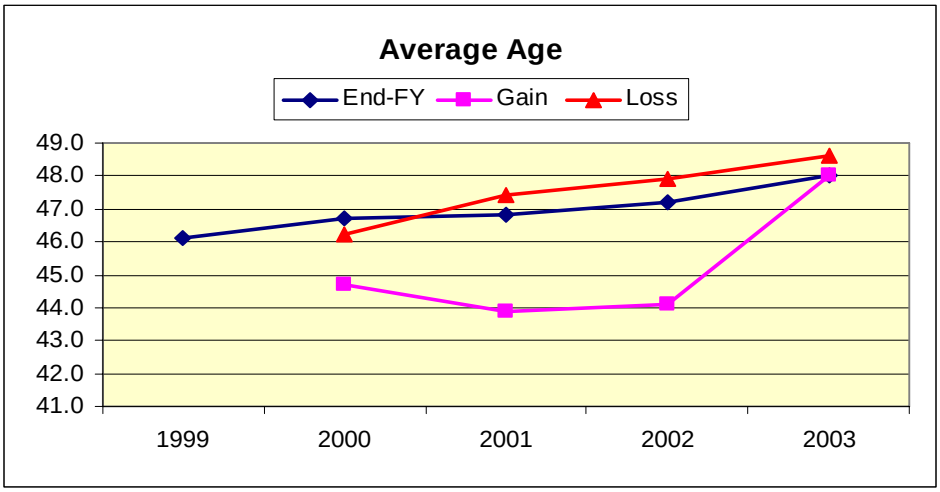


Figure C.2-4 shows the pattern of growth in average base pay over the five years of the AcqDemo. The pattern reflects the higher average grade levels of the organizations entering the AcqDemo in FY2000 and FY2003, as well as a steady increase in the NH career field as a percent of the total workforce. While average base pay grew by 4.2 percent in FY2001 and 4.0 percent in FY2002, it increased by 7.8 percent in FY2000 with the addition of OSD, and by 7.6 percent in FY2003 with the addition of organizations in the highly graded National Capital Region. Figure C.2-4 shows that the average base pay of those entering the AcqDemo during FY2000 and FY2003 exceeded the average base pay of the end-FY population.

Figure C.2-5 Average Age



The average age of the AcqDemo workforce is shown in Figure C.2-5. The average age increased from 46.1 in FY1999 to 48.0 in FY2003. While the average age of those entering the workforce in FY2001 and FY2002 was about 3 years younger than the existing workforce, the average age of the more than 2,300 additions to the demo in FY2003 matched the average age of the end-FY AcqDemo population. As shown in Figure C.2-6, this same pattern also exists for average years of government service. At the end of FY2003, the average years of government service for AcqDemo employees was 18.9 years.

Figure C.2-6 Average Years of Service

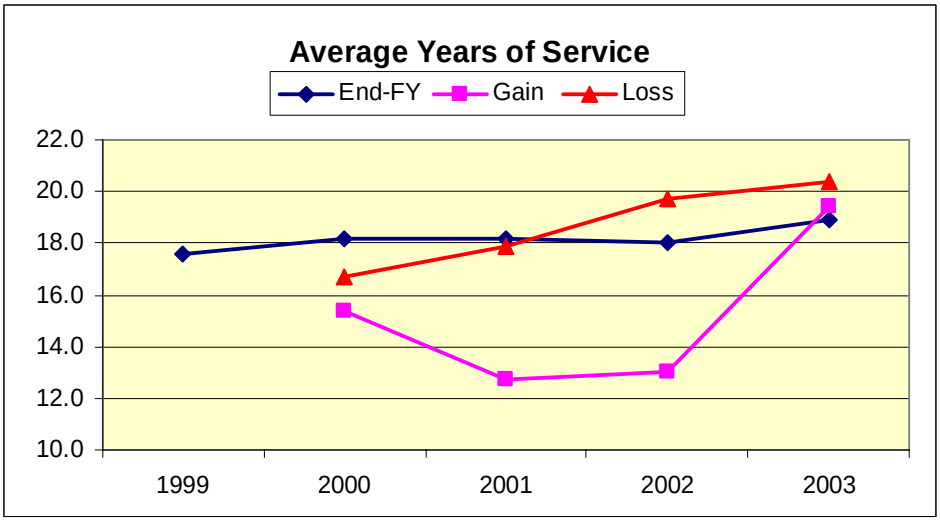


Figure C.2-7 shows the percent of the end-FY populations with a least a Bachelor's Degree. While less than 10 percent of the NJ and NK career fields have a college degree, about two-thirds of the NH career field have at least a Bachelor Degree. Figure 3-8 further breaks out those in the NH career field with an advanced degree. The percentage of those in the NH career field with an advanced degree has ranged from a low of 24.3 percent in FY2001 to a high of 28.9 percent in FY2003.

Figure C.2-7 Bachelor's Degree

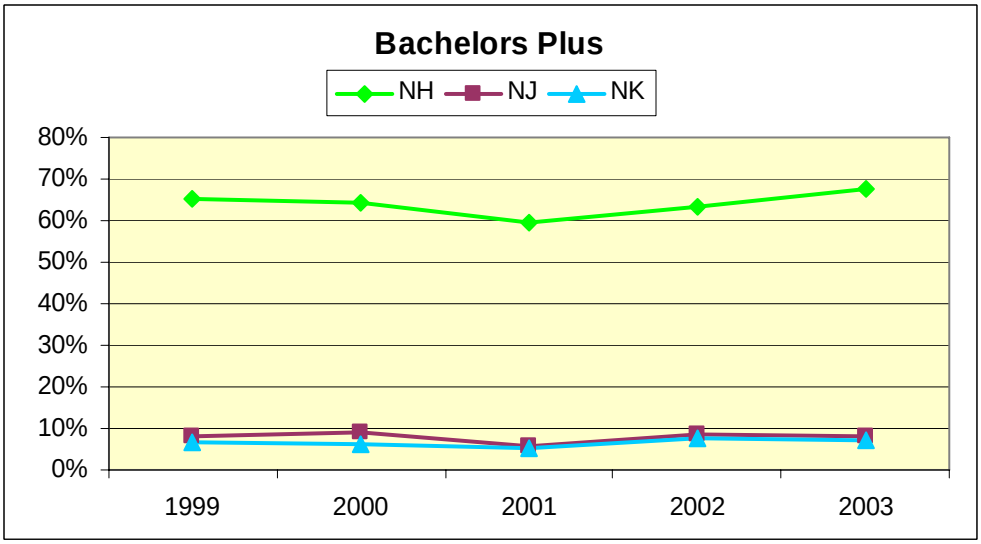
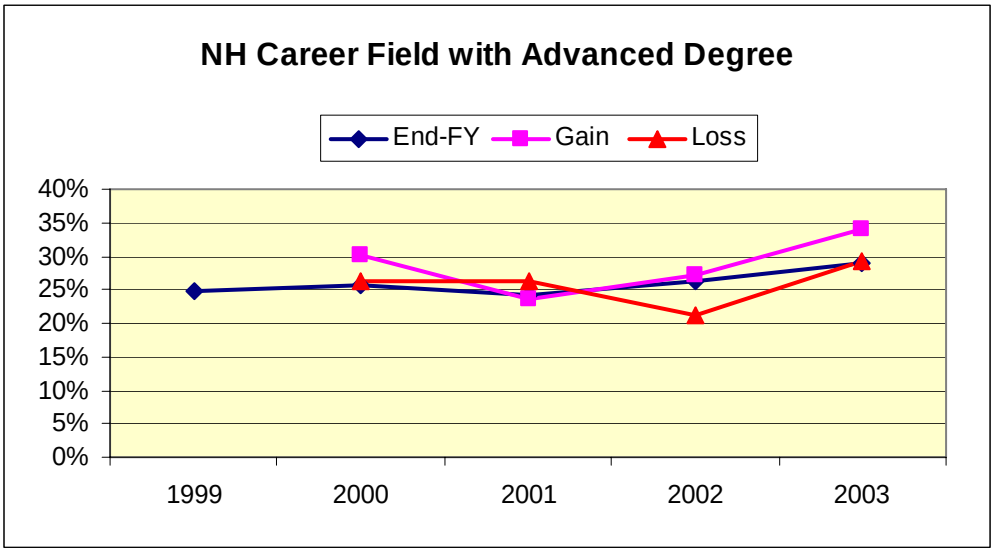
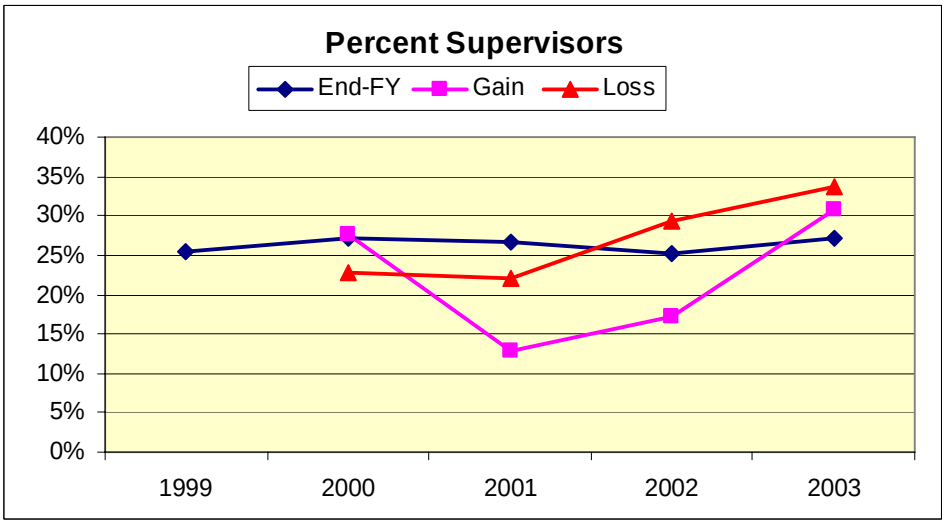


Figure C.2-8 Advanced Degrees



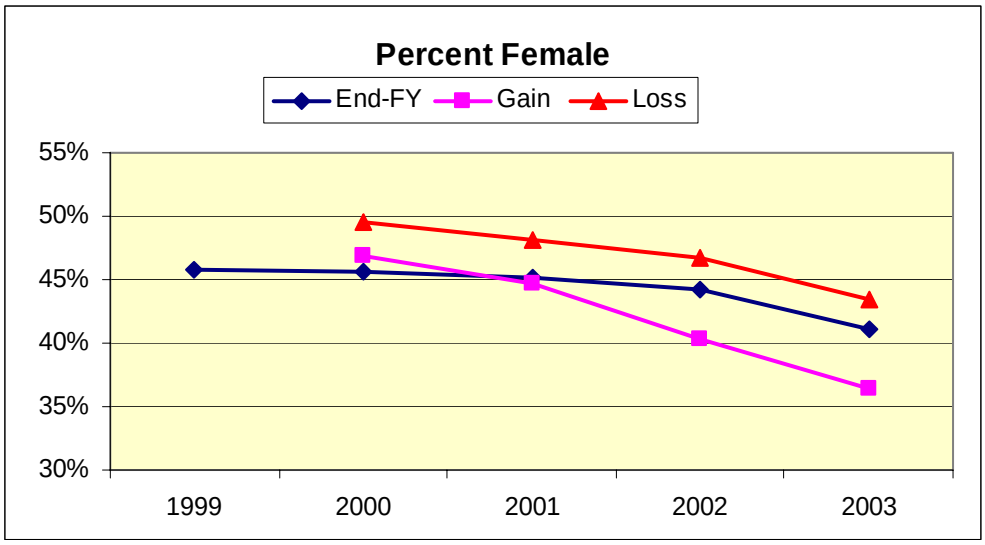
The proportion of the end-FY AcqDemo workforce who are supervisors has fluctuated between 25 and 27 percent over the five cycles. Supervisor representation among those entering the demonstration project was greatest in FY2000 and FY2003.

Figure C.2-9 Percent Supervisors



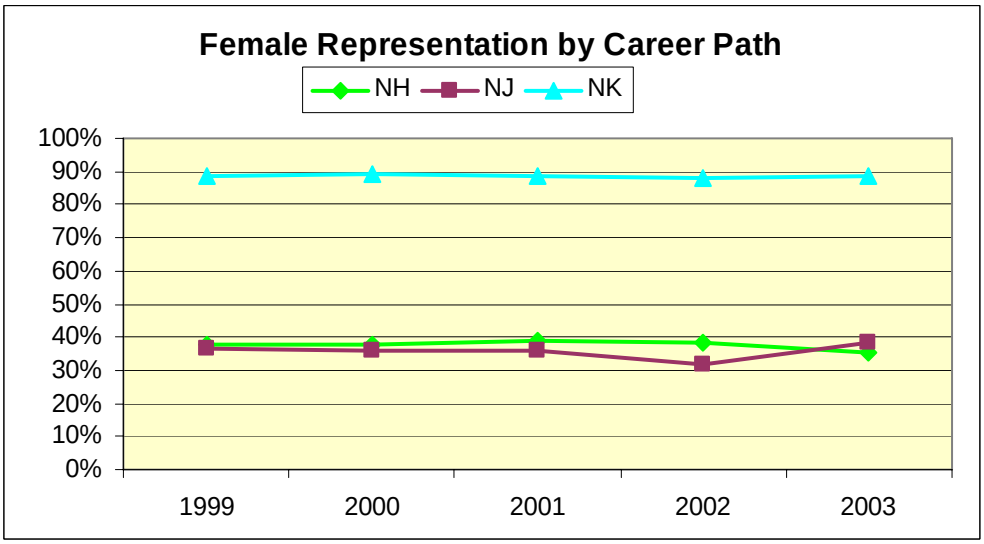
Female representation among the AcqDemo workforce declined slightly from FY1999 to FY2002 and then showed a significant drop in FY2003 as shown in Figure C.2-10. The drop is coincident with the smaller representation of females among the organizations entering in FY2003. Figure C.2-11 shows that females constitute almost 90 percent of the NK career path.

Figure C.2-10 Percent Female



Thus, as the proportion of the total workforce in the NH career path increased while the proportion in the NK career path declined (see Figure C.2-2), the overall proportion of females in the workforce declined.

Figure C.2-11 Female Representation by Career Path



Minority representation in the AcqDemo workforce has ranged between 24 and 26 percent. Figure C.2-12 shows that the slightly lower minority representation among those organizations joining the demonstration project in FY2003, reduced overall minority representation from 26.0 percent in FY2002 to 23.9 percent in FY2003. Figure C.2-13 shows minority representation within the NH career field only. Organizations entering AcqDemo in FY2002 had a significantly higher percentage of minorities in the NH career field, while those entering in FY2003 had a significantly lower percentage.

Figure C.2-12 Percent Minority

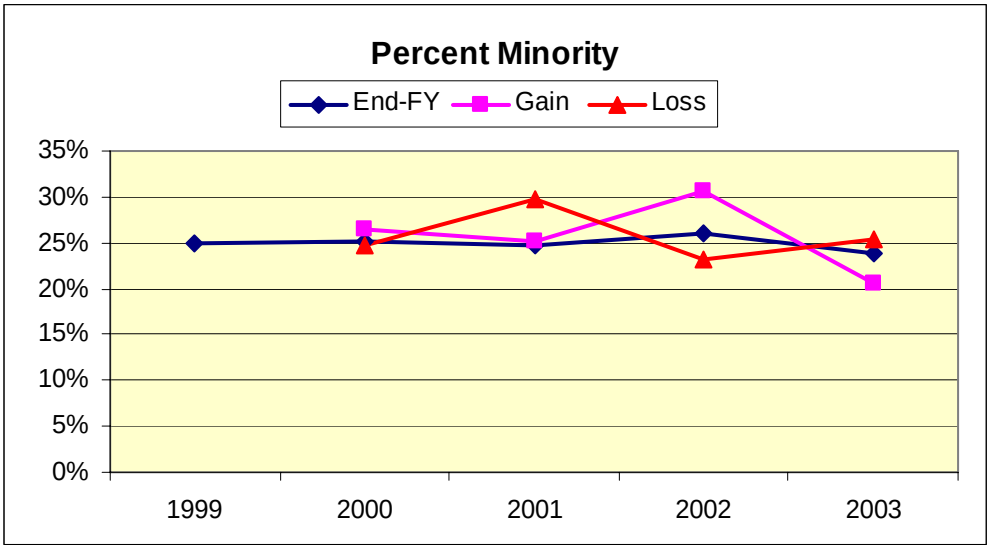
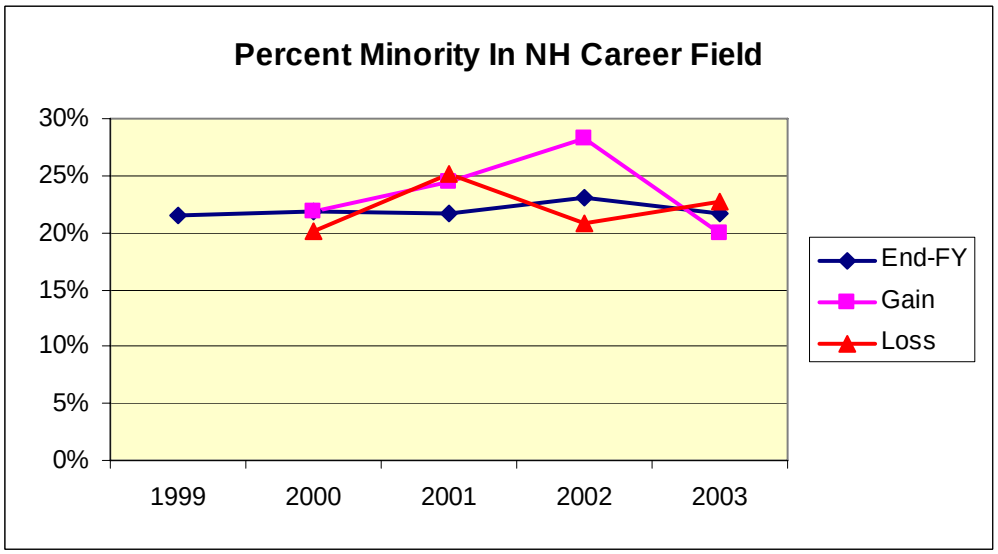
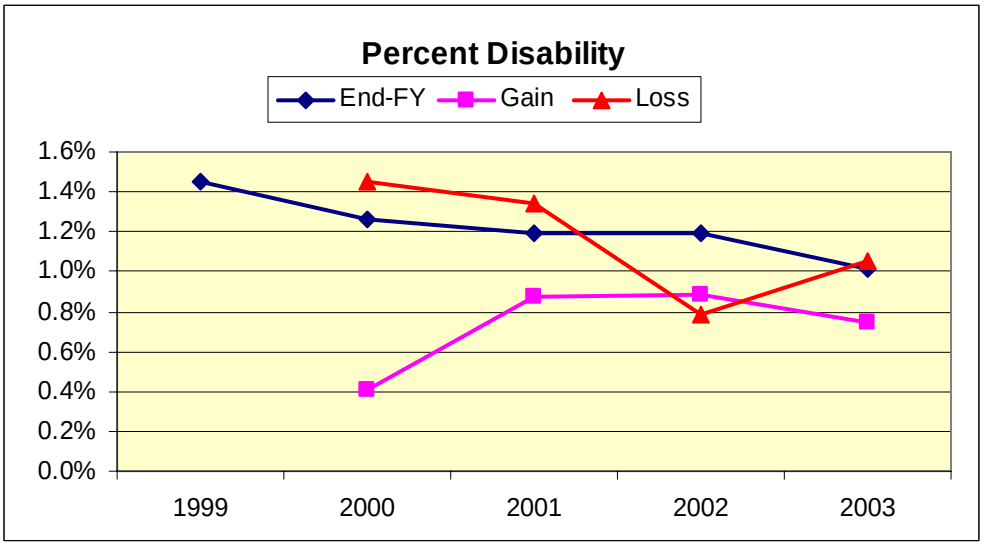


Figure C.2-13 Minority Representation in NH Career Field



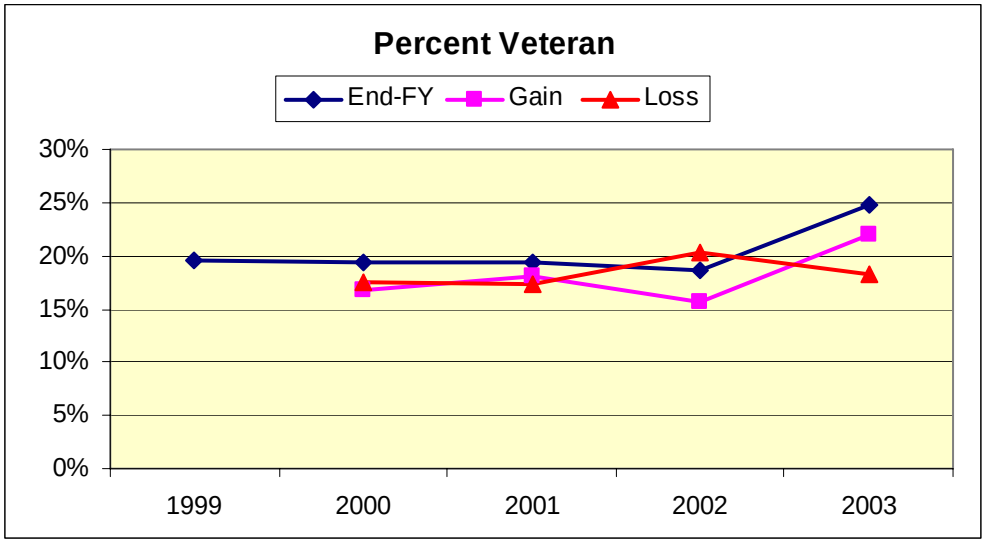
The percentage of the AcqDemo workforce with targeted disabilities has steadily declined from 1.5 percent in FY1999 to 1.0 percent in FY2003 as shown in Figure C.2-14.

Figure C.2-14 Targeted Disability



As shown in Figure C.2-15 , the percentage of the workforce with veterans' preference status rose significantly from 18.6 percent in FY2002 to 24.9 percent in FY2003. This increase was again due to increased veterans' preference status representation among the organizations entering in FY2003.

Figure C.2-15 Percent Veteran



C.2.4. Conclusions

The changes summarized above are largely a reflection of the disparate demographics of the organizations which have joined the demonstration project over its first five cycles. The increase in the size of the AcqDemo workforce, from 4,700 in FY1999 to 7,875 in FY2003, was almost entirely confined to the NH career field. The NH career field as a percent of the total AcqDemo workforce has grown from 78 percent in 1999 to 85 percent in 2003. While females comprise only 40 percent of the NH and NJ career fields, they make up almost 90 percent of the NK career field. Thus, overall female representation has decreased as the relative proportion of those in the NH career field has increased. Overall minority representation has remained fairly stable at about 25 percent despite the addition of new organizations and changes in career field mix. Over the first four cycles, the Air Force formed the largest component with about 40 percent of the workforce. With the addition of predominantly Army organizations in 2003, a majority of the workforce (53 percent) were in Army organizations, and the Air Force's share dropped to 29 percent. Less then 10 percent of those in the NJ and NK career fields have a college degree. While about two thirds of those in the NH career field have at least a Bachelors Degree, only about 25 percent have an advanced degree.

C.2.5 Enclosure 1: 5 Year Comparison of End FY Population

5-Year Comparison of End-FY Populations

Sex

	FY99		FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct	N	Pct
Female	2,153	45.8%	2,318	45.6%	2,411	45.2%	2,459	44.2%	3238	41.1%
Male	2,547	54.2%	2,765	54.4%	2,923	54.8%	3,109	55.8%	4,637	58.9%
All	4,700	100%	5,083	100%	5,334	100%	5,568	100%	7,875	100%

Race/Ethnicity

	FY99		FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct	N	Pct
Caucasian	3,542	75.4%	3,814	75.0%	4,046	75.9%	4,148	74.5%	6,036	76.6%
Black	649	13.8%	714	14.0%	723	13.6%	780	14.0%	970	12.3%
Hispanic	183	3.9%	207	4.1%	220	4.1%	245	4.4%	364	4.6%
Other	326	6.9%	348	6.8%	345	6.5%	395	7.1%	505	6.4%
All	4,700	100%	5,083	100%	5,334	100%	5,568	100%	7,875	100%

Education Level

	FY99		FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct	N	Pct
No Degree	2,245	47.8%	2,426	47.7%	2,755	51.6%	2,607	46.8%	3,253	41.3%
Bachelors	1536	32.7%	1615	31.8%	1772	33.2%	1748	31.4%	2672	33.9%
Masters	875	18.6%	991	19.5%	761	14.3%	1156	20.8%	1847	23.5%
Doctorate	44	0.9%	51	1.0%	46	0.9%	57	1.0%	103	1.3%
All	4,700	100%	5,083	100%	5,334	100%	5,568	100%	7,875	100%

Supervisory Status

	FY99		FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct	N	Pct
Super/Mngr	772	16.4%	813	16.0%	850	15.9%	932	16.7%	1553	19.7%
Sup(CSRA-GM)	121	2.6%	132	2.6%	152	2.8%	129	2.3%	141	1.8%
Mgmt Official	296	6.3%	428	8.4%	405	7.6%	320	5.7%	304	3.9%
Leader	11	0.2%	10	0.2%	5	0.1%	12	0.2%	34	0.4%
Other Positions	3,500	74.5%	3,700	72.8%	3,922	73.5%	4,175	75.0%	5,843	74.2%
All	4,700	100%	5,083	100%	5,334	100%	5,568	100%	7,875	100%

Handicap

	FY99		FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct	N	Pct
No	4,663	99.2%	5,048	99.3%	5,299	99.3%	5,531	99.3%	7,828	99.4%
Yes	37	0.8%	35	0.7%	35	0.7%	37	0.7%	47	0.6%
All	4,700	100%	5,083	100%	5,334	100%	5,568	100%	7,875	100%

Veterans Preference

	FY99		FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct	N	Pct
No	3,782	80.5%	4,102	80.7%	4,305	80.7%	4,535	81.4%	5,918	75.1%
Yes	918	19.5%	981	19.3%	1,029	19.3%	1,033	18.6%	1,957	24.9%
All	4,700	100%	5,083	100%	5,334	100%	5,568	100%	7,875	100%

5-Year Comparison of End-FY Populations (continued)

Average Age

Band	FY99	FY00	FY01	FY02	FY03
I	39.8	37.7	37.4	36.8	37.4
II	44.9	45.5	45.3	45.5	46
III	45.7	46.2	46.7	47.1	47.8
IV	49.5	49.6	49.2	49.5	49.8
All	46.1	46.7	46.8	47.2	48

Average Time in Service

Band	FY99	FY00	FY01	FY02	FY03
I	7.8	8.2	8	3.1	5.9
II	14.3	14.9	14.5	14.5	15
III	17.5	17.8	18	17.6	18.2
IV	23.8	23.4	23.2	23	23.3
All	17.7	18.2	18.2	18	9.8

Average Base Pay

Band	FY99	FY00	FY01	FY02	FY03
I	$20,837.27	$22,444.52	$22,331.09	$22,015.64	$23,238.23
II	$33,016.51	$34,644.72	$35,997.97	$37,967.28	$39,567.93
III	$56,943.20	$59,409.12	$61,554.82	$63,765.29	$66,868.80
IV	$81,701.77	$86,861.98	$89,236.91	$92,190.65	$93,641.63
All	$54,358.55	$58,625.90	$61,080.28	$63,501.99	$68,341.63

Component

Component	FY99		FY00		FY01		FY02		FY03	
Army	1,468	31.2%	1,609	31.7%	1,675	31.4%	1,861	33.4%	4,177	53.0%
Navy	633	13.5%	593	11.7%	575	10.8%	400	7.2%	140	1.8%
Marines	572	12.2%	606	11.9%	778	14.6%	825	14.8%	836	10.6%
Air Force	2,027	43.1%	1,995	39.2%	2,022	37.9%	2,209	39.7%	2,283	29.0%
4th Estate	N/A		280	5.5%	284	5.3%	273	4.9%	439	5.6%
Total	4,700	100.0%	5,083	100.0%	5,334	100.0%	5,568	100.0%	7,875	100.0%

C.2.6. Enclosure 2: 4-Year Comparison of Losses

4-Year Comparison of Losses

Sex

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
Female	270	49.5%	276	48.1%	334	46.7%	365	43.4%
Male	275	50.5%	298	51.9%	381	53.3%	476	56.6%
All	545	100%	574	100%	715	100%	841	100%

Race/Ethnicity

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
Caucasian	411	75.4%	406	70.7%	552	77.2%	632	75.1%
Black	70	12.8%	101	17.6%	101	14.1%	28	3.3%
Hispanic	18	3.3%	24	4.2%	23	3.2%	131	15.6%
Other	46	8.4%	43	7.5%	39	5.5%	50	5.9%
All	545	100%	574	100%	715	100%	841	100%

Education Level

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
No Degree	257	47.2%	278	48.4%	348	48.7%	348	41.4%
Bachelors	184	33.8%	187	32.6%	240	33.6%	283	33.7%
Masters	97	17.8%	103	17.9%	120	16.8%	200	23.8%
Doctorate	7	1.3%	6	1.0%	7	1.0%	10	1.2%
All	545	100%	574	100%	715	100%	841	100%

Supervisory Status

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
Super/Mngr	75	13.8%	82	14.3%	112	15.7%	157	18.7%
Sup(CSRA-GM)	15	2.8%	8	1.4%	11	1.5%	13	1.5%
Mgmt Official	32	5.9%	37	6.4%	85	11.9%	111	13.2%
Leader	2	0.4%	0	0.0%	0	0.0%	2	0.2%
Other Positions	421	77.2%	447	77.9%	507	70.9%	558	66.3%
All	545	100%	574	100%	715	100%	841	100%

Handicap

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
No	541	99.3%	569	99.1%	712	99.6%	836	99.4%
Yes	4	0.7%	5	0.9%	3	0.4%	5	0.6%
All	545	100%	574	100%	715	100%	841	100%

Veterans Preference

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
No	450	82.6%	474	82.6%	570	79.7%	688	81.8%
Yes	95	17.4%	100	17.4%	145	20.3%	153	18.2%
All	545	100%	574	100%	715	100%	841	100%

4-Year Comparison of Losses (continued)

Average Age

Band	FY00	FY01	FY02	FY03
I	40.4	38.5	35.4	26.2
II	43.6	45.4	46.5	45.4
III	46.5	47.4	47.7	48.8
IV	51.5	52.8	50.7	51.3
All	46.2	47.4	47.9	48.6

Average TIS

Band	FY00	FY01	FY02	FY03
I	7.6	10.8	6.9	0.22
II	12.3	14.2	14.8	13.5
III	17.4	17.9	20	20.3
IV	25.4	26.4	25	26
All	16.7	17.9	19.7	20.4

Average Base Pay

Band	FY00	FY01	FY02	FY03
I	$20,705.14	$20,950.08	$21,767.47	$19,929.89
II	$31,324.28	$32,834.52	$35,802.62	$37,605.03
III	$56,044.15	$59,164.36	$63,758.98	$65,999.70
IV	$84,036.63	$89,899.00	$92,218.35	$95,466.25
All	$51,456.00	$54,540.00	$63,346.00	$68,507.00

Component

Component	FY00		FY01		FY02		FY03	
Army	162	29.7%	195	34.0%	212	29.7%	261	31.0%
Navy	68	12.5%	67	11.7%	199	27.8%	271	32.2%
Marines	59	10.8%	61	10.6%	81	11.3%	52	6.2%
Air Force	256	47.0%	228	39.7%	192	26.9%	209	24.9%
4th Estate			23	4.0%	31	4.3%	48	5.7%
Total	545	100.0%	574	100.0%	715	100.0%	841	100.0%

C.2.7. Enclosure 3: 4-Year Comparison of Gains

4-Year Comparison of Gains

Sex

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
Female	435	46.9%	369	44.7%	382	40.3%	1144	36.3%
Male	493	53.1%	456	55.3%	567	59.7%	2,004	63.7%
All	928	100%	825	100%	949	100%	3,148	100%

Race/Ethnicity

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
Caucasian	685	73.8%	622	75.4%	659	69.4%	2,498	79.4%
Black	134	14.4%	109	13.2%	160	16.9%	319	10.1%
Hispanic	32	3.4%	35	4.2%	47	5.0%	146	4.6%
Other	77	8.3%	59	7.2%	83	8.7%	185	5.9%
All	928	100%	825	100%	949	100%	3,148	100%

Education Level

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
No Degree	458	49.4%	437	53.0%	428	45.1%	987	31.4%
Bachelors	253	27.3%	234	28.4%	306	32.2%	1207	38.3%
Masters	203	21.9%	145	17.6%	209	22.0%	897	28.5%
Doctorate	14	1.5%	9	1.1%	6	0.6%	57	1.8%
All	928	100%	825	100%	949	100%	3,148	100%

Supervisory Status

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
Super/Mngr	75	8.1%	60	7.3%	138	14.5%	790	25.1%
Sup(CSRA-GM)	9	1.0%	13	1.6%	6	0.6%	30	1.0%
Mgmt Official	172	18.5%	26	3.2%	8	0.8%	102	3.2%
Leader	0	0.0%	1	0.1%	5	0.5%	25	0.8%
Other Positions	672	72.4%	725	87.9%	792	83.5%	2,201	69.9%
All	928	100%	825	100%	949	100%	3,148	100%

Handicap

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
No	926	99.8%	821	99.5%	944	99.5%	3,133	99.5%
Yes	2	0.2%	4	0.5%	5	0.5%	15	0.5%
All	928	100%	825	100%	949	100%	3,148	100%

Veterans Preference

	FY00		FY01		FY02		FY03	
	N	Pct	N	Pct	N	Pct	N	Pct
No	772	83.2%	676	81.9%	800	84.3%	2,455	78.0%
Yes	156	16.8%	149	18.1%	149	15.7%	693	22.0%
All	928	100%	825	100%	949	100%	3,148	100%

4-Year Comparison of Gains (continued)

Average Age

Band	FY00	FY01	FY02	FY03
I	33	31.1	33.8	32.2
II	42.1	41.1	42	44.8
III	44.3	45.7	44.7	47.8
IV	48.6	46.2	47.6	49.9
All	44.7	43.9	44.1	48

Average TIS

Band	FY00	FY01	FY02	FY03
I	4.8	3.6	2.3	2.5
II	10.9	8.6	10.4	13.6
III	15	14.2	12.4	18.3
IV	21	18.1	20	23.8
All	15.4	12.7	13	19.4

Average Base Pay

Band	FY00	FY01	FY02	FY03
I	$22,248.54	$20,085.58	$20,868.12	$22,460.18
II	$34,197.40	$34,824.62	$38,557.32	$39,082.50
III	$56,610.18	$60,710.14	$61,637.93	$68,125.68
IV	$90,606.38	$84,585.40	$88,351.66	$92,133.25
All	$59,841.00	$54,380.00	$58,032.00	$71,420.00

Component

Component	FY00		FY01		FY02		FY03	
Army	305	32.9%	262	31.8%	399	42.0%	2,575	81.8%
Navy	29	3.1%	50	6.1%	25	2.6%	11	0.3%
Marines	91	9.8%	231	28.0%	127	13.4%	64	2.0%
Air Force	225	24.2%	256	31.0%	379	39.9%	283	9.0%
4th Estate			26	3.2%	19	2.0%	215	6.8%
Total	928	100.0%	825	100.0%	949	100.0%	3,148	100.0%

Appendix D. AcqDemo Intervention Results

D.1. Simplified Accelerated Hiring
D.2. Contribution-based Compensation and Appraisal System (CCAS)
D.3. Appointment Authority
D.4. Simplified Classification System
D.5. Academic Degree and Certificate Training
D.6. Expanded Candidate Selection Process
D.7. Extended Probationary Period
D.8. Broadbanding
D.9. Simplified Modified Reduction-in-Force (RIF)
D.10. Sabbaticals
D.11. Voluntary Emeritus Program

Appendix D. AcqDemo Intervention Results

In accordance with the AcqDemo evaluation plan, analyses were identified for each of the 11 AcqDemo interventions that would address, over time and in relation to the comparison group, changes in variables that were the indicators of expected effects for each intervention. In the following sections, each intervention is briefly described, and this description is followed by data from one or more of the following sources: survey data, workforce data, CCAS data, and/or personnel office data. Where applicable, inferential statistical analyses were performed, and the results are indicated in the appropriate tables.

In the case of survey data, composite variables were identified in some cases. To reduce redundancy and increase interpretability of the attitude survey data, logically related variables were grouped together. The internal consistency of the variable groupings was tested using alpha.[4] Composites with alpha levels of 6 or higher were retained.

For significance tests, mean differences in attitude survey variables were tested using t-tests.[5] T-tests were performed to test for significant differences between the AcqDemo and comparison group in a single year. The t-test assumed that knowing the value of one survey answer does not give you information about the value of another survey answer. Because the same people may have completed the survey in multiple years, the survey answers were probably not independent. Therefore, to avoid violating the assumption of independence, t- tests were not performed to test for mean differences across years. Because of the large number of t-tests conducted, the potential for erroneously finding a statistically significant result was inflated. Therefore, a more conservative critical value than the standard value (.01 and .05 respectively) was used to determine statistical significance. A determination of statistical significance was made if the *p* value was less than .01.

D.1. Simplified Accelerated Hiring

Three changes were made to the Title 5 recruitment and selection procedures to enhance the AT&L workforce's ability to compete with the private sector in attracting highly qualified new hires:

- Competitive examining authority for the hiring and appointment of candidates into permanent and non-permanent positions was delegated to the Components. The Components could, in turn, re-delegate to lower levels.

[4] Alpha (called Cronbach's alpha) is a model of internal consistency, based on the average inter-item correlation. Alpha gives a measure of how well a set of items vary consistently across people, providing evidence that the items are measuring a single construct.

[5] The t-test assesses whether the means of two groups are statistically different from each other. This analysis is appropriate whenever you want to compare the means of two groups. The t-test gives the probability that the difference between the two means is caused by chance. It is customary to say that if this probability is less than 0.05, the difference is 'significant'; i.e., the difference is not caused by chance.

- Eligible candidates were placed into three quality groups (basically qualified, highly qualified, or superior) instead of consideration according to the "rule of three." After assignment to a quality group, any applicable veterans' preference points were added, preserving veterans' preference eligibility. (This feature was originally labeled as "Expanded Candidate Selection Process" and listed as a Secondary Intervention in the AcqDemo Evaluation Plan because it had been tried in several other demonstration projects. However, this was an integral part of AcqDemo's hiring flexibilities, and was therefore treated as such in this evaluation report.)

- Scholastic Achievement Appointment Authority was added to facilitate the rapid appointment of degreed candidates to positions in broadband level II with positive education requirements.

D.1.1. Degree of Implementation. Hiring flexibilities were implemented at some level across all participating components. The Air Force most systematically and forcefully managed this intervention.

D.1.2. Survey Data. The survey results showed a statistically significant, more positive perception of the quality of new hires in AcqDemo versus the comparison group. In addition, on a composite of survey questions related to satisfaction with new hire competence, favorable responses from AcqDemo employees and managers grew from 62% to 73% over the period 1998 to 2003. In the comparison group, the favorable response rate remained at 66% throughout the period.

Table D.1-1 shows the response results for a composite of questions regarding relative competence of new hires in several occupational groups:

Table D.1-1 New Hires Composite

Acq200 (includes 109a-109o)		*Satisfaction with new hire competence*	
		Not Favorable	Favorable
What is your gender?	Male	34.3%	65.7%
	Female*	38.4%	61.6%
What is your race?	White	34.4%	65.6%
	Non-white	40.7%	59.3%
What is your current level of supervisory responsibility?	Non-Supervisor	39.1%	60.9%
	Supervisor	31.4%	68.6%
Overall Survey Responses	1998 AcqDemo Baseline	38.5%	61.5%
	1998 Comparison	34.3%	65.7%
	2001 AcqDemo	.0%	.0%
	2001 Comparison	.0%	.0%
	2003 AcqDemo	26.8%	73.2%
	2003 Comparison	33.9%	66.1%

*Indicates a significant mean difference, $p<.01$

Table D.1-2 Ability to Attract High-Quality Candidates – Perceived Quality of Hires

Question 53		*This organization is able to attract high-quality candidates.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	11.7%	22.5%	31.0%	29.0%	5.8%
	Female	9.6%	19.3%	35.7%	29.0%	6.3%
What is your race?	White	10.1%	21.9%	31.6%	30.1%	6.2%
	Non-white	12.9%	18.8%	38.1%	25.1%	5.1%
What is your current level of supervisory responsibility?	Non-Supervisor	10.8%	19.7%	35.7%	27.9%	5.8%
	Supervisor	10.7%	23.4%	29.0%	30.7%	6.2%
Overall Survey Responses	1998 AcqDemo Baseline	12.2%	22.8%	37.2%	23.1%	4.8%
	1998 Comparison	8.6%	21.4%	34.3%	28.3%	7.5%
	2001 AcqDemo	14.8%	21.6%	33.9%	24.6%	5.1%
	2001 Comparison	3.1%	14.7%	24.0%	51.2%	7.0%
	2003 AcqDemo	6.7%	18.5%	27.9%	38.8%	8.0%
	2003 Comparison	5.6%	24.6%	24.3%	39.9%	5.6%

Table D.1-3 Perceived Hiring Flexibility

Question 56		*I am satisfied with the process used to fill vacancies here.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	18.6%	26.3%	28.4%	22.5%	4.2%
	Female	18.7%	29.6%	28.6%	20.3%	3.0%
What is your race?	White	17.4%	28.0%	27.7%	23.1%	3.8%
	Non-white	23.3%	26.9%	31.2%	15.2%	3.3%
What is your current level of supervisory responsibility?	Non-Supervisor	19.6%	27.8%	31.1%	18.7%	2.8%
	Supervisor	17.2%	27.4%	24.5%	25.9%	4.9%
Overall Survey Responses	1998 AcqDemo Baseline	20.7%	30.9%	28.7%	16.6%	3.0%
	1998 Comparison	27.7%	30.9%	22.5%	16.1%	2.8%
	2001 AcqDemo	.0%	.0%	.0%	.0%	.0%
	2001 Comparison	.0%	.0%	.0%	.0%	.0%
	2003 AcqDemo	13.9%	22.7%	29.7%	28.9%	4.8%
	2003 Comparison	15.7%	26.1%	27.6%	27.6%	3.0%

Table D.1-4 Hiring Timeliness

Question 57		*It takes too long to process the paperwork to fill vacancies here.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	2.8%	7.2%	31.4%	32.0%	26.6%
	Female	3.0%	7.0%	30.3%	33.9%	25.9%
What is your race?	White	2.3%	7.0%	28.8%	33.9%	27.9%
	Non-white	4.9%	7.6%	39.5%	28.9%	19.1%
What is your current level of supervisory responsibility?	Non-Supervisor	3.0%	6.9%	38.2%	31.8%	20.2%
	Supervisor	2.6%	7.4%	22.0%	34.1%	33.8%
Overall Survey Responses	1998 AcqDemo Baseline	3.8%	6.6%	32.7%	30.3%	26.7%
	1998 Comparison	1.9%	4.9%	26.9%	36.1%	30.1%
	2001 AcqDemo	1.0%	10.3%	12.5%	35.1%	41.0%
	2001 Comparison	.0%	4.5%	13.6%	36.4%	45.5%
	2003 AcqDemo*	2.0%	8.2%	34.5%	34.2%	21.1%
	2003 Comparison*	3.8%	3.4%	25.4%	39.4%	28.0%

*Indicates a significant mean difference, $p<.01$

D.1.2. Workforce Data

Following are the specific workforce data tables relevant to this intervention:

- Distribution of Education Level for All Employees and for New Hires Within Past Year

Table D.1-6 Education Level for AcqDemo

	Total AcqDemo			New Hires		
	12/2001	**12/2002**	**12/2003**	**12/2001**	**12/2002**	**12/2003**
High School Graduate or Less	22.9%	23.7%	20.7%	46.8%	33.8%	26.4%
Terminal Occupation Program	1.6%	1.5%	1.1%	0.3%	0.0%	0.0%
Some College/Associate's Degree	24.0%	23.0%	19.3%	9.4%	12.3%	8.5%
Bachelor's Degree	25.3%	25.9%	28.8%	20.4%	30.8%	33.3%
Some Graduate School	6.2%	5.9%	7.1%	2.7%	2.5%	2.0%
Master's Degree	17.1%	17.5%	19.8%	18.2%	19.4%	25.6%
Some Graduate School Beyond Master's Degree	1.7%	1.5%	1.9%	0.9%	0.8%	0.4%
Doctorate or Higher	1.1%	1.0%	1.2%	0.6%	0.4%	3.7%
Number of New Hires*				329	238	248
*New hires are employees with a service computation date of 1 year or less.						

Table D.1-7 Education Level for Comparison Group

	Total Comparison Group			New Hires		
	12/2001	**12/2002**	**12/2003**	**12/2001**	**12/2002**	**12/2003**
High School Graduate or Less	13.7%	15.2%	14.0%	58.6%	35.6%	9.3%
Terminal Occupation Program	2.4%	2.1%	1.9%	0.0%	2.2%	0.0%
Some College/Associate's Degree	23.2%	24.0%	23.2%	11.4%	11.1%	16.3%
Bachelor's Degree	23.7%	23.5%	24.7%	20.0%	22.2%	41.9%
Some Graduate School	10.0%	8.6%	8.6%	1.4%	0.0%	2.3%
Master's Degree	24.7%	24.6%	25.7%	7.1%	28.9%	30.2%
Some Graduate School Beyond Master's Degree	1.3%	1.1%	1.0%	0.0%	0.0%	0.0%
Doctorate or Higher	1.0%	0.9%	0.8%	1.4%	0.0%	0.0%
Number of New Hires:				70	45	43
*New hires are employees with a service computation date of 1 year or less.						

– Number/rate of Separations During Probation Period

Table D.1-8 Separations by Type for AcqDemo

	2001 (% of population)	2002 (% of population)	2003 (% of population)
During probationary period	1 (0.01%)	0 (0.0%)	1 (0.0%)
Resignation	56 (1.0%)	71 (1.2%)	80 (0.8%)
Retirement	69 (1.2%)	182 (3.0%)	282 (2.9%)
Removal	1 (0.01%)	1 (0.01%)	11 (0.1%)
Death	5 (0.09%)	9 (0.2%)	12 (0.1%)
RIF	0 (0.0%)	0 (0.0%)	0 (0.0%)
Termination	44 (0.8%)	74 (1.2%)	88 (0.9%)
Total # of employees separated	176	337	475

Table D.1-9 Separations by Type for Comparison Group

	2001 (% of population)	2002 (% of population)	2003 (% of population)
During probationary period	1 (0.07%)	0 (0.0%)	0 (0.0%)
Resignation	34 (2.5%)	69 (5.0%)	16 (1.0%)
Retirement	64 (4.8%)	100 (7.2%)	57 (3.7%)
Removal	1 (0.07%)	2 (0.1%)	0 (0.0%)
Death	2 (0.1%)	3 (0.2%)	3 (0.2%)
RIF	0 (0.0%)	3 (0.2%)	1 (0.0%)
Termination	19 (1.4%)	59 (4.3%)	13 (0.8%)
Total # of employees separated	121	236	90

D.1.3. Personnel Office Data

- Offer/acceptance ratios—data were collected initially, but did not show any meaningful trend, i.e., the ratio was uniformly in excess of 99%; therefore, it was not used in this analysis.
- Hiring timeliness—see tables below derived from Personnel Office data through annual data calls.

Table D.1-10 Hiring Timeliness, CY 1999-2003: Days to Referral List

	Air Force		Army		AT&L		Navy		USMC	
	Demo	Non	Demo	Non	Demo	Non	Demo	Non	Demo	Non
1999	56.2	63.1	N/A	N/A	89.9	N/A	N/A	N/A	N/A	N/A
2000	69.0	69.0	90.0	N/A	103.9	78.1	60.0	N/A	63.5	N/A
2001	32.0	81.0	63.3	60.0	66.0	65.0	39.0	37.0	69.0	40.0
2002	32.3	120.6	54.4	60.0	44.8	40.5	28.0	24.0	67.4	40.0
2003	35.0	72.7	40.0	41.5	N/A	N/A	10.0	36.0	36.0	60.0

Table D.1-11 Hiring Timeliness, CY 1999-2003: Days to Selection Made

	Air Force		Army		AT&L		Navy		USMC	
	Demo	Non	Demo	Non	Demo	Non	Demo	Non	Demo	Non
1999	119.9	93.1	N/A	N/A	119.1	N/A	N/A	N/A	N/A	N/A
2000	81.0	106.0	133.0	N/A	133.8	94.0	74.0	N/A	101.1	N/A
2001	47.0	112.8	122.4	90.0	98.0	88.0	79.0	70.0	91.0	75.0
2002	50.8	154.4	99.1	90.0	75.2	65.5	47.5	48.0	95.8	75.0
2003	57.3	124.2	65.2	68.3	N/A	N/A	26.0	70.0	69.5	90.0

Table D.1-12 Hiring Timeliness, CY 1999-2003: Days to Entry on Duty (EOD)

	Air Force		Army		AT&L		Navy		USMC	
	Demo	Non	Demo	Non	Demo	Non	Demo	Non	Demo	Non
1999	150.1	130.0	N/A	N/A	123.6	N/A	N/A	N/A	N/A	N/A
2000	106.0	126.0	168.0	N/A	140.3	139.7	90.0	N/A	122.5	N/A
2001	67.0	151.5	163.2	120.0	109.0	109.7	113.0	117.0	114.0	90.0
2002	71.0	187.7	154.3	120.0	110.4	91.0	61.0	88.0	140.1	90.0
2003	85.6	145.7	108.7	100.2	N/A	N/A	40.0	118.0	91.5	120.0

D.2. Contribution-based Compensation and Appraisal System (CCAS)

CCAS measured employee contribution to the mission and goals of the organization, rather than job performance as defined by a job description and performance standards. The purpose of CCAS was to provide an equitable and flexible method for appraising and compensating the AT&L workforce. Contribution was measured by using a set of factors, discriminators, and descriptors, each of which was relevant to the success of a DoD acquisition organization. Each factor had multiple levels of increasing contribution and contains descriptors for each respective level within the relevant career path. Annual objectives were jointly developed by the employee and supervisor. These objectives were tied directly to the mission of the organization.

Employees were assessed on accomplishment of these objectives and their contributions in each of the six factors. An overall contribution score (OCS) was derived and used by a pay pool panel and a pay pool manager to determine pay increases and contribution awards.

Under CCAS, the annual general pay increase was not automatic, and the funds for this increase as well as those for step increases and awards were distributed among all participants according to their contribution.

D.2.1. Degree of Implementation. CCAS was fully implemented across all participating components, and received the majority of the time and resources devoted to AcqDemo implementation.

D.2.1. CCAS Data

Under CCAS, each employee's contribution to the organization's mission was measured on the following six factors:

- Problem Solving
- Teamwork and Cooperation
- Customer Relations
- Leadership and Supervision
- Communication
- Resource Management

Each employee's Overall Contribution Score (OCS) was the weighted average of the six factor scores. For the first five cycles, all factor weights were set to 1.0.

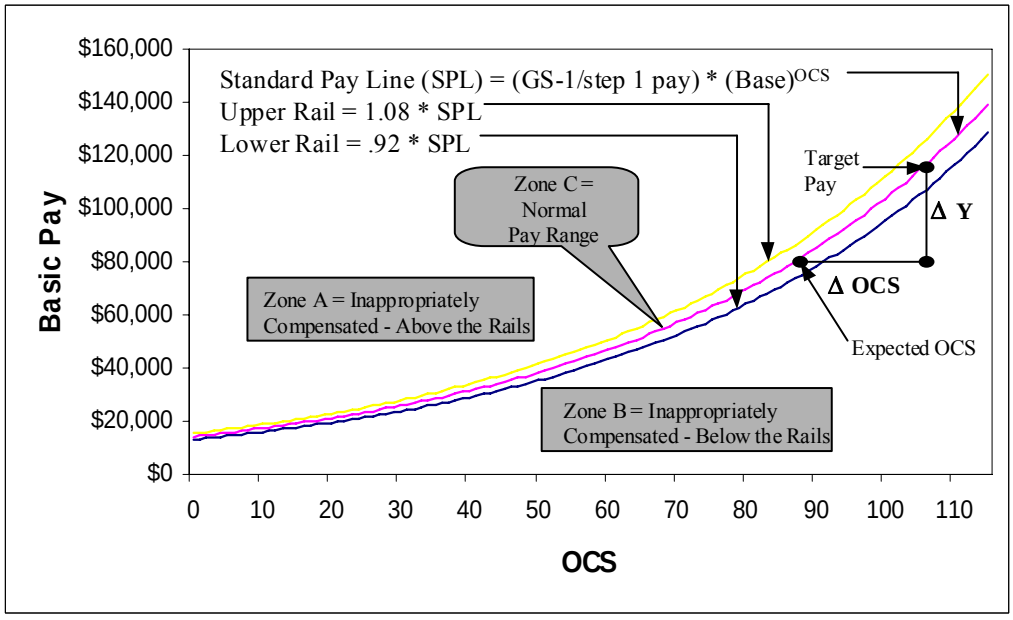
As shown in Table D.2-1, AcqDemo workforce was divided into three career paths and four broadbands with different OCS and pay ranges.

Table D.2-1 AcqDemo Broadbands and Career Paths

Broadband	Business and Technical Management Professional (NH)	Technical Management Support (NJ)	Administrative Support (NK)
I	OCS = 0-29 Pay = GS-1 to 4	OCS = 0-29 Pay = GS-1 to 4	OCS = 0-29 Pay = GS-1 to 4
II	OCS = 22-66 Pay = GS-5 to 11	OCS = 22-51 Pay = GS-5 to 8	OCS = 22-46 Pay = GS-5 to 7
III	OCS = 61-83 Pay = GS-12 to 13	OCS = 43-66 Pay = GS-9 to 11	OCS = 38-61 (70) Pay = GS-8 to 10
IV	OCS = 79-100 (115) Pay = GS-14 to 15	OCS = 61-83 (95) Pay = GS-12 to 13	N/A

As shown in the Figure D.2-1 below, pay was linked to contribution through a series of curves that defined a Normal Pay Range (NPR). The middle of the NPR was an exponential curve called the Standard Pay Line (SPL). The SPL was constructed such that an OCS of zero equated to the annual basic pay of a GS-1/step 1, while an OCS of 100 equated to the annual basic pay of a GS-15/step 10. The base represented the percent change in pay associated with a contribution change of one OCS point. It changed slightly from one year to next. The upper boundary of the NPR was 8% above the SPL, while the lower boundary was 8% below the SPL. Employees whose basic pay fell within the NPR for their OCS were considered *appropriately compensated* for their level of contribution. For a given level of basic pay, the SPL could be used to determine an employee's *expected OCS*; conversely, for a given OCS, the SPL could be used to determine an employee's *target pay*. The target could also be the upper or lower boundary of the NPR.

Figure D.2-1 The Normal Pay Range



D.2.1.1 CCAS Results

Figure D.2-2 1999 – 2003 Total Zone Distribution

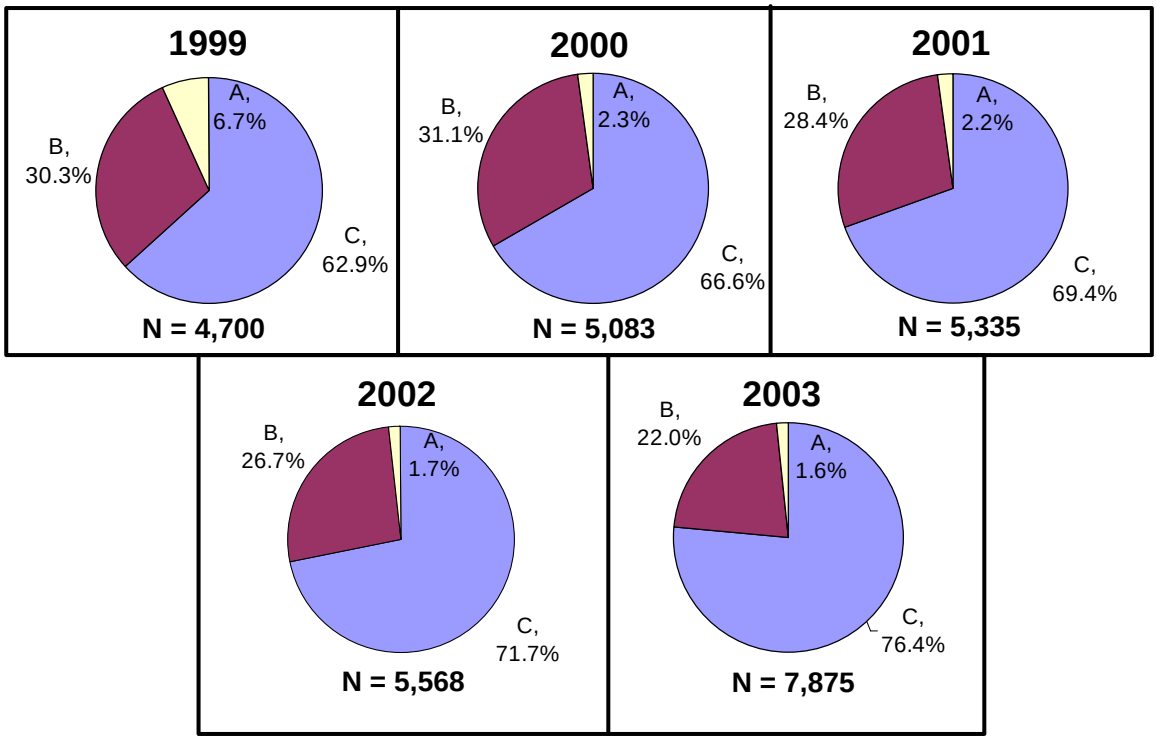


Figure D.2-3 1999 AcqDemo Scatter Plot

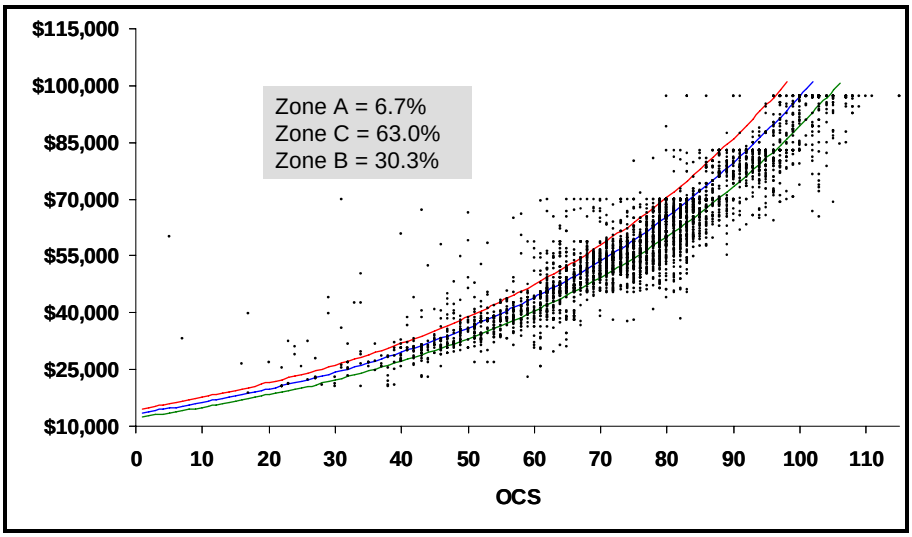


Figure D.2-4 2000 AcqDemo Scatter Plot

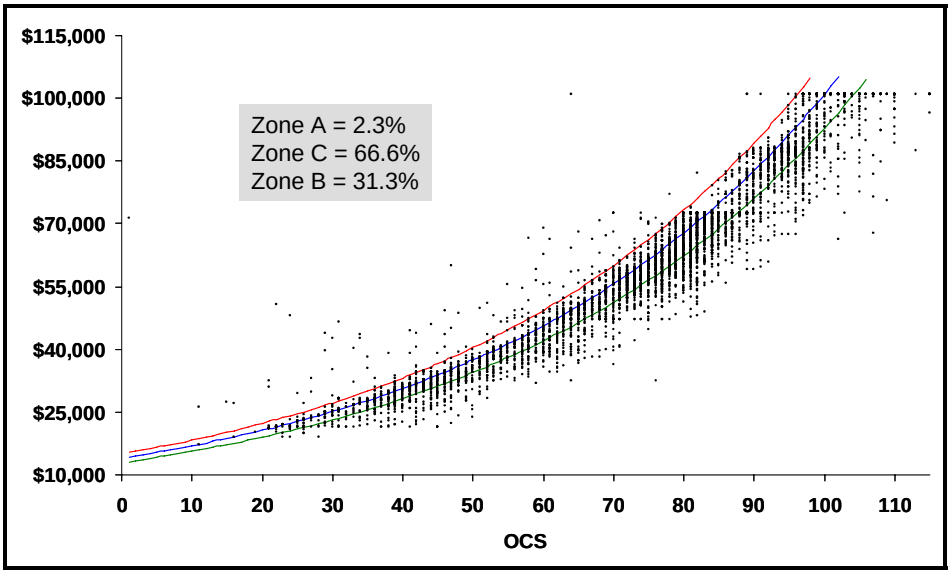


Figure D.2-5 2001 AcqDemo Scatter Plot

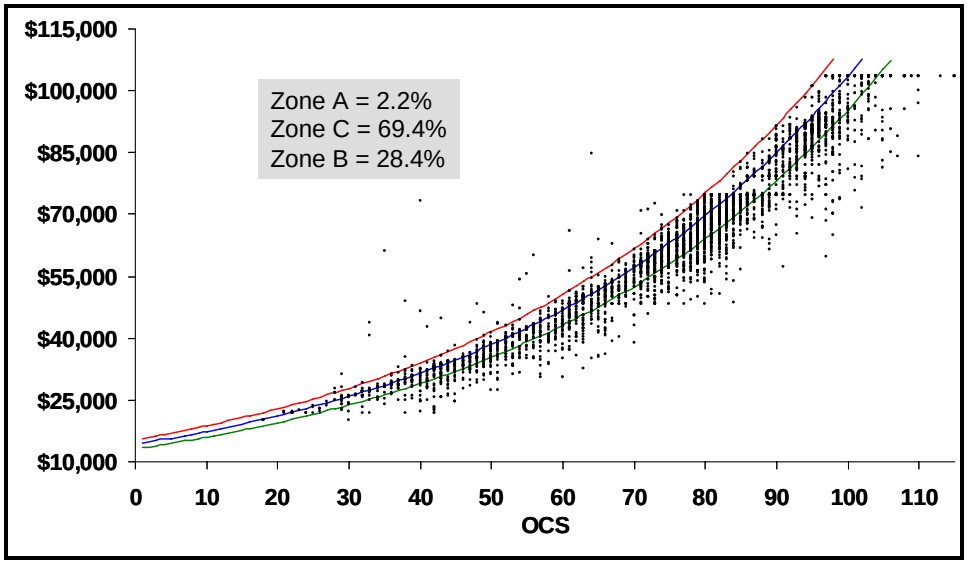


Figure D.2-6 2002 AcqDemo Scatter Plot

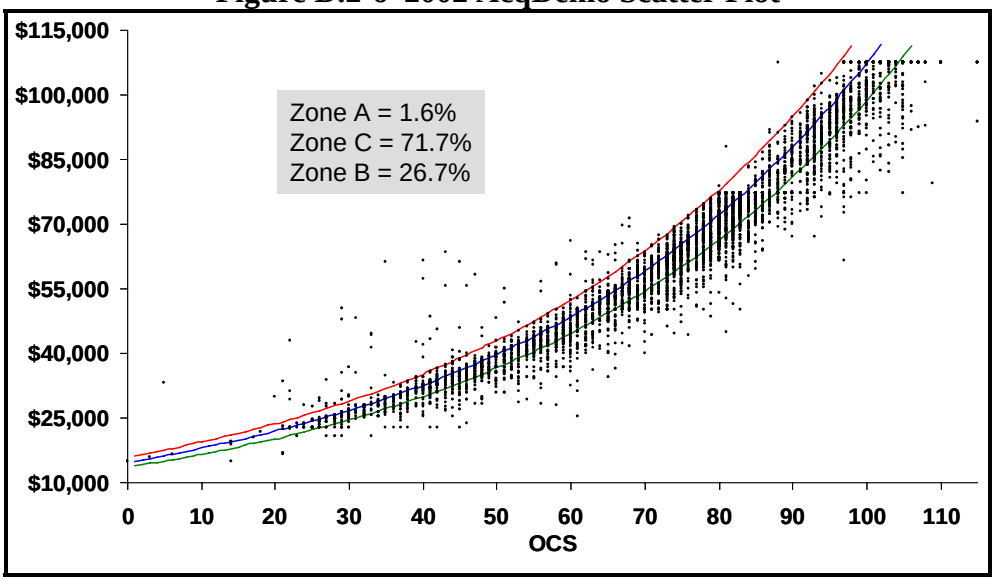


Figure D.2-7 2003 AcqDemo Scatter Plot

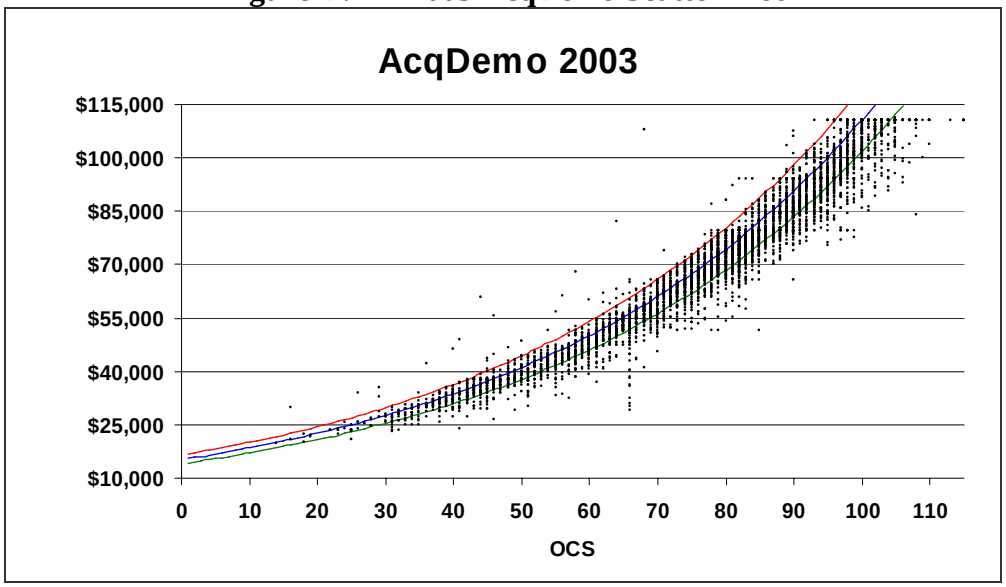


Table D.2-2 Withheld GPI

	1999	2000	2001	2002	2003
Employees in Zone A	316	116	117	93	123
On Retained Pay	25	13	18	18	20
Not on Retained Pay	291	103	99	75	103
Received NO GPI	207	85	92	69	55
Received Partial GPI	64	4	4	0	6
Received Full GPI	20	14	3	6	42

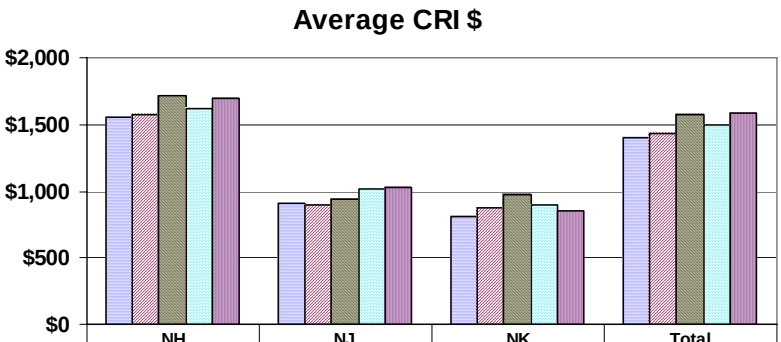
	1999			2000			2001			2002			2003		
Component	No GPI	Part GPI	Total Withheld	No GPI	Part GPI	Total Withheld	No GPI	Part GPI	Total Withheld	No GPI	Part GPI	Total Withheld	No GPI	Part GPI	Total Withheld
Army	31	15	$84,183	21	4	$29,757	12	4	$24,080	10	0	$17,816	12	6	$28,057
Navy	31	28	$111,981	8	0	$15,287	3	0	$8,354	0	0	0	0	0	$0
USMC	17	21	$66,475	10	0	$16,260	10	0	$20,944	12	0	$19,495	14	0	$24,671
USAF	128	0	$243,467	43	0	$56,037	63	0	$104,139	43	0	$63,606	26	0	$36,043
4th Est.				3	0	$6,743	4	0	$7,125	4	0	$8,366	3	0	$6,933
Total	207	64	$489,096	85	4	$124,084	92	4	$164,642	69	0	$109,283	55	6	$95,704

Table D.2-3 Required MFRs and CIPs[6]

Component	NH		NJ		NK		All	
	MFR	CIP	MFR	CIP	MFR	CIP	MFR	CIP
Army	51	1	0	0	3	0	54	1
Navy	0	0	0	0	0	0	0	0
Marine Corps	14	0	0	0	0	0	14	0
Air Force	18	3	3	0	17	2	38	5
4th Est.	8	0	1	1	0	1	9	2
2003 Total	91	4	4	1	20	3	115	8
2002 Total	48	9	4	1	29	2	81	12
2001 Total	64	6	7	3	36	1	107	10
2000 Total	73	6	14	2	20	1	107	9
1999 Total	217	13	34	1	48	3	299	17

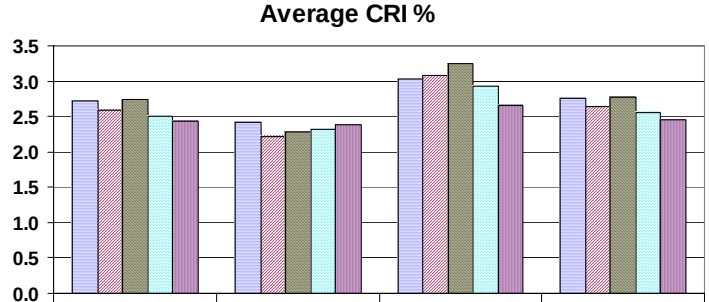
[6] AcqDemo policy requires that all employees in Zone A receive a Memorandum for the Record (MFR) notifying them of their status and the need to improve their contribution. Further, any employee with at least one factor score at or below the midpoint of the next lower broadband must be placed on a Contribution Improvement Plan (CIP).

Figure D.2-8 Average CRI $ by Career Path



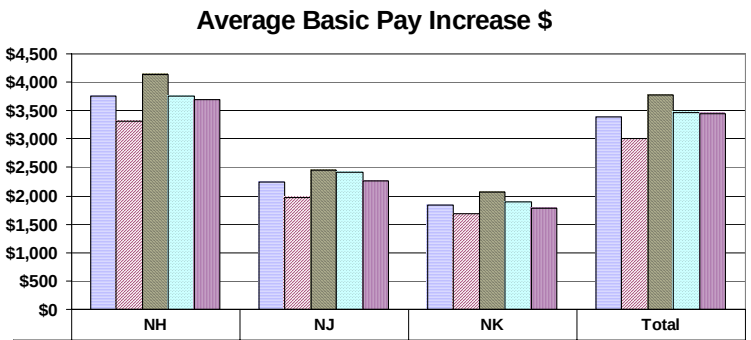
	NH	NJ	NK	Total
1999	$1,549	$910	$810	$1,402
2000	$1,569	$892	$872	$1,432
2001	$1,718	$941	$971	$1,578
2002	$1,614	$1,018	$897	$1,496
2003	$1,699	$1,029	$851	$1,586

Figure D.2-9 Average CRI % by Career Path



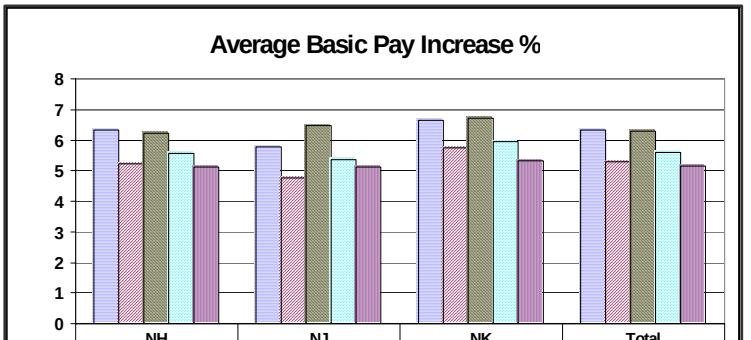
	NH	NJ	NK	Total
1999	2.72	2.41	3.03	2.75
2000	2.58	2.22	3.07	2.63
2001	2.74	2.28	3.25	2.78
2002	2.5	2.31	2.93	2.55
2003	2.44	2.39	2.65	2.46

Figure D.2-10 Average Raise (CRI + GPI) $ by Career Path



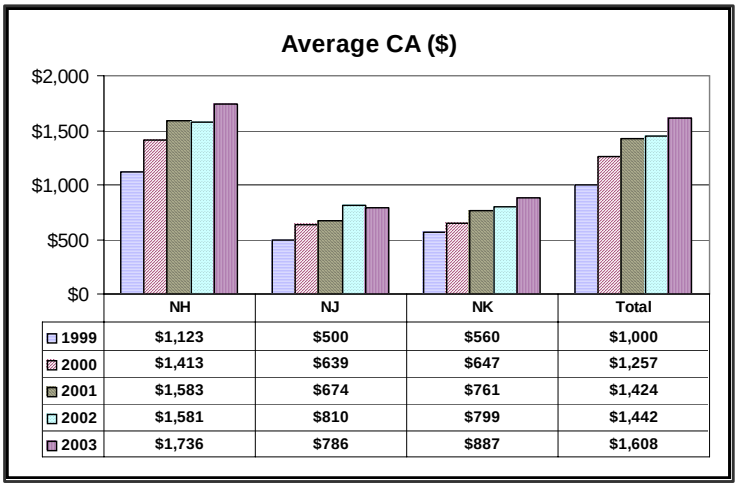
	NH	NJ	NK	Total
1999	$3,752	$2,245	$1,847	$3,382
2000	$3,318	$1,970	$1,681	$3,008
2001	$4,143	$2,458	$2,070	$3,780
2002	$3,758	$2,408	$1,893	$3,461
2003	$3,690	$2,265	$1,778	$3,439

Figure D.2-11 Average Raise (CRI + GPI) % by Career Path



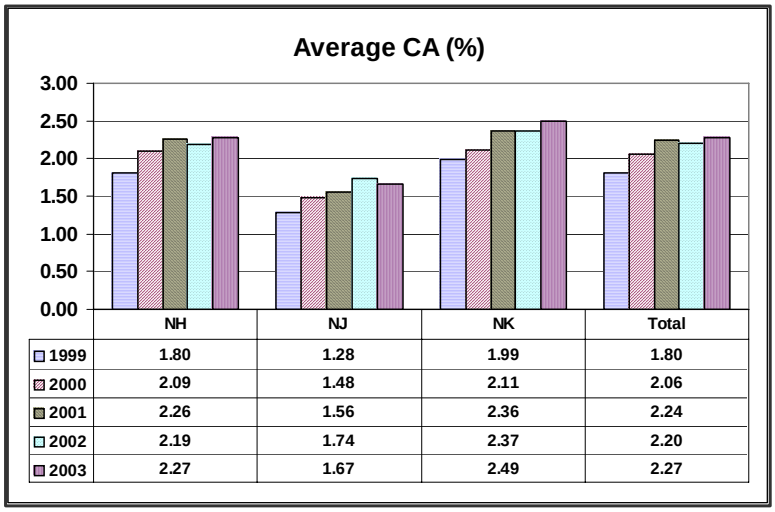
	NH	NJ	NK	Total
1999	6.32	5.77	6.66	6.34
2000	5.23	4.77	5.73	5.28
2001	6.23	6.46	6.71	6.31
2002	5.57	5.37	5.94	5.61
2003	5.13	5.1	5.33	5.15

Figure D.2-12 Average $ CA by Career Path



	NH	NJ	NK	Total
1999	$1,123	$500	$560	$1,000
2000	$1,413	$639	$647	$1,257
2001	$1,583	$674	$761	$1,424
2002	$1,581	$810	$799	$1,442
2003	$1,736	$786	$887	$1,608

Figure D.2-13 Average % CA by Career Path



	NH	NJ	NK	Total
1999	1.80	1.28	1.99	1.80
2000	2.09	1.48	2.11	2.06
2001	2.26	1.56	2.36	2.24
2002	2.19	1.74	2.37	2.20
2003	2.27	1.67	2.49	2.27

Survey respondents increasingly agreed that high contributors tend to stay with the organization, while low contributors tend to leave. This perception was borne out by objective data (loss rates by zone) from the CCAS system displayed in Figures D.2-14 and D.2-15.

Figure D.2-14 Category Movement By Ratings (FY 1999 to FY 2002)

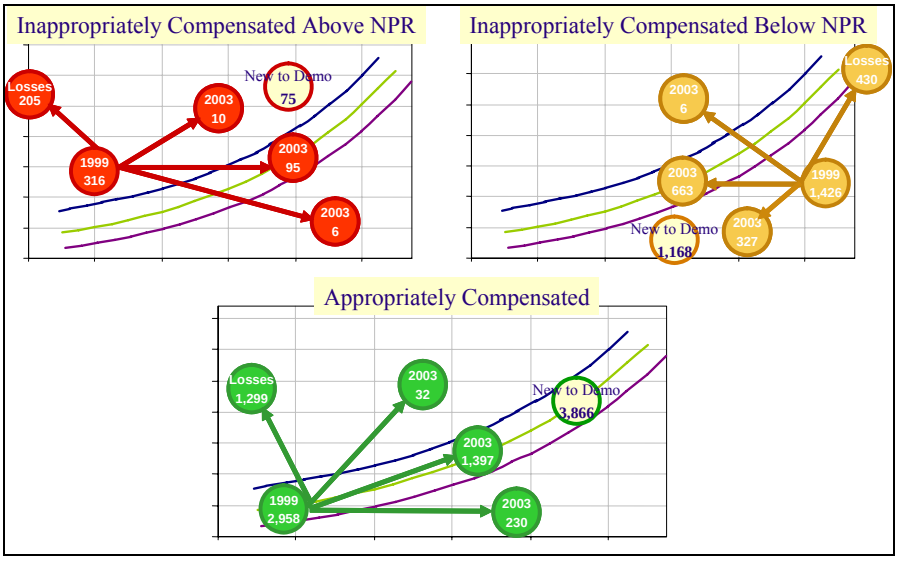
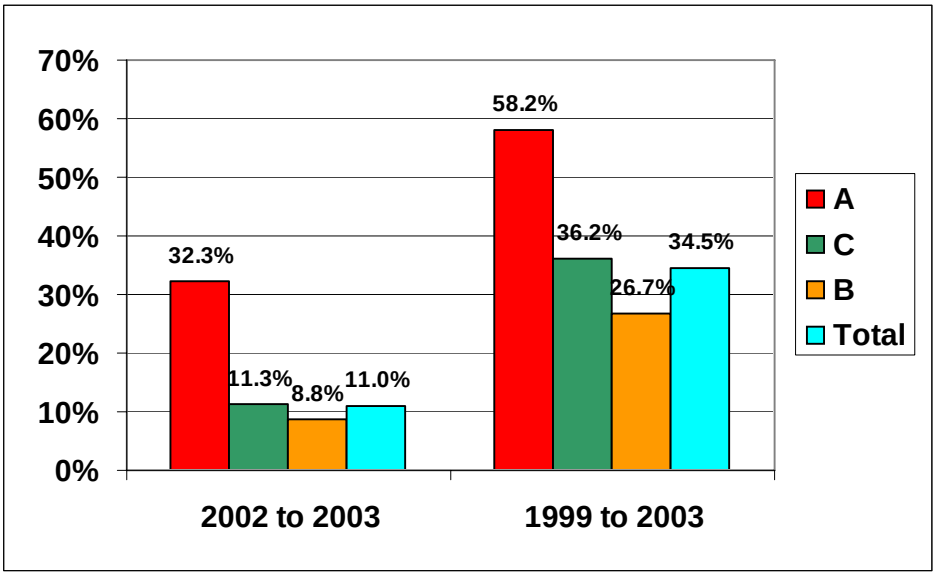


Figure D.2-15 Loss Rates by Zone
(One Year Rate Excludes Navy Organizations Leaving AcqDemo)



D.2.2. Survey Data

The following composite of 10 survey questions measures respondents' perceptions of the link between contribution and rewards including raises, awards, and promotions.

Table D.2-4 Contribution Reward Composite

Composite 203 (includes Acq 19, 20, 27, 28, 35, 36, 37, 38, 39, 48)		*Contribution reward linkage*	
		Not Favorable	Favorable
What is your gender?	Male	41.9%	58.1%
	Female	48.1%	51.9%
What is your race?	White	43.9%	56.1%
	Non-white	46.9%	53.1%
What is your current level of supervisory responsibility?	Non-Supervisor	49.0%	51.0%
	Supervisor	38.3%	61.7%
Overall Survey Responses	1998 AcqDemo Baseline	39.2%	60.8%
	1998 Comparison	53.0%	47.0%
	2001 AcqDemo	55.7%	44.3%
	2001 Comparison	66.7%	33.3%
	2003 AcqDemo	39.4%	60.6%
	2003 Comparison	37.5%	62.5%

One of the expected effects of CCAS was increased retention of high contributors and increased turnover of low contributors. Tables D.2-5 and D.2-6 provide perceptual data related to this effect.

Table D.2-5 Retention of High Contributors

Question 22		*High contributors tend to stay with this organization.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	10.8%	21.1%	34.8%	25.5%	7.8%
	Female	10.2%	20.3%	36.4%	25.1%	8.0%
What is your race?	White	9.8%	21.2%	34.9%	25.7%	8.4%
	Non-white	12.7%	18.9%	38.1%	23.9%	6.4%
What is your current level of supervisory responsibility?	Non-Supervisor	11.4%	20.9%	38.3%	22.5%	7.0%
	Supervisor	9.3%	20.7%	31.5%	29.2%	9.3%
Overall Survey Responses	1998 AcqDemo Baseline	10.4%	23.2%	34.2%	25.8%	6.4%
	1998 Comparison	9.0%	26.7%	29.5%	26.5%	8.3%
	2001 AcqDemo	12.7%	17.5%	39.7%	22.3%	7.7%
	2001 Comparison	5.6%	17.5%	31.7%	40.5%	4.8%
	2003 AcqDemo*	9.1%	17.7%	36.2%	26.3%	10.7%
	2003 Comparison*	12.5%	33.0%	27.8%	22.3%	4.4%

*Indicates a significant mean difference, $p<.01$

Table D.2-6 Losses of Low Contributors

Question 23		*Low contributors tend to leave this organization.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	12.8%	27.7%	43.0%	13.5%	3.0%
	Female	13.0%	28.7%	42.1%	12.2%	3.9%
What is your race?	White	13.1%	29.3%	41.4%	12.9%	3.3%
	Non-white	12.1%	23.5%	47.3%	13.0%	4.1%
What is your current level of supervisory responsibility?	Non-Supervisor	12.7%	26.5%	45.7%	11.8%	3.3%
	Supervisor	13.2%	30.6%	38.2%	14.4%	3.6%
Overall Survey Responses	1998 AcqDemo Baseline	15.7%	31.1%	37.9%	11.9%	3.5%
	1998 Comparison	13.5%	34.4%	39.5%	9.2%	3.4%
	2001 AcqDemo	11.0%	23.6%	48.8%	13.9%	2.7%
	2001 Comparison	7.8%	27.9%	48.1%	11.6%	4.7%
	2003 AcqDemo*	11.1%	25.4%	45.3%	14.3%	4.0%
	2003 Comparison*	13.6%	40.1%	31.6%	12.1%	2.6%

*Indicates a significant mean difference, $p<.01$

CCAS was expected to increase employees' perceptions of the link between contribution and rewards, while not compromising perceptions of fairness. The following 10 tables show survey results on items ranging from perceptions of fairness, recognition, and the linkage of both non-monetary and monetary rewards to employee contribution.

Table D.2-7 Perceptions of Pay Fairness

Question 19		*Pay is administered fairly in this organization.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	13.7%	18.6%	26.2%	32.5%	8.9%
	Female	17.3%	22.5%	28.3%	25.4%	6.4%
What is your race?	White	13.9%	20.1%	26.4%	31.0%	8.6%
	Non-white	20.3%	20.8%	29.3%	24.3%	5.4%
What is your current level of supervisory responsibility?	Non-Supervisor	18.1%	20.5%	29.6%	25.6%	6.2%
	Supervisor	11.2%	20.1%	23.5%	35.0%	10.2%
Overall Survey Responses	1998 AcqDemo Baseline	9.5%	19.0%	31.1%	33.8%	6.7%
	1998 Comparison	13.3%	19.4%	26.9%	33.5%	6.9%
	2001 AcqDemo*	23.4%	22.7%	24.9%	22.3%	6.8%
	2001 Comparison*	9.4%	17.2%	39.1%	31.3%	3.1%
	2003 AcqDemo	17.4%	20.2%	23.6%	27.6%	11.1%
	2003 Comparison	6.9%	21.5%	23.4%	42.0%	6.2%

*Indicates a significant mean difference, $p<.01$

Table D.2-8 Financial Reward-Contribution Link

Question 27		*Under the present system, financial rewards are seldom related to employee contribution.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	6.9%	31.5%	21.8%	25.0%	14.8%
	Female	6.0%	30.1%	23.1%	26.0%	14.7%
What is your race?	White	6.6%	31.7%	21.7%	25.7%	14.2%
	Non-white	6.5%	28.0%	24.5%	24.3%	16.7%
What is your current level of supervisory responsibility?	Non-Supervisor	5.6%	29.1%	24.3%	25.5%	15.5%
	Supervisor	8.0%	33.6%	19.4%	25.4%	13.6%
Overall Survey Responses	1998 AcqDemo Baseline	6.1%	29.4%	21.8%	27.4%	15.4%
	1998 Comparison	3.9%	20.2%	18.9%	34.1%	23.0%
	2001 AcqDemo	.0%	.0%	.0%	.0%	.0%
	2001 Comparison	.0%	.0%	.0%	.0%	.0%
	2003 AcqDemo*	7.9%	35.9%	24.4%	19.7%	12.1%
	2003 Comparison*	6.6%	27.5%	18.7%	33.3%	13.9%

*Indicates a significant mean difference, $p<.01$

Table D.2-9 External Equity

Question 28		*Other employers in this area pay more than the Government does for the kind of work I am doing.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	1.9%	7.2%	26.5%	33.8%	30.4%
	Female	3.8%	11.4%	36.0%	28.5%	20.4%
What is your race?	White	2.4%	9.6%	30.9%	31.9%	25.2%
	Non-white	4.0%	7.2%	30.6%	30.0%	28.3%
What is your current level of supervisory responsibility?	Non-Supervisor	3.1%	9.5%	33.8%	30.5%	23.2%
	Supervisor	2.1%	8.2%	26.2%	33.2%	30.3%
Overall Survey Responses	1998 AcqDemo Baseline	1.8%	5.7%	29.3%	32.9%	30.4%
	1998 Comparison	9.6%	22.5%	25.7%	22.5%	19.7%
	2001 AcqDemo	.0%	.0%	.0%	.0%	.0%
	2001 Comparison	.0%	.0%	.0%	.0%	.0%
	2003 AcqDemo	2.2%	9.2%	34.6%	32.0%	22.0%
	2003 Comparison	3.6%	17.5%	25.5%	31.0%	22.3%

Table D.2-10 Awards-Contribution Link

Question 35		*In this organization, my cash awards depend on my contribution to the organization's mission.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	12.3%	15.5%	17.9%	41.1%	13.2%
	Female	13.0%	17.0%	16.3%	39.3%	14.5%
What is your race?	White	12.1%	16.5%	17.1%	40.5%	13.8%
	Non-white	13.8%	14.8%	17.3%	39.8%	14.4%
What is your current level of supervisory responsibility?	Non-Supervisor	13.9%	16.9%	17.5%	39.1%	12.5%
	Supervisor	10.7%	15.0%	16.7%	41.9%	15.7%
Overall Survey Responses	1998 AcqDemo Baseline	9.2%	15.1%	18.1%	42.0%	15.6%
	1998 Comparison	19.7%	16.7%	18.0%	36.7%	8.8%
	2001 AcqDemo	16.9%	16.7%	16.6%	37.1%	12.6%
	2001 Comparison	12.4%	20.2%	15.5%	38.8%	13.2%
	2003 AcqDemo	11.8%	16.2%	15.9%	42.1%	14.0%
	2003 Comparison	9.9%	19.0%	21.6%	38.8%	10.6%

Table D.2-11 Monetary Reward-Contribution Link

Question 36		*High-contributing employees receive monetary rewards (e.g. cash rewards, bonuses, quality step increases).*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	7.5%	14.0%	21.8%	42.8%	13.8%
	Female	8.7%	16.0%	18.9%	42.0%	14.5%
What is your race?	White	7.7%	15.5%	20.3%	42.5%	14.0%
	Non-white	9.0%	12.4%	21.3%	42.6%	14.8%
What is your current level of supervisory responsibility?	Non-Supervisor	9.3%	15.4%	23.3%	40.2%	11.8%
	Supervisor	6.2%	14.2%	16.4%	45.7%	17.6%
Overall Survey Responses	1998 AcqDemo Baseline	6.1%	14.0%	18.3%	45.5%	16.1%
	1998 Comparison	17.9%	26.3%	20.5%	27.6%	7.7%
	2001 AcqDemo	.0%	.0%	.0%	.0%	.0%
	2001 Comparison	.0%	.0%	.0%	.0%	.0%
	2003 AcqDemo*	8.0%	13.1%	22.8%	42.2%	13.9%
	2003 Comparison*	9.9%	17.5%	26.3%	40.1%	6.2%

*Indicates a significant mean difference, $p<.01$

Table D.2-12 Non-monetary Reward Link

Question 37		*High-contributing employees receive non-monetary rewards (e.g. plaques, letters of appreciation, public recognition).*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	7.4%	17.1%	28.4%	39.6%	7.5%
	Female	10.1%	21.4%	27.3%	33.7%	7.5%
What is your race?	White	8.1%	19.3%	27.7%	37.7%	7.2%
	Non-white	10.0%	17.6%	29.6%	33.9%	9.0%
What is your current level of supervisory responsibility?	Non-Supervisor	9.8%	20.3%	30.3%	33.3%	6.3%
	Supervisor	6.7%	16.8%	24.8%	42.5%	9.3%
Overall Survey Responses	1998 AcqDemo Baseline	8.1%	19.8%	27.4%	36.5%	8.2%
	1998 Comparison	10.0%	18.4%	23.7%	41.2%	6.6%
	2001 AcqDemo	.0%	.0%	.0%	.0%	.0%
	2001 Comparison	.0%	.0%	.0%	.0%	.0%
	2003 AcqDemo*	9.2%	18.7%	31.0%	34.8%	6.4%
	2003 Comparison*	5.5%	13.2%	21.0%	50.7%	9.6%

*Indicates a significant mean difference, $p<.01$

Table D.2-13 Supervisors' Recognition of Individual Contributions

Question 38		*Supervisors are fair in recognizing individual contributions.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	9.7%	15.1%	23.9%	41.9%	9.3%
	Female	13.6%	21.4%	23.0%	33.8%	8.1%
What is your race?	White	10.1%	17.4%	23.5%	40.1%	8.9%
	Non-white	15.9%	19.5%	24.0%	31.6%	9.0%
What is your current level of supervisory responsibility?	Non-Supervisor	13.2%	19.6%	25.6%	33.8%	7.7%
	Supervisor	8.6%	15.1%	20.4%	45.4%	10.5%
Overall Survey Responses	1998 AcqDemo Baseline	11.2%	18.2%	25.0%	37.0%	8.6%
	1998 Comparison	15.0%	19.2%	27.8%	32.3%	5.8%
	2001 AcqDemo	.0%	.0%	.0%	.0%	.0%
	2001 Comparison	.0%	.0%	.0%	.0%	.0%
	2003 AcqDemo*	11.6%	17.5%	21.0%	39.8%	10.1%
	2003 Comparison*	5.1%	14.6%	20.4%	53.3%	6.6%

*Indicates a significant mean difference, $p<.01$

Table D.2-14 Supervisors' Recognition of Team Contributions

Question 39		*Supervisors are fair in recognizing team contributions.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	8.2%	14.3%	28.2%	41.2%	8.1%
	Female	10.5%	19.6%	27.9%	34.5%	7.4%
What is your race?	White	8.0%	16.4%	28.2%	39.6%	7.7%
	Non-white	13.5%	17.1%	27.6%	33.2%	8.6%
What is your current level of supervisory responsibility?	Non-Supervisor	10.3%	18.1%	29.7%	35.3%	6.6%
	Supervisor	7.5%	14.4%	25.3%	43.2%	9.7%
Overall Survey Responses	1998 AcqDemo Baseline	8.7%	18.1%	31.8%	34.3%	7.2%
	1998 Comparison	10.8%	15.7%	29.1%	38.8%	5.6%
	2001 AcqDemo	.0%	.0%	.0%	.0%	.0%
	2001 Comparison	.0%	.0%	.0%	.0%	.0%
	2003 AcqDemo*	10.2%	15.1%	24.0%	41.6%	9.1%
	2003 Comparison*	3.7%	14.7%	17.9%	55.3%	8.4%

*Indicates a significant mean difference, $p<.01$

Table D.2-15 Pay Differentials

Question 48		*Pay differentials here fairly represent real differences in levels of responsibility and job difficulty.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	19.5%	29.1%	26.6%	20.6%	4.2%
	Female	19.2%	30.9%	27.9%	17.8%	4.2%
What is your race?	White	19.0%	30.5%	26.5%	19.7%	4.3%
	Non-white	20.5%	27.2%	29.5%	18.9%	3.9%
What is your current level of supervisory responsibility?	Non-Supervisor	20.4%	29.2%	29.7%	16.8%	4.0%
	Supervisor	18.1%	30.8%	23.7%	23.0%	4.5%
Overall Survey Responses	1998 AcqDemo Baseline	18.7%	32.5%	27.1%	17.3%	4.5%
	1998 Comparison	19.0%	36.0%	25.6%	14.7%	4.8%
	2001 AcqDemo	23.4%	27.4%	26.9%	18.5%	3.9%
	2001 Comparison	17.1%	35.7%	30.2%	15.5%	1.6%
	2003 AcqDemo	17.0%	26.2%	28.7%	23.9%	4.3%
	2003 Comparison	17.6%	37.0%	22.3%	20.1%	2.9%

Table D.2-16 Pay Raise-Contribution Link

Question 20		*In this organization, my pay raises depend on my contribution to the organization's mission.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	19.5%	23.5%	19.9%	27.4%	9.7%
	Female*	18.6%	24.6%	18.1%	28.3%	10.4%
What is your race?	White	18.8%	24.6%	19.0%	27.1%	10.4%
	Non-white*	19.8%	21.3%	19.4%	30.4%	9.1%
What is your current level of supervisory responsibility?	Non-Supervisor	20.0%	24.1%	20.0%	27.6%	8.3%
	Supervisor	17.9%	23.8%	17.7%	28.1%	12.5%
Overall Survey Responses	1998 AcqDemo Baseline	22.2%	31.9%	26.3%	15.0%	4.7%
	1998 Comparison	34.4%	32.9%	20.7%	10.0%	1.9%
	2001 AcqDemo	16.0%	17.9%	15.1%	37.5%	13.6%
	2001 Comparison	27.3%	33.6%	18.0%	18.8%	2.3%
	2003 AcqDemo*	13.6%	14.4%	12.8%	42.4%	16.8%
	2003 Comparison*	21.1%	39.3%	21.8%	13.8%	4.0%

*Indicates a significant mean difference, $p<.01$

D.3. Appointment Authority

Under AcqDemo, there were three appointment options: permanent, temporary-limited, and modified term. The permanent and temporary-limited were the existing title 5 authorities. The new, modified term appointment authority provided the ability to expand and contract the workforce and adapt to variable workloads and mission changes. Under the modified term option, appointments could be made for a period that was expected to last longer than one year, but not to exceed five years, with an option for one additional year when the need for an employee's service is not permanent. After two years under this appointment, an employee could be converted to permanent status through internal merit promotion procedures without further competition.

D.3.1. Degree of Implementation. This intervention was implemented on a relatively limited basis, with approximately 40 modified term appointments being made each year.

D.3.2. Survey Data

Survey results showed that perceptions of the flexibility in personnel management systems improved, with favorable responses increasing from 24.9% in 1998 to 38.9% in 2003. Table D.3-1 shows respondents' perceptions on a composite of three questions relating to flexibility of the personnel management system.

Table D.3-1 Personnel System Composite

Composite 202 (includes Acq 43, 44, 46)		*Personnel management system flexibility*	
		Not Favorable	Favorable
What is your gender?	Male	69.1%	30.9%
	Female*	71.2%	28.8%
What is your race?	White	70.8%	29.2%
	Non-white	67.3%	32.7%
What is your current level of supervisory responsibility?	Non-Supervisor	69.1%	30.9%
	Supervisor	71.5%	28.5%
Overall Survey Responses	1998 AcqDemo(Baseline)	75.1%	24.9%
	1998 Comparison	79.2%	20.8%
	2001 AcqDemo	.0%	.0%
	2001 Comparison	.0%	.0%
	2003 AcqDemo*	61.1%	38.9%
	2003 Comparison*	68.9%	31.1%

*Indicates a significant mean difference, $p<.01$.

D.3.3. Workforce Data

Tables D.3-2 and D.3-3 provide a general picture of the usage of non-permanent employment, to include both temporary and term/modified term appointments. These flexibilities were used only to a limited extent, and there did not appear to be a significant pattern with regard to demographics.

Table D.3-2 Transaction History

	AcqDemo			Comparison Group		
	2001	**2002**	**2003**	**2001**	**2002**	**2003**
Total (as of 12/01; 12/02; 12/03)	5,527	6,011	8,758	1,338	1,389	1,538
No. of employees promoted	235 (4.3%)	309 (5.1%)	570 (6.5%)	128 (9.6%)	363 (26.1%)	191 (12.4%)
No. of accessions during the year	242 (4.4%)	365 (6.1%)	389 (4.4%)	148 (11.1%)	376 (27.1%)	84 (5.5%)
No. of employees denied a WGI	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)
No. of employees given a WGI	2 (0.03%)	10 (0.2%)	34 (0.4%)	33 (2.5%)	235 (16.9%)	391 (25.4%)
No. of employees converted from non-permanent to permanent appointments	29 (0.5%)	50 (0.8%)	52 (0.6%)	19 (1.4%)	66 (4.8%)	16 (1.0%)
No. of employees on temporary appointment	8 (0.1%)	8 (0.1%)	16 (0.2%)	6 (0.4%)	56 (4.0%)	6 (0.4%)
No. of employees on term/ modified term appointment	38 (0.7%)	40 (0.7%)	13 (0.1%)	34 (2.5%)	38 (2.7%)	2 (0.1%)

Table D.3-3 Profile of Non-permanent Employees

	AcqDemo			Comparison Group		
	2001	**2002**	**2003**	**2001**	**2002**	**2003**
Female	76 (44.4%)	44 (28.6%)	7 (70.0%)	41 (31.8%)	69 (32.4%)	32 (33.7%)
Male	95 (55.6%)	110 (71.4%)	3 (30.0%)	88 (68.2%)	144 (67.6%)	63 (66.3%)
White	133 (77.8%)	122 (79.2%)	5 (50.0%)	99 (76.7%)	169 (79.3%)	70 (73.7%)
Black	22 (12.9%)	15 (9.7%)	5 (50.0%)	20 (15.5%)	23 (10.8%)	17 (17.9%)
Hispanic	10 (5.8%)	10 (6.5%)	0 (0.0%)	4 (3.1%)	13 (6.1%)	2 (2.1%)
Asian/Pacific Islander	6 (3.5%)	7 (4.5%)	0 (0.0%)	5 (3.9%)	8 (3.8%)	4 (4.2%)
Other Race or National Origin	0 (0.0%)	0 (0.0%)	0 (0.0%)	1 (0.8%)	0 (0.0%)	2 (2.1%)
Veteran	79 (46.2%)	83 (53.9%)	2 (20.0%)	91 (70.5%)	121 (56.8%)	67 (70.5%)
# of non-permanent employees:	171	154	10	129	213	95

D.4. Simplified Classification System

Under AcqDemo, commanders (or equivalent) could re-delegate classification authority to subordinate management levels, at least one level above the first-line supervisor (except commander's direct reports). CCAS descriptors were used for broadband level determination, instead of OPM standards. A new, simple Position Requirements Document (PRD) replaced the normal position description form. The PRD combined position information, staffing requirements, and contribution expectations into a single document. It included job specific information and reference to the CCAS level descriptors.

D.4.1. Degree of Implementation. This intervention was implemented by all components, with widespread use of the delegation of classification authority.

D.4.2. Survey Data

With regard to classification, survey results showed that participants increasingly believed the AcqDemo classification intervention had greater flexibility than the Title 5 system. On a composite of related questions, only 23.2% of AcqDemo respondents gave favorable responses in 1998, while 28% were favorable in 2003. Furthermore, favorable responses from the comparison group actually declined during the period, from 20.7% in 1998 to 14.4% in 2003. Table D.4-1 shows responses on a composite of three survey questions related to classification system flexibility.

Table D.4-1 Classification Composite

Composite 201 (includes Acq 50-52)		*Classification system flexibility*	
		Not Favorable	Favorable
What is your gender?	Male	76.0%	24.0%
	Female*	75.3%	24.7%
What is your race?	White	75.5%	24.5%
	Non-white*	75.6%	24.4%
What is your current level of supervisory responsibility?	Non-Supervisor	75.8%	24.2%
	Supervisor	75.4%	24.6%
Overall Survey Responses	1998 AcqDemo Baseline	76.8%	23.2%
	1998 Comparison	79.3%	20.7%
	2001 AcqDemo	.0%	.0%
	2001 Comparison	.0%	.0%
	2003 AcqDemo*	72.0%	28.0%
	2003 Comparison*	85.6%	14.4%

*Indicates a significant mean difference, $p<.01$

D.4.3. Personnel Office Data

Table D.4-2 Simplified Classification Results

Measure	1998 (Pre-demo)	2000	2001	2002	2003
Pages per PD/PRD	7.0	4.2	4.2	3.7	3.7
Average Staff Hours per PD/PRD	9.2	2.6	2.6	2.7	2.7

D.5. Academic Degree and Certificate Training

The Defense Acquisition Workforce Improvement Act (DAWIA) authorized degree and certificate training for DAWIA coded positions through the year 2001. AcqDemo extended this authority for the duration of the project to all employees in acquisition and/or acquisition support positions identified in the AcqDemo. Funding for academic degree and certificate training, while potentially available from numerous sources, was the responsibility of the participating organization.

D.5.1. Degree of Implementation. This intervention was implemented by all components, but with relatively limited intensity, due primarily to funding constraints.

D.5.2. Survey Data

Focus group results and personnel office data both indicated that Academic Degree and Certificate training was not widely implemented, and DAWIA training was already available to many AcqDemo participants. Table D.5-1 shows responses on a composite of three questions related to employees' satisfaction with opportunities for training and development.

Table D.5-1 Training Composite

Composite 208 (includes Acq68, 69, 70)		*Satisfaction with training and development*	
		Not Favorable	Favorable
What is your gender?	Male	27.1%	72.9%
	Female	30.1%	69.9%
What is your race?	White	27.3%	72.7%
	Non-white	32.4%	67.6%
What is your current level of supervisory responsibility?	Non-Supervisor	31.6%	68.4%
	Supervisor	23.8%	76.2%
Overall Survey Responses	1998 AcqDemo Baseline	30.6%	69.4%
	1998 Comparison	34.5%	65.5%
	2001 AcqDemo	.0%	.0%
	2001 Comparison	.0%	.0%
	2003 AcqDemo*	25.6%	74.4%
	2003 Comparison*	17.6%	82.4%

*Indicates a significant mean difference, $p<.01$

D.5.3. Personnel Office Data

Table D.5-2 was extracted from annual data calls, and shows reported uses of the Academic Degree and Certificate Training intervention over the course of the project.

Table D.5-2 Reported Uses of Academic Degree/Certificate Training—All AcqDemo

Year	Number of Participants Reported
1999	259
2000	60
2001	15
2002	21
2003	25

D.6. Expanded Candidate Selection Process

This intervention is described, and data provided, under Simplified, Accelerated Hiring (D.1).

D.7. Extended Probationary Period

This provision applied only to the Business Management and Technical Management Professional career path (NH). Often new hires in this career path were required to attend extensive training and educational assignments away from their normal work site and outside the review of their supervisors. An extension of the probationary period could be equal to the length of any educational/training assignment that placed the employee outside normal supervisory review.

D.7.1. Degree of Implementation. This intervention was not implemented by any participating organization in the first five cycles of the AcqDemo.

D.7.2. Workforce Data

While no Component used this intervention in years 1-5, it was possible that future uses would occur. In order to facilitate analysis of such potential usage, Tables D.7-1 and D.7-2 are provided for comparison.

Table D.7-1 Separations by Type for AcqDemo

	2001 (% of population)	2002 (% of population)	2003 (% of population)
During probationary period	1 (0.01%)	0 (0.0%)	1 (0.0%)
Resignation	56 (1.0%)	71 (1.2%)	80 (0.8%)
Retirement	69 (1.2%)	182 (3.0%)	282 (2.9%)
Removal	1 (0.01%)	1 (0.01%)	11 (0.1%)
Death	5 (0.09%)	9 (0.2%)	12 (0.1%)
RIF	0 (0.0%)	0 (0.0%)	0 (0.0%)
Termination	44 (0.8%)	74 (1.2%)	88 (0.9%)
Total # of employees separated	176	337	475

Table D.7-2 Separations by Type for Comparison Group

	2001 (% of population)	2002 (% of population)	2003 (% of population)
During probationary period	1 (0.07%)	0 (0.0%)	0 (0.0%)
Resignation	34 (2.5%)	69 (5.0%)	16 (1.0%)
Retirement	64 (4.8%)	100 (7.2%)	57 (3.7%)
Removal	1 (0.07%)	2 (0.1%)	0 (0.0%)
Death	2 (0.1%)	3 (0.2%)	3 (0.2%)
RIF	0 (0.0%)	3 (0.2%)	1 (0.0%)
Termination	19 (1.4%)	59 (4.3%)	13 (0.8%)
Total # of employees separated	121	236	90

D.8. Broadbanding

The broadbanding system replaced the GS grade structure. Acquisition occupations with similar characteristics were grouped together into three career paths with broadband levels designed to facilitate pay progression and internal assignment of duties, and to allow for more competitive recruitment of quality candidates at differing pay rates. The three career paths were Business Management and Technical Management Professional (NH); Technical Management Support (NJ); and Administrative Support (NK). There were four broadband levels covering GS grades 1 through 15.

D.8.1. Degree of Implementation. This intervention was fully implemented by all components, and was an integral part of the CCAS system.

D.8.2. Survey Data.

An expected benefit of simplified classification and broadbanding was the ability to assign an employee to new duties without creating a new position description and/or processing a formal personnel action. Focus group and survey results indicated that both employees and supervisors understood this flexibility was available and observed that it was used frequently in some organizations.

Table D.8-1 presents results on a composite of three survey questions on pay satisfaction, internal and external equity, and advancement opportunity.

Table D.8-1 Satisfaction Composite

Composite 207 (includes Acq18, 19, 21)		*Satisfaction with opportunities*	
		Not Favorable	Favorable
What is your gender?	Male	53.7%	46.3%
	Female	57.3%	42.7%
What is your race?	White	52.8%	47.2%
	Non-white	64.2%	35.8%
What is your current level of supervisory responsibility?	Non-Supervisor	59.9%	40.1%
	Supervisor	48.7%	51.3%
Overall Survey Responses	1998 AcqDemo (Baseline)	56.8%	43.2%
	1998 Comparison	59.8%	40.2%
	2001 AcqDemo	59.8%	40.2%
	2001 Comparison	55.8%	44.2%
	2003 AcqDemo	48.2%	51.8%
	2003 Comparison	54.5%	45.5%

D.8.3. CCAS Data

Broadbanding, together with CCAS, was expected to produce faster career progression and higher starting salaries as indicated by compensation data. Figures D.8-1 and D.8-2 show average basic pay for each career path during 2003.

Figure D.8-1 Average 2003 Basic Pay - NH & Total

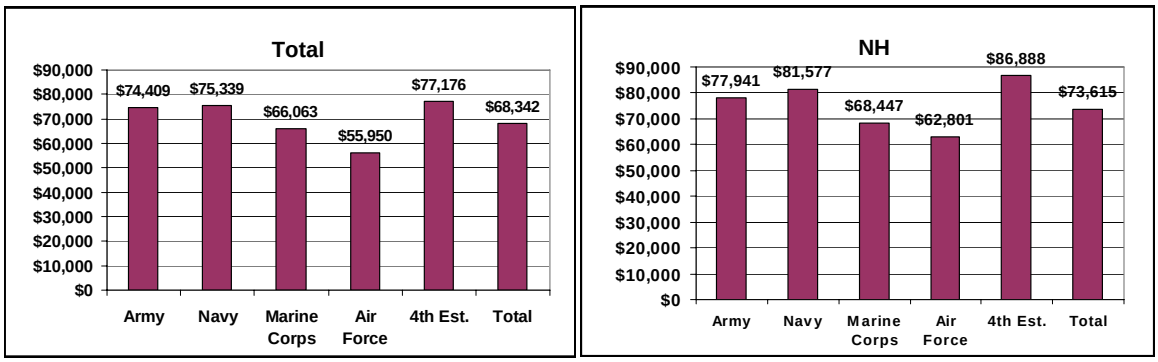
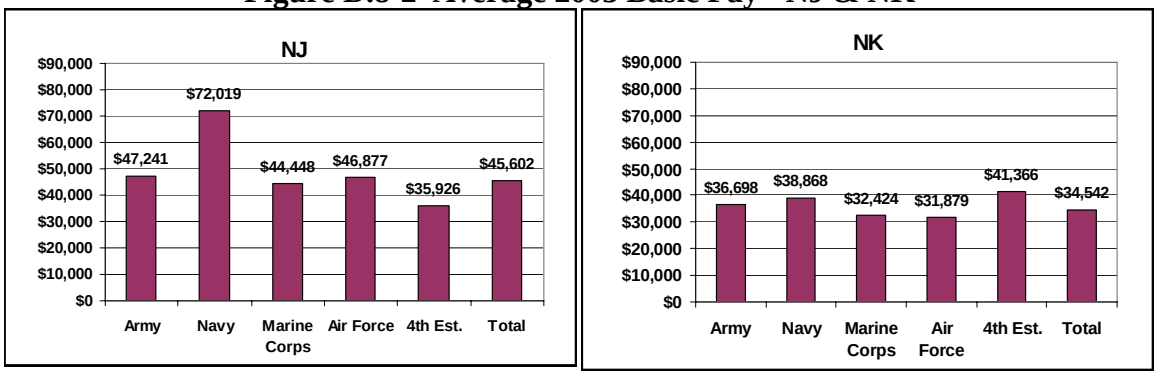


Figure D.8-2 Average 2003 Basic Pay - NJ & NK



D.9. Simplified, Modified RIF

A simplified, modified RIF process was established, under which employees in AcqDemo within a given Component and located in the same commuting area were placed in a different competitive area from employees not covered by AcqDemo. Employees were entitled to additional years of retention service credit based on appraisal results.

D.9.1. Degree of Implementation. The simplified modified RIF process was implemented only by the Air Force, for a small unit at Edwards AFB.

D.9.2. Survey Data

While AcqDemo usage of its Simplified, Modified RIF implementation was extremely limited, future potential usage could require data for comparison. Table D.9-1 contains survey data regarding perceptions of RIF fairness.

Table D.9-1 Reduction-in-Force (RIF) Fairness

Acq112a		*112a. The RIF process is fair.*					
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	No basis to judge
What is your gender?	Male	13.0%	12.7%	19.8%	19.8%	5.6%	29.1%
	Female	13.3%	14.6%	17.7%	16.7%	3.4%	34.4%
What is your race?	White	13.6%	13.9%	17.7%	19.5%	4.3%	31.1%
	Non-white	13.0%	12.3%	20.4%	15.4%	4.9%	34.0%
What is your current level of supervisory responsibility?	Non-Supervisor	15.0%	13.5%	18.5%	16.5%	4.5%	32.0%
	Supervisor	10.3%	13.8%	19.2%	21.0%	4.5%	31.3%
Overall Survey Responses	1998 AcqDemo Baseline	17.6%	19.0%	20.3%	20.7%	6.2%	16.2%
	1998 Comparison	12.0%	20.0%	36.0%	16.0%	4.0%	12.0%
	2001 AcqDemo	.0%	.0%	.0%	.0%	.0%	.0%
	2001 Comparison	.0%	.0%	.0%	.0%	.0%	.0%
	2003 AcqDemo	9.9%	8.5%	16.0%	14.9%	2.8%	47.9%
	2003 Comparison	3.7%	3.7%	14.8%	25.9%	3.7%	48.1%

D.9.3. Personnel Office Data. No RIF appeals were reported.

D.10. Sabbaticals

Sabbaticals were designed to help employees participate in study or work experience that benefited the organization and acquisition community and contributed to their development and effectiveness. The sabbatical provided opportunities to acquire knowledge and expertise that employees could not get in the standard work environment. As a program requirement, a sabbatical had to result in a product, service, report, or study that would benefit the acquisition community as well as increase the employee's individual effectiveness. Approval by the activity's Executive Director or equivalent was required.

D.10.1. Degree of Implementation. This intervention was implemented on a limited basis, with only seven instances of use during from 1999 through 2002, due primarily to resource constraints (based on managers and supervisors focus groups).

D.10.2. Survey Data

Since sabbaticals were not widely implemented, survey results showed no noticeable change in perception of opportunities to take sabbaticals, or the value of sabbaticals to the organization, between 1998 and 2003.

Data used to measure the effects of this intervention included employee and supervisor perceptions of (1) the opportunity to take advantage of sabbaticals, and
(2) the value of sabbaticals in increasing employee skills, as well as the incidence of actual usage. Table D.10-1 and D.10-2 present perceptual data from the three AcqDemo surveys and usage data from Personnel Office data.

Table D.10-1 Sabbatical Opportunities

Question 67		*I have the opportunity to take advantage of sabbatical leave.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	21.6%	20.5%	46.6%	9.7%	1.5%
	Female	22.6%	20.5%	46.9%	8.6%	1.4%
What is your race?	White	22.6%	21.0%	46.3%	8.8%	1.4%
	Non-white	19.4%	19.0%	48.8%	10.9%	1.8%
What is your current level of supervisory responsibility?	Non-Supervisor	21.6%	19.3%	48.9%	8.8%	1.3%
	Supervisor	22.5%	22.4%	43.8%	9.6%	1.7%
Overall Survey Responses	1998 AcqDemo Baseline	31.5%	23.9%	37.8%	5.4%	1.4%
	1998 Comparison	31.8%	25.8%	34.2%	6.9%	1.3%
	2001 AcqDemo	18.4%	19.7%	49.9%	10.5%	1.5%
	2001 Comparison	15.5%	22.5%	50.4%	7.8%	3.9%
	2003 AcqDemo	11.5%	15.2%	58.4%	13.3%	1.5%
	2003 Comparison	10.6%	21.2%	54.9%	12.5%	.8%

Table D.10-2 Sabbaticals and Skills

Question 71		*The use of sabbaticals has increased employee skills.*				
		Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
What is your gender?	Male	12.2%	10.0%	69.2%	6.1%	2.5%
	Female	8.8%	7.3%	77.6%	4.1%	2.2%
What is your race?	White	11.2%	9.2%	72.8%	4.7%	2.1%
	Non-white	8.8%	7.3%	73.1%	7.3%	3.4%
What is your current level of supervisory responsibility?	Non-Supervisor	9.8%	7.8%	75.4%	4.7%	2.3%
	Supervisor	12.1%	10.4%	69.1%	6.0%	2.4%
Overall Survey Responses	1998 AcqDemo Baseline	13.1%	8.2%	70.7%	5.2%	2.8%
	1998 Comparison	13.9%	9.9%	67.8%	4.2%	4.2%
	2001 AcqDemo	.0%	.0%	.0%	.0%	.0%
	2001 Comparison	.0%	.0%	.0%	.0%	.0%
	2003 AcqDemo	7.4%	9.1%	77.3%	4.9%	1.3%
	2003 Comparison	5.3%	10.7%	73.3%	9.5%	1.1%

D.10.3. Personnel Office Data

Table D.10-3 Number of Sabbaticals by Component

Year	Army	Air Force	AT&L	Navy	USMC
1999	1	0	0	0	1
2000	1	0	0	0	1
2001	1	0	0	0	0
2002	0	0	2	0	0
2003	N/A	0	N/A	0	0

D.11. Voluntary Emeritus Program

This program allowed AcqDemo organizations to accept the gratuitous services of retired or separated employees. It would be beneficial during personnel reductions as skilled acquisition professionals accepted retirement and returned to provide corporate knowledge and mentoring to less experienced employees. Voluntary emeritus assignments were not considered federal employment, and therefore did not affect an employee's entitlement to buy-outs, severance pay, or retirement payments based on earlier separation from federal service. This program could not be used to replace civilian employees occupying regular positions required to perform the mission of the command.

D.11.1. Degree of Implementation. This intervention was implemented on a limited basis, with only six instances of use from 1999 through 2003. Because of the limited usage of this intervention, there was insufficient evidence to judge the degree to which it has achieved its expected outcomes.

D.11.2. Personnel Office Data

This intervention's expected effect was to encourage retirees to mentor junior professionals, as measured by the frequency of use. Table D.11-1 shows usage by Component over the first five cycles of the AcqDemo.

Table D.11-1 Voluntary Emeritus Appointments by Component

Year	Army	Air Force	AT&L	Navy	USMC
1999	2	0	0	0	1
2000	0	1	0	0	0
2001	0	0	0	1	0
2002	0	1	0	0	0
2003	N/A	0	N/A	0	0

Appendix E. CCAS Cycle Results Report

DoD Civilian Acquisition Workforce
Personnel Demonstration Project Contribution-based
Compensation and Appraisal System (CCAS):

2003 Cycle Results

April 2004

Prepared for:

DoD Civilian Acquisition Workforce Personnel Demonstration Project
Project Management Office

Prepared by:

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The views, opinions, and findings contained in this report are those of the authors and should not be construed as an official Department of Defense position, policy, or decision unless so designated by other official documentation.

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E.1. Introduction

E.1.1. Project Background

The National Defense Authorization Act for Fiscal Year 1996, as amended by section 845 of the National Defense Authorization Act for Fiscal Year 1998, allows the Department of Defense (DoD), with the approval of the Office of Personnel Management, to conduct a personnel demonstration project within its civilian acquisition workforce. Two of the key components of the DoD Civilian Acquisition Workforce Personnel Demonstration Project, called AcqDemo, are broadbanding and a Contribution-based Compensation and Appraisal System (CCAS), which replace traditional grades and steps with broad pay bands covering several grades and with pay linked to contribution to the mission rather than to longevity. The demonstration project is described in the *Federal Register,* January 8, 1999. DoD is managing AcqDemo through a Program Management Office (PMO) which is supported by an Executive Council that includes representatives from each component—the four armed services and Office of the Secretary of Defense (OSD).

Under CCAS, each participating organization is identified as a paypool, where the number of people in a pool is typically between 35 and several hundred. The head of the organization is the paypool manager and he or she is responsible for administering CCAS, including employee appraisals, pay raises, and financial awards.

SRA International, Inc. is under contract to the PMO to develop software to help paypool managers, as well as other managers and supervisors under them, to administer CCAS. The contract also includes analyses of the results of the 2003 CCAS appraisal and compensation adjustment cycle. This report documents those analyses and compares the results to the results from the 1999, 2000, 2001, and 2002 CCAS cycles. Because a control group is not available for evaluation analyses, comparisons across CCAS cycles assume a principal role in the evaluation of the demonstration. Throughout this document, the terms “first cycle”, “second cycle”, “third cycle” and “fourth cycle” refer to the 1999, 2000, 2001, and 2002 CCAS assessments and compensation adjustments. Likewise, “fifth cycle” refers to the 2003 CCAS assessment and compensation adjustments. For each CCAS cycle, payouts occurred in January of the following year, e.g., for the 1999-2000 CCAS cycle, payouts occurred in January 2001.

E.1.2. CCAS Description

E.1.2.1. Contribution Appraisal

Under CCAS, each employees’ contribution to the organization’s mission is measured on the following six factors:

- Problem Solving
- Teamwork and Cooperation
- Customer Relations
- Leadership and Supervision
- Communication

– Resource Management

Each employee's Overall Contribution Score (OCS) is the weighted average of the six factor scores. For the first five cycles all factor weights were set to 1.0; in the future the weights may vary by Occupational Series.

As shown in Table E.1-1 (note that data from Table D.2-1 appear again here for the reader's convenience.) the AcqDemo workforce is divided into three career paths and four broadbands with different OCS and pay ranges.

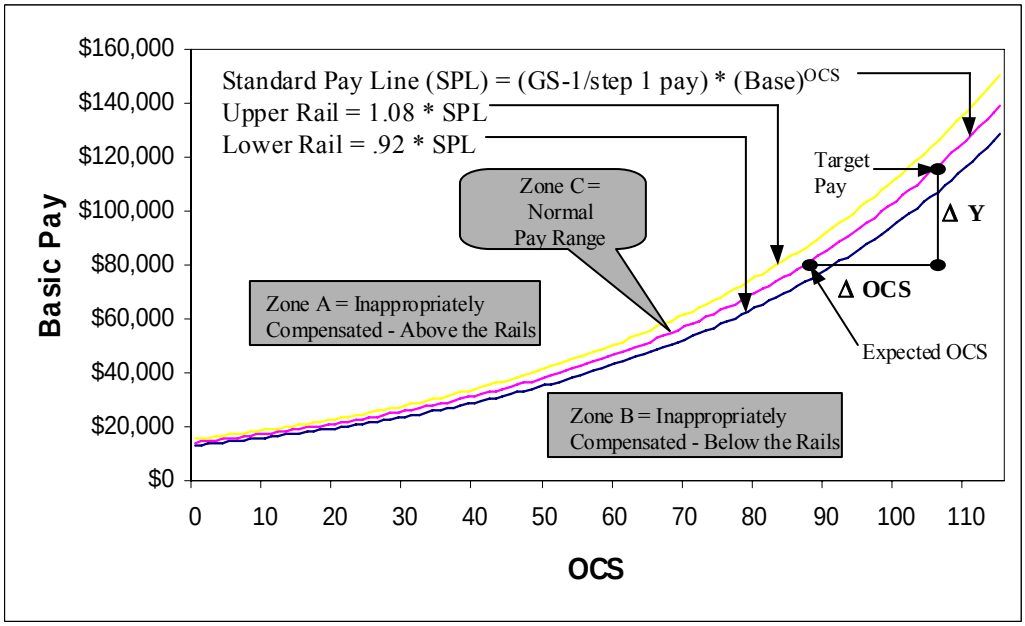
Table E.1-1 AcqDemo Broadbands and Career Paths

Broadband	Business and Technical Management Professional (NH)	Technical Management Support (NJ)	Administrative Support (NK)
I	OCS = 0-29 Pay = GS-1 to 4	OCS = 0-29 Pay = GS-1 to 4	OCS = 0-29 Pay = GS-1 to 4
II	OCS = 22-66 Pay = GS-5 to 11	OCS = 22-51 Pay = GS-5 to 8	OCS = 22-46 Pay = GS-5 to 7
III	OCS = 61-83 Pay = GS-12 to 13	OCS = 43-66 Pay = GS-9 to 11	OCS = 38-61 (70) Pay = GS-8 to 10
IV	OCS = 79-100 (115) Pay = GS-14 to 15	OCS = 61-83 (95) Pay = GS-12 to 13	N/A

E.1.2.2. The Link between Contribution and Pay

As shown in Figure E.1-1 (note that data from Figure D.2-1 appear again here for the reader's convenience), pay is linked to contribution through a series of curves that define a Normal Pay Range (NPR). The middle of the NPR is an exponential curve called the Standard Pay Line (SPL). The SPL is constructed such that an OCS of zero equates to the annual basic pay of a GS-1/step 1, while an OCS of 100 equates to the annual basic pay of a GS-15/step 10. The base represents the percent change in pay associated with a contribution change of one OCS point. It changes slightly from one year to next. The upper boundary of the NPR is 8% above the SPL, while the lower boundary is 8% below the SPL. Employees whose basic pay falls within the NPR for their OCS are considered appropriately compensated for their level of contribution. For a given level of basic pay, the SPL can be used to determine an employee's expected OCS; conversely, for a given OCS, the SPL can be used to determine an employee's target pay. The target can also be the upper or lower boundary of the NPR (see Section 3.1 for a description of the pay adjustment strategies).

Figure E.1-1 The Normal Pay Range



E.1.2.3. CCAS Categories and Terms

CCAS defines the following special categories of employees:

- Presumptive due to Time: Less than 90 days in the demonstration at the end of the appraisal period (30 September of each year)[7]
- Presumptive due to Circumstances: Away from normal job for an extended period (Long-Term, Full-Time (LTFT) training, detail, etc.)
- Retained Pay: Pay exceeds the maximum for the employee's career path and broadband (usually due to Reduction in Force (RIF) action)
- Post-Cycle Activities: Gains, losses, and promotions occurring between the end of the appraisal period and the start of the first pay period in January

Different compensation rules apply to these categories. The rules are explained in section E.1.2.4. The following terms regarding pay are used throughout CCAS:

- *Basic Pay*: Annual pay rate affected by CCAS
- *Locality Pay*: Varies by location, not affected by CCAS
- *GPI*: General Pay Increase, the annual cost-of-labor adjustment to basic pay tables for General Schedule (GS) federal service employees
- *CRI*: Contribution Rating Increase, adjustment to basic pay based on contribution, amount set by each paypool

[7] Prior to the 2002 CCAS cycle, Presumptive Due to Time was defined as less than six months in the demonstration as of 30 September

- *CA*: Contribution Award, lump-sum payment based on contribution, amount set by each paypool
- *RS:* Relative Score = [(Current Base Pay - Target Pay)/Target Pay]*100. RS measures the percentage of over or under compensation compared to the SPL. Negative RS indicates under compensation, positive RS indicates over compensation. In general, compensation should be adjusted based on RS; e.g., employees with the largest negative RS in a paypool should receive the largest percentage pay increases.

E.1.2.4. CCAS Pay Rules

The AcqDemo Federal Register announcement specifies the following rules regarding pay adjustments under CCAS:

- CRI pot for each paypool must be at least 2% (2.4% for the paypool's first cycle)
- CA pot for each paypool must be at least 1% (1.3% for the paypool's first cycle)
- Paypools must allocate 90% of their CA money via CCAS. The other 10% may be withheld for spot awards throughout the year. Therefore, the CCAS award pot for paypools not in their first cycle must be at least .9% (.9 x 1%)
- Employees in Zones B and C <u>must</u> get the full GPI
- Employees in Zone A <u>may</u> get up to the full GPI
- CRI is limited to 20% in Zone B and 6% in Zone C; local commanders may approve more than 20% for Zone B
- No CRI or CA for employees in Zone A
- Awards greater than $10,000 require local commander approval
- New basic pay may not exceed the maximum for the employee's career path and broadband
- New basic pay for employees in Zone B may not exceed 6% above the lower rail for their OCS
- New basic pay for employees in Zone C may not exceed the upper rail for their OCS
- Employees on retained pay cannot receive CRI, but may get CA and <u>must</u> get half the dollar increase in the maximum pay for their career path and broadband
- Employees who are presumptive due to time are placed on the SPL, receive full GPI, no CRI, but may receive CA
- Employees who are presumptive due to circumstances receive either their expected score or last year's score (paypool's option). They may receive CRI and/or CA, and if they are in Zones B or C must receive full GPI
- Post-Cycle gains receive full GPI, but no CRI or CA
- Post-Cycle promotions receive the larger of their CCAS adjusted pay or their promotion pay plus GPI
- All GPI withheld from Zone A rolls over to the CRI pot
- Unspent CRI rolls over to the CA pot
- Unspent CA rolls over to the spot award pot

E.1.2.5. Fifth Cycle Dates

The following dates were key milestones during the fifth CCAS cycle:

- 3 Jul 03 – Last day to enter the demo and receive non-presumptive appraisal
- 30 Sep 03 – Appraisal period ends
- Oct-Dec 03 – Appraisals and preliminary pay adjustments
- 17 Dec 03 – CY2004 "GPI" and locality rates available in CAS^{2}Net
- 26 Dec 03 – Last day for pay pools to upload final scores and pay adjustments to CAS^{2}Net
- 11 Jan 04 – New pay rates become effective
- 13 Jan 04 – DCPDS upload transactions prepared
- 03 Mar04 – GPI increased from 1.5% to 2.7% retroactive to Jan 04

E.1.2.6. Fifth Cycle CCAS Software and Data

The following software was available for the fifth CCAS cycle:

- CAS^{2}Net – An Oracle database and application hosted on a web server at ALTESS (United States Army Acquisition, Logistics, and Technology Enterprise Systems and Services). The application was used by pay pool data maintainers to check and correct personnel data and to identify gains, losses, and promotions during the post-cycle period. It was also used by first-level supervisors in some pay pools to record factor comments and scores on their employees. Managers and sub-panels in some pay pools also used the software to review and normalize contribution scores of the employees under them. The application was also used to generate a variety of reports, feedback forms, and summaries.
- Sub-Panel Meeting Spreadsheet – Used by some sub-panels as an alternative to CAS^{2}Net to review and normalize contribution scores of the employees under them.
- CCAS Spreadsheet – Used by all pay pool managers to review contribution scores, adjust pay, and set awards for all employees in the pay pool.

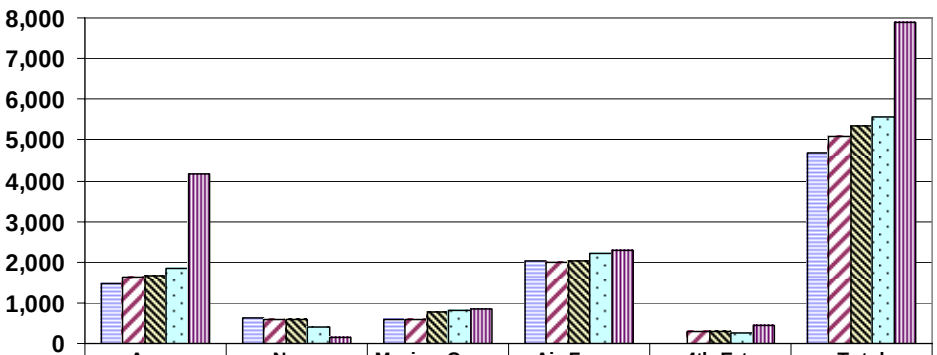
Once all of the appraisal scores and pay adjustments were completed, SRA prepared the necessary transaction files and uploaded them to CAS^{2}Net where they could be downloaded by the appropriate servicing civilian personnel offices for upload to DCPDS (Defense Civilian Personnel Data System). The revised pay information then flowed automatically to the Defense Civilian Payroll System (DCPS) from which AcqDemo employees receive their paychecks.

E.2. Appraisals

E.2.1. Fifth Cycle CCAS Population

The Army, Navy, Marine Corps, and Air Force are participating in their fifth year of the CCAS demonstration; OSD in their fourth year (OSD entered the demonstration in October 1999). Several organizations[8] joined the demonstration during the latest cycle while one withdrew, resulting in a significant increase in the number of paypools (from 55 to 80). Most of the new organizations are Army, and include the Program Executive Office (PEO) for Combat Support and Combat Service Support (paypool 137); the Developmental Test Command (paypool 138); the Operational Test Command (paypool 139); the Army Materiel Systems Analysis Activity (paypools 140 thru 145), the Tank-automotive and Armament Command Armament Research, Development, and Engineering Center (paypools 180 thru 188); the PEO for Simulation, Training, and Instrumentation (paypool 160); the PEO for Air Space Missile Defense (paypool 165); and the Aviation and Missile Command (paypools 150 thru 156). In addition to the new Army organizations, the Defense Acquisition University (paypool 510) headquartered in Ft. Belvoir, VA also joined AcqDemo this past cycle. In the analysis which follows, the Defense Acquisition University paypool has been grouped with the five OSD paypools under the more general heading "4th Estate". Figure E.2-1 shows the employee population by component for each of the five CCAS cycles.

Figure E.2-1 Population Across All Five Cycles

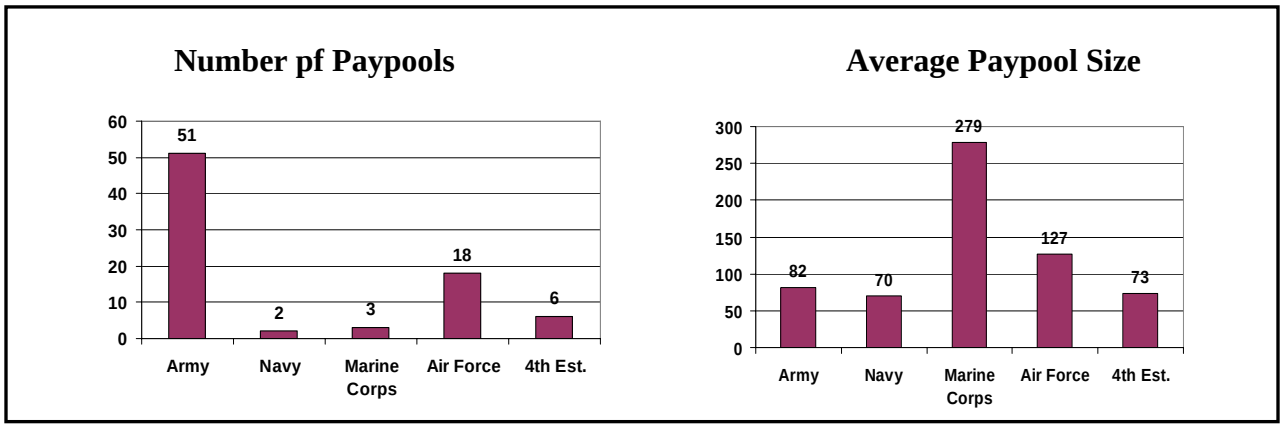


	Army	Navy	Marine Corps	Air Force	4th Est.	Total
1999	1,468	633	572	2,027	0	4,700
2000	1,609	593	606	1,995	280	5,083
2001	1,675	575	778	2,022	284	5,334
2002	1,861	400	825	2,209	273	5,568
2003	4,177	140	836	2,283	439	7,875

[8] Two organizations entered the AcqDemo, but were not included in this report as both were entirely presumptive due to time and did not receive ratings. They were the Army Tank-automotive and Armaments Command (pay pools 190 - 196) in Warren and Rock Island, MI; and the Missile Defense Agency (pay pools 511 - 513) headquartered in the National Capital Region.

Figure E.2-2 shows the number of paypools and the average paypool size for each component for the fifth CCAS cycle.

Figure E.2-2 Fifth Cycle Paypools



The Army had the largest demonstration population and the most paypools. Of the 18 Air Force paypools, all but two were located at Edwards AFB in California. The 80 paypools ranged in size from as few as 4 to as many as 405 employees. The AcqDemo *Federal Register* announcement recommended that paypools have at least 35 but no more than 300 employees. Fifteen Army, one Air Force, and one OSD paypools had fewer than 35 people.

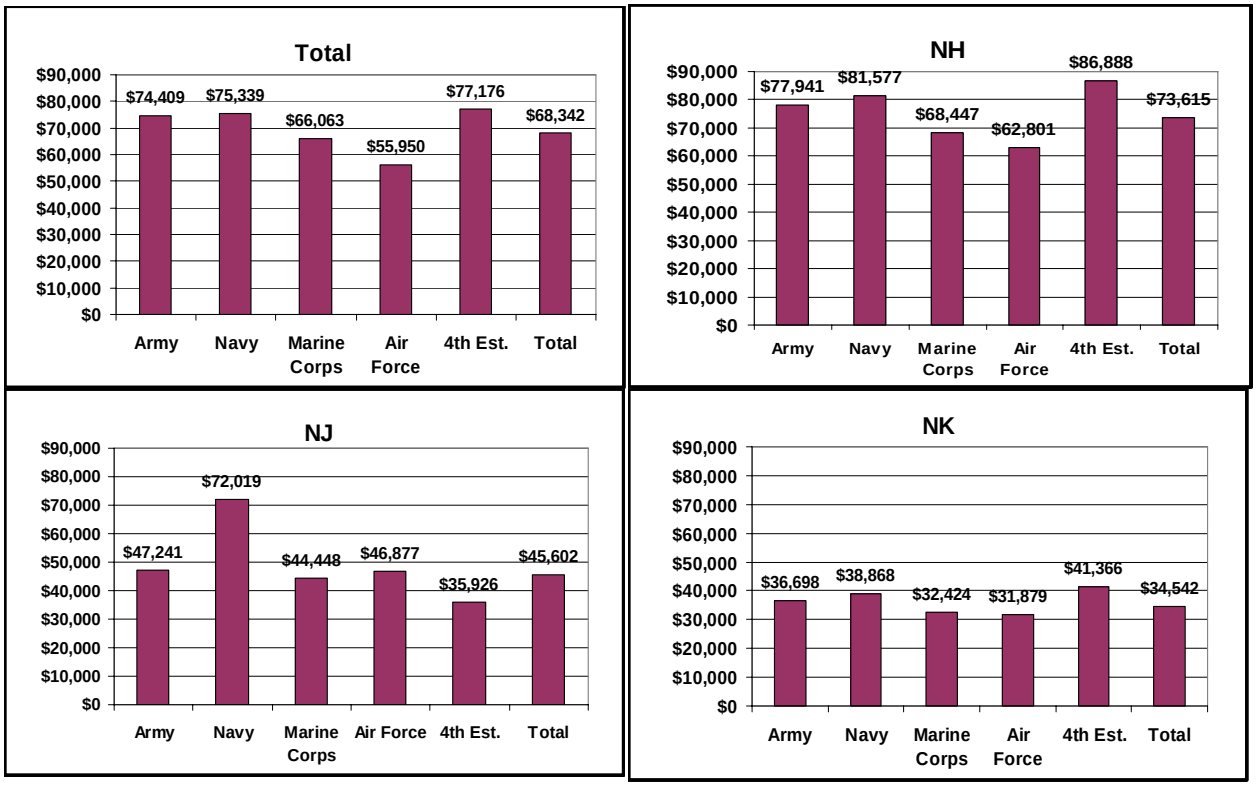
Table E.2-1 breaks out the 2003 population by career path and component. The NH Career Path (Business and Technical Management Professionals) accounted for 85.4% of the demonstration population. The NK Career Path (Administrative Support) made up 4.0%, and the NJ Career Path (Technical Management Support) made up the remaining 10.7%. Overall, the Army had 53.0% of the demonstration population, but the Air Force had 70.8% of the NJ and 46.7% of the NK employees. Component and career path breakouts for 1999, 2000, 2001, and 2002 are displayed in Appendix C.

Table E.2-1 2003 Population by Component and Career Path

	NH	NJ	NK	Total
Army	3,810	36	331	4,177
Navy	118	2	20	140
USMC	776	14	46	836
USAF	1,670	221	392	2,283
4th Est.	350	39	50	439
Total	6,724	312	839	7,875

Figure E.2-3 shows average basic pay at the start of the fifth cycle by Career Path and component. Overall, the 4th Estate had the highest average basic pay and the Air Force had the lowest. The 4th Estate has the highest average basic pay because a major portion of it is a high-level staff agency with very senior personnel, located in the Washington D.C. area, where civil service grades tend to be higher to compensate for the higher cost of living. Conversely, most of the Air Force employees are in a remote area of the California desert, where grades and salaries tend to be lower.

Figure E.2-3 Average 2003 Basic Pay



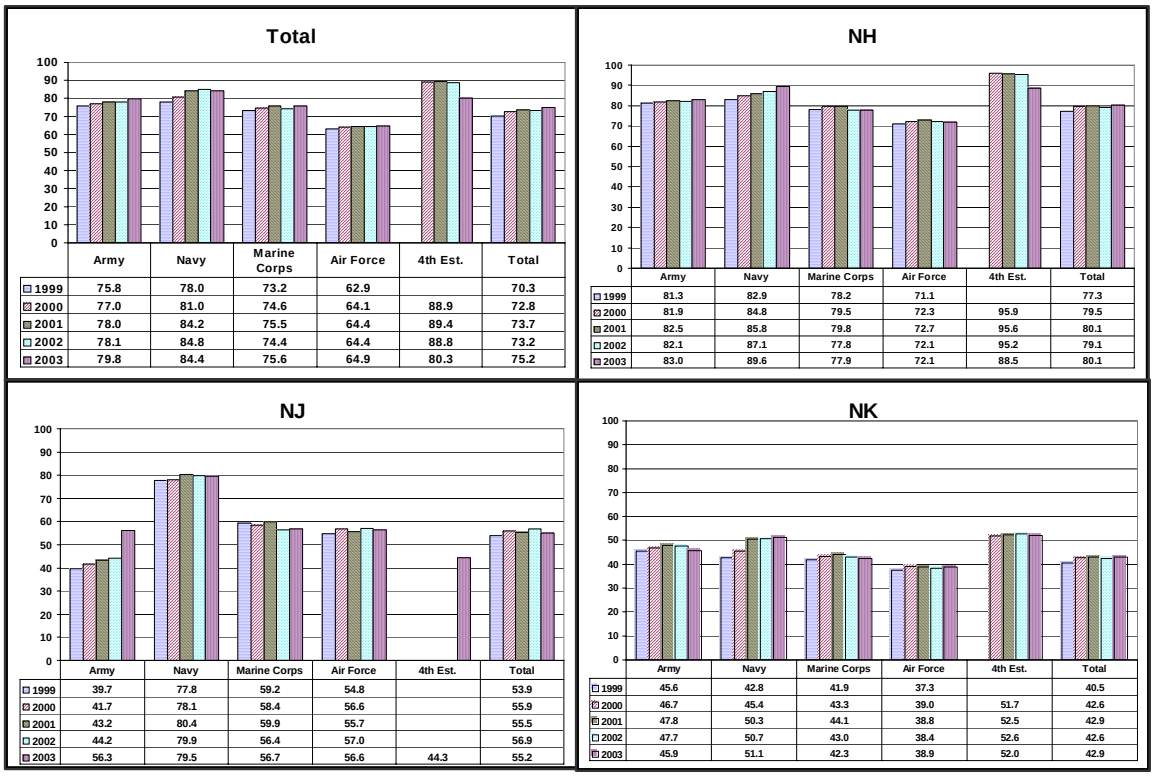
E.2.2. Appraisal Results

Figure E.2-4 shows average Overall Contribution Score (OCS) for 1999 through 2003 by Career Path and component. Across all components and Career Paths the 2003 average OCS was about 75, up from 73 in 2002. Navy had the highest average OCS at 84, while the Air Force had the lowest at about 65. NH employees had an average OCS of about 80, NJs averaged 55, and NKs averaged 43. These scores closely follow the basic pay patterns shown in Figure 2.3 above. In fact, the correlation between basic pay and OCS is quite high (r = .95).[9] This indicates that most employees were contributing at levels appropriate to their levels of compensation. Delta Overall Contribution Score (OCS) is a critical measure

[9] The coefficient of determination, r^2, is .90 indicating that 90 percent of the variation in OCS is explained by base pay.

because it is the basis for adjusting pay in the CCAS software default algorithm—the more an employee contributes above their expected level, the larger the salary increase and award he or she should receive. A positive Delta OCS indicates that the employee is contributing more than expected for his or her level of compensation, while a negative Delta OCS indicates less than expected contribution. Delta OCS to SPL is the difference between an employee's assigned OCS and the target OCS, where target OCS is determined by the intersection of the employee's basic pay and the target pay defined by the SPL or the upper or lower boundary of the NPR. For the first cycle the Army chose to set the target for base pay at the upper rail, while the Navy, Marine Corps, and Air Force chose to set it at the SPL. For the second cycle the Army and OSD chose to set the target for base pay at the upper rail, while the Navy, Marine Corps, and Air Force chose to set it at the SPL. For the third and fourth cycles only the Army used upper rail as the target for base pay. For the fifth cycle only 47 of the Army's 51 paypools used upper rail as the target for base pay. For the first and second cycles all components chose to set the target for awards at the upper rail. For the third cycle, OSD used the SPL as the target for awards. For the fourth cycle, one Navy pay pool used the SPL as the target for awards and OSD used the lower rail as the target for awards. For the fifth cycle one Army and one Navy paypool used the SPL and the five OSD paypools used the lower rail as the target for rewards. The remaining paypools used the upper rail for awards. Unless otherwise stated, all graphs and figures report the Delta OCS to the SPL in order to place all five components on the same metric for comparison.

Figure E.2-4 Average OCS



Total

	Army	Navy	Marine Corps	Air Force	4th Est.	Total
1999	75.8	78.0	73.2	62.9		70.3
2000	77.0	81.0	74.6	64.1	88.9	72.8
2001	78.0	84.2	75.5	64.4	89.4	73.7
2002	78.1	84.8	74.4	64.4	88.8	73.2
2003	79.8	84.4	75.6	64.9	80.3	75.2

NH

	Army	Navy	Marine Corps	Air Force	4th Est.	Total
1999	81.3	82.9	78.2	71.1		77.3
2000	81.9	84.8	79.5	72.3	95.9	79.5
2001	82.5	85.8	79.8	72.7	95.6	80.1
2002	82.1	87.1	77.8	72.1	95.2	79.1
2003	83.0	89.6	77.9	72.1	88.5	80.1

NJ

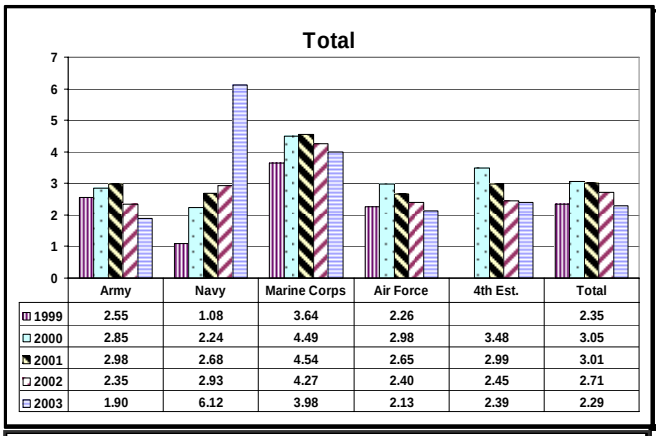
	Army	Navy	Marine Corps	Air Force	4th Est.	Total
1999	39.7	77.8	59.2	54.8		53.9
2000	41.7	78.1	58.4	56.6		55.9
2001	43.2	80.4	59.9	55.7		55.5
2002	44.2	79.9	56.4	57.0		56.9
2003	56.3	79.5	56.7	56.6	44.3	55.2

NK

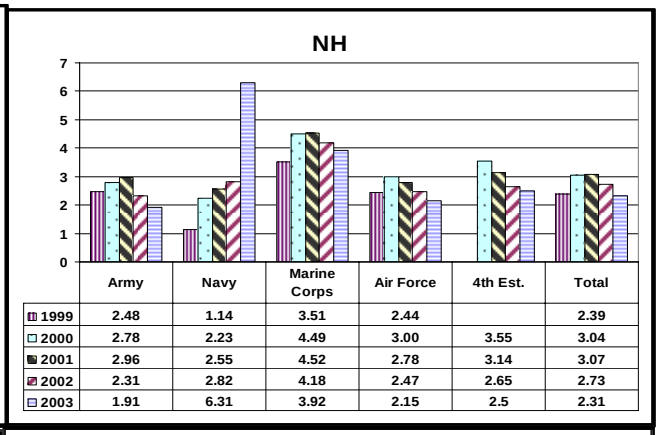
	Army	Navy	Marine Corps	Air Force	4th Est.	Total
1999	45.6	42.8	41.9	37.3		40.5
2000	46.7	45.4	43.3	39.0	51.7	42.6
2001	47.8	50.3	44.1	38.8	52.5	42.9
2002	47.7	50.7	43.0	38.4	52.6	42.6
2003	45.9	51.1	42.3	38.9	52.0	42.9

Figure E.2-5 shows the average Delta OCS to the SPL for all five cycles by Career Path and component. The overall average Delta OCS was 2.29 in 2003, down from 2.71 in 2002, and 55% of the distance from the SPL to the lower boundary of the Normal Pay Range, which is 4.2 OCS points. The Navy had by far the largest average Delta OCS: 6.12 compared to 3.98 for the Marine Corps, which was next largest. The Army had the smallest average Delta OCS at 1.90. The NJ Career Path had a significantly smaller average Delta OCS (1.74) than the other two Career Paths.

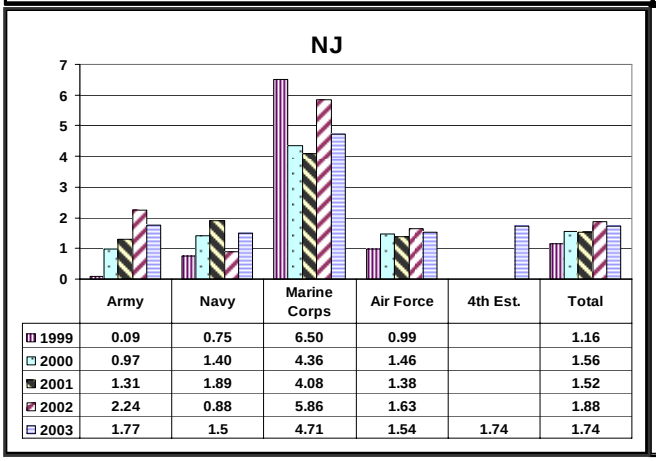
Figure E.2-5 Average Delta OCS, Based on SPL



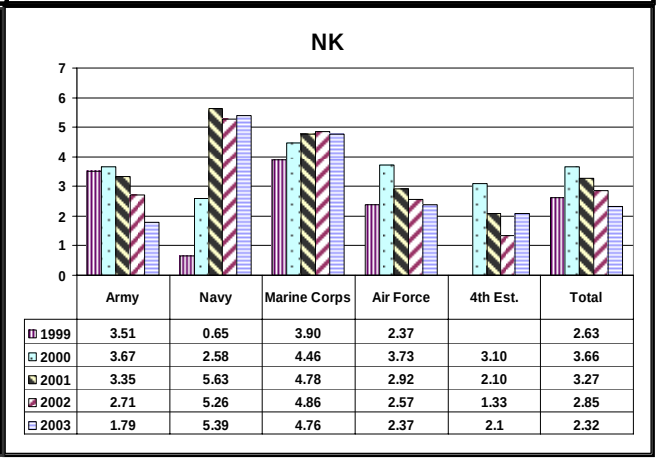
	Army	Navy	Marine Corps	Air Force	4th Est.	Total
1999	2.55	1.08	3.64	2.26		2.35
2000	2.85	2.24	4.49	2.98	3.48	3.05
2001	2.98	2.68	4.54	2.65	2.99	3.01
2002	2.35	2.93	4.27	2.40	2.45	2.71
2003	1.90	6.12	3.98	2.13	2.39	2.29



	Army	Navy	Marine Corps	Air Force	4th Est.	Total
1999	2.48	1.14	3.51	2.44		2.39
2000	2.78	2.23	4.49	3.00	3.55	3.04
2001	2.96	2.55	4.52	2.78	3.14	3.07
2002	2.31	2.82	4.18	2.47	2.65	2.73
2003	1.91	6.31	3.92	2.15	2.5	2.31



	Army	Navy	Marine Corps	Air Force	4th Est.	Total
1999	0.09	0.75	6.50	0.99		1.16
2000	0.97	1.40	4.36	1.46		1.56
2001	1.31	1.89	4.08	1.38		1.52
2002	2.24	0.88	5.86	1.63		1.88
2003	1.77	1.5	4.71	1.54	1.74	1.74



	Army	Navy	Marine Corps	Air Force	4th Est.	Total
1999	3.51	0.65	3.90	2.37		2.63
2000	3.67	2.58	4.46	3.73	3.10	3.66
2001	3.35	5.63	4.78	2.92	2.10	3.27
2002	2.71	5.26	4.86	2.57	1.33	2.85
2003	1.79	5.39	4.76	2.37	2.1	2.32

As shown in Table E.2-2 the Army had the largest range of Delta OCS in 2003, spanning from –31 to 33 (64 OCS points). The 4th Estate had the smallest range, from –14 to +12 (26 OCS points). The Marines, Air Force, and the 4th Estate significantly reduced their range from 2002 values.

Table E.2-2 Delta OCS Ranges by Component Based on SPL

	1999 (SPL)			2000 (SPL)			2001 (SPL)			2002 (SPL)			2003 (SPL)		
Component	Max	Min	Range	Max	Min	Range	Max	Min	Range	Max	Min	Range	Max	Min	Range
Army	32	-71	103	21	-43	64	25	-39	64	25	-37	62	33	-31	64
Navy	23	-31	54	24	-21	45	21	-26	47	17	-4	21	24	-3	27
USMC	29	-52	81	19	-81	100	19	-42	61	24	-16	40	18	-14	32
Air Force	28	-39	67	33	-27	60	28	-35	63	34	-36	70	23	-31	54
4th Est.	N/A	N/A	N/A	27	-38	65	17	-45	62	22	-15	37	12	-14	26
Total	**32**	**-71**	**103**	**33**	**-81**	**114**	**28**	**-45**	**73**	**34**	**-37**	**71**	**33**	**-31**	**64**

Figure E.1-1 defined three zones relative to the Normal Pay Range (NPR). Individuals in Zone A are above the NPR, meaning their compensation is too high for their contribution. Individuals in Zone B are below the NPR, meaning their compensation is too low for their contribution. Individuals in Zone C are in the NPR, meaning their compensation is appropriate for their contribution. Many of the AcqDemo pay adjustment rules (section 1.2.4) are based on zone. Figure 2.6 shows the zone distributions for 1999, 2000, 2001, 2002, and 2003 by Career Path.

Overall in 2003, 76.5% of the demonstration employees fell in the appropriately compensated category (Zone C), while 22.0% were below the NPR (Zone B) and 1.6% were above the NPR (Zone A). Employees in the NK Career Path had the largest Zone A percentage, and employees in the NJ Career Path had the smallest Zone B population percentage.

Another way to visualize the distribution of employees relative to the NPR is with scatter plots. Figure E.2-7 shows the 1999, 2000 and 2001 scatter plots for the entire AcqDemo population and Figure E.2-8 shows scatter plot for 2002 and 2003.[10] Each of the dots on the graph represent an individual, although in some cases dots are "stacked" one behind another for individuals with the same OCS and basic pay. The discrete vertical lines occur because OCS is expressed in integer values only.

The plots presented in Figures E.2-7 and E.2-8 illustrate a slightly increasing concentration within Zone C (the region between the upper and lower rails) with each new cycle As the CCAS process continues over time, employees' contribution and compensation will become more closely aligned, and more people will plot in the appropriately compensated region, Zone C. The scatter plots for each of the five components are in Appendix A. Appendix A also displays pie charts showing the corresponding rail zone distributions for each component. The charts show the 4th Estate has the largest Zone A percentage (6.7%) while the Navy had no one in Zone A.

The Navy has the largest Zone B percentage (58.6%), the Air Force smallest (18.3%). The Army has the largest Zone C percentage (79.8%), the Navy the smallest (41.4%).

[10] Although an OCS of 100 equates to the highest base salary paid under the demonstration project (GS-15, step 10), a "very high" score of 115 may be awarded when a level IV NH individual is performing above the high level (96-100) in a specific factor, resulting in an OCS score over 100. Employees in the NJ and NK career fields may also receive "very high" scores, but these scores (95 for NJ and 70 for NK) do not exceed 100.

Figure E.2-6 Zone Distribution by Career Path

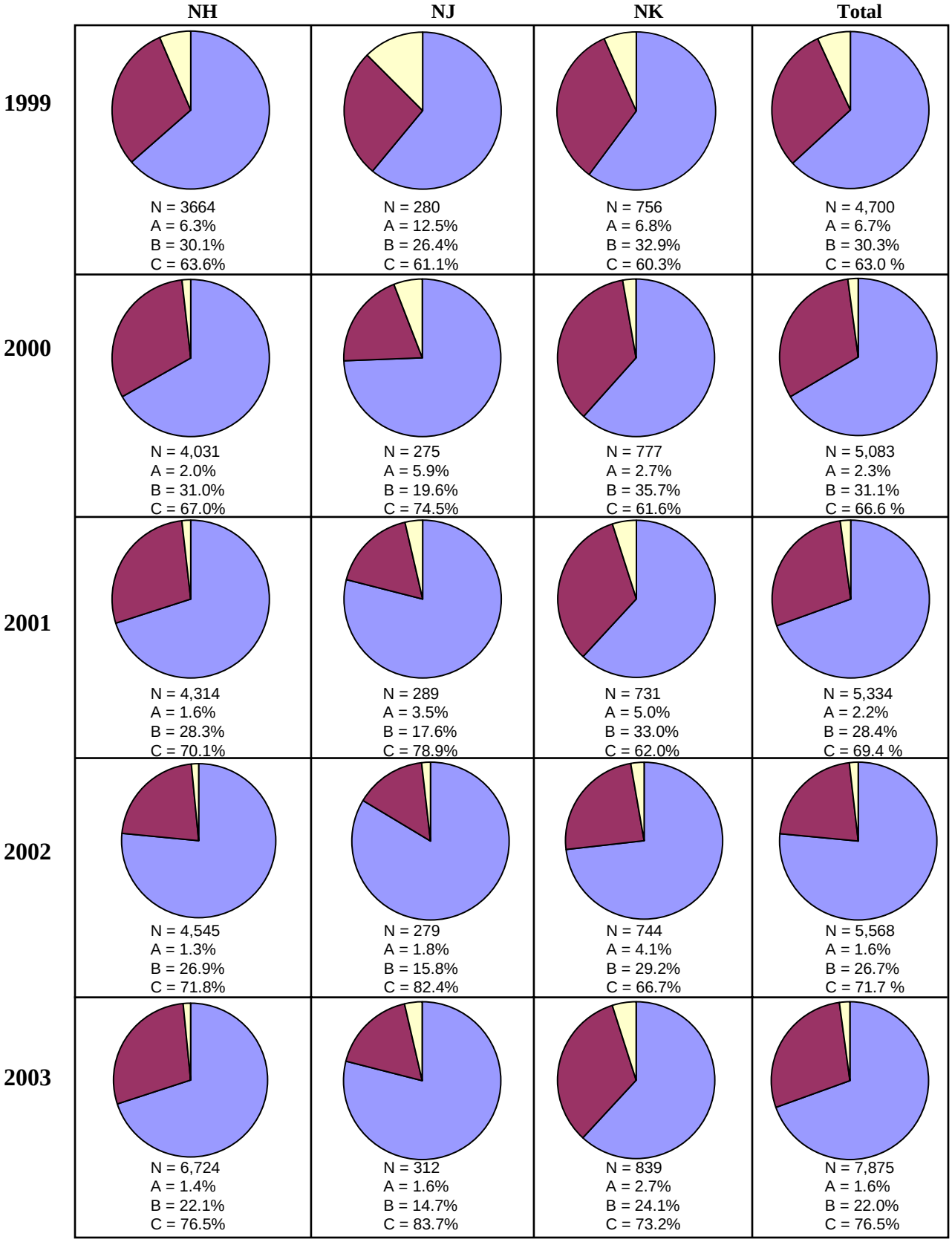


Figure E.2-7 Overall AcqDemo Scatter Plots

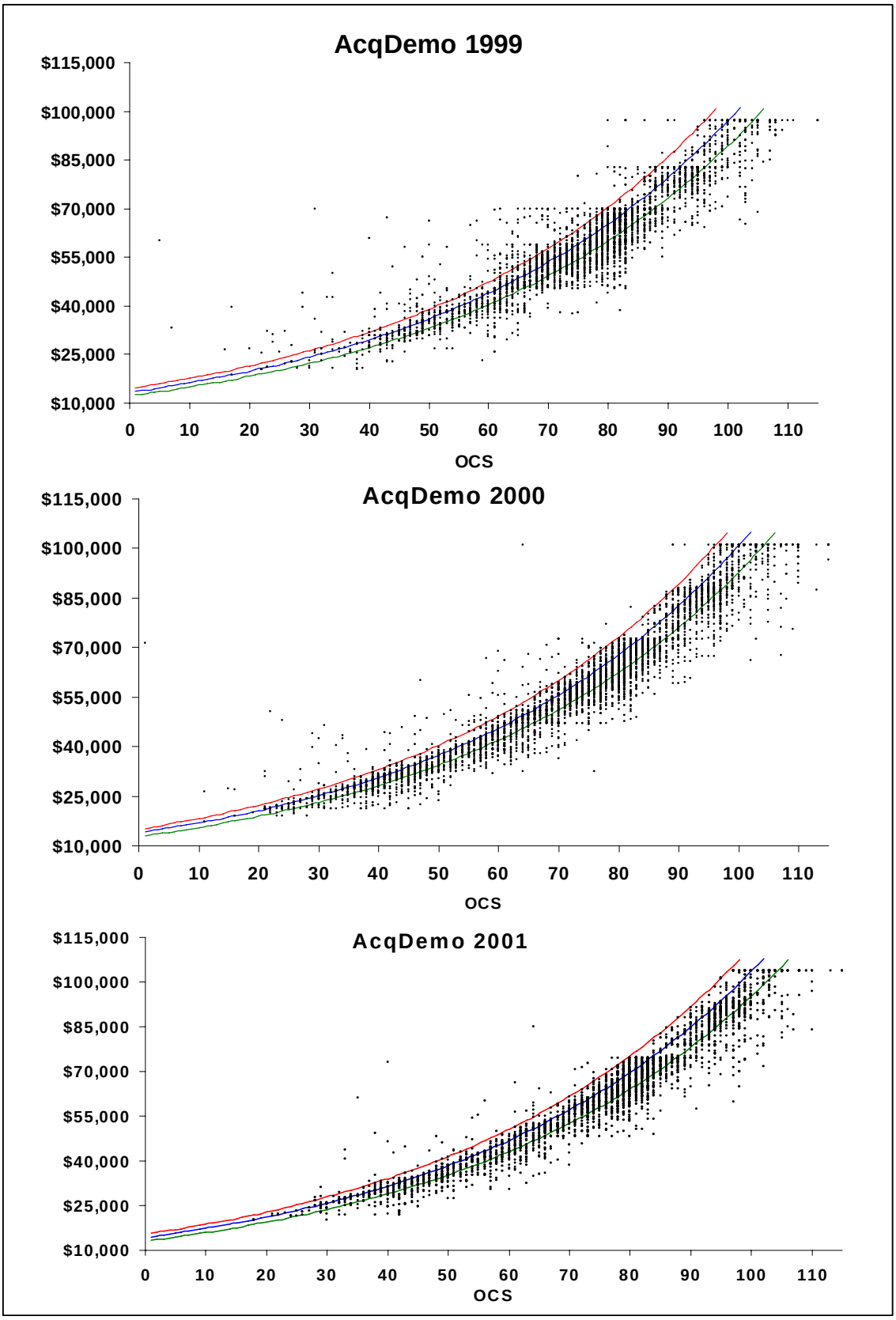
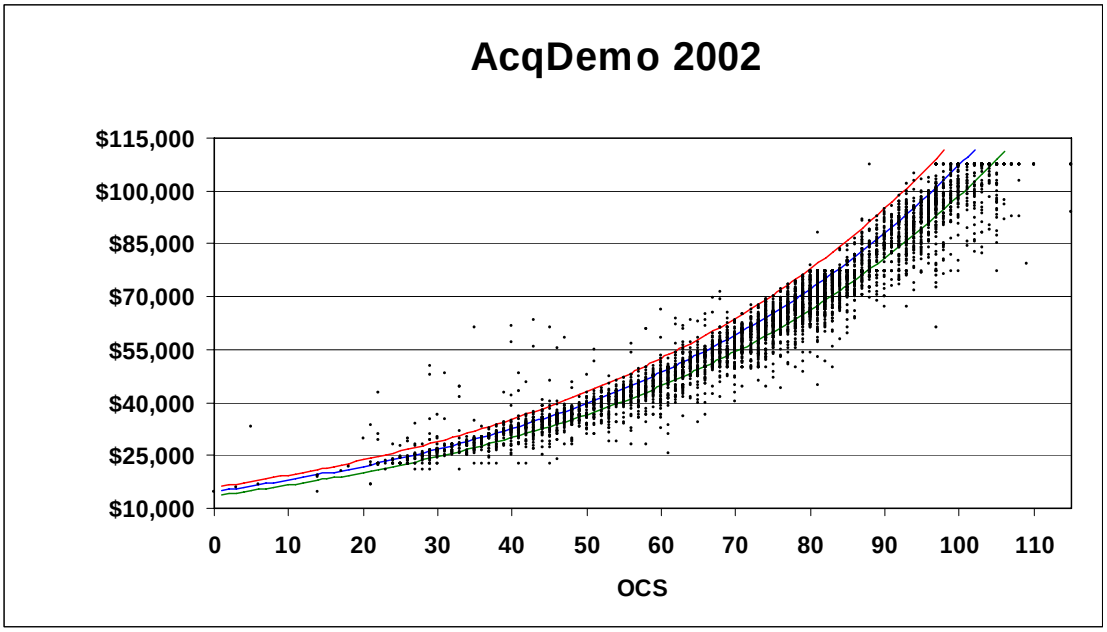
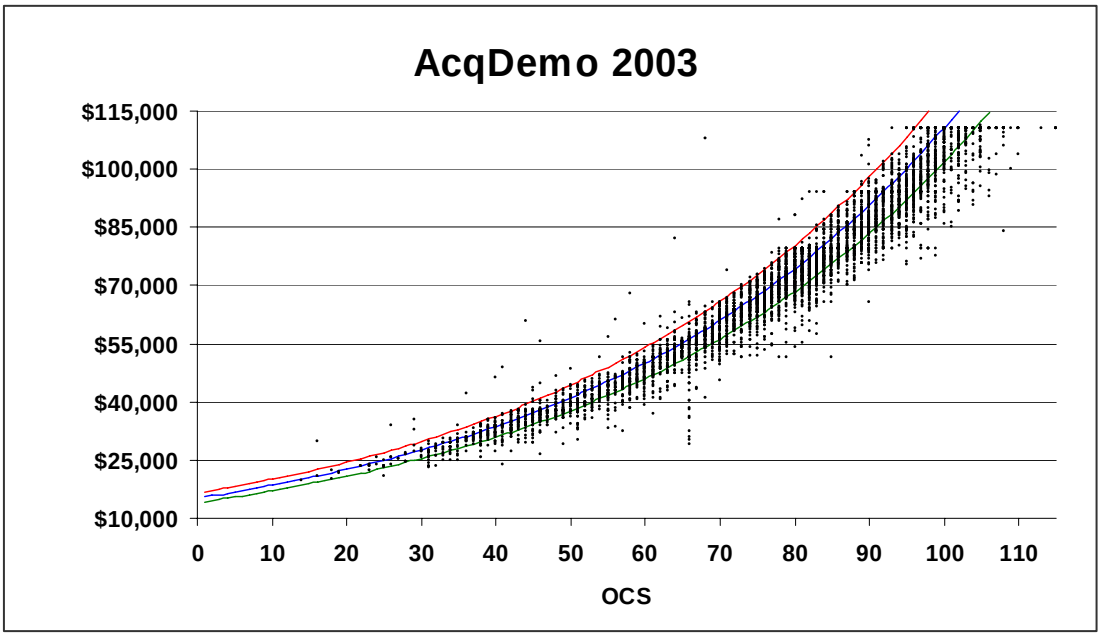


Figure E.2-8 2002 & 2003 AcqDemo Scatter Plot





E.3. Pay Adjustments

E.3.1 Strategies

E.3.1.1. Default Algorithm

Built into the CCAS compensation spreadsheet is an algorithm that automatically translates OCS into pay adjustments and awards. Each paypool manager decides how much of his or her CRI and CA budgets will be allocated by the algorithm, with the remainders available for discretionary adjustments. The key variable in the algorithm is called Delta Y. As shown in Figure E.1-1, Delta Y is the difference between an employee's current basic pay and his or her target pay. The intersection of the employee's OCS and the SPL or the upper or lower boundary of the NPR determines target pay. The paypool manager decides which of the three curves to use in computing target pay by setting a parameter called Beta 1 for CRI and Beta 2 for CA. A positive Delta Y is the amount by which an employee is under compensated for his or her level of contribution; a negative Delta Y indicates over compensation. The algorithm works as follows:

- The spreadsheet computes Alpha equal to the CRI budget allocated to the algorithm divided by the sum of the positive Delta Y's in the paypool
- The spreadsheet then gives everyone with a positive Delta Y a CRI increase equal to Alpha times their Delta Y
- This produces pay increase percents that are inversely proportional to Relative Score, in accordance with the AcqDemo guidance (see Appendix B for an explanation of the relationship between Alpha*Delta Y and RS.)
- The same process is followed for CA
- The spreadsheet also ensures none of the rules are violated and budgets are not exceeded

E.3.1.2. Compensation Decisions

The following are the decisions each paypool manager had to make during the fifth CCAS pay adjustment and awards cycle:

- GPI equals 2.7%[11] (in 2002 it was 3.1%, in 2001 it was 3.6%, in 2000 it was 2.7%, in 1999 it was 3.8%)
- Set the paypool's overall CRI % (at least 2%) and CA % (at least 1%, 90% of which is available for CCAS)
- Set the paypool's CRI discretionary set-aside, the remainder to be allocated by the default algorithm
- Set the paypool's CA discretionary set-aside, the remainder to be allocated by the default algorithm

[11] A GPI of 1.5 became effective 11 January 2004. GPI was increased to 2.7% on 3 March 2004 and made retroactive to January.

- Set the paypool's target for computing CRI Delta Y (SPL, upper or lower NPR boundary)
- Set the paypool's target for computing CA Delta Y (SPL, upper or lower NPR boundary)
- Set the minimum CRI dollar amount (CRI is only distributed to an employee when the computed CRI amount is equal to or greater than the minimum CRI dollar amount)
- Set the minimum CA dollar amount (CA is only distributed to an employee when the computed CA amount is equal to or greater than the minimum CA dollar amount)
- Determine whether to roll over or block CRI carryover to CA (caused by employee hitting a pay cap)
- For each employee, determine the following:
- CRI carried over to awards
- Override (excludes the individual from automatic CRI and/or CA)
- Discretionary GPI for employees in Zone A (default is zero)
- Discretionary CRI (if CRI money was set-aside)
- Discretionary CA (if CA money was set-aside)

E.3.1.3. Summary of CRI Strategies

The following is a summary of the strategies used by the 80 paypools in adjusting basic pay:

- CRI percent
  - 3 out of 80 paypools used the minimum of 2% (2 Army and 1 Air Force paypool)
  - 35 paypools used 2.4% (8 Army, 1 Navy, all 3 Marine Corps, 17 Air Force, and all 6 4th Estate paypools)
  - The remaining 41 Army and 1 Air Force paypools ranged from 2.185% to 6.5%
- CRI Set-Aside (for discretionary pay outs, remainder set by algorithm)
  - 41 Army, 1 Navy, and 14 Air Force pay pools used no set-aside; only paypool 510 (DAU), at 23.0%, used more than 20% discretionary CRI
- CRI Target
  - 47 Army paypools used the upper rail. Navy, Marine Corps, 4th Estate, and Air Force paypools all used the SPL, as did the remaining four Army paypools
- CRI Remainder and Effective CRI percent
  - 68 paypools let at least $1,000 roll over into awards (2 Army paypools were the highest at 177,701 and 141,632)
  - 3 paypools set a minimum CRI dollar amount (2 at $100 and 1 at $250)
  - 22 of the 80 paypools spent less than 2% on CRI, primarily due to pay caps

E.3.1.4. Summary of CA Strategies

The following is a summary of the strategies used by the 80 paypools in assigning awards:

- CA percent
  - 16 of 18 Air Force paypools used 1.44%, 1 used 2.92% and 1 used 1.0%
  - The 6 4th Estate paypools ranged from 1.3% to 1.48%
  - Both Navy paypools used 1.3%
  - All 3 Marine paypools used 2.0%
  - The 51 Army paypools ranged from 1.3% to 3.59%
- CA Set-Aside (for discretionary pay outs, remainder set by algorithm)
  - 13 Army, 2 Navy, 2 Marine, 7 Air Force and 6 4th Estate paypools used no set-aside
  - 6 Army and 8 Air Force paypools used 100%
  - The other 38 paypools ranged from 0.3% to 44.4%
- CA Target
  - The 5 OSD paypools used lower rail, 1 Army and 1 Navy paypool used the SPL, and the others used the upper NPR boundary
- CA Remainder and Effective CA
  - Only 3 paypools left significant amounts unspent, 1 Army at $1,807 and 2 Air Force at $3,744 and $1,262
  - 11 paypools set a minimum CA dollar amount averaging $195
  - Effective CA ranged from 0.90% to 5.18%

E.3.2. Results

Table E.3-1 summarizes the average CRI, raise, and award results for the 1999 through 2002/2003 CCAS cycles across all the paypools. Comparing results over the five years, CRI spending, which had dropped .08% in 2002, increased .02% in 2003 (to 2.22%). CA spending which had risen .05% in 2002, rose another .1% in 2003 (to 2.22%). Pay caps are the primary reason that CRI spending is less than allocated and that CA spending is greater than allocated. Unspent CRI funds roll over to the CA budget. The 2003 combined CRI and CA rose .12% (to 4.50%) after having dropped .03% in 2002. The decrease in 2003 GPI (dropping to 2.68%) resulted in a 0.36% decrease in the overall average amount spent on raises (to 4.90%) and a 0.05% decrease in the average amount spent on total adjustments (to 7.39%).

Table E.3-1 Pay Adjustment and Award Summary

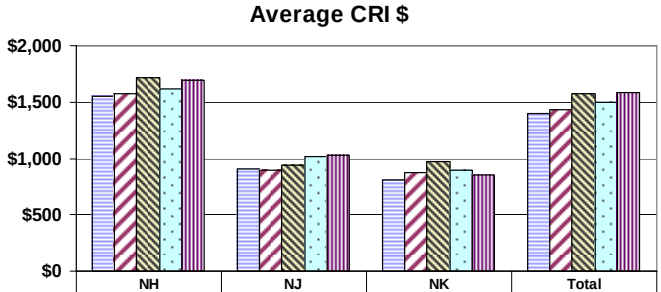
Increase or Award	1999		2000		2001		2002		2003	
	Funding Spent	Funding Allocated	Funding Spent	Funding Allocated	Funding Spent	Funding Allocated	Funding Spent	Funding Allocated	Funding Spent	Funding Allocated
GPI	3.59%	3.80%	2.65%	2.70%	3.54%	3.60%	3.06%	3.10%	2.68%	2.70%
CRI	2.40%	2.45%	2.19%	2.48%	2.28%	2.67%	2.20%	2.62%	2.22%	2.67%
CA	1.74%	1.50%	2%	1.67%	2.13%	1.70%	2.18%	1.73%	2.28%	2.02%
CRI + CA	4.14%	3.95%	4.19%	4.15%	4.41%	4.37%	4.38%	4.35%	4.50%	4.69%
GPI + CRI (Raise)	5.99%	6.25%	4.84%	5.18%	5.82%	6.26%	5.26%	5.72%	4.90%	5.37%
GPI + CRI + CA	7.73%	7.75%	6.84%	6.85%	7.96%	7.96%	7.44%	7.45%	7.39%	7.39%

The remainder of this section presents the average CRI, raise, and award results, as well as pay adjustment extremes.

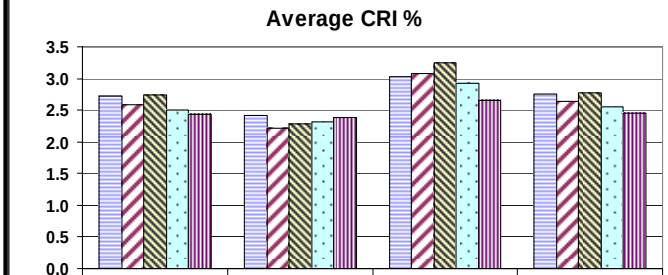
E.3.2.1. Average CRI Results

Figure E.3-1 shows average CRI increases for the 1999 through 2002/2003 CCAS cycles by Career Path, in both dollars and percentages. These figures include only those employees who are eligible for CRI pay outs from the default algorithm (excludes those on retained pay, presumptive due to time, presumptive due to circumstances who receive their expected score, post cycle losses with CRI Override set to 1, and post cycle promotions with CRI Override set to 1). Overall, the average increase in 2003 was $1,586 or 2.46%. Note that the average percent increase in 2003 (at 2.46%) is the smallest of the five cycles dropping from a high of 2.78% in 2001. Average CRI percent increase in 2003 (2.46%) exceeds overall dollar spending on CRI (2.22% from Table 3.1) due in part to the exclusion of retained pay and presumptive employees from these averages and in part to lower paid employees tending to receive higher percentage increases than higher paid employees.[12] Employees in the NJ Career Path received the lowest average percentage pay increase, consistent with their lower Delta OCS average.

Figure E.3-1 Average CRI by Career Path



	NH	NJ	NK	Total
1999	$1,549	$910	$810	$1,402
2000	$1,569	$892	$872	$1,432
2001	$1,718	$941	$971	$1,578
2002	$1,614	$1,018	$897	$1,496
2003	$1,699	$1,029	$851	$1,586



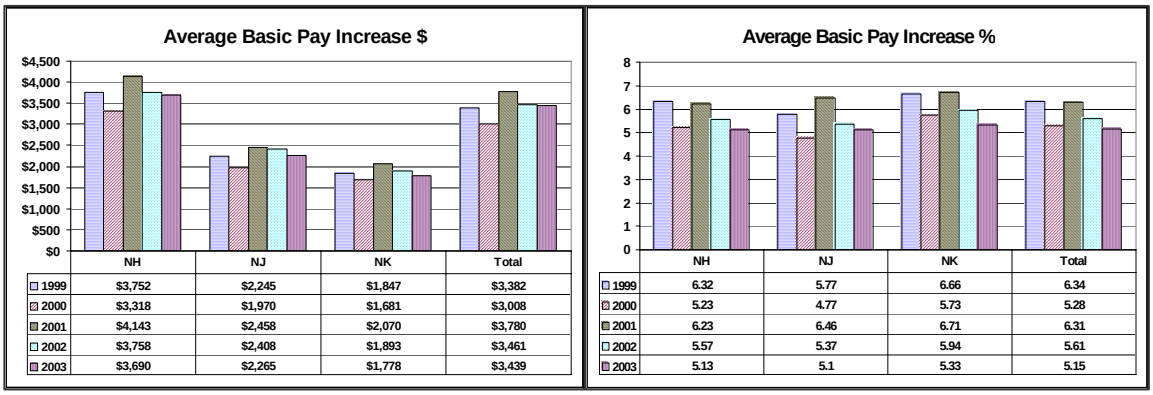
	NH	NJ	NK	Total
1999	2.72	2.41	3.03	2.75
2000	2.58	2.22	3.07	2.63
2001	2.74	2.28	3.25	2.78
2002	2.5	2.31	2.93	2.55
2003	2.44	2.39	2.65	2.46

E.3.2.2. Average Raise Results

Figure E.3-2 shows the average increase in basic pay (CRI + GPI) by Career Path, in both dollars and percentages. Again, these figures include only those employees who are eligible for CRI pay outs from the default algorithm. Overall, the average increase in 2003 was $3,439 or 5.15%. As with CRI, the 5.15% increase is greater than the 2003 overall spending on raises (4.90% from Table E.3-1) because retained pay and presumptive status employees are excluded from the computation.

[12] A major cause is employees hitting paycaps

Figure E.3-2 Average Basic Pay Increase by Career Path



	NH	NJ	NK	Total
1999	$3,752	$2,245	$1,847	$3,382
2000	$3,318	$1,970	$1,681	$3,008
2001	$4,143	$2,458	$2,070	$3,780
2002	$3,758	$2,408	$1,893	$3,461
2003	$3,690	$2,265	$1,778	$3,439

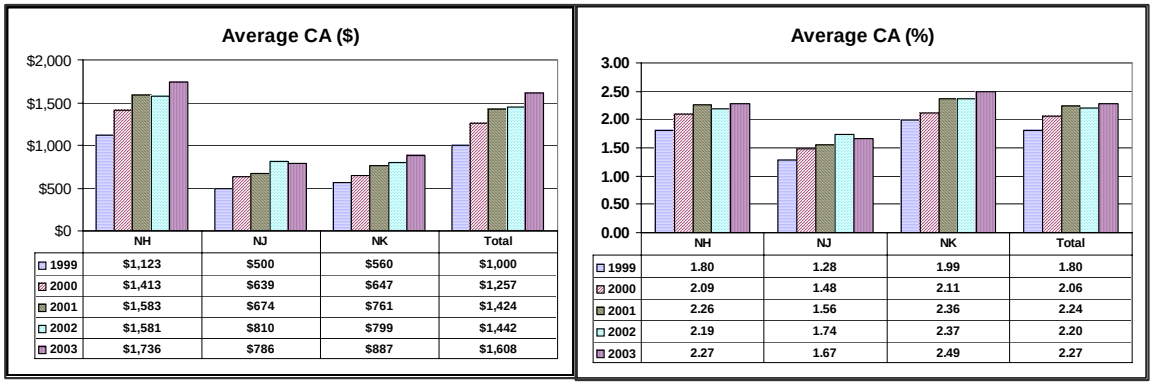
	NH	NJ	NK	Total
1999	6.32	5.77	6.66	6.34
2000	5.23	4.77	5.73	5.28
2001	6.23	6.46	6.71	6.31
2002	5.57	5.37	5.94	5.61
2003	5.13	5.1	5.33	5.15

Consistent with the pattern observed earlier, employees in the NJ Career Path received a lower average percent increase in basic pay than did employees in the other two career paths. Administrative Support (NK) personnel received the highest average percent increase in their basic pay.

E.2.3. Average Awards

Figure E.3-3 shows the average awards (CA) for the 1999 through 2002/2003 CCAS cycles by Career Path, in both dollars and percentages. These figures include only those employees who are eligible for CA pay outs through the default algorithm (excludes those who are presumptive due to time or are presumptive due to circumstances and receive their expected score, and post cycle losses with CA Override set to 1). Overall, the average award in 2003 was $1,608 or 2.27%. As with CRI and average raises, the average award percent is greater than the overall contribution award funding level (2.02%), due to CRI rollover into funding, due to the exclusion of presumptive employees from these averages, and also due to lower paid employees receiving slightly larger percentage awards than higher paid employees.

Figure E.3-3 Average Awards by Career Path



	NH	NJ	NK	Total
1999	$1,123	$500	$560	$1,000
2000	$1,413	$639	$647	$1,257
2001	$1,583	$674	$761	$1,424
2002	$1,581	$810	$799	$1,442
2003	$1,736	$786	$887	$1,608

	NH	NJ	NK	Total
1999	1.80	1.28	1.99	1.80
2000	2.09	1.48	2.11	2.06
2001	2.26	1.56	2.36	2.24
2002	2.19	1.74	2.37	2.20
2003	2.27	1.67	2.49	2.27

Again, employees in the NJ Career Path received the smallest average award percentages, while those in the NK Career Path received the largest.

E.3.2.4. Extremes

One of the most powerful features of CCAS over the standard GS pay system is that it allows managers to financially reward employees who contribute substantially more than expected, based on their current salary. Conversely, CCAS allows managers to withhold GPI from employees who contribute substantially less than their current salary requires. Figures E.3-4, E.3-5, E.3-6, E.3-7, and E.3-8 show the frequency distribution of raise percentages from the first, second, third, fourth, and fifth cycles. The three arrows at the bottom of each of these figures indicate the possible raises under the GS pay system: GPI only; GPI and a Within Grade Increase (WIGI); and GPI plus a promotion. The tables assume a WGI value of 3.3 and a promotion value of 6.7. Figure E-9 illustrates the frequency distribution for the cumulative pay increase for a five-year period (1999-2003) under AcqDemo. The continuous curve highlights the added flexibility managers had under AcqDemo to adequately compensate their employees. Under the GS system, the size of the pay increases (general pay increases, within-grade increases and promotion increases) received by an employee are determined by applying inflexible pay rules established by law. AcqDemo offers a full range of pay percentages and the option to partially or totally deny increases**.**

Figure E.3-4 Frequency Distribution of 1999 CCAS Cycle Raise Percentages

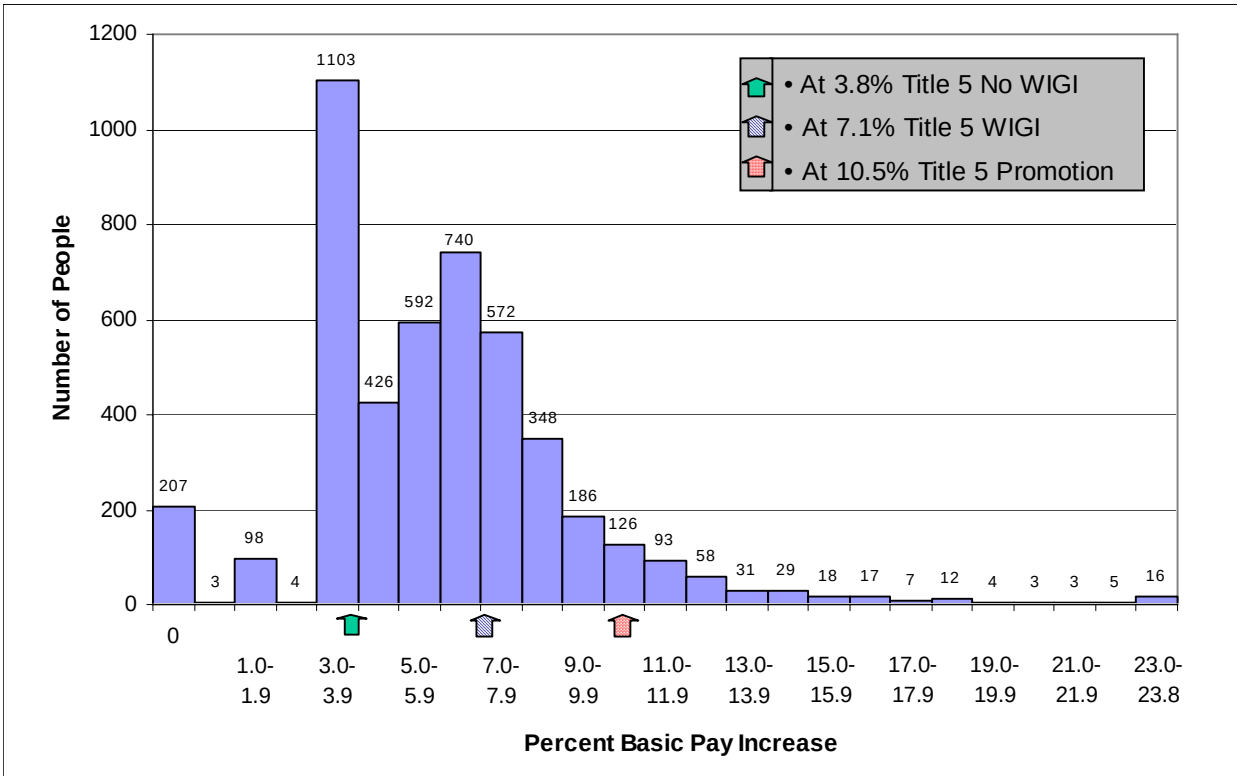


Figure E.3-5 Frequency Distribution of 1999/2000 CCAS Cycle Raise Percentages

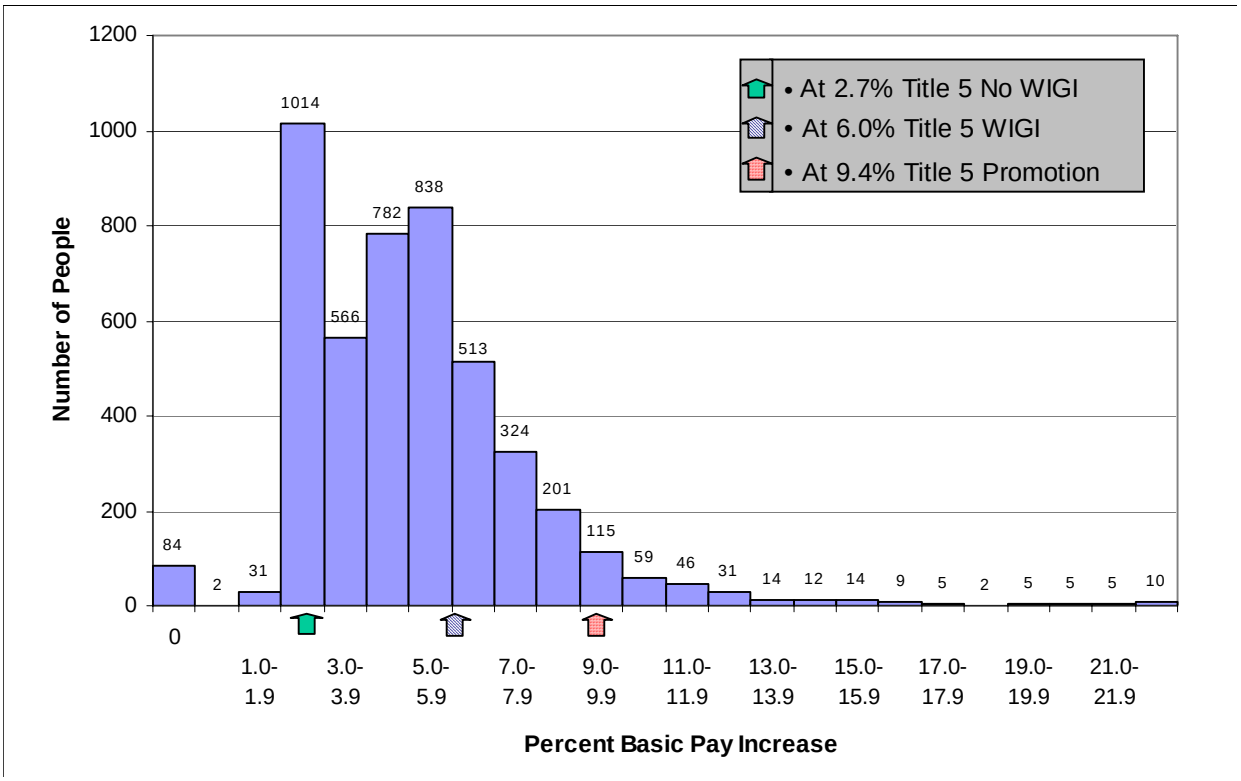


Figure E.3-6 Frequency Distribution of 2000/2001 CCAS Cycle Raise Percentages

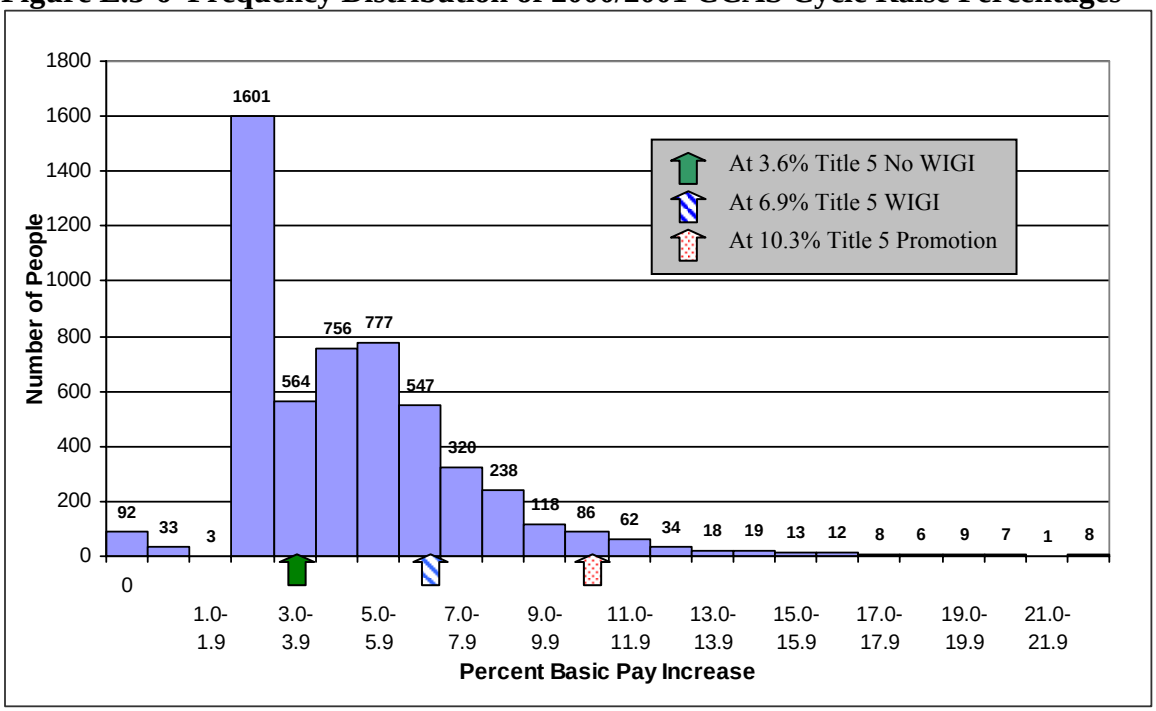


Figure E.3-7 Frequency Distribution 0f 2001/2002 CCAS Cycle Raise Percentages

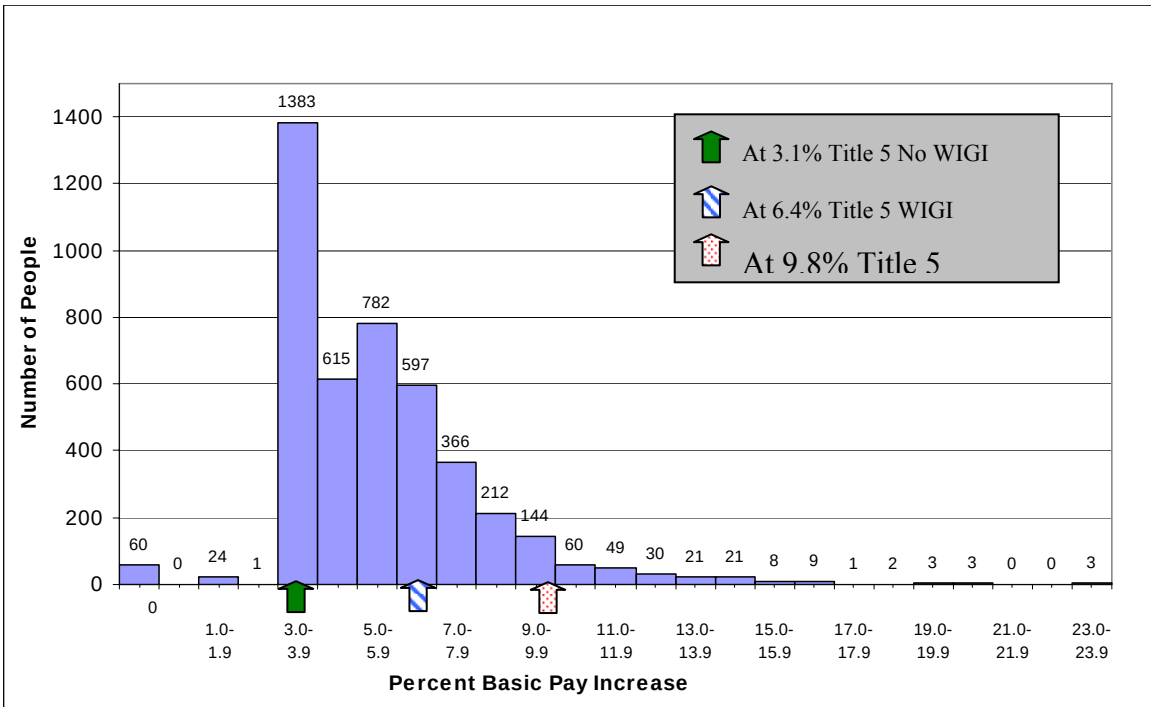


Figure E.3-8 Frequency Distribution of 2003 Raise Percentages

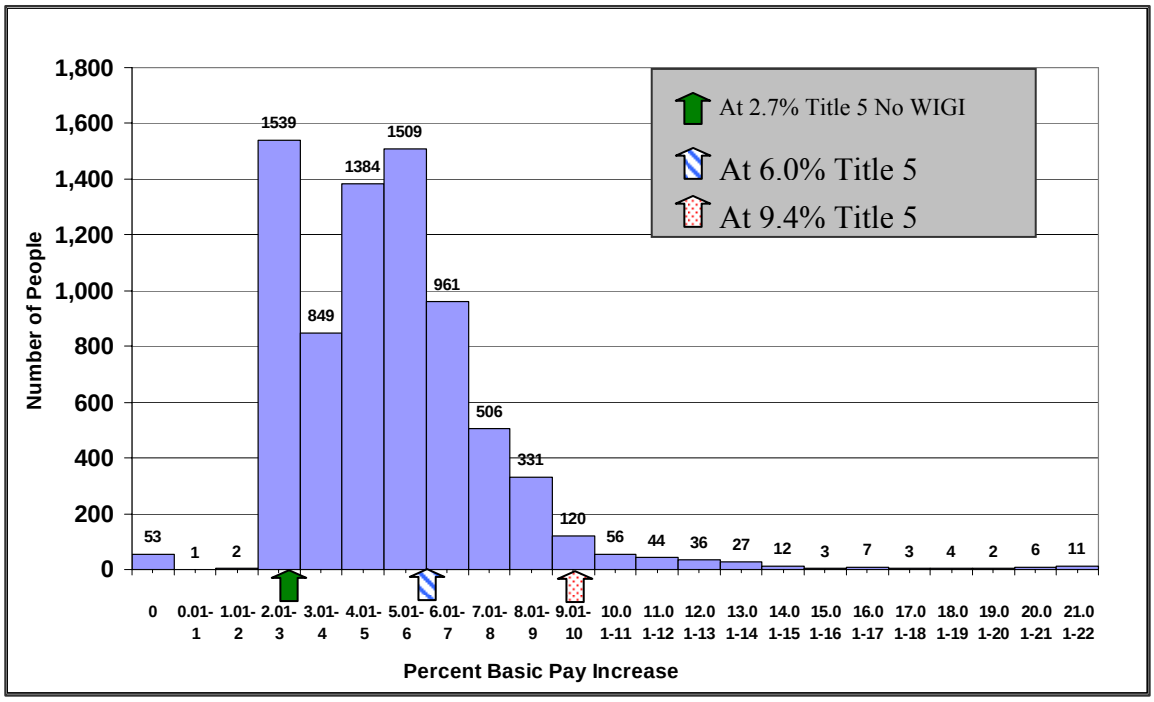


Figure E.3-9 Distribution of Cumulative Basic Pay Increases for Five-Year Period (1999-2003) (Excluding out-of-cycle promotions and changes)

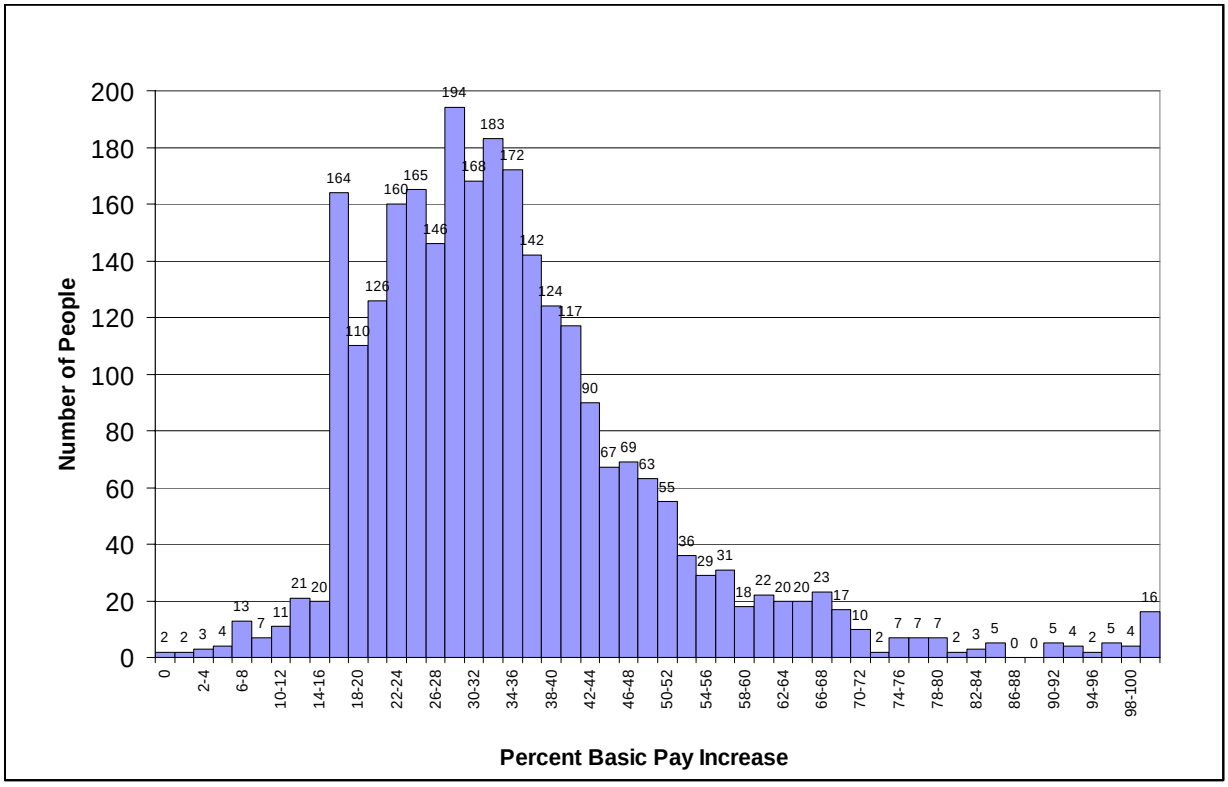
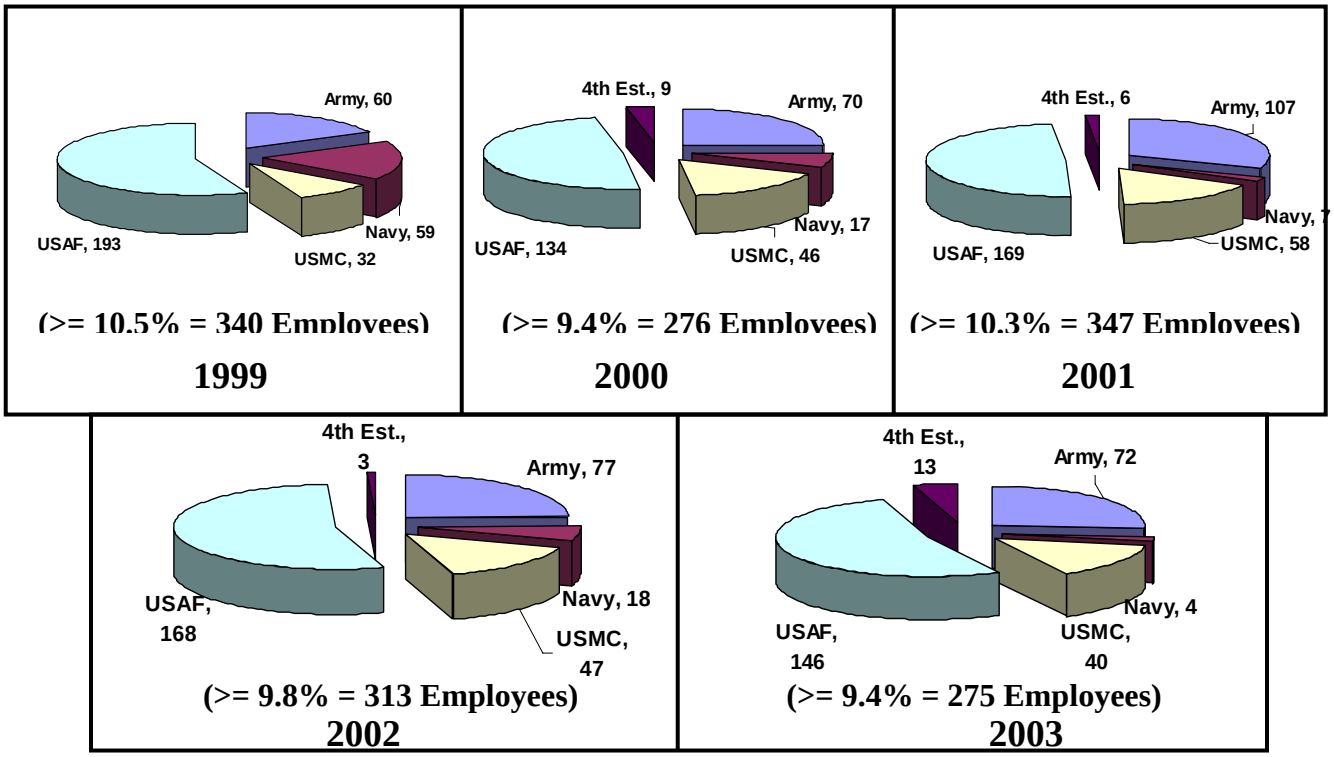


Table E.3-2 shows the largest dollar raises and awards in 1999 through 2003 by component. In 2003, the Air Force gave the largest dollar pay increase ($15,728 to an NH-4) and, along with the Army, the largest percent increase (22.7%). The Army gave both the largest dollar award in 2003 ($15,969 to an NH-4) and the largest percent award (14.43% to an NH-4). The Army gave 19 awards in excess of $10,000, and the Navy and the 4th Estate each gave one award in excess of $10,000. Figure 3.10 shows the distribution by component of the employees who received a raise greater than or equal to GPI plus a promotion (10.5% in 1999, 9.4% in 2000, 10.3% in 2001, 9.8% in 2002, and 9.4% in 2003).

Table E.3-2 Largest Raises and Awards

	Largest Raises									
	1999		2000		2001		2002		2003	
Component	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Army	$10,699	23.8%	$17,063	23.8%	$17,135	33.8%	$12,846	20.9%	$11,874	22.7%
Navy	$11,294	15.9%	$11,334	12.9%	$9,893	12.8%	$16,224	23.1%	$13,918	16.9%
USMC	$10,878	23.8%	$12,529	16.1%	$11,737	20.4%	$10,188	23.1%	$9,400	16.2%
USAF	$14,630	23.8%	$10,612	22.7%	$15,699	23.6%	$13,417	23.1%	$15,728	22.7%
4th Est.			$9,372	12.9%	$12,436	15.2%	$12,911	13.8%	$12,126	14.4%
	Largest Awards									
	1999		2000		2001		2002		2003	
Component	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Army	$9,008	18.3%	$13,346	26.3%	$14,606	15.2%	$17,520	22.9%	$15,969	14.4%
Navy	$5,709	7.4%	$7,660	10.6%	$7,605	9.5%	$8,592	11.1%	$5,473	6.9%
USMC	$15,622	16.1%	$14,851	14.7%	$15,679	15.1%	$10,246	14.7%	$10,800	12.1%
USAF	$7,119	22.4%	$7,000	15.2%	$8,500	17.9%	$8,500	13.7%	$10,000	11.8%
4th Est.			$12,374	12.3%	$10,000	14.6%	$10,000	12.2%	$12,500	11.7%

Figure E.3-10 High Contributor Raises



E.3.2.5. Zone A

Zone A employees are employees whose contribution to the mission was significantly less than what was expected relative to what they were being paid. Tables E.3-3 and E.3-4 show the GPI in Zone A and the GPI amount withheld from employees by component. There were 123 employees (1.6%) placed in Zone A in 2003 compared to 93 employees (1.7%) in 2002. Of Zone A employees in 2003, 20 were on retained pay, usually meaning they had lost a civil service job through a RIF and had taken a lower graded job, but were allowed to keep their previous pay rate. None of the Zone A employees received CRI or CA, and 55 of them received no GPI and 6 received partial GPI. The 20 retained pay employees received half of the dollar increase in the maximum pay for their broadband and career path. 42 employees in Zone A received the full GPI of 2.7%. Table 3.4 shows that all components withheld GPI from some of their under-contributing employees except the Navy which had no one in zone A. Overall, $95,701 was withheld from non-retained pay Zone A employees and was added to the CRI budget.

Table E.3-3 GPI in Zone A

	1999	2000	2001	2002	2003
Employees in Zone A	316	116	117	93	123
On Retained Pay	25	13	18	18	20
Not on Retained Pay	291	103	99	75	103
Received NO GPI	207	85	92	69	55
Received Partial GPI	64	4	4	0	6
Received Full GPI	20	14	3	6	42

Table E.3.-4 GPI Withheld – Not Including Retained Pay

	1999			2000			2001			2002			2003		
Component	No GPI	Part GPI	Total Withheld	No GPI	Part GPI	Total Withheld	No GPI	Part GPI	Total Withheld	No GPI	Part GPI	Total Withheld	No GPI	Part GPI	Total Withheld
Army	31	15	$84,183	21	4	$29,757	12	4	$24,080	10	0	$17,816	12	6	$28,057
Navy	31	28	$111,981	8	0	$15,287	3	0	$8,354	0	0	0	0	0	$0
USMC	17	21	$66,475	10	0	$16,260	10	0	$20,944	12	0	$19,495	14	0	$24,671
USAF	128	0	$243,467	43	0	$56,037	63	0	$104,139	43	0	$63,606	26	0	$36,043
4th Est.				3	0	$6,743	4	0	$7,125	4	0	$8,366	3	0	$6,933
Total	207	64	$489,096	85	4	$124,084	92	4	$164,642	69	0	$109,283	55	6	$95,704

AcqDemo policy requires that all employees in Zone A receive a Memorandum for the Record (MFR) notifying them of their status and the need to improve their contribution or be placed on a Contribution Improvement Plan (CIP). Further, any employee with at least one factor score at or below the midpoint of the next lower broadband must be placed on a CIP. There were 8 employees in this category, all of whom were also in Zone A. Therefore, 115 employees should have received MFRs (or optional CIP) and 8 should have been placed on mandatory CIPs.

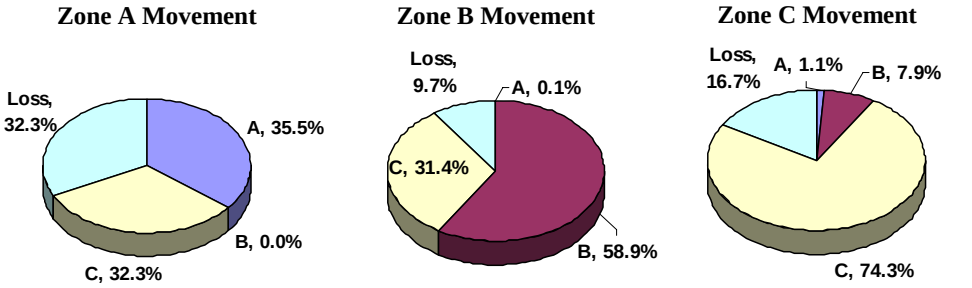
E.4. Special Topics

E.4.1. Zone Movement and Losses

In the 2002 cycle, 1.67% of employees received OCS ratings within Zone A. This number declined to 1.56% in 2003. Of the 93 employees in Zone A in 2002, 30 left AcqDemo, 30 improved and were rated in Zone C (between the rails), and 33 employees were again rated in Zone A. Figure E.4-1 shows zone movement from 2002 to 2003, including 2003 losses by 2002 rail zone. Figure E.4-2 shows cumulative zone movement over the four-year period, 1999 to 2003.

Figure E.4-1 Zone Movement from 2002 to 2003

		2003				
	Zone	A	B	C	Loss	Total
2002	A	33		30	30	93
	B	1	874	466	144	1,485
	C	43	317	2,963	668	3,991
	Total	77	1,191	3,459	842	5,569
New to Demo		46	543	2,559	-	3,148
2003 Total		123	1,734	6,018	842	8,717



Among the goals of AcqDemo are to attract, motivate, and retain high quality employees. Retention and turnover rates are thus key metrics in evaluating the success of AcqDemo. As shown in Figure E.4-1 a total of 842 employees left AcqDemo in 2003. The highest loss rate (32.3%) is among employees rated in Zone A. These data suggest that the CCAS process is working as designed—over contributors are being retained, while the highest loss rates are among the under contributors. Figure E.4-3 illustrates the process by plotting 2003 losses as a function of their 2002 rail position (2002 base pay vs. OCS).

Figure E.4-2 Zone Movement 1999 - 2003

		2003				
	Zone	A	B	C	Loss	Total
1999	A	10	6	95	205	316
	B	6	327	663	430	1,426
	C	32	230	1,397	1,299	2,958
	Total	48	563	2,155	1,934	4,700
New to Demo		75	1,168	3,866	-	5,109
2003 Total		123	1,731	6,021	3,233	11,108

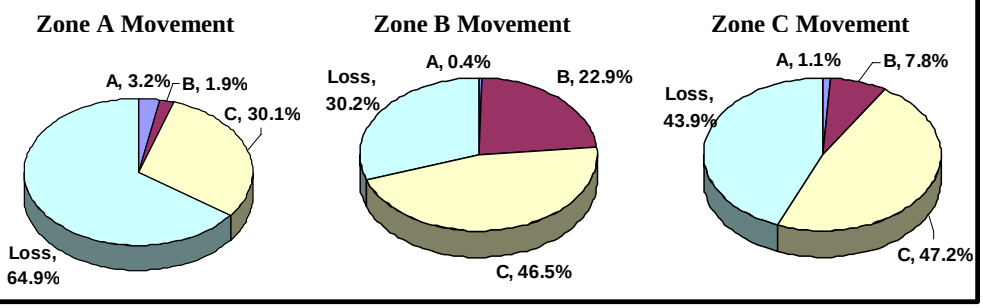
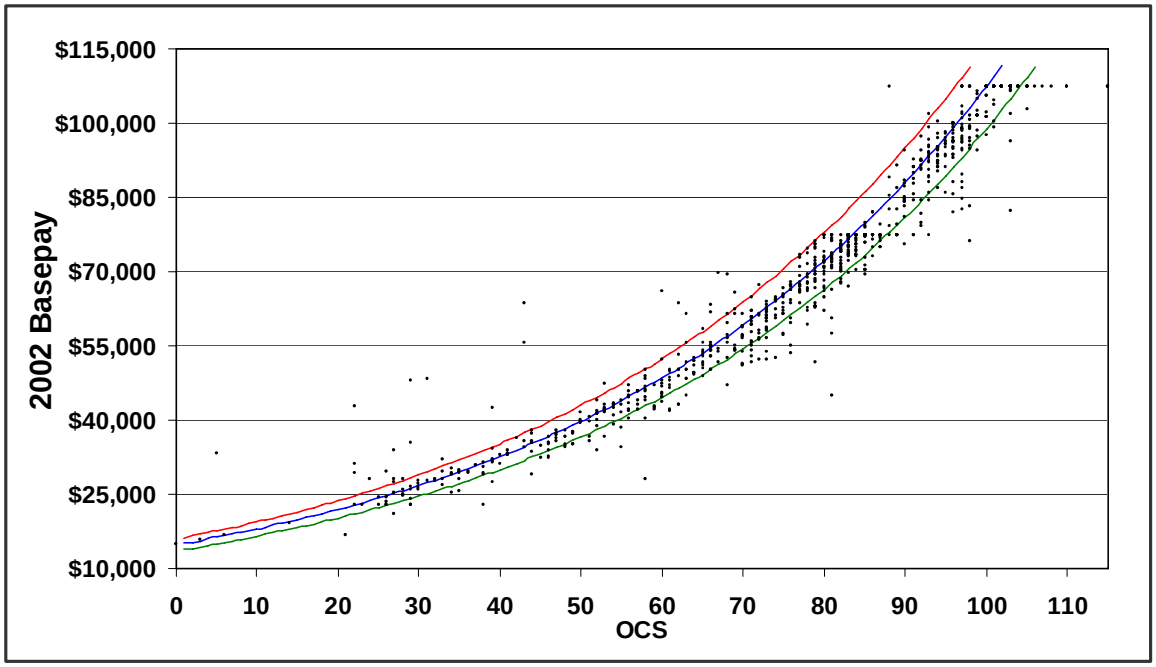


Figure E.4-3 2003 Losses by 2002 Rail Position



E.4.2. Pay Caps

The AcqDemo pay adjustment rules (section 1.2.4) include the following limits on basic pay and pay adjustments:

- No CRI increase may exceed 20% for employees in Zone B, 6% for employees in Zone C, and must be zero for employees in Zone A
- No employee can receive a new basic pay that exceeds the maximum for their broadband and Career Path (except employees on retained pay)
- Employees in Zone C may not receive a new basic pay that exceeds the upper boundary of the NPR for their OCS
- Employees in Zone B may not receive a new basic pay that exceeds 6% above the lower boundary of the NPR for their OCS

Employees who exceed one or more of these pay caps receive the maximum allowable pay under the most restrictive cap, but then may receive the difference in the form of a carryover award. Table E.4-1 shows the impact of hitting the pay caps. During the fifth CCAS cycle, 1,311 employees (16.7%) hit a pay cap compared to 775 employees (13.9 %) in 2002, 686 employees (12.9%) in 2001, 580 employees (11.4%) in 2000, and 391 employees (8.3%) in 1999. They received about $2.3 million, or an average of about $1,824 per person, in carryover awards. The carryover awards accounted for 18.7% of all awards during the fifth cycle, 17.2% during the fourth cycle, 19.8% during the third cycle, 15.6% during the second cycle, and 11.9% during the first cycle.

Table E.4-1 Impact of Pay Caps

	1999	2000	2001	2002	2003
Employees Hitting a Cap	391 (8.3%)	580 (11.4%)	686 (12.9%)	775 (13.9%)	1,311 (16.7%)
- Hit the Max BB pay cap	323 (6.9%)	528 (10.4%)	595 (11.2%)	661 (11.9%)	1,095 (13.9%)
Total Carryover Awards	$525K	$918K	$1.3M	$1.32M	$2.3M
Carryover as Percent of all CA	11.90%	15.60%	19.80%	17.20%	18.70%
Average Carryover Awards	$1,500	$1,589	$1,920	$1,779	$1,824

E.4.3. Paypools with Unions

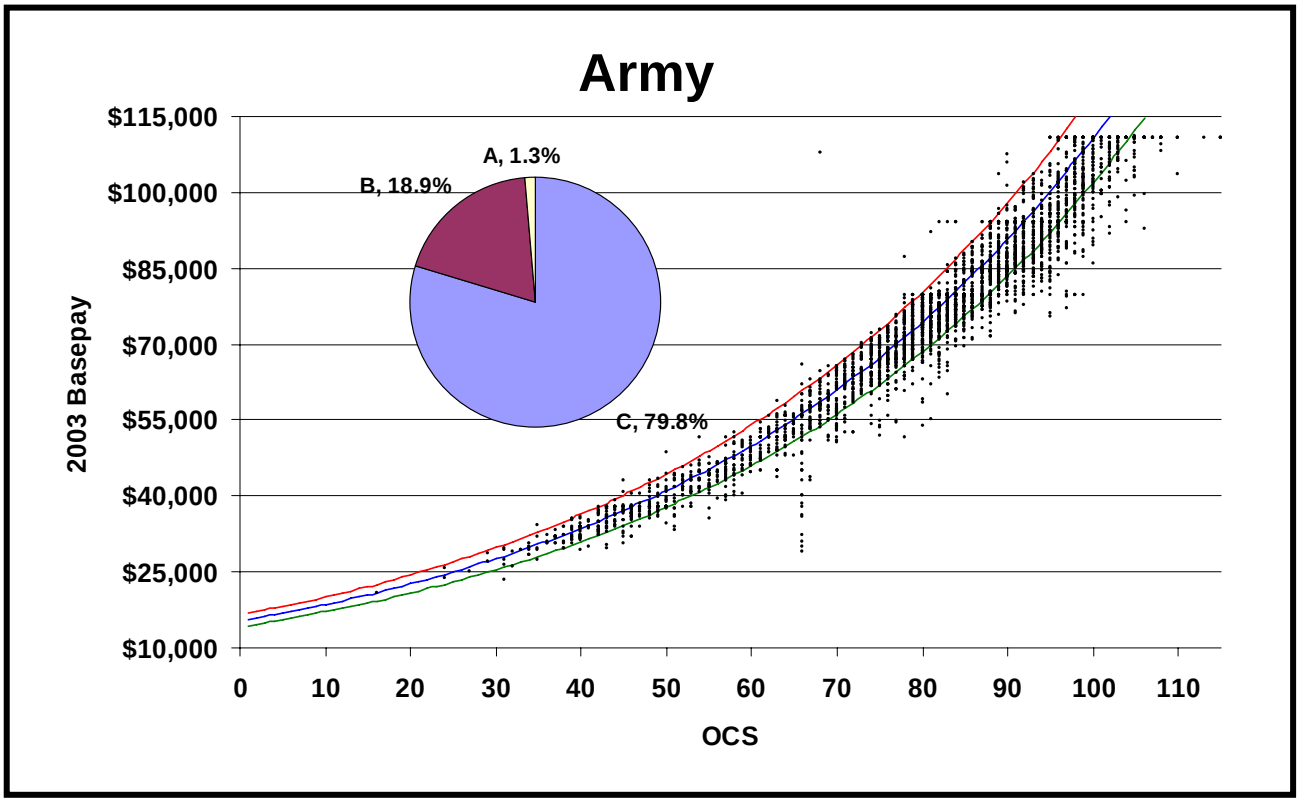
Ten of the 80 paypools had bargaining unit agreements that address AcqDemo. To see if the presence of bargaining unit agreements had an appreciable effect on the CCAS process, the statistics in Table E.4-2[13] were generated for the fifth cycle. Eight Army and two Air Force pay pools had bargaining units. Both the Army and Air Force showed significantly higher average delta OCS values for pay pools with bargaining units. However, only the Army paypools with bargaining units showed a significantly higher average percent pay raise (5.57% vs. 5.08%). Average percent pay raise was slightly lower for the two Air Force pay pools with bargaining units (4.96% vs. 5.25%). Pay pools with bargaining units from both components fared better with regard to awards.

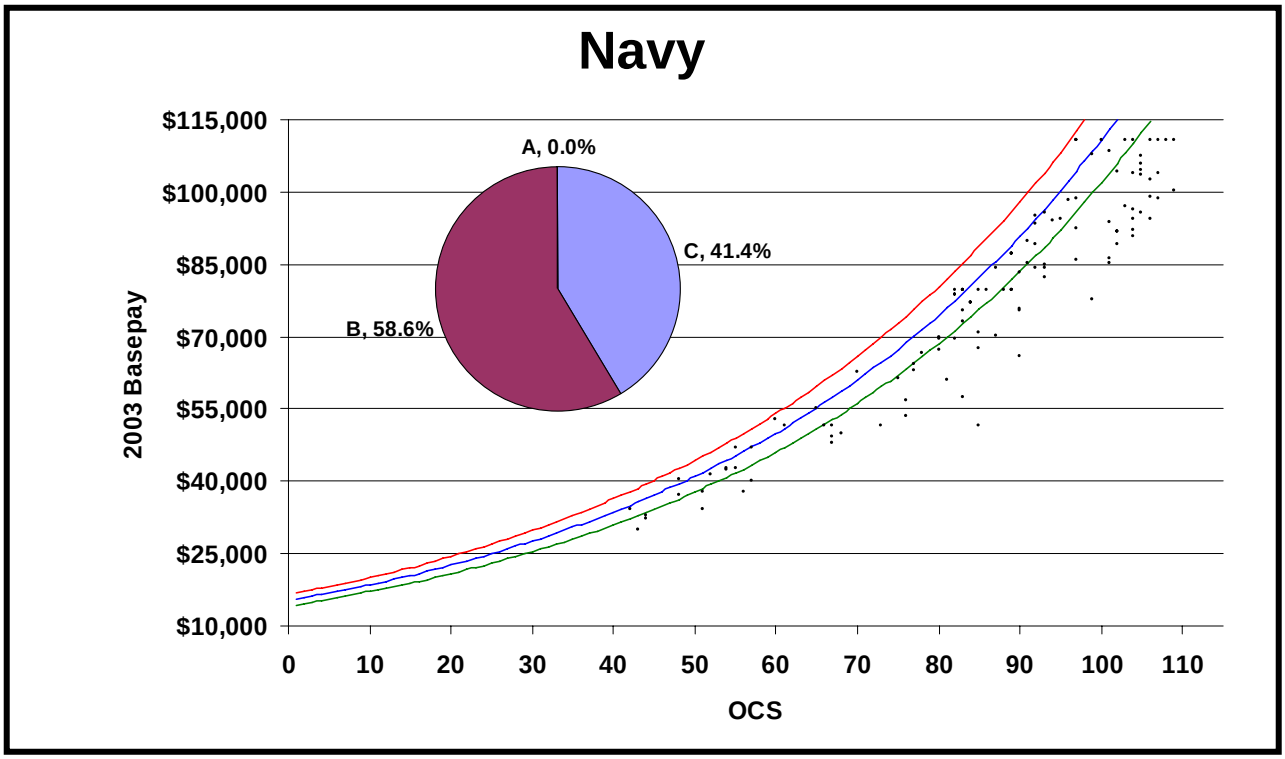
[13] The populations for each of the three metrics vary due to differences in the selection criteria for each measure. Refer to appropriate charts in Section 4 for the population was defined for each measure.

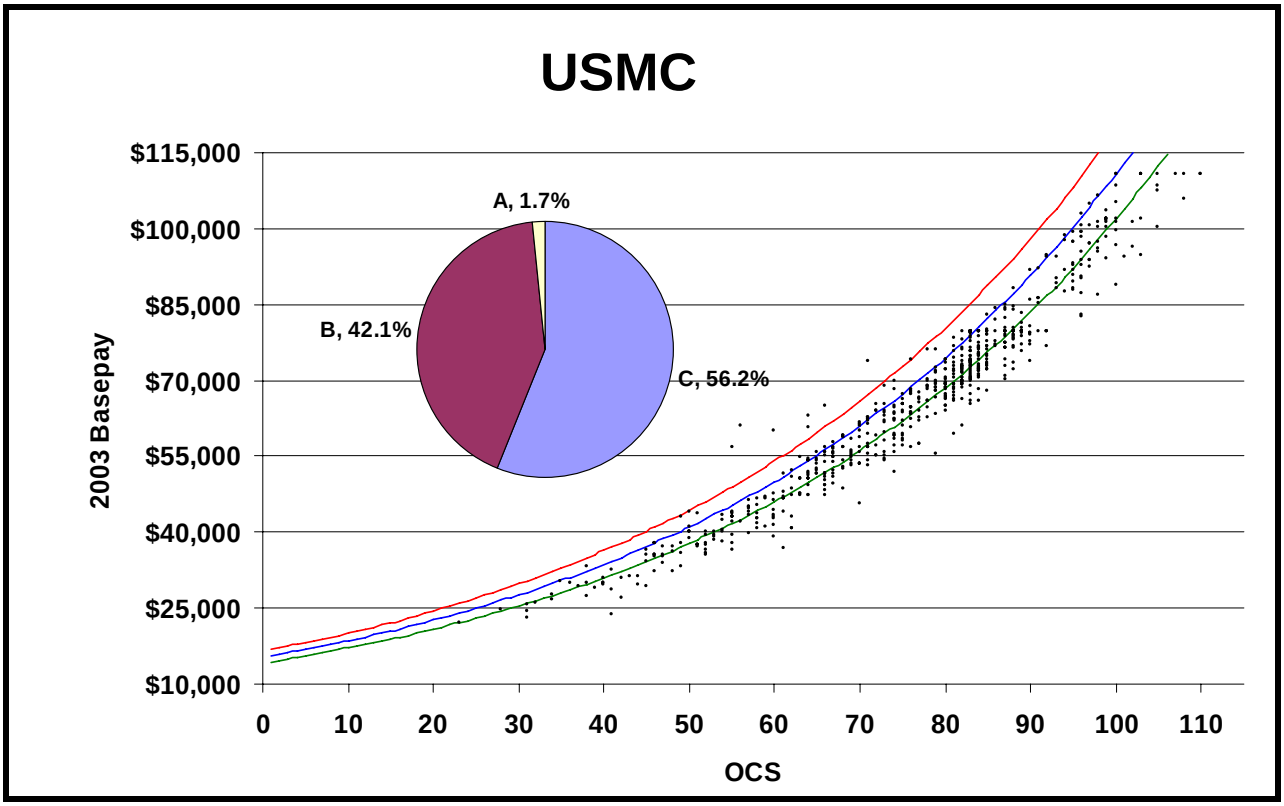
Table E.4-2 Comparison of Paypools With and Without Bargaining Units

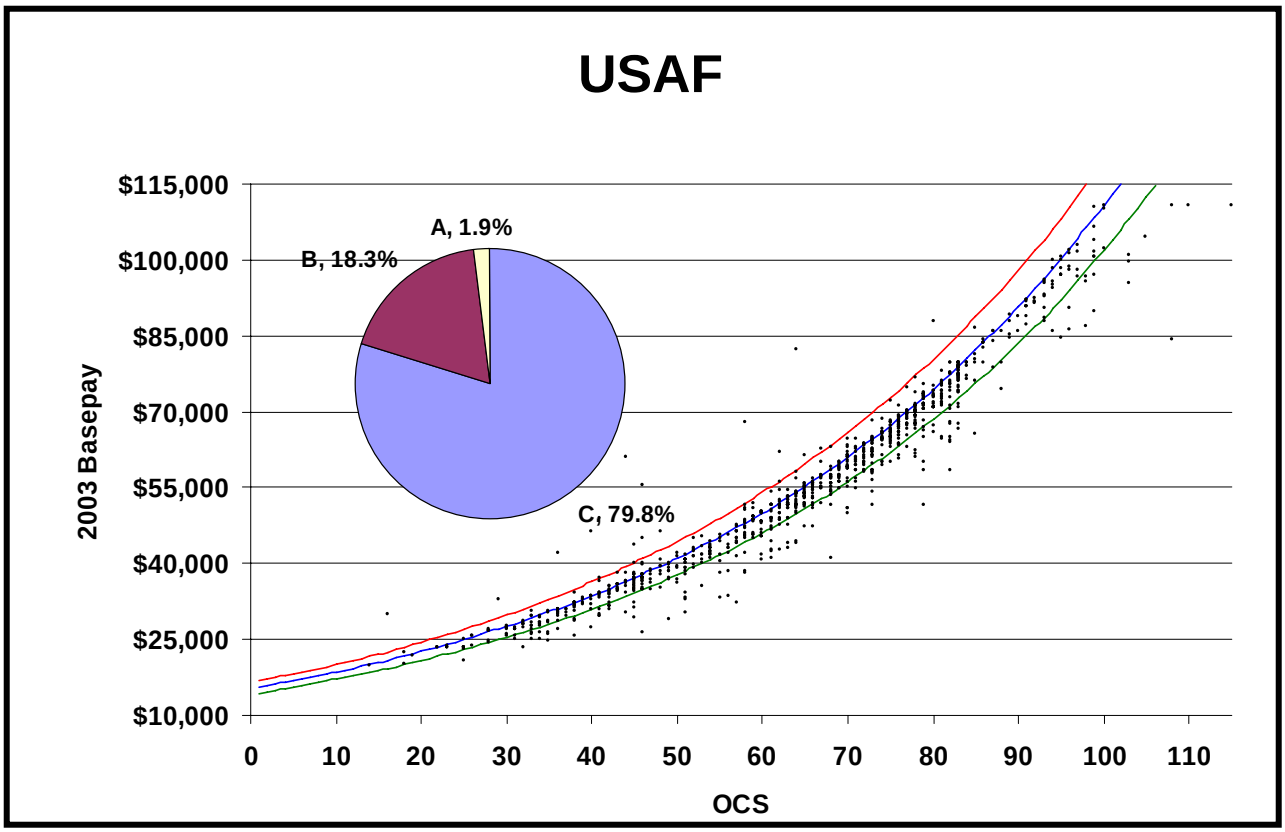
Component	Measure	Barg. Unit	N	Mean	S.D.	Min	Max
Army	Delta OCS	Yes	1,018	6.16	3.17	-6	22
		No	3,047	5.33	3.62	-27	37
	Raise (%)	Yes	999	5.57	2.13	2.69	13.64
		No	3,003	5.08	1.98	0.00	22.70
	Award (%)	Yes	1,011	3.22	2.01	0.00	14.39
		No	3,029	2.51	1.72	0.00	14.43
Air Force	Delta OCS	Yes	152	3.80	5.58	-21	14
		No	2,058	2.00	3.69	-26	22
	Raise (%)	Yes	150	4.96	2.71	0.00	12.17
		No	1,963	5.25	2.89	0.00	18.70
	Award (%)	Yes	152	2.55	2.14	0.00	11.80
		No	2,042	1.60	1.11	0.00	11.55

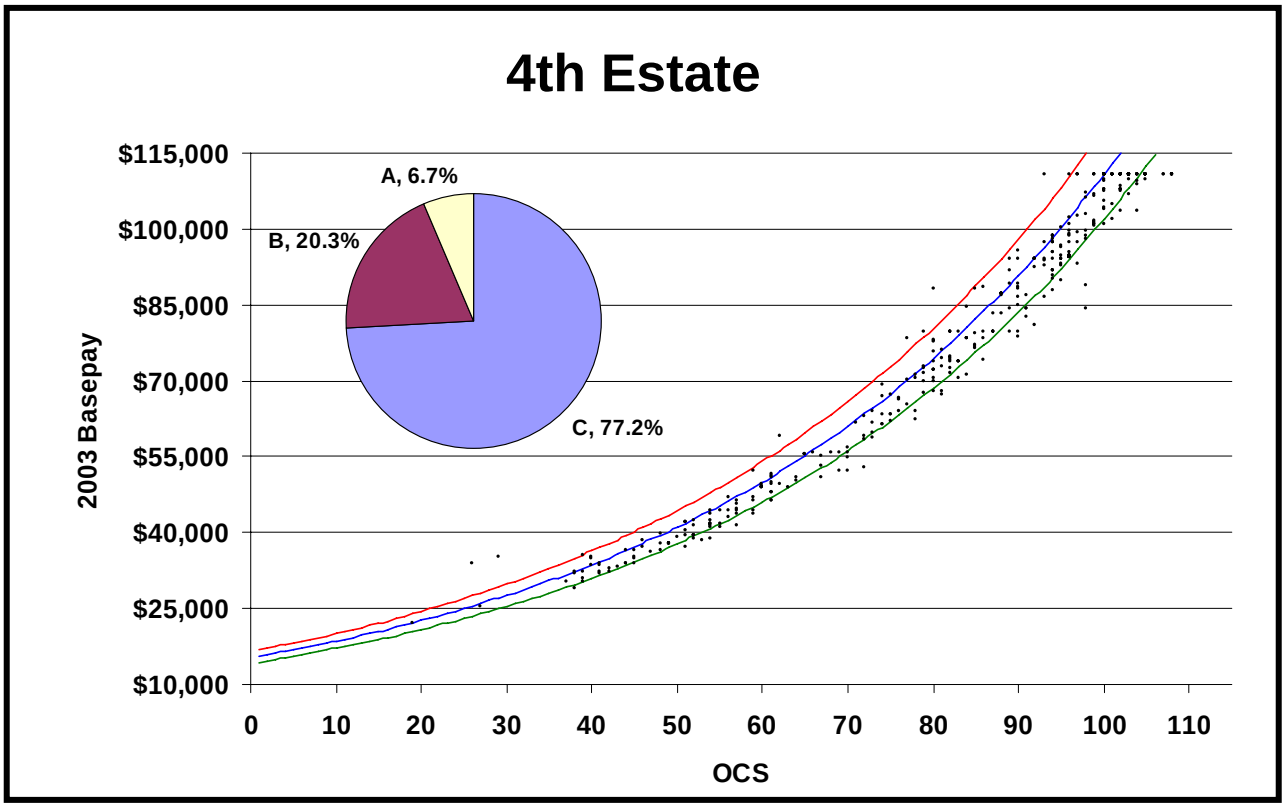
E.5. Enclosure 1 - 2003 Scatter Plots by Component






USMC
$115,000
$100,000
$85,000
$70,000
$55,000
$40,000
$25,000
$10,000
2003 Basepay
A, 1.7%
B, 42.1%
C, 56.2%
0
10
20
30
40
50
60
70
80
90
100
110
OCS


USAF
$115,000
$100,000
$85,000
$70,000
$55,000
$40,000
$25,000
$10,000
2003 Basepay
A, 1.9%
B, 18.3%
C, 79.8%
0
10
20
30
40
50
60
70
80
90
100
110
OCS


4th Estate
$115,000
$100,000
$85,000
$70,000
$55,000
$40,000
$25,000
$10,000
2003 Basepay
0
10
20
30
40
50
60
70
80
90
100
110
OCS
A, 6.7%
B, 20.3%
C, 77.2%

E.6. Enclosure 2 - Relationship Between Relative Score and Alpha*Delta Y

According to AcqDemo guidance, an employee's percentage increase in pay should be inversely proportional to his or her Relative Score. In other words, the employee with the largest negative Relative Score in a paypool should receive the largest percentage pay increase. In mathematical terms, this can be stated as:

Pay Increase % = Alpha * (-Relative Score)

Where Alpha is a constant (<1.0) computed to preserve the CRI budget allocated to the default algorithm. Converting the pay increase percent to dollars, yields:

Pay Increase $ = Alpha * (-Relative Score / 100) * Target Pay

Substituting for Relative Score and simplifying terms, we get:

Pay Increase $ = Alpha * (-(Current Pay – Target Pay) / Target Pay) *Target Pay
Pay Increase $ = Alpha * (Target Pay - Current Pay)

However, (Target Pay – Current Pay) is Delta Y, so:

Pay Increase $ = Alpha * Delta Y

Which is the default algorithm in the software.

The reason Delta Y is used in the default algorithm instead of Relative Score is that the budget-control constant (Alpha) is much easier to compute using dollars than it is using percentages.

E.7. Enclosure 3 - 1999 through 2002 Career Path/Component Breakouts

1999 Population by Component and Career Path

	NH	NJ	NK	Total
Army	1,248	32	188	1,468
Navy	547	11	75	633
Marine	483	14	75	572
Air Force	1,386	223	418	2,027
OSD	N/A	N/A	N/A	N/A
Total	3,664	280	756	4,700

2000 Population by Component and Career Path

	NH	NJ	NK	Total
Army	1,390	29	190	1,609
Navy	526	10	57	593
Marine	516	14	76	606
Air Force	1,364	222	409	1,995
OSD	235	N/A	45	280
Total	4,031	275	777	5,083

2001 Population by Component and Career Path

	NH	NJ	NK	Total
Army	1,471	26	178	1,675
Navy	542	9	24	575
Marine	670	25	83	778
Air Force	1,387	229	406	2,022
OSD	244	N/A	40	284
Total	4,314	289	731	5,334

2002 Population by Component and Career Path

	NH	NJ	NK	Total
Army	1,648	17	196	1,861
Navy	368	8	24	400
USMC	738	14	73	825
USAF	1,558	240	411	2,209
4th Est.	233	0	40	273
Total	4,545	279	744	5,568

E.8. Enclosure 4 - Equity Results – Five Cycle Summary (Jan 1999 - Sep 2003)
This summary addresses the impact of the contribution-based compensation and appraisal system (CCAS) as it relates to performance assessment, pay adjustments, and pay progression on minorities, veterans, females, age forty and over, and employees with targeted disabilities participating in the AcqDemo. The five CCAS cycles that occurred between 1999 and 2003 are defined in Section II.B.1. of the body of this evaluation report.

Performance Assessments.

Measure. Delta OCS was used to measure performance assessments. Delta OCS is the difference between actual and expected OCS, where a positive difference means the OCS plots below the SPL, and a negative difference means the OCS plots above the standard pay line (SPL). (Expected OCS is determined by the intersection of the employee's current basic pay and the SPL.)

Methodology. Regression analysis was used to model each measure as a function of relevant independent variables (education level, time-in-service, broadband, service, pay target, group variables). The population analyzed was limited to non-retained pay, presumptive 0 and 3's (excludes those who receive default assessment scores) who are members of the four largest racial/ethnic groups (Asian, Black, Hispanic, non-Hispanic white).

Results.

Difference in Delta OCS to SPL

		Asian	Black	Hispanic	Female	Veteran	Age 40+	Targeted Disability
NH	**1999**	-1.56	-1.18	*	1.30	*	-1.51	*
	2000	-0.96	-0.54	*	1.33	*	-1.00	*
	2001	-0.98	*	*	1.28	*	-1.08	*
	2002	-0.76	-0.57	*	1.26	*	-0.97	*
	2003	-0.56	-0.37	-0.56	1.01	*	-1.12	*
NJ	**1999**	*	3.09	*	1.98	*	-1.90*	*
	2000	*	*	*	2.40	*	*	*
	2001	*	*	*	*	*	*	*
	2002	*	*	*	*	*	*	*
	2003	*	*	*	*	*	*	*
NK	**1999**	*	-1.25	*	1.72	*	-1.24*	*
	2000	*	-0.93	*	2.74	*	*	*
	2001	*	*	*	2.36	*	*	*
	2002	*	*	*	1.68	*	-0.92*	*
	2003	*	*	*	0.94	*	*	*

* Indicates that the factor is not statistically significant
NH - Business and Technical Management Professionals (86% of total population analyzed)
NJ - Technical Management Support (4% of total population analyzed)
NK - Administrative Support (10% of total population analyzed)

Pay Adjustments.

Measure. Net draw percentage was used to measure pay adjustments. Each employee contributes (GPI+CRI+CA)% of their 30 Sep base pay to the pay pool. Net draw percentage is the total percentage a person takes from the pool minus the percent contributed (For example, if an employee contributed (2.7+2.4+1.2)% to the pay pool and got back (2.7+3.0+1.6)%, his or her net draw would be +1.0%).

Methodology. Regression analysis was used to model each measure as a function of relevant independent variables (education level, time-in-service, broadband, service, pay target, group variables). The analyzed population was limited to non-retained pay, presumptive 0 and 3's (excludes those who receive default assessment scores) who are members of the four largest racial/ethnic groups (Asian, Black, Hispanic, non-Hispanic white). The analysis excluded post cycle losses with either a CRI or CA override or post cycle promotees with a CRI override[14] (in these cases the pay adjustments are determined by something other than the contribution rating).

Results.

Difference in Percent Net Draw

		Asian	Black	Hispanic	Female	Veteran	Age 40+	Targeted Disability
NH	**1999**	-1.22%	-0.72%	*	1.01%	*	-1.18%	*
	2000	-0.56%	*	*	0.75%	*	-0.89%	*
	2001	-0.55%	*	*	0.79%	*	-1.03%	*
	2002	*	-0.29%	*	0.76%	*	-1.08%	*
	2003	-0.40%	-0.26%	*	0.70%	*	-0.88%	*
NJ	**1999**	*	2.36%	*	1.93%	*	*	*
	2000	*	*	*	1.41%	*	-1.02%	*
	2001	*	*	*	*	*	*	*
	2002	*	*	*	*	*	*	*
	2003	*	*	*	*	*	-1.03%	*
NK	**1999**	*	-1.11%	*	*	1.32	-0.99%	*
	2000	*	*	*	1.76%	1.82	*	*
	2001	*	*	*	*	*	*	*
	2002	*	-0.76%	*	1.08%	*	*	*
	2003	-1.50%	-0.80%	*	0.99%	*	*	*

* Indicates that the factor is not statistically significant
NH - Business and Technical Management Professionals (86% of total population analyzed)
NJ - Technical Management Support (4% of total population analyzed)
NK - Administrative Support (10% of total population analyzed)

[14] The CCAS software uses an algorithm that computes CRI and CA payments based on the difference between the employee's current pay and their target pay which is based on the rating received. Employees who leave AcqDemo prior to the start of the pay year will not receive their payments so the money is "wasted" if it is allocated to them. The override flag removes the employee from the algorithm so they receive no payments and everyone else in the pay pool shares in the money "saved". Similarly, if an employee received a promotion between the end of the rating cycle and the start of a new pay year that is larger than their CRI increase, the CRI money is "saved" by using the override flag.

Pay Progression.

Measure. Five-year pay adjustment percentage was used to measure pay progression. Cumulative (GPI+CRI+CA) % is the total base pay increase and contribution-based awards received over five years as a percentage of starting base pay in 1999 (CA must be included because of the roll-over of CRI to CA for employees hitting pay caps).

Methodology. Regression analysis was used to model five-year pay progression as a function of relevant independent variables (education level, time-in-service, broadband, service, pay pool funding, starting base pay, pay cap indicator, group variables). The analyzed population was limited to non-retained pay, presumptive 0 and 3's (excludes those who receive default assessment scores) who are members of the four largest racial/ethnic groups and who were in the demonstration project all five years. The analysis excluded post cycle losses with either a CRI or CA override or post cycle promotees with a CRI override.

Results.

Difference in Raise + CA Percent

	Asian	Black	Hispanic	Female	Veteran	Age 40+	Targeted Disability
NH	-4.26%	-3.58%	-2.92%	2.18%	*	-6.06%	*
NJ	*	*	*	*	*	*	*
NK	*	*	*	5.85%	*	*	-11.58%

* Indicates that the factor is not statistically significant
NH - Business and Technical Management Professionals (84% of total population analyzed)
NJ - Technical Management Support (6% of total population analyzed)
NK - Administrative Support (10% of total population analyzed)

Appendix F. Cost Study Results - AcqDemo Base Pay Growth Compared to Title 5

F.1. Background.

The AcqDemo *Federal Register* required annual comparisons between actual AcqDemo base pay and estimates of what the employees would be paid if they had remained under the Title 5 General Schedule. This analysis covered the period September 1999 through September 2003 (FY00, 01, 02, and 03). For each CCAS cycle, payouts occurred in January of the following year, e.g., for the 1999-2000 CCAS cycle, payouts occurred in January 2001.

F.2. AcqDemo Base Pay.

AcqDemo base pay growth was driven by two factors: the general pay increase (GPI), which was determined by law (applied equally to Title 5 and AcqDemo); and the contribution rating increase (CRI), which was set by each pay pool. By *Federal Register*, CRI had to be at least 2.0% (2.4% first year in demo). CRI replaced WIGIs and within-band promotions, which OPM estimated at about 1.7% per year for DoD's current GS employees. Therefore, by design AcqDemo could not be cost-neutral; it had to cost more than Title 5. The only question was "how much more?"

F.3. Contribution Rating Increase (CRI) History.

Through the first five CCAS cycles, the average CRI setting was just under one percent above cost neutrality.

Average Pay Pool CRI Setting
(Weighted by Pay Pool Size)

	CCAS Cycle					All
	1999	2000	2001	2002	2003	Cycles
Army	2.64%	2.89%	3.44%	3.13%	2.90%	2.99%
Navy	2.40%	2.06%	2.06%	2.09%	2.33%	2.17%
Marines	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Air Force	2.40%	2.42%	2.42%	2.42%	2.39%	2.41%
4th Est	N/A	2.40%	2.40%	2.40%	2.40%	2.40%
Total	2.48%	2.52%	2.70%	2.63%	2.66%	2.61%

Pay caps are the primary reason that actual CRI spending (depicted in Table E.3-1) is less than the 2.61% average pay pool CRI setting.

F.4. Methodology.

- Used non-demo DoD civilian workforce files as the comparison group.
- Computed promotion and step increase rates by career path/grade/step for each year.
- Mapped AcqDemo employees to their equivalent GS grade/step at the start of each year based on their band and base pay.

- Applied the comparison group promotion and step increase rates to estimate GS base pay at the end of the year.
- For each FY, only included employees on board at both the beginning and end of the year (no turnover impact).
- Computed results by career path and band, but not by component (OSD, Navy, and USMC populations are too small).

F.5. Methodology Issues.

- How to assign equivalent GS grade/step when AcqDemo pay was in the overlap zone between grades?
  - Used comparison group distribution to randomly assign employees.
- How to assign new step following simulated GS promotion?
  - Used actual comparison group post-promotion step distribution to randomly assign steps.

F.6. Overall Results.

Overall, AcqDemo average base pay grew at a rate of about one percent per year above "cost neutrality" (i.e., what it would under Title 5).

		All Career Paths											
		Average Basic Pay											
Band	Pay System	9/1999	9/2000	%Change	9/2000	9/2001	%Change	9/2001	9/2002	%Change	9/2002	9/2003	%Change
1	AcqDemo	20,603	22,150	7.51%	22,498	23,589	4.85%	23,005	24,213	5.25%	22,711	23,689	4.31%
	Est Title 5	20,572	21,742	5.69%	21,973	22,761	3.59%	22,933	23,920	4.30%	22,842	23,905	4.65%
2	AcqDemo	33,106	34,754	4.98%	34,797	36,142	3.87%	35,875	37,631	4.89%	38,019	39,798	4.68%
	Est Title 5	33,304	34,936	4.90%	34,999	36,318	3.77%	36,240	37,916	4.62%	37,879	39,530	4.36%
3	AcqDemo	57,048	59,701	4.65%	59,565	61,759	3.68%	61,329	64,146	4.59%	63,401	66,108	4.27%
	Est Title 5	56,899	59,489	4.55%	59,280	61,256	3.33%	61,157	63,720	4.19%	63,090	65,403	3.67%
4	AcqDemo	81,702	85,442	4.58%	86,817	89,651	3.26%	89,086	92,732	4.09%	91,379	95,142	4.12%
	Est Title 5	81,676	84,618	3.60%	86,846	89,093	2.59%	89,085	92,247	3.55%	91,354	94,106	3.01%
Total	AcqDemo	55,249	58,713	6.27%	59,619	62,662	5.10%	61,551	65,337	6.15%	62,611	66,292	5.88%
	Est Title 5	55,242	58,314	5.56%	59,632	62,253	4.40%	61,573	64,836	5.30%	62,668	65,724	4.88%
			Delta =	0.71%			0.71%			0.85%			1.00%

F.7. NH Results.

NH base pay growth (vs. Title 5) was slightly lower or equal to overall AcqDemo cost growth each year.

		NH Career Path											
		Average Basic Pay											
Band	Pay System	9/1999	9/2000	%Change	9/2000	9/2001	%Change	9/2001	9/2002	%Change	9/2002	9/2003	%Change
1	AcqDemo												
	Est Title 5												
2	AcqDemo	38,860	41,241	6.13%	40,694	42,778	5.12%	41,870	44,430	6.11%	43,521	45,775	5.18%
	Est Title 5	38,868	41,160	5.90%	40,699	42,576	4.61%	41,995	44,311	5.51%	43,346	45,617	5.24%
3	AcqDemo	58,692	61,466	4.73%	61,652	63,933	3.70%	63,535	66,361	4.45%	65,525	68,202	4.09%
	Est Title 5	58,685	61,433	4.68%	61,651	63,808	3.50%	63,540	66,288	4.32%	65,508	68,004	3.81%
4	AcqDemo	82,921	86,593	4.43%	87,823	90,657	3.23%	90,090	93,837	4.16%	92,368	95,995	3.93%
	Est Title 5	82,897	85,947	3.68%	87,849	90,217	2.70%	90,085	93,357	3.63%	92,345	95,242	3.14%
Total	AcqDemo	61,122	64,949	6.26%	65,789	69,130	5.08%	67,771	71,927	6.13%	68,710	72,714	5.83%
	Est Title 5	61,123	64,585	5.66%	65,803	68,742	4.47%	67,792	71,434	5.37%	68,639	72,007	4.91%
			Delta =	0.60%			0.61%			0.76%			0.92%

F.8. NJ Results.

Of the three career paths, NJ's benefited the least (vs. Title 5) from AcqDemo.

		NJ Career Path											
		Average Basic Pay											
Band	Pay System	9/1999	9/2000	%Change	9/2000	9/2001	%Change	9/2001	9/2002	%Change	9/2002	9/2003	%Change
1	AcqDemo	21,519	22,427	4.22%	22,427	23,284	3.82%	23,823	24,969	4.81%	25,395	26,492	4.32%
	Est Title 5	22,692	23,462	3.39%	23,559	24,406	3.60%	24,957	25,640	2.74%	25,400	26,266	3.41%
2	AcqDemo	28,981	30,929	6.72%	30,408	32,158	5.76%	30,932	33,870	9.50%	32,467	34,842	7.32%
	Est Title 5	28,964	30,470	5.20%	30,300	31,482	3.90%	31,339	32,843	4.80%	32,022	33,282	3.93%
3	AcqDemo	43,785	46,142	5.38%	45,511	47,315	3.96%	46,268	48,770	5.41%	47,422	50,830	7.19%
	Est Title 5	43,895	45,826	4.40%	45,366	46,764	3.08%	46,478	48,342	4.01%	47,311	49,054	3.68%
4	AcqDemo	57,119	60,397	5.74%	60,131	62,504	3.95%	62,523	64,326	2.88%	63,328	66,369	4.80%
	Est Title 5	57,061	58,932	3.28%	60,229	61,421	1.98%	62,618	64,468	2.95%	63,230	64,817	2.51%
Total	AcqDemo	40,132	42,460	5.80%	42,523	44,515	4.68%	43,714	46,253	5.81%	44,658	47,111	5.49%
	Est Title 5	40,158	42,113	4.87%	42,580	44,342	4.14%	43,831	46,000	4.95%	44,581	46,739	4.84%
			Delta =	0.93%			0.55%			0.86%			0.65%

F.9. NK Results.

Of the three career paths, NK's benefited the most (vs. Title 5) from AcqDemo. They consistently received the highest average Delta OCS scores and therefore the highest percentage pay increases.

		NK Career Path											
		Average Basic Pay											
Band	Pay System	9/1999	9/2000	%Change	9/2000	9/2001	%Change	9/2001	9/2002	%Change	9/2002	9/2003	%Change
1	AcqDemo	20,484	22,109	7.93%	22,507	23,681	5.22%	22,957	24,128	5.10%	22,563	23,533	4.30%
	Est Title 5	20,355	21,516	5.70%	21,753	22,543	3.63%	22,565	23,596	4.57%	22,620	23,711	4.82%
2	AcqDemo	27,710	29,479	6.38%	28,856	30,349	5.17%	29,686	31,638	6.58%	31,268	33,489	7.10%
	Est Title 5	27,800	29,213	5.08%	28,816	29,985	4.06%	29,809	31,291	4.97%	30,816	32,345	4.96%
3	AcqDemo	36,473	38,224	4.80%	38,621	40,253	4.23%	40,122	42,219	5.23%	42,383	44,508	5.01%
	Est Title 5	36,009	37,642	4.53%	37,865	39,248	3.65%	39,502	41,302	4.56%	41,348	43,477	5.15%
4	AcqDemo												
	Est Title 5												
Total	AcqDemo	28,693	30,604	6.66%	30,510	32,231	5.64%	31,667	33,751	6.58%	33,036	35,221	6.61%
	Est Title 5	28,670	30,234	5.46%	30,498	31,823	4.34%	31,672	33,326	5.22%	32,921	34,722	5.47%
			Delta =	1.20%			1.30%			1.36%			1.14%

F.10. 4-Year Cumulative Effect.

The core population for this study included only the 2,141 NH employees who were in AcqDemo continuously from 9/99 through 9/03. NJ and NK career paths were not included because of their small numbers. AcqDemo average base pay increased 27.14% over these 4 years, which equates to 6.19% annually. The same employees would have received an estimated 22.77% increase in their average base pay if they had remained in the GS system, which equates to 5.26% annually. AcqDemo provided a $2,649 average base pay advantage over 4 years. This equates to an annualized advantage of 0.92%, the difference between the two annual rates.

	NH Career Path			
Band	Pay System	9/1999	9/2003	%Change
1	AcqDemo			
	Est Title 5			
2	AcqDemo	38,885	48,001	23.44%
	Est Title 5	38,685	47,309	22.29%
3	AcqDemo	58,033	69,533	19.82%
	Est Title 5	58,009	68,960	18.88%
4	AcqDemo	81,221	96,114	18.34%
	Est Title 5	81,223	94,646	16.53%
Total	AcqDemo	59,414	75,536	27.14%
	Est Title 5	59,369	72,887	22.77%
			Delta =	4.37%

Appendix G

Appendix G.1. Case Study: Factors Contributing to AcqDemo Success

The premise of the case study is that lessons can be learned by comparing organizations that have had relatively different experiences with AcqDemo: those organizations that have benefited significantly from the project, and those organizations that have not seen significant benefits. It must be noted that, as concluded in the Interim Evaluation Report, AcqDemo as a whole is a strong success story. The vast majority of participating organizations are making it work and achieving its objectives at least to some degree. With that in mind, selection for this case study in no way implies that the project has failed in a single instance, but rather reflects the desire to learn more about how to make the project and future similar efforts even more effective. The basic questions the case study is attempting to answer are:

- What are the factors that distinguish organizations that have done relatively well from those units that have done relatively poorly; and

- What conclusions can be drawn from the analysis of these factors that will assist future implementations?

G.1.1. Methodology

The evaluation team used the updated analysis and data to identify five "More Effective Implementing Organizations" as well as five "Less Effective Implementing Organizations" from the 47 reporting organizations in the 2003 survey (the organizations will not be identified by name in the Summative Report).

The evaluation team has conducted an in-depth analysis of these ten organizations to identify the factors that appear to explain why each has performed so well or so poorly. This examination includes analysis of such factors as:

- The degree to which the organizations in the study continue to distribute performance ratings broadly.
- The degree to which hiring flexibilities have been utilized.
- Organizational funding levels in support of the pay system.
- Indicators of fairness in the application of the pay system.
- Continued use of Contribution Improvement Plans.
- Impact of training and communications and changes to training and communications approaches over the full period of AcqDemo operation.

The team also visited the organizations included in the study to conduct focus groups with non-supervisory employees and interviews with pay pool managers and/or other senior officials to provide additional depth of understanding as to possible causative factors.

In selecting "More Effective" and "Less Effective" organizations to be included, the team constructed a composite score to identify at least six organizations to be included in the case study. Data elements included in the composite score include:

- Overall participant satisfaction with the personnel demonstration project (as measured in the 2003 attitude survey)
- Loss rates (and retention) by Overall Contribution Score (OCS) region
- Supervisor satisfaction with hiring results (as measured in the 2003 attitude survey)
- Recognition by participants of pay linkage to contribution (as measured in the 2003 attitude survey)
- Participant perceptions of fairness (equity) in CCAS administration (as measured in the 2003 attitude survey)
- Trust and confidence in supervisor (as measured in the 2003 attitude survey)
- Participant satisfaction with contribution feedback from supervisors (as measured in the 2003 attitude survey)

Selection of "More Effective" and "Less Effective" organizations is based on composite criteria including both employee perception data from the 2003 attitude survey and organizational data including loss rates by Overall Contribution Score (OCS) region. Hiring-related data and grievance/appeals data, while potentially useful, are not available for all organizational levels in a form that is comparable to the survey statistics, so they have not been used in this selection.

Data from organizations with limited demonstration project experience, either because they are new to the demonstration project or have few employees, are less likely to reflect actual differences in demonstration project impact. Therefore, data from organizations with multiple years of demonstration project participation and/or larger numbers of employees in the demonstration project were given more weight in selecting case study organizations.

Table G-1 shows data on selection criteria for each of the organizations selected for analysis.

Table G.1-1

Composite Criteria--Selected Organizations for Analysis

Organization	**Survey Score** (Average: 463)	**Loss Rate Region A** (Average: 29.9%)	**Loss Rate Region B** (Average: 7.9%)	**Loss Rate Region C** (Average: 10.5%)	**No. Of 2003 Participants**
More Effective:					
A	680	29.9%	7.5%	19.3%	<100
B	567	45.0%	16.2%	17.3%	<100
C	554	28.6%	11.4%	9.7%	<100
D	515	20.8%	8.1%	5.2%	200-300
E	498	59.1%	7.5%	8.3%	300-400

Organization	**Survey Score** (Average: 463)	**Loss Rate Region A** (Average: 29.9%)	**Loss Rate Region B** (Average: 7.9%)	**Loss Rate Region C** (Average: 10.5%)	**No. Of 2003 Participants**
Less Effective					
F	416	0.0%	13.5%	21.1%	<50
G	403	17.6%	8.8	23.1%	<100
H	383	10.0%	6.0%	7.7%	<100
I	363	13.3%	9.1%	8.0%	100-200
J	309	21.2%	15.4%	14.3%	100-200

G.1.2. Factors Identified For Analysis

In order to compare and identify potential factors affecting the relative success of the selected organizations, the following factors were identified for analysis. As indicated above, the first two types of factors—i.e., attitude survey responses and retention data—were used as key indicators to select the organizations. The remaining factors were then examined to determine patterns of success or lack of success and to form the basis for conclusions and recommendations. The factors identified include:

Attitude Survey Responses:

Question 20: In this organization, my pay raises depend on my contribution to the organization's mission
Question 31: CCAS is administered without regard to gender, ethnic origin, or age in this organization
Question 77: Overall, my organization is effective in accomplishing its objectives
Question 90: I have trust and confidence in my supervisor
Question 91: My supervisor gives me adequate feedback on how I am contributing
Question 106: I am in favor of the demonstration project for my organization
Question 120: The skills and abilities of the most recent candidate I hired were a good match for the job

Retention Data:

- Loss Rates by Contribution Region
- Loss Rates – all Regions

CCAS Data:

- Funding Levels (CRI and CA)
- Authority to Set Funding Level (Pay Pool Manager, or higher level; policy vs. discretion)
- Ratings Distribution by Region
- Distribution of CRI and CA (e.g., spread thinly or full range)
- Mandatory CIPs
- Pay Pool Size
- Personnel Policy Board influence

Hiring Flexibility:

- Perception of hiring process improvement (focus group and interview results)
- Hiring timeliness (to the extent data are available)

Grievances, Appeals, Complaints:

- Number of Grievances, Appeals, Complaints
- Perception of grievance frequency (focus group and interview results)

Leadership Support:

- Level of leadership support—local and higher (focus group and interviews)

Training:

- Nature of training provided
- Training Changed/improved over time (Y/N)
- Type of training for new and military supervisors

Communications:

- Assessed level of management communications
- Employee perceptions of communication in general
- Employee perception of clarity of contribution objectives
- Employee perceptions of supervisory feedback
- Employee knowledge of the pay pool panel process

G.1.3. Data Sources

The following sources of data were used to support the analyses and findings in this case study:

- 2003 Attitude Survey data
- Focus groups conducted during April 2004 in each of the ten identified more- or less-effective organizations. Focus group participants included 5-12 randomly selected non-supervisory employees in each organization.
- Manager interviews conducted during April 2004 with the Pay Pool Manager and/or other senior leaders in the selected organizations.
- CCAS data covering funding levels, ratings distribution, and loss rates
- DMDC workforce data on the entire AcqDemo population and the comparison group
- Personnel office data from non-automated sources, provided by the participating Components, in response to the annual data call

To the extent not included in this management report, back-up data such as focus group and manager interview protocols, detailed focus group findings, and statistical information, are provided in Volume II, Technical Report.

G.1.4. Analysis of Success Factors--Findings

Because of the small sample size (10 observations) it is not appropriate to use inferential statistical techniques in analyzing the differences and similarities of more- and less-effective organizations. However, a display of data on the factors identified for analysis reveals patterns that support conclusions and possible answers to the case study's principal questions. Tables 2 (More Effective Organizations) and 3 (Less Effective Organizations) below provide a summary-level profile for each of the selected organizations on each of the relevant factors.

FACTORS	Table G.1-2: PROFILES OF PAY POOLS More Effective Organizations									
	A		B		C		D		E	
Number of Employees	< 50		< 100		< 100		200 -300		300 -400	
Survey Composite Score	**680**		**567**		**554**		**515**		**498**	
Survey Questions										
20 Pay raises depend on contribution	100		70		76		71		68	
31 Equity	94		74		82		73		71	
77 Effective in accomplishing mission	100		95		92		77		75	
90 Trust and confidence in supervisor	93		86		86		76		78	
91 Feedback	93		72		83		74		69	
106 In favor of Demo project	100		81		60		67		68	
120 Skill and abilities of recent candidate	100		89		75		77		69	
Loss Rates (2000 - 2003)										
Overall Average	11.7%		18.9%		15.2%		5.8%		9.1%	
Region A	29.9%		45.0%		28.6%		20.8%		59.1%	
Region B	7.5%		16.2%		11.4%		8.1%		7.5%	
Region C	19.3%		17.3%		9.7%		5.2%		8.3%	
Focus Group & PPM Interview Results	**PPM**	**FG**	**PPM**	**FG**	**PPM**	**FG**	**PPM**	**FG**	**PPM**	**FG**
Leadership Support	+	+	+	=	+	=	+	-	+	+
Training	+	+	+	-	+	+	+	=	+	=
Feedback	+	+	+	-	+	-	+	-	+	-
Fairness	+	+	+	-	+	+	+	=	+	=
Impact on Job Performance	N/A	=	N/A	=	N/A	+	N/A	=	N/A	=
Hiring/Retention	+	+	+	=	+	+	+	+	+	+
Grievance Experience	+	N/A	+	N/A	+	N/A	+	N/A	+	N/A
CCAS Funding Level (2003)										
Contribution Rating Increase	4%		2.4%		2.4%		2.5%		2.4%	
Contribution Awards	2%		1.4%		2.9%		2.0%		2.9%	
Authority to Change Levels (y/n)	Yes		Yes		No		Yes		No	
Ratings Distribution (2003)										
Zone A - Overcompensated	0.0%		2.2%		1.3%		1.6%		0.0%	
Zone B - Undercompensated	76.1%		51.6%		10.0%		2.9%		18.2%	
Zone C - Appropriately Compensated	23.9%		46.2%		88.8%		95.5%		81.9%	
Mandatory CIPS	0		1		0		1		0	

FACTORS	Table G.1-3: PROFILES OF PAY POOLS Less Effective Organizations									
	F		G		H		I		J	
Number of Employees	< 50		< 100		< 100		200 -300		300 -400	
Survey Composite Score	**416**		**403**		**383**		**363**		**309**	
Survey Questions										
20 Pay raises depend on contribution	33		63		40		43		52	
31 Equity	86		56		55		67		26	
77 Effective in accomplishing mission	71		67		77		53		46	
90 Trust and confidence in supervisor	67		47		57		45		43	
91 Feedback	67		41		48		35		43	
106 In favor of Demo project	17		29		28		45		28	
120 Skill and abilities of recent candidate	75		100		78		75		71	
Loss Rates (2000 - 2003)										
Overall Average	15.8%		15.0%		7.5%		8.5%		14.9%	
Region A	0.0%		17.6%		10.0%		13.3%		21.2%	
Region B	13.5%		8.8%		6.0%		9.1%		15.4%	
Region C	21.1%		23.1%		7.7%		8.0%		14.3%	
Focus Group & PPM Interview Results	**PPM**	**FG**	**PPM**	**FG**	**PPM**	**FG**	**PPM**	**FG**	**PPM**	**FG**
Leadership Support	=	=	+	+	+	-	=	-	-	-
Training	=	-	+	-	+	-	=	=	=	=
Feedback	-	=	+	+	+	-	+	-	=	-
Fairness	+	=	+	-	+	-	+	=	-	-
Impact on Job Performance	N/A	=	N/A	=	N/A	+	N/A	=	N/A	=
Hiring/Retention	+	+	=	=	=	+	+	=	=	=
Grievance Experience	+	N/A	=	N/A	-	N/A	=	N/A	+	N/A
CCAS Funding Level (2003)										
Contribution Rating Increase	3.4%		2.4%		2.4%		2.4%		3.0%	
Contribution Awards	2.5%		2.9%		2.9%		2.9%		2.3%	
Authority to Change Levels (y/n)	Yes		No		Not > 20%		No		No	
Ratings Distribution (2003)										
Zone A - Overcompensated	0.0%		14.3%		0.0%		0.8%		3.7%	
Zone B - Undercompensated	84.6%		55.1%		8.6%		8.1%		27.5%	
Zone C - Appropriately Compensated	15.4%		30.6%		91.4%		91.1%		68.8%	
Mandatory CIPS	0		1		0		0		0	

Observations from review and analysis of these tables and the data behind them are:

- Organizations tend to fall along a continuum of employee and manager satisfaction with and support for AcqDemo, ranging from one extreme to the other, as follows:

  - Both managers and employees are well satisfied and supportive of AcqDemo (Organization A)
  - Managers are well satisfied, and employees are somewhat positive about the demo (Organization C)
  - Managers are satisfied, and employees are generally neutral (Organizations B, D, and E)
  - Managers are satisfied and employees are somewhat negative (Organizations F, G, H, and I)
  - Both managers and employees are dissatisfied (Organization J)

- In order to more clearly see the contrasts, it is useful to look at the extreme positive and negative units (Organization A and Organization J) in terms of the factors identified for analysis to see if there are significant and noticeable differences from which conclusions can be drawn. Table 4 below highlights key variables for the two contrasting organizations:

Table G.1-4
The A-J Comparison

Factors	Organization A	Organization J
2003 Ratings Distribution:		
A	0%	3.7%
B	76.1%	27.5%
C	23.9%	68.8%
Loss Rates:		
A	29.9%	21.2%
B	7.5%	15.4%
C	19.3%	14.3%
Funding Level:		
CRI	4.0%	3.0%
CA	2.0%	2.3%
Leadership Support/Buy-in	Positive	Neutral
Training and Communication	Focused, Ongoing	Inconsistent
Feedback Score (Survey)	93	43
Perceived Fairness (focus groups)	Positive	Negative
Hiring/Retention Perception	Positive	Neutral

The table above presents a quantitative profile of the two organizations, and it is also illustrative to present a verbal profile or "word picture" taken from employee focus groups to get a clearer understanding of the differences. Below are representative statements from employees in the two organizations.

Organization A:

- There is much more discussion about what is expected of us during the coming year. Helps us focus our work effort for the year.
- We have a comfort level with our supervisors based on years of experience, and are confident in them and the CCAS panel members.
- Under CCAS, professional behavior is recognized and respected. Under GS, marginal performers got the same increases as higher performers. Now, good work is recognized and rewarded appropriately.
- AcqDemo provides new opportunities to learn and work outside your specialty. You are no longer bounded by a job description, and you have the opportunity to take the initiative and enhance your achievements.

Organization J:

- Very few mid-year reviews are given. End of year scores are sometimes unexpected and coaching throughout the year is limited.
- Panels are biased, not neutral, and it is not clear how their decisions are made or how employees are evaluated by the panel.
- Although pay may be somewhat higher than under GS, the GS system is more predictable and compensation is not driven by personalities.
- This system is more stressful because of uncertainty and writing requirements.

These displays illustrate the need for an examination of what appear to be the most distinguishing factors and their interaction. These factors appear to be: leadership support and buy-in, training and communication, and ratings distribution. As they are combined together, and based on focus group results:

- In the less-effective organizations, marginal contributors are not being rated accurately, and so are not rewarded commensurately. Higher contributors are aware of this and not only feel that productivity suffers, but also that their own opportunities for appropriate recognition are diluted. This in turn drives retention results in that marginal contributors do not leave and higher contributors are less motivated to remain. Furthermore, focus group participants said their trust in the system and perceptions of its fairness depended on manager's accurately assessing and rewarding contribution. In organizations where ratings were distributed in a way that employees perceived as inaccurate, fairness and trust in the system were undermined.

- In the more effective organizations, poor contributors do get the message and leave; other employees observe the accuracy of the system and not only see potentially greater rewards for their work, but also gain a sense of trust in the system. This in turn affects their willingness to stay, as confirmed by the loss rates for undercompensated employees and the focus group results.

- There are certain factors that do not appear to have a significant impact:

  - Geographic location—both the most- and least-effective organizations are located in the same geographic area with similar commuting patterns, leading to the conclusion that this is not a significant factor. The spectrum of all ten organizations covers a variety of different locations as well.
  - Pay-band patterns—the pay band structure of the least- and most-effective organization is similar in that neither has a surfeit of "high grade" or lower-level positions. Therefore, this factor appears to be neutral as well.
  - Grievances—there were no significant differences in grievance rates among the selected organizations, and the numbers are uniformly small.
  - Mandatory Contribution Improvement Plans (CIPs)—again, no significant differences, and uniformly small numbers of CIPs were required to be issued. Most managers interviewed indicated that while they had used CIPs initially, their experience was that they were unnecessary because the lower-contributing employee, once confronted with a low score and commensurate pay adjustment, often left the organization shortly thereafter.

- There are several factors which might appear to have potential impact, but the available data are insufficient to assess:

  - CCAS Funding Level—the most-effective organization has historically had a relatively high funding level, but this alone does not necessarily make it a distinguishing factor. The second most-effective organization (Organization C) has a lower funding level than the least-effective organization (J). Furthermore, there appears to be no effect of having Personnel Policy Boards set funding level vs. independent authority. Units having no discretion to set funding appear on the lists of both more- and less-effective organizations.
  - Pay Pool Size—Organization A has less than 50 employees, and Organization J has over 100; however, several of the organizations in the mid- to upper-end of the spectrum are either much larger or much smaller. There is no readily observable pattern in that respect. It should be noted however, that focus group participants in smaller organizations were less likely to be distrustful of the panel process because they felt someone on the panel would personally know their work and contributions.
  - Turnover, especially among supervisors, to include military supervisor rotations—participants and managers mentioned this concern when discussing two topics: training and the need for consistent, frequent, and new-entrant training; and also, the value of experience with CCAS for both employees and supervisors who have to "practice" in order to make the system work. The challenge of maintaining skill and therefore system credibility is greater when there is significant turnover. The turnover data available (Loss Rates) do not appear to provide a basis for turnover as a causative or distinguishing factor, but it is certainly a consideration.

- The existence and use of AcqDemo hiring flexibilities deserves special mention because, while it does not seem to be a distinguishing factor for success, there were mixed results based on manager interviews. While some managers had a great deal of experience with hiring under AcqDemo and others had more limited exposure, they uniformly felt that AcqDemo had enabled them to recruit and hire well qualified candidates more effectively than the General Schedule and traditional hiring practices. They attributed most of the benefit to the ability to set competitive pay upon entry, but some also cited the more flexible hiring procedures. Their experiences with the speed of the hiring processed were mixed, and most attributed any lack of improvement to factors beyond the control of the Demo, i.e., HR offices. (Updated statistics on hiring timeliness for AcqDemo components are located in Volume II.)

G.1.5. Conclusions from the Case Study

G.1.5.1. The combination of leadership support, and leaders' role in sending a message that they expect subordinate managers and supervisors to buy-in to the process, together with consistent communication and training, appears to be the single most significant factor in the successful application of AcqDemo tools. This conclusion is supported consistently by not only the most recent focus groups and interviews, but by the entire evaluation history of the Project.

G.1.5.2. Beyond the leadership and training factors, it is difficult to discern meaningful differences in the role of other variables, including funding levels, geographic location, etc., but it is clear that an organization with committed leadership can make AcqDemo work in spite of apparent handicaps.

G.1.5.3. Funding levels, including those set by Personnel Policy Boards, don't appear to be a significant causative factor.

G.1.5.4. In the less-effective organizations, managers are generally aware of the need to make the system work better and are taking steps to do so. However, in the mid-range of both more- and less-effective organizations, there is a disparity between managers' and employees' perceptions, especially in regard to clarity of expectations and contribution/performance feedback.

G.1.5.5. Feedback to employees is an area that can *always* be improved.

G.1.5.6. The overall conclusion of the Interim Evaluation Report, i.e., that AcqDemo has succeeded in meeting its objectives without compromising fairness and equity, is sustained and supported by this case study.

Appendix G.2. Specific Data for Case Study

The following tables provide summary level records of the focus groups and manager interviews for each of the ten selected organizations.

Table G.2-1
Focus Group Summary – More Effective Organizations

FACTORS OF SUCCESS	ACQDEMO FOCUS GROUPS - MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
Experience	8 mos – 4 yrs	5 member 2 yrs + 7 members 2 yrs or less	6 members whole time	4 members whole time 4 members 1-2-3 yrs	5 – whole time in Demo 1 – 3 yrs
Leadership					
1. Level	Viewed as good, but would like more flex.	Very supportive, front office very helpful	Improved with time as learned best way to implement.	Lack of understanding.	They love it, used to beat us over the head w/ it.
2. Consistency	Yes	Not consistent throughout command – (supervisors)		Two diff. styles (family, formal) get diff results.	
Training					
1. Quality of Info by Supervisor	No info	Not much provided by sup.		Mgmt understood process	
2. Adequacy Overall Training	Got info needed: 1. Initial briefings, one-on-one for new hires 2. HR or other staff answer questions 3. Book/tutorial provides info needed 4. Help w/ self-assessments 5. Forms changed, but still not enough space	Initial training good, no system to accommodate new hires	1. Adequate to good. 2. Two hour training session 3. Would help to have refresher. 4. Training provided to new employees. 5. Helpful to show scatter grams like they did first 2 yrs.	Every Dec. give us exhaustive info.	1. Hard time writing up contributions and then got "cheat sheets". 2. Don't believe it matters what you write. 3. Too many ancillary things to do, all too time-consuming.

FACTORS OF SUCCESS	ACQDEMO FOCUS GROUPS - MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
CCAS Process					
1. Supervisor Comments and Feedback	1. More info on performance than score 2. More discussion about goals for next yr	Majority very short, not thorough – a few had better experiences.	Few comments, details (2). If poor performer more comments.	1. All qualitative, need more quantitative. 2. Feedback seems limited.	1. Too subjective. 2. Preconceived notion where you'll end up. 3. We're matrixed. Get feedback 1-2 from mgrs who don't know us.
2. Trust and Confidence in Supervisor	1. Based on yrs of experience and working together 2. Supervisors change frequently, still have confidence 3. No more than before	Majority had poor confidence, supervisor not spending enough time		1. Very subjective. Won't fight for you if they don't know/like you. At mercy of individual supervisors. 2. Supervisors should be held accountable.	Mixed, depends on whether your supervisor likes you.
3. Accuracy of CCAS Score	1. Money reflects perf. 2. Gradual growth, don't hit ceiling too fast	Mixed.	Comfortable with process.	1. Unclear what a contribution is. 2. Band 4s run into glass ceiling.	
4. Fairness of Compensation (Self)	Better, based on own performance, opened up another grade	Many did not understand the system.	Adequately compensated, base better than GS.		Won't get a raise, but OK haven't taken on more responsibilities.
5.Fairness of Compensation (Others)	Don't know	Mixed, human subjectivity. Felt scores did not reflect performance.	Others seem happy.	See sub-par employees still get high rating.	
6. Adequacy of Funding	Added money at beginning, budget tighter now	Appeared more generously funded in beginning.	Don't know.	Distribution larger issues than funding.	No. Came with 7 other only one left. Must move to be promoted.
7. Range of Scores Used	Don't know	Don't know rating distribution.	First 2 yrs saw scatter-gram, don't know now	Don't know.	

FACTORS OF SUCCESS	ACQDEMO FOCUS GROUPS - MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
8. Fairness of CCAS Process	Fair b/c based on contribution. Old system everyone got high scores.	No info.	Seems fair, more objective, more contribution based, removed some glass ceilings	Factors should be weighted.	1. No. Phony system. Part III has no impact, 2. Everyone's done better still hit glass ceilings. 3. Go up incrementally 1, 2 pts just like GS.
9. Understanding of Expectations	1. High visibility offers oppty to advance	Some did not understand expectations.	Not done well, visibility important.	1. Not clear what expectations are. 2. Contribution too ambiguous should return to performance.	No info.
10. Impact on Job Performance	Mixed, do a good job regardless, more flexibility to do more	Few had bad experience first cycle, will give it one more try. No comment from others.	Encouraged some to be more proactive. Others saw no impact. (Different response at end 5 said had positive impact.)	1. System emphasizes "I" over teamwork. 2. Rewarded for what you do above and beyond. 3. People work hard b/c of work ethics not demo.	1. Mixed. Our work does not fit system well. Just do my job. 2. Yes, perf-based, helps prioritize work. 3. No control over what' thrown on plate.
Hiring and Retention					
1. Participants hired from outside Demo	Use both new hires and reassignments	A few hired in 6-8 wks, pushed from top. Two others 3-4 months.	Been under hiring freeze. Successful in hiring new engineers.		After hiring freeze there was a hiring frenzy, and hired some incompetents.
2. Speed and ease of hiring	Still too slow			Don't see the speed. Still takes 3 mos.	
3. Extent hiring flexibility used	1. Name requests 2. Pay setting	Pay setting.	Pay setting.	Negotiated salary.	Can now hire engineers (pay setting)
4. Impact of AcqDemo on retention	Definitely better, Kept the good people	Some felt it was helping, but HQ operations w/ lots of folks there for 2 year stints.	Some personnel left after first cycle b/c though score was unfair.	A lot of people have left. Get newcomers to stay 6 mos – 1 yr longer than otherwise. It can attract/repel	1. Heard of 3-4 who left can get rid of poor perf. 2. Can only hold onto good engr. for 3-4yrs. 3. Plateau at 7-8

FACTORS OF SUCCESS	ACQDEMO FOCUS GROUPS - MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
Overall					
1. Additional Factors	Work itself is perf-based good fit w/ org.	System helps break glass ceilings.	Should allow promotions during the yr.	Biased twds newcomers. No reward for those w/ lots of experience.	Unclear how system works. There's vagueness to it.
2. Factor with greatest impact (change)	Compensation for performance Flexibility to do diff. types of work Hiring still too slow	1. Inadequate training of supervisors (5) 2. Increased pay, Pay for performance (4) 3. Unclear pay related to performance (2) 4. Improved feedback 2 5. No diff in feedback, or must force it (2) 6. Pay setting (1) 7. Leadership needs to emphasize importance 1	1. Encouraged to contribute, look for more opportunities (5). 2. Ahead of GS system in pay.	1. Need to define contributions/expecta-tions (3) 2. Weigh the factors (3) 3. Hold supervisors accountable (2) 4. Too subjective, dependent on supervisor. 5. Supervisors should be co-located with employees.	1. Like the new system, but don't like how we're evaluated – disjointed-ness b/w factors and work. Expectations unclear. 2. Can reward the "burners" but takes up too much time.

Table G.2-2
Focus Group Summary, Less-Effective Organizations

FACTORS OF SUCCESS	ACQDEMO FOCUS GROUPS - MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
Experience	3 part. been in 2 Demos 6 w/ years of exp., 1 < yr.	4 member 2 yrs + 3 members 2 yrs -	6 members 2-5 years	7 members 5 yrs 3 members 2 yrs 1 member 1 yr	13 participants – most in Demo 5 yrs, few w/ 1-2 yrs in Demo
Leadership					
1. Level	Supervisors provide just enough support. Paperwork seen as burdensome.	Very supportive, overall good.	Leadership doesn't seem to understand system.	1. Unclear if upper mgmt is benefiting more. 2. No check on the system.	Level of support is unclear
2. Consistency	Higher up you go the more supportive they are.	Originally good, new supervisors not so well informed. Military bosses change a lot.	No info.	No info.	No info.
Training					
1. Quality of Info by Supervisor	Inconsistent, could be better.	If I asked 5 supervisors I'd get 5 diff. answers.	Supervisor turnover limits understanding.		Newness of supervisor may be an issue.
2. Adequacy Overall Training	Sense more could be provided. Other orgs provided training that some sat in on. 1. Initial trng provided, then reliance on local demo ofc. 2. Guides, online info and training used. 3. Still don't understand process: how points and $s work – pay pool process.	1. Supervisory training in inadequate. It's available, but not mandatory to attend. 2. Need to provide recurring training in addition to new employee training. 3. Not enough.	1. Some explanation and website tutorial 2. Employees unclear about how system works. 3. Trainers seemed unable to answer questions, worked from slides avoided "hot" topics.	1. Training for everyone first few yrs. (adequate, only training one part. ever had.) 2. It would be helpful to receive updates. 3. Received 1 hr. brief – inadequate. 4. Info on website, although unclear people know it's there.	1. Training on process is adequate.

FACTORS OF SUCCESS	ACQDEMO FOCUS GROUPS - MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
CCAS Process					
1. Supervisor Comments and Feedback	1. Mixed, some have sit-downs others not. 2. Score not point of discussion $s are. 3. Feedback avoids neg., too general.	1. Excellent in terms of both quality and quantity. 2. Scattergrams are good, but don't know about my own field.	1. Unclear how to improve. (4) 2. Pay pool process unclear. 3. Limited feedback on score. Supervisors can't give score they want. 4. Some felt feedback adequate, incl. mid-yr	1. No feedback on pay pool panel process (many concur). More feedback in previous demo org. 2. Suspect no one reads the forms.	1. Lack of info throughout the yr, limits employees ability to impact score.
2. Trust and Confidence in Supervisor	No info.	1. Depends on experience and knowledge of system. 2. Believe they try to fight for us, but . . .	1. Supervisors don't have much impact on pay pool process. 2. Perception decisions already made. 3. People who know you can't always participate in pay pool.	1. Wide range – several received 30 seconds on score but no feedback, or only written, one was good 30 min. 2. Not many received mid-yr (some had opportunity though). 3. Not told how to improve.	1. Higher levels of mgmt impact score, which may limit fairness due to lack of direct experience w/ employee.
3. Accuracy of CCAS Score	Do not believe they are accurate way to divide $s.	1. Can influence process by write-ups – but then favors better writers. 2. Compensation doesn't reflect efforts esp. if work is "unseen"	1. High scores limited by job classification.	1. Difficult, we're matrixed out so people advocating for us don't know us. 2. Supervisors are over-worked and need to rely on project managers.	1. Feel lack of integrity in score, not just b/w supervisor and employee. 2. Boards are not neutral, they're biased. 3. System is driven by funding. Command may not get all they can.

FACTORS OF SUCCESS	ACQDEMO FOCUS GROUPS - MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
4. Fairness of Compensation (Self)	4 yes's, 1 not really and 1 hard to know if you don't know others score.		1. Artificial caps. 2. Supervisor scores changed by pay pool – who don't know employees. 3. Would make more money under GS.	1. Performance not always rewarded.	1. Most feel comp. Is better than under GS – potential for greater comp. 2. Unclear if compensa-ion is competitive w/ other orgs. 3. Equity is an issue, esp. with panel turnover.
5. Fairness of Compensation (Others)	1. Yes (4) – compared to GS (1) 2. Rating distribution not shared, don't know (2).	1. Not sure, only hear grumbling from poor performers. 2. Don't know budget.	1. In general, percep-tion it's not fair. 2. Higher pay avlble to new hires, then you top out. 3. WG employees receive lg. increases, but still don't want to be in demo.	1. Range – Don't know, think it's fair, too subjective, don't know others' scores got. 2. Mgrs think it's fair employees don't.	1. Fixed amt of $ available, comp. doesn't always reflect performance. 2. Extras that contribute to org. (coord. Social events, bringing out best in others) not considered.
6. Adequacy of Funding	1. Don't know (2) 2. Less $ seem available than previous demo. 3. Better if all $ spent on implementation went into pool.	1. Don't know budget. 2. Unsure, but one year I got an $800 raise and the next $15.	1. People aren't fully compensated for contributn b/c not enough $. – Don't know if budget is going up or down.	1. Don't know what others received mgrs could be getting all the bonuses. 2. Sense if mgrs want to give you big raises they can't. 3. Previous org. was very generous. We keep hearing we have a budget crisis.	1. Lack of funds contributes to lower ratings. 2. Awards seem to go to the same people.
7. Range of Scores Used	Yes, have a sense they are. No (2) – (Don't see scattergrams.)	Hard to tell.	Scattergrams used by some, range still unclear.	Don't know.	Only know own score.

FACTORS OF SUCCESS	ACQDEMO FOCUS GROUPS - MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
8. Fairness of CCAS Process	1. As fair as the people that run it. 2.Unfair,factors not weighted.	1. As fair as it can be. 2. Need to document more.	1. Perception of more upwrd mobility at beginning. 2. Frustrated with topping out. 3. Yes, and understand ceilings. 4. Can't eliminate subjectivity of any system.	1. Works well for "good ole boys", favorites. 2. No recourse or appeal, you'll be labeled a trouble maker if you grieve. – I challenged my score and told it was already decided.	1. Ratings by others than direct supervisor not accurate or fair. 2. Quality of writing can effect scoring. 3. Supervisors scores knocked down by panel, process not shared w/ employees – seems secretive, subjective.
9. Understanding of Expectations	1. Guides for performance expectations are too general. 2. Hard to quantify what we do.	Both clear/uncertain objectives, but both don't know what the $ outcome will be.	1. Not clear how to increase OCS. 2. Not clear how scores are derived.	1. Not clear what expectations are. 2. Was told need to be more visible to ↑ score. 3. No, what you do is more impt than visibility	1. End of yr. score is sometimes unexpected. 2. Few mid-yrs given. 3. Supervisors may lack training in giving accurate evals (CCAS and performance)
11. Impact on Job Performance	1. None (3). 2. Some seek out higher visibility projects. 3. Work twds meeting all factors.	Mixed. Can work from a list to target CCAS (2), no impact (1), hard to tell (1).	Motivates employees, encourages some to work harder, be more proactive, ownership of duties, tracking what's accomplished throughout year. (5)	1. None (many concur) 2. Saw someone do wonderful write-up that wasn't true. 3. Better than GS not tenure based, seen more people voulnteer, be more proactive.	1. Writing skill may im-pact score, need to track accomplishmts in yr. (5) 2. Seems to encourage volunteerism, but unclear if that impacts final score. 3. In theory, motivates.

FACTORS OF SUCCESS	ACQDEMO FOCUS GROUPS - MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
Hiring and Retention					
1. Participants hired from outside Demo	Yes.	1. Range of hiring times 2 mos, 6 mos, > one yr. Speed did not increase. 2. Centralized hiring helpful, long-distance offices less so. 3. Can earn more faster.	1. Some positions being held, not filled due to RIFs. 2. Slow, maybe slower than before. 3. More apply, more burdensome.	Easier for govt contractors b/c need military experience for many jobs. (Some sections hired few another up to 50)	No info.
2. Speed and ease of hiring	Haven't seen increase in speed.			Think it's easier. One found it interminable. Still a lot of rules like vet. preference.	Does not appear to be faster than other orgs.
3. Extent hiring flexibility used	1. Pay setting	Pay setting. Can over-pay which demotivates.	Pay setting (not everyone aware you can negotiate.)	Pay setting flexibility.	Not used to full extent, vacancies exist for yrs.
4. Impact of Acq Demo on retention	Good people have stayed longer.	Don't know, doesn't effect me. Can rise faster than under GS, might stay longer.	1. Direct impact is unclear. 2. Poor performers still receive good scores and stay. 3. System should eliminate 'dead wood'.	1. I've seen people negatively contribute and they're still here (many concur). 2. Has not encouraged poor contributors to go or good one's stay. They reward poor performers so they'll be quiet and then can't reward good ones.	1. Individuals rated as low contributors tend to leave (but ratings may not have been accurate) 2. Some using Demo as stepping stone to increase salary. 3. Opportunities for promotion outside org. encourage people to leave.

FACTORS OF SUCCESS	ACQDEMO FOCUS GROUPS - MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
Overall					
1. Additional Factors	1. Hard to measure type of work we go, poor fit with Demo. 2. Supervisors have wider latitude to affect employees. 3. Levels funding among orgs, rich orgs have to share. 4. Done once a yr. not all the time.	Greater flexibility to set pay and promote faster. <u>Factor w/ greatest impact:</u> 1. Less subjectivity (2) 2. Pay pool twice a yr. with feedback (2) 3. Training should be mandatory for both sup-ervisors & employees. 4. Part III should be mandatory. 5. Proper documentatn 6. More career groups 7. See scattergram and some statistical avgs. 8. Know what pot of money looks like and how distributed.	1. More effective if implemented the way it was intended. 2. Concept good, but supervisors don't understand it and make it like GS.	1. More info, sense of how bonuses, raises compare. (2) 2. Poor performers should be gotten rid of. 3. Would like to rate supervisors. 4. Would like employees to have a say in system they're under.	1. Would like live training and samples on writing for CCAS. 2. Scattergrams should be made available as well as other normative info across org.
2. Factor with greatest impact (change)	1. More opportunities and flexibility in pay & awds for high performers. (4) 2. Supervisors best and worst of system (4) 3. Process burdensome (1)		1. Expectations ambiguous (4) 2. Artificial inflation at beginning, means fewer raises (2) 3. Motivates to move bands to ↑ pay, more conscious of doing job well (2). 4. Forms not clear, hard to use 6 factors. 5. Supervisor scores knocked down. 6. Lack of supervisor support. 7. Training	1. Funding (5) 2. Feedback, both quantity and quality (4) 3. Too much inconsis-tency b/w mgrs and gen mgmt. (2) 4. Whole system should be more transparent.	1. Human bias in system makes it unfair (3) 2. Explanation about why specific scores are given. 3. Standard of performance should be known. 4. Training on system should be mandates and real-time (live trainer) – also need training on doing write-ups.

Table G.2-3
Manager Interview Summaries, More-Effective Organizations

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
Experience	Pay pool mgr since the beginning.	Involved as a manager since the beginning.	5 yrs in Demo, Pay Pool Mgr last 2	No info.	PPM and Deputy each 5 yrs – 280 personnel difficult to hold onto them all due to internal changes.
Leadership					
1. Level of Support	Yes, very supportive. Sr. leadership was not particularly involved.	Yes, very supportive and forceful to the top. Invested lots of time up front, but now routine.	Supportive. Leadership excited from beginning. PPMs meet monthly.	Upper level leadership supportive. Perception that HQ was inflating their scores.	Local leadership very supportive, lots of growing pains, but still good.
Training					
1. Training received and/or provided	1. Army provided training from the beginning, including web-based tutorial. 2. Now use the tutorial and one-on-one training provided by HR to bring new employees and supervisors up to speed.	1. Usual types of training including one-on-one with new employees and supervisors. 2. New supervisors also receive help from other members of pay pool panel.	1. Meetings and semi-nars, mock CCAS, person from another demo brought in. (last 2 very helpful) 2. Now new employees and supervisors given orientation sessions. 3. PPM meeting provide current info 4. More intensive training at beginning when needed. 5. Scattergram only used in beginning.	1. Implementation training is key. Need people to have common understanding about jobs. Mock pay panel helps employees and supervisors understand the level of input they need 2. Have 2 town halls each yr. to explain process. Time for Q&A with PPM can become contentious. Give workforce examples on what to do/not do. 3. Newcomers	1. Intro and additional training for employees, supervisors and PPMs was very good. Online training was also good. 2. Lesson Learned – all training materials should be available and ready at program start so Q's can be answered quickly and correctly. 3. Initial perception was the system was going to "screw" employees and only applied to engineers.

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
2. Did training change over time? What types were more effective?				required to do tutorial. Also quarterly training for new hires. 4. Org has significant turnover need to re-train and have start-up time to use system.	Mock pay pools were most effective.
CCAS Process					
1. Employee assessment process under CCAS	Has improved over time, now employees are recording real accomplishments to the mission. They provided guides and examples of self assessments to employees.	Works really well. Has improved over time. They do initial, mid-pt and end of cycle counseling. Supervisors are more diligent about providing feedback avoid surprises at end.	Works well. Six-factor rating is helpful. Effective to have pay pool provide check on supervisor scores.	Process is time consuming. Don't give out mid-pt scores just A,B,C correlation b/w scores and $ may vary and can be misleading	Consistency of scores is a 72 in one pay pool the same as a different pay pool(?).
2. Are contribution objectives made clear to employees?	Yes, and as a result there are no grievances. Supervisors are now more motivated to discuss expectations and provide feedback b/c of direct linkage to pay.	Yes, via beginning of cycle counseling.	Fairly clear. Super-visors asked to provide feedback to employees. Try to make score consistent with achievement of contribution objectives.	Norming difficulties at the beginning. Need to come to common decision about which jobs can reach top of the band. May not be agreement throughout Demo about this.	Yes, through feedback provided at mid-cycle and using descriptns provided to employees. Sometimes employees feel they should be at the top of the range. Center uses a very objective method to apply scores.

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
3. Feedback with direct subordinate and in general	Generally well. We require supervisors to have one-on-one feedback with the employee.	Generally well, for me b/c I have few and good performers. Well for the org b/c supervisors are experts in the system. Timing of end-of-cycle is well after the beginning of the next cycle around the Holidays	**Direct:** Gone well. Employees support system. Difficult to communicate being in a certain band does not mean you can always reach the top. **Overall:** Super-visors have diff. styles, but overall effective. One group shares all their scores, supervisor has adapted style.	1. Good feedback allows employees to develop and grow. 2. Problem getting feedback from pay panel reps to supervisor to employees.	1. Good with those that have done well, not so well with those who haven't. Lots of discussion to alleviate these issues. Broadband-ing is a good thing. 2. If supervisor is trained, they'll do it well. Deputy sits in & assists most mgrs so they improve. 3. Leadership keeps changing and that causes problems in scoring.
4. Did pay pool validate supervisors' recommendations?	Yes. Panel documents changes to scores so the immediate supervisor knows why. Usually keep the same rank order, but change scores to ensure equity.	Yes, b/c sr. leaders meet as a whole and validate all ratings, making adjustments as needed. Supervisors doing the ratings are part of the ranking process.	Over each cycle the amount of change has decreased. Standard pay line is used as base pay.	No info.	Yes.

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
5. Accuracy of CCAS Score (PPM)	Panel has one or more members who know every employee being considered.	Yes, due to whole organization ranking process.	1. Not enough avail-able funds to give out pay consistent w/ score. Can take several cycles to catch up. 2. Mgrs. give low scores to send a message to leave or help find better fit. 3. Enable org. to reward technical contributns w/o requiring mnging.	1. Have conducted statistical analysis to look at diff. in payouts. Don't see many differ-ences of deterioration in fairness areas. 2. More and more people are getting near the upper rail, workforce has begun to see awards as entitlement.	1. Believe we are very aggressive in validating scores of our personnel. 2. Saw a lg. learning curve at beginning, but then things evened out. 3. Difficult to control OCS creep and outliers.
6. Accuracy of CCAS (Employees)	Yes, lack of grievances and complaints. Employees already had trust and confidence in mgmt team and that carried over to Demo. Panel has cross-section reps in terms of military, civilian, minority gender.	Yes, as indicated by lack of grievances and complaints. Some viewed CCAS as a threat (and some of those have left), but now routine.	Not sure. Employees seem to concentrate on level of compensation more than score.	1. Disconnect b/w what people are receiving & what they expect to see. 2. Employees feel entitled to expected score, awards.	Having employees more educated about system would help implementation. Information was not well developed and presented to employees.
7. Range of Scores Used	Yes, but no bell curve used. Scores tend to be high, but believe justified based on contribution.	Yes.	Scores at low end may not be used, but there is a spread.	No info.	Yes, think scores are all over the range
8. CCAS Funding and Discretion	8.5%-13.3% each yr. varied due to budget (includes GPI, CRI(?), CA(?)). Funding w/i PEO's authority.	Did not get – need to check CCAS database(?) No info on discretion either.	2.4% for salary and 1.4% for awards, mandated by base. Awards completely discretionary given in $250 increments.	2.5% salary and 2% awards. Org is under-resourced in general.	Everything is standard, everyone gets the same 2.4% for salary 1.3% for awards. Great that they kept this the same.
9. Funding's impact on Demo	Enabled them to reward high contributors appropriately.	Has worked b/c spread ratings so could really reward high contributors and	Money not available to match scores creates discontent. Not a	System is clumsy. Want to give high salary, system automat-ically gives high	Effective.

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
		adequately reward avg. contributors. Would like special reward pot to provide lg. bonuses to rare, truly outstanding contribution.	huge problem, believe it's bigger in other pools.	awards want to decouple them. Opposite is true as well.	
10. CIPs	Used once early on, worked well. Got help from CPAS drawing it up.	Used CIPs in 2-3 cases at beginning. Not sure any better than direct feed-back, but does provide documentation in event of adverse action.	No. A few people came out above the rails, but chose to work w/ them to improve performance.	Fair number in this process. Has had some benefit, but not in every case. However, many of these have left.	Yes, very effective. Assisted marginal performers to improve and those who didn't left. Paperwork the same not any easier/ harder than old system.
Hiring and Retention					
1. Ability to Attract and Retain	Has helped retain employees capped at GS-12. Ability to reward high performers helped keep them. Marginal performers got message and left.	Retained high contributors by extending previous pay caps and paying sizeable bonuses. Pay setting has enabled them to attract higher quality new hires.	1. Believe demo helped attract high performers (pay setting) 2. Not aware of people b/c unhappy w/ score.	1. Able to recruit high quality interns and give them higher salaries. 2. Can attract people from other org. (same as #5 below)	Assisted marginal performers to improve and those who didn't left. (same as above) Overcompensate d people leave.
2. Meet Mission and Serve Customers	Flexibility in assignment process provided by pay banding enabled them to adjust to mission changes. Can easily reassign employees.	By weeding out low performers entire workforce is more productive. Frees mgrs from micro-mnging marginal performers to spend more time on mission.	Yes, Demo helped with hiring and progressing new employees faster. Not clear if Demo impacts the way employees work.	No info.	1. Demo enables us to compete with Lockheed and Boeing in terms of starting salaries. 2. Has assisted in developing a team effort vs. individual efforts.
3. Hiring new employees	Have been receiving selection lists with more names (7 to 30). Also were able to transfer mgrs	Have access to more people, who, in general are more qualified.	Yes, hired quite a few.	Still as laborious as before. Staffing done by regional CPOC. Better if orgs had flexibility.	Yes. Salary, bonus, student loans as a pkg greatly improved our hiring ability. Same tools help retention.

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
4. Extent hiring flexibility used	Pay-setting, although set low to give room to grow.	Yes, internal career program referral list and outside hiring.	Self-nomination facilitates hiring, wider variety of people to choose from. Vet pref still exists and can complicate hiring.	Pay setting.	
5. Satisfied with hiring results	Yes, although candidate screening seems lacking may be strictures of Resumix.	Yes, though not sure if it's any faster than before.	Yes.	1. Able to recruit high quality interns and give them higher salaries. 2. Can attract people from other org.	Yes, reduced rotation(?) (turnover?)
6. Impact of Acq Demo on retention	Definitely retained higher contributors, lost poor contributors and marginal performers.	Definitely retained higher performers, lost poor contributors and marginal performers.	Majority of folks in band 3 which pro-vides flexibility in contribution & scores to keep high performers.	This system requires 10x as much effort as old system, but pays off. Region A tend to attrit or improve. Created warning mechanism for region A – being phased out.	See #3 above.
7. Grievances and Complaints	Haven't had any.	Haven't had any.	Complaints are limited and tend to be generic about subjectivity of process and amt of pay given.	Not getting expected score has increased grievances. Core group continually appeal, but this group is not lg.	Initially they were greater, now tapered off. Repeats are still fighting the system, but now down to ones and twos.
Overall					
1. Additional Factors	Most impt single factor in success is that supervisors are forced to discuss performance w/ employees. More conversation b/w supervisors and mgrs.	Training and education single most important factor in AcqDemo's success. Supervisors understand system which generate confi-dence in employees.	1. Supervisors spend more time, encourages them to communicate w/ employees more. 2. People max out in bands which can be frustrating, but like the way they're set up.	Successful, but painful. Feel orgs' concerns not heard by AcqDemo. Simple fixes existed, but hey chose not to adopt them.	CCAS takes too long 50 hrs per week and 6 weeks in duration(?). Leave meetings drained. Smaller pay pool might be better, but then pool wouldn't be as lg. Discussion allows for most equitable rating distribution.

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- MORE EFFECTIVE ORGANIZATIONS				
	A	B	C	D	E
2. Factor with greatest impact (change)			Increase funding levels.	Implementation training is key.	1. Can't fund promotions 2. Time it took to implement system, conduct pay pool panels, and sort ratings hurt. Need to educate employees as to where their job falls in system. Wouldn't go back to GS ever.

Table G.2-4
Manager Interview Summaries, Less-Effective Organizations

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- LESS EFFECTIVE ORGANIZATIONS				
	F	G	H	I	J
Experience	Three years experience. Originally org. in 2 different pay pools but since combined.	Four years experience. Rater, CCAS, and pay pool.	Involved since beginning.	One Year.	Two Years. Pay Pool Manager.
Leadership					
1. Level	Civilian supervisors have difficulty confronting poor performers with honest feedback. Military supervisors have less difficulty.	Leadership is helpful. Advantage: flexibility, feedback, ability to reward performance, employee input. Disadvantage: time commitment, program not resourced correctly.	Leadership is supportive and consistent from very top.	No change in leadership support.	Not sure of leadership prior to tenure. Local leadership has not fully taken advantage of the system.
Training					
1. Training received and/or provided	Army provided training supplemented by one-on-one training for new employees/supervisors.	Pay pool managers, new employees & new supervisors trained. One-on-one training & supplemental training	Mock CCAS with outbriefing at the end. Monthly training for new employees. New supervisors one-on-one.	One-on-one training from program office and civilian deputy.	Used Army provided training and manual. It is a good tool but needs updating.
2. Did training change over time? What types were more effective?	Supervisory training given, but not effective.	Training is consistent through project.	Currently, it is all follow-on maintenance training. Difficult to grasp assignment of scores and contribution system.	No information	New supervisors needed training but did not receive it. AcqDemo staff was focused on NSPS. Want to create measurable goals assessing contribution.
CCAS Process					
1. Employee assessment process under CCAS	Outcome is beneficial if the process is followed correctly. Not much time to complete the process. Some see it as an "admin	Better than GS system. Contribution of each job approached as a whole. Provides opportunity to		CCAS is good. Supervisors are counted on to roll up 2nd & 3rd tier supervisor information.	Self-assessment process is a problem. Army has provided training to employees writing them. There is not

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- LESS EFFECTIVE ORGANIZATIONS				
	F	G	H	I	J
	drill."	think long term about career growth.			enough communication or feedback to employees. Documentation of pay pool panel deliberations is poor. Timing of the appraisal system is poor.
2. Are contribution objectives made clear to employees?	Appears that CCAS and mission are not connected in people's minds. Not clear on contribution objectives.	Yes, through supervisor feedback.	No information	Employees don't have a good sense of contribution objectives.	No. An attempt is being made to establish measurable goals.
3. Feedback with direct subordinate and in general	Meaningful feedback is not provided. Employees don't trust the process.	Easy to offer positive feedback. Behavior issues are difficult to handle due to climate of civilian personnel. Complaints of feedback sessions are small.	Easy to offer feedback with good employees.	Feedback has gone well but is difficult to schedule.	Not enough meaningful feedback being provided. Employees do not trust the process.
4. Did pay pool validate supervisors' recommendations?	The panel has good discussions and tries to insure equity across the board. Automation support & pay-award decisions needs improvement.	Yes. Cross talk does take place for both poor and excellent performers.	Yes.	Typically they are validated however there are several cases where the pay pool changed recommendations.	Sub-panels are used because there are 100+ people in the pay pool. A time crunch does not allow proper examinations to take place.
5. Accuracy of CCAS Score (PPM)	Yes.	Multiple sources create a more fair score than if set by a single supervisor.	Feel it is fair.	Yes.	Scores do not reflect contributions due to competing motivations.
6. Accuracy of CCAS (Employees)	Some yes, some no.	Yes. Managers are held accountable for giving fair scores.	Some yes, some no.	No feedback received.	No. Employees don't trust the process.
7. Range of Scores Used	No.	Yes.	Yes. Try to not let scores drift up to the top.	Yes.	No. Tend to put everyone in the middle. This takes away the ability to financially reward the best contributors.

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- LESS EFFECTIVE ORGANIZATIONS				
	F	G	H	I	J
8. CCAS Funding and Discretion	3% CRI, 2% CA.	CCAS funding level set by base. Managers have no discretion in funding.	Percentage is determined for entire EAFB. Pay Pool has discretion of not more than 20%.	Funding is fixed for salary and awards. Separate awards system option turned off.	3% CRI. 2.2% CA Funding level is within the Col.'s authority and is subject only to budget constraints.
9. Funding's impact on Demo	Better contributors are rewarded.	Retention of employees with funding level available. Would like addition funds for certain pockets of positions.	Formula only allows for a percentage of their increase. Career Ladder promotions slower in AcqDemo v. GS system. System doesn't allow ability to make correct payments.	It works.	The rating distribution neutralized the ability the reward the best people.
10. CIPs	Used once early on, worked well.	CIP's are effective because performance deficits are concrete and hold employees accountable. Employees don't like CIPS.	Don't like CIP's. Very time consuming and cumbersome.	Mechanism for getting poor performers up to a higher contribution. Better than GS system but still takes a lot of time to release poor performers.	One CIP used. The process included seven months of negotiation and general counsel.
Hiring and Retention					
1. Ability to Attract and Retain	Like reassignment flexibility. Used it to obtain high quality people in a timely manner.	Demo has helped for some jobs but not others. Edwards mission is enhancing recruiting.	Has not changed attraction or retention of employees.	Attraction and retention of employees is better. Competitive salaries are offered. Employees see potential in system change.	Ability to set pay is a big help. However, downsides offset the benefits. Moving employee positions does not mean a pay increase.
2. Meet Mission and Serve Customers	It is a benefit but is not perfect.	Retainability enhanced but it's difficult to assess if demo helped accomplish the mission.	No information	It has improved ability to accomplish mission due to flexibility in system.	Has not improved ability to accomplish mission. It should help if implemented correctly.
3. Hiring new employees	Yes.	Yes. Some hiring changes but not necessarily a result of CCAS. Demo has helped with	Payment structure allows competitive salary.	No, but others have had the opportunity.	Yes.

FACTORS OF SUCCESS	ACQDEMO PAY POOL MANAGERS- LESS EFFECTIVE ORGANIZATIONS				
	F	G	H	I	J
		competitive salary structure.			
4. Extent hiring flexibility used	Have attracted PhDs and other technical skills.	Civilian personnel system has limited ability to take advantage of hiring flexibilities.	Pay setting is nice. Additional tools are offered.	No information	Increased flexibility but no improvement in speed or ease of hiring.
5. Satisfied with hiring results	Quality: Yes Timeliness: No	No information	No information	No information	Not satisfied with hiring results.
6. Impact of Acq Demo on retention	Lost poor contributors and marginal performers.	Does not seem to be differential impact based on OCS region.	No information	No information	Lost poor and marginal performers.
7. Grievances and Complaints	Haven't had any.	Not sure.	Grievances have increased.	Sense is roughly the same.	Two grievances filed in two years.
Overall					
1. Additional Factors	Automation is not good. Needs to be online. Classification and hiring is slow.	Clear communication. Employees want to make CCAS system work.	Very difficult to manage expectations. Pay Pool must talk about jobs, not people.	It is helpful that the system is universally embraced.	No information
2. Factor with greatest impact (change)	No information	Team oriented approach to making the system work.	Hiring and setting pay.	More strength to remove poor performers.	Forces supervisors to talk about performance with their employees. Communication has increased between supervisors and employees.

Appendix H. Air Force Best Practice

Air Force Hiring Process

Between 1999 and 2001, the Air Force dramatically improved the timeliness of the external staffing process in participating AcqDemo organizations. Before the demo project began, it took an average of 150 days from the time a request to fill a job was received in the HR office to the entry on duty of the new Air Force employee. This figure was consistent with the experience of the other DoD components participating in AcqDemo. By the end of calendar year 2001, the Air Force had reduced AcqDemo hiring time by more than half, taking only 67 days to get the employee on board.

How did the Air Force accomplish this feat? The Air Force units participating in the demonstration project took full advantage of AcqDemo hiring interventions, including:

- Delegated Examining: Competitive examining authority for the hiring and appointment of candidates into permanent and non-permanent positions was delegated to the Components, which could, in turn, re-delegate to lower levels.
- Categorical Ranking: Categorizing eligible candidates into three quality groups (basically qualified, highly qualified, or superior), instead of consideration according to the "rule of three." This grouping still incorporates veterans' preference eligibility, similar to that used normal staffing processes.
- Simplified Classification System: Standardized Position Requirements Documents simplify position information and recruitment requirements into a single document.

The following factors contributed to the Air Force's success: (1) Acceptance of and support for AcqDemo provisions by line managers and HR staff; (2) the creation of a designated HR team that is responsible for knowing and using AcqDemo hiring procedures; (3) on-site Delegated Examining Units (DEU); and (4) the application of Acq Demo flexibilities to career program positions. This combination has allowed the Air Force to create a staff that both specializes in and champions the AcqDemo process within the component.

Overall, the principal reason that hiring is faster is that the Air Force has dedicated HR team to support AcqDemo. The Air Force has trained staff at the Air Force Personnel Center (AFPC) to be responsible for all AcqDemo personnel actions as part of their day-to-day duties, and also has on-site DEU at Edwards AFB, California, and the Pentagon. The majority of the Air Force hiring under AcqDemo has been at Edwards, and most Edwards AFB positions are in the AcqDemo project. The combination of -focused HR teams (AFPC and on-site HR DEU staffs) places responsibility for these processes in a specific place, and creates a team of HR staff with complete knowledge of the program and local managers' needs.

The results show that AcqDemo hiring flexibilities have been successfully incorporated into participating units of the Air Force. Air Force HR staffs report that line managers are more satisfied with the process, demonstrate more ownership of the process, and perceive real value in the flexibilities they are afforded. In addition to the reduction in hiring cycle time, categorical ranking gives Air Force managers more applicants from which to choose qualified employees.

Appendix I. Navy Best Practice

PEO Carriers Management Operating System

Among the outcomes desired from AcqDemo is improved organizational effectiveness. The Naval Sea Systems Command's Program Executive Office, Aircraft Carriers (NAVSEA, PEO Carriers) has implemented a Management Operating System that both complements, and is supported by, the AcqDemo's Contribution-based Compensation and Appraisal System. PEO Carriers has developed and implemented a carefully crafted system to measure effectiveness in accomplishing its mission. As a result, PEO Carriers has improved its program management focus, segmenting long-term (often seven-plus years) projects into weekly, monthly, and yearly tasks that align with schedule, cost, and performance goals. In addition, the organization has increased its customer service focus, providing timely and accurate information and support to the Fleet and other customers such as Navy and DoD staffs, Congress, and the general public.

Under PEO Carriers' management operating system, each element of work is defined and measured. Data are collected weekly and reports prepared that allow both managers and employees to see how well they are doing, identify non-value added work, and quantify the cost of unplanned or unscheduled work ("churn") that often eats into the time needed to meet organizational priorities.

The use of this process leverages AcqDemo's Contribution-based Compensation and Appraisal System (CCAS) in that:

- CCAS rewards individuals not just for doing a defined job, but also for contributing to the organization's mission. By creating individual metrics, PEO Carriers can quantify each person's contribution to the mission.
- Because there is a direct link between each weekly, monthly, and yearly task, and schedule, cost and performance goals, employees can be completely clear about what is expected of them and how their work contributes to the mission of the organization.
- The data produced by the management operating system take the subjectivity out of the appraisal process, to include pay pool panel deliberations, and also provide employees information for use in writing their own annual self-assessments.
- As part of the management operating system, team leaders and supervisors hold "huddles" with their staff at least 2-3 times per week to provide informal feedback on progress and problems. Consequently, problems are identified and corrective actions can be taken quickly. (This is in addition to the mid-year reviews for formal feedback to employees.)

An additional benefit of the management operating system is that it has surfaced shortfalls in skill sets, allowing the organization to deal with training and/or placement issues based on actual data, thereby improving the likelihood of increased organizational effectiveness. AcqDemo complements this feature because broad banding allows greater flexibility in personnel utilization, not requiring a detailed job description change and/or a formal personnel action each time a new set of duties is assigned.

At the bottom line, PEO Carriers leadership believes that it is more effective because of these measures: the organization is meeting its cost, schedule, and performance goals, and it is meeting these goals more consistently and with significantly fewer staff than before. These leaders also believe that AcqDemo reinforces the behavior needed to reach these goals and allows them to reward employees appropriately for meeting them.

Appendix J. Research Questions

The AcqDemo Project's Evaluation Plan was intended to help answer general questions overtime. These questions include: context questions which address variables that will impact the expected outcomes, and questions addressing implementation, intended outcomes, and unintended outcomes. To the extent that these questions have been addressed in AcqDemo evaluation reports, we have provided a reference. For questions without a reference, the information has not been addressed in a formal evaluation report.

J.1. Context

- Has the demonstration project been implemented in a competitive or non-competitive labor market, and what have the effects of this labor market been? Geographical differences will be considered.
- How have the various participating Services and organizations (culture, support, procedures, etc.) affected the demonstration project? *(Summative Report, IV.B.1)*
- What is the impact of labor management obligations on the demonstration project and its coverage? *(Interim Report; Summative Report, IV.A.1)*
- To what extend have budget constraints limited implementation of the demonstration interventions?
- What uncontrollable events at the federal, Service, or local level have had an important effect on the implementation and operation of the demonstration project? *(Interim Report; Summative Report, IV.A)*

J.2. Implementation

- How well informed are managers and employees about the features of the demonstration project? *(Summative Report, III.C.5; IV.B.3; Appendix D)*
- To what extent has the demonstration project been funded (start-up and training costs)? *(Baseline/Implementation Report)*
- Were information technology systems in place to support implementation? *(Baseline/Implementation Report; Summative Report, IV.B.4)*
- Have all the interventions been implemented accurately and as intended? *(Summative Report, Appendix D)*
- What impact, if any, has staggered implementation had (e.g., perceptions of fairness or equity)?
- Have all anticipated employees been included? *(Interim Report; Summative Report, IV.A.1)*
- Has implementation been a participatory process? *(Baseline/Implementation Report)*
- Have operating procedures or their interpretation hindered/promoted implementation? *(Summative Report, IV.B.1)*

J.3. Intended Outcomes

- Has managerial authority over HR functions been increased without adversely affecting perceptions of fairness? *(Summative Report, III.A; III.B.2; Appendix G)*

- Has the HR system become more flexible and responsive to organizational needs? *(Summative Report, III)*
- Has the quality of new hires improved? *(Summative Report, III.A.1)*
- Do employees see a stronger link between pay and contribution, and has turnover been reduced among high contributors and increased among low contributors? *(Summative Report, III)*
- How successful has management been in controlling salary costs under broadbanding, and what are the costs and benefits? *(Summative Report, Appendix F)*
- Have organizational effectiveness and mission accomplishment improved? *(Summative Report, III)*
- Can successful interventions be expanded to cover the rest of the DoD or Federal workforce? *(Summative Report, V.D)*

J.4. Unintended Outcomes

- Do the costs of the project outweigh the benefits? *(Summative Report, Appendix F)*
- Has increased managerial authority over HR resulted in employee perceptions of unfairness? *(Summative Report, III.A; Appendix D)*
- Are there increased incidents of prohibited personnel practices?
- Has turnover of high-contribution employees increased? Has turnover of low-contribution employees decreased? *(Summative Report, III.A.3; Appendix C.2; Appendix D)*
- Has any group been adversely affected by any of the interventions, including any misapplication of the interventions that may have resulted in violations of merit systems principles and use of prohibited personnel practices?
- What, if any, have been the effects upon veterans and protected groups of employees and applicants?

June 13, 2007

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Subject: Contract No. GS-35F-4594G, Delivery Order W91QV1-06-F-0278

After a comprehensive and independent review of the 2006 AcqDemo Summative Evaluation, the SRA consultants who directly supported the Project, found all areas of the report documenting SRA support roles and deliverables to be thorough and accurate. The scope and detail of SRA support which encompassed data collection, analysis, information technology development, and training is well represented in the report.

Sincerely,

Robert C. Rue
Project Manager

List of Acronyms

AcqDemo	Civilian Acquisition Workforce Personnel Demonstration Project
AT&L	Acquisition, Technology, and Logistics
CCAS	Contribution-based Compensation and Appraisal System
CPP	Civilian Personnel Policy
DAWIA	Defense Acquisition Workforce Improvement Act
DoD	Department of Defense
EOD	Entry on Duty
GPI	General Pay Increase
NDAA	National Defense Authorization Act
NSPS	National Security Personnel System
OCS	Overall Contribution Score
OPM	Office of Personnel Management
OSD	Office of the Secretary of Defense
PRD	Position Requirements Document
RIF	Reduction in Force
RSC	Retention Service Credit