

ACQDEMO PROGRAM EVALUATION REPORT

This report describes the status of the evaluation effort for the DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) and identifies areas for improvement, as required by legislation.

August 2021

AcqDemo Program Evaluation Report

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EXECUTIVE SUMMARY

This report summarizes the AcqDemo program evaluation effort for the FY20 cycle. A major portion of the evaluation effort is to collect data from sources such as surveys, rating cycle results, and the Defense Civilian Personnel Data System (DCPDS). Each year AcqDemo conducts analyses of the data and produces reports such as a pay increase cost study, trends in workforce demographics, and a summary of ratings, pay increases, and awards. Major sections and findings in the report are:

A description of the data sources for the report to illustrate the extent and variety of the inputs used in this evaluation.

An overview of the AcqDemo population, which has significantly grown over the years to 47,969 by 30 September 2020. Additionally, the section presents workforce trends for average age, percentage of the population by gender, and other demographic trends that demonstrate AcqDemo's attention for diversity matters.

Data on the results of the major flexibilities of AcqDemo: simplified position classification, broad banding, and pay for contribution show that the three are working as planned in driving contribution to the mission, pay based on contribution to the mission, simplified position management, and loss rates linked to contribution.

Federal Employee Viewpoint Survey data for 2020 shows that AcqDemo employee responses on the 37 questions related to performance management have a higher positive response rate than DoD employees on all but one question. Also, 34 of the 37 questions had an increase of at least 3% in positive responses compared to the 2019 survey.

The FY21 AcqDemo survey identified several areas for further study, mainly in the areas of communication, hiring, CCAS understanding, and satisfaction with PRDs.

The Special Studies section shows that AcqDemo retention rates are nearly identical to Defense Performance Management and Appraisal Program (DPMAP) rates and AcqDemo has a higher percentage of level 5 performance ratings than DPMAP. It also shows that employee's views of the fairness of AcqDemo are within 3% of the views of DPMAP employees.

The cost study section shows that pay costs are under control and are similar to costs for the Science and Technology Reinvention Laboratory (STRL) demonstration project, confirming AcqDemo's success at cost discipline.

The new flexibilities section tables indicate a slow start in the use of new flexibilities to match GS career ladder promotions and use of supervisory differential. Use of AcqDemo-only direct hire authorities is increasing.

The Alternative Personnel System Report done by the Defense Civilian Personnel Advisory Service (DCPAS) rates AcqDemo and the Defense Civilian Intelligence Personnel System better than the STRL demo studied, and DPMAP.

The OUSD P&R NDAA 2019 Section 1106 report to Congress for 2020, using 2019 data, shows that AcqDemo compares well to the STRL demos and DPMAP.

The report concludes with a summary and list of recommended follow-up actions.

INTRODUCTION

Program evaluation of AcqDemo is required by legislation:

- Federal Register (Federal Register/Vol. 82, No. 216/Thursday, November 9, 2017, pp. 52104-52172)
- NDAA 2019 Section 1106, which requires annual reporting on several measures by all Federal agencies with personnel demonstration projects

Purpose

The purpose of this paper is to describe the status of the evaluation effort for the DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) and to identify areas for improvement, as required by legislation.

Overview

This document is organized into several sections, including Data Sources, Population, Interventions, Survey Results, Special Studies, Cost Studies, New Flexibilities, Alternative Personnel System Assessment Report, OUSD P&R Report, Evaluation Summary and Next Steps.

Data Sources

Data Sources
FY20 Cycle Results Report
FY19 Equity Study
FY20 Cost Study
AcqDemo Quarterly Metrics Dashboard
FY20 Workforce Trends Report
FY 19 and FY20 Federal Employee Viewpoint Survey Summaries
Business Rules Report 2020
FY 21 AcqDemo Survey
DCPAS: Alternative Personnel System Assessment Report (Spring 2021)
OUSD P&R NDAA 2019 Section 1106 Report: Fall 2020

Figure I Evaluation Data Sources

Figure I lists the rich sources of data for evaluating AcqDemo. Using these data, the sections below include a description of the AcqDemo population as of 30 September 2020, which was the end of the 22nd cycle. These data sources are described below.

FY20 Cycle Results Briefing: The briefing reports the results of the 2020 rating cycle to include a description of the population, the number of pay pools by component, and the funding and targets for Contribution Rating Increases (CRI) and Contribution Awards (CA) by pay pool or component, respectively. The briefing also presents results for ratings, basic pay increases, contribution awards, and carryover awards (resulting from disallowed pay increase due to hitting a pay cap or control point). The briefing also includes special topics such as the use of Accelerated Compensation for Developmental Positions and Supervisory Differential (ACDP).

FY19 Equity Analysis: The Equal Employment Opportunity Commission (EEOC) recommends the use of the median value to compare results for different demographic groups. The briefing compares results for

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males vs females, non-minorities vs minorities, non-veterans vs veterans, non-disabled vs disabled with targeted disabilities (generally these are visible disabilities such as blindness or a missing limb), under age 40 vs age 40 and over, component, career path, non-bargaining unit vs bargaining unit, non-acquisition workforce vs acquisition workforce, and non-supervisor vs supervisor. The groups are compared on median delta Overall Contribution Score (OCS) as a measure of rating and net draw, which is CRI and CA funding received vs amount funded for each employee, as a measure of payout.

FY20 Cost Study: The briefing reports results of modeling the pay increases that AcqDemo employees would have received if they had remained in GS compared to their actual pay increases. The briefing also includes results from modeling the new hire pay AcqDemo employees would have received if they had been hired into a GS position compared to their actual new hire pay for AcqDemo. Results are also compared to similar studies for several of the Science and Technology Reinvention Laboratory (STRL) demonstration projects.

AcqDemo Metrics Dashboards: The quarterly dashboard is a one-page collection of statistics displayed in numerous graphs on the AcqDemo population, hiring activity, losses, promotions, AcqDemo website usage, training activity, and a population distribution map by component. This dashboard is updated quarterly, where some of the charts show activity by quarter over the year. The annual dashboard displays year-end summary metrics for population characteristics, Contribution-based Compensation and Appraisal System (CCAS) results, FEVS indices, and pay pool counts, along with notable highlights for the year.

FY20 Workforce Trends Report: This report presents graphics and tables that break out various demographics of the AcqDemo population over the 22-cycle history. The graphics show results for gains, losses, and the current population. Charts include overall population, breakout by career path, average age, average time-in-service, percent supervisor, percent with targeted disabilities, percent veteran, percent female, percent minority. They also show a breakout by education level, base pay, and Acquisition Workforce status.

FY19 and FY20 Federal Employee Viewpoint Survey (FEVS): The Office of Personnel Management (OPM) conducts a survey each year called the Federal Employee Viewpoint Survey (FEVS). Some years OPM samples the workforce, but for the last few years they have offered the survey to all federal employees. AcqDemo has received data on responses from AcqDemo employees for six years, 2015 to 2020. The FEVS questions were stable from 2015 to 2019 (71 core questions), but with the outbreak of COVID 19, Congress mandated that OPM include questions related to COVID. Many of the core questions were dropped leaving only 37 for trend analysis over the six years. Five of the FEVS questions that were used in the 2018 and 2019 NDAA Section 1106 reports were dropped for 2020. Also, the two questions AcqDemo has been tracking as indicators of fairness and transparency of AcqDemo were dropped for 2020. (See the Fairness of AcqDemo section below). AcqDemo conducted a survey in early 2021 and included the five missing 1106 report questions from FEVS. Data from the AcqDemo survey is used as 2020 data for those five questions.

Business Rules Report for 2020: The AcqDemo Program Office collects business rules from each AcqDemo organization and publishes a summary of them. Organizations may cover different ranges of policies in their rules, where they may be silent on policies included by other organizations. The report includes a table of unusual topics and a table of best practices. The report is distributed to the organizations for information.

FY21 AcqDemo Survey: AcqDemo administered a survey in 2012, 2014, and 2016. The survey was administered again in 2021. The report includes a breakout of responses for employees and another for supervisors and shows response trends over the five administrations of the survey. Study of responses to several of the questions lead to areas for possible further study such as:

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- Communicating with employee on how to advance their careers under AcqDemo
- Selectivity and speed of hiring
- Understanding of CCAS
- Declining supervisor satisfaction with Position Requirements Documents

DCPAS: Alternative Personnel System Assessment Report (Spring 2021): Defense Civilian Personnel Advisory Service (DCPAS) conducted an evaluation of Alternative Personnel Systems (APSs) that included a portion of AcqDemo, one STRL demo, a portion of the Defense Civilian Intelligence Personnel System (DCIPS), and a portion of the Defense Performance Management and Appraisal Program (DPMAP). The evaluation looked at nineteen metrics broken out into four categories:

- 1) **Attract** talented employees in a competitive environment;
- 2) **Retain** the most talented performers;
- 3) **Reward** high performance and disincentivize poor performance; and
- 4) **Improve** workforce performance and alignment of personnel management to mission accomplishment.

The report presents results for each APS and compares the results across APSs.

OUSD P&R NDAA 2019 Section 1106 Report: Fall 2020: NDAA 2019 Section 1106 specifies an annual report for Congress from all federal agencies that have personnel demonstration projects. For DoD, OUSD P&R assembles and submits the report. The report includes metrics for AcqDemo, the STRL demos, and DPMAP, where the metrics are displayed for comparison. AcqDemo fills in a data template provided by P&R to submit AcqDemo metrics.

POPULATION SECTION

For an organization to join AcqDemo, at least one-third of population must be part of the Acquisition Workforce (AW) and at least two-thirds must be either part of the AW or must provide direct support to the AW. In FY 2020, AcqDemo completed its 22nd year with 47,969 employees in 288 pay pools. Figure 2 shows that the AcqDemo population has tripled since 2011 as acquisition organizations recognize the advantages of AcqDemo over the GS system.

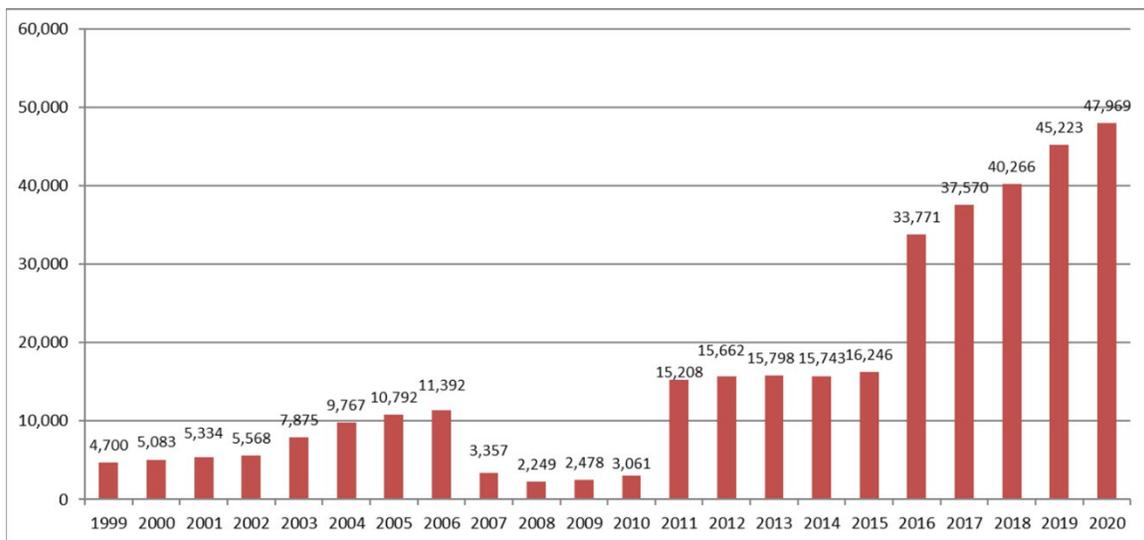


Figure 2 AcqDemo Population Count 1999-2020

Figures 3 and 4 show the location of the AcqDemo population by component, as a heat map and as a table reference to the map.

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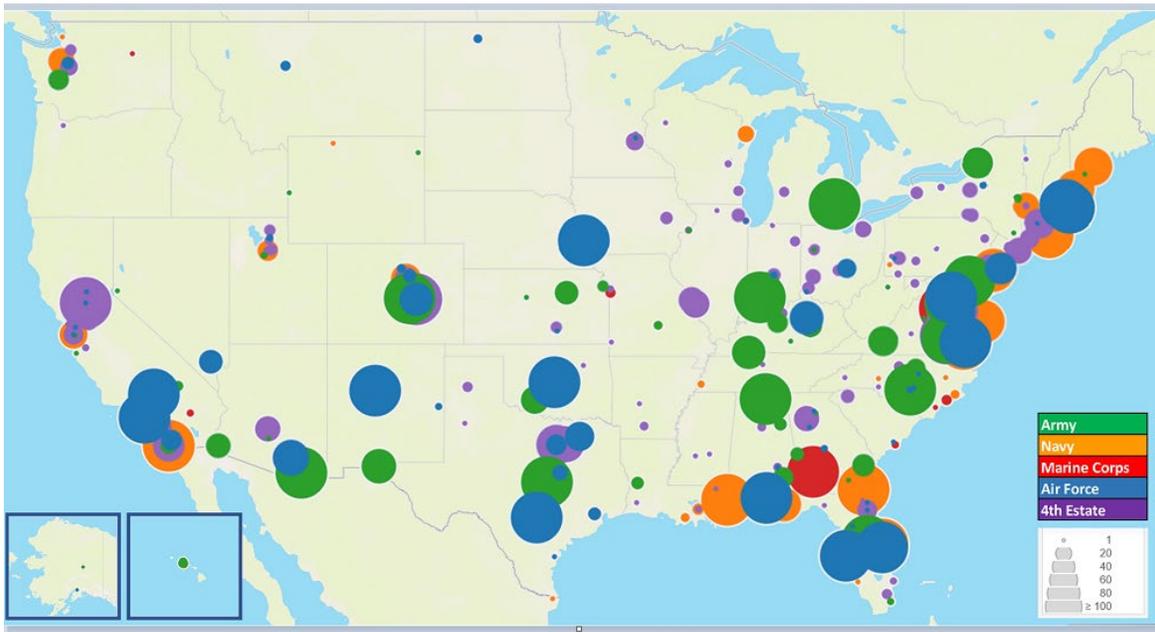


Figure 3 AcqDemo Population Heat Map

AcqDemo Pop: 30 Sept 2020			
Component	USA	Overseas	Total
Army	12,353	208	12,562
Navy	7,530	20	7,550
Marine Corps	1,937	1	1,938
Air Force	20,497	93	20,589
4th Estate	5,280	50	5,330
AcqDemo Total	47,597	372	47,969

Figure 4 AcqDemo Population Counts by Location

The Workforce Trends Report includes various breakout of the population. Several are shown below. Figure 5 shows the percentage of the AcqDemo population that is part of the Acquisition Workforce, which is the results of the one-third and two-thirds rules shown above. About 30% of the civilian acquisition workforce is in AcqDemo.

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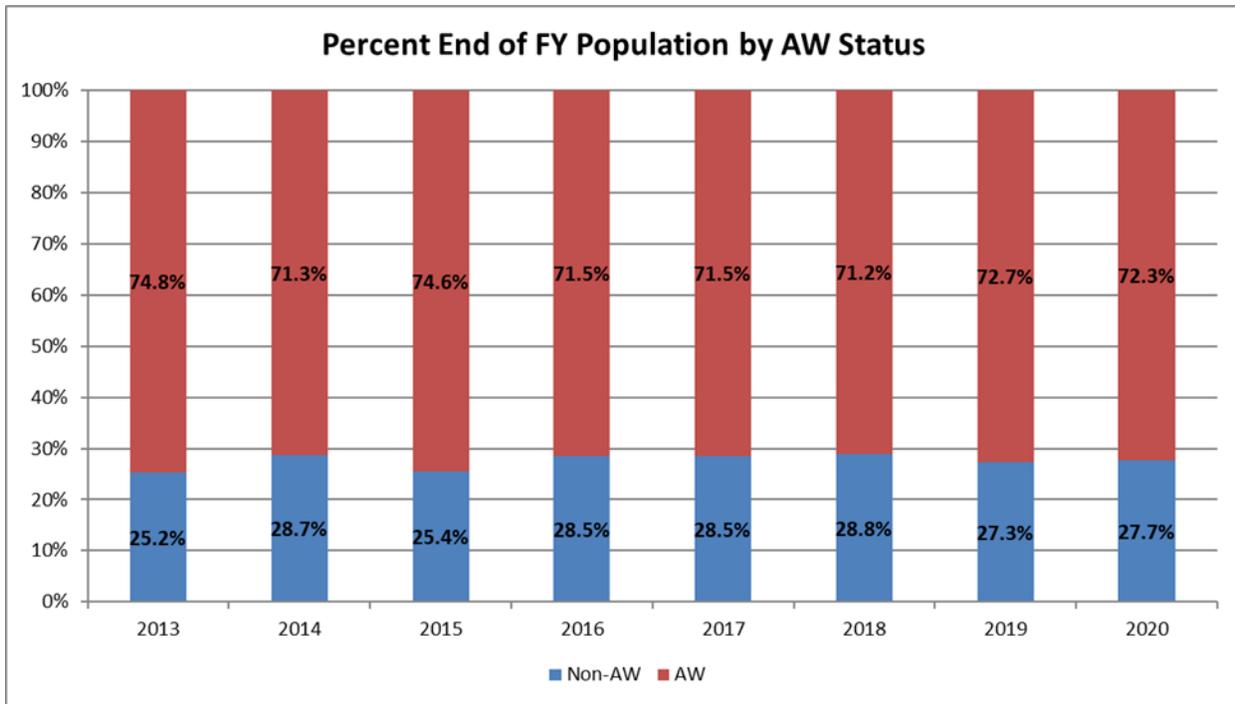


Figure 5 AcqDemo Population by AW Status

Figure 6 shows the percentage of the AcqDemo population that are supervisors. Two important observations about this figure are that the percentage of supervisors is greater than in the GS/DPMAP percentage because many AcqDemo organizations were unable to get their bargaining units to join AcqDemo. The second observation is that from 2007 to 2010 most supervisors were converted to the National Security Personnel Systems (NSPS), but returned in 2011, when NSPS was shut down.

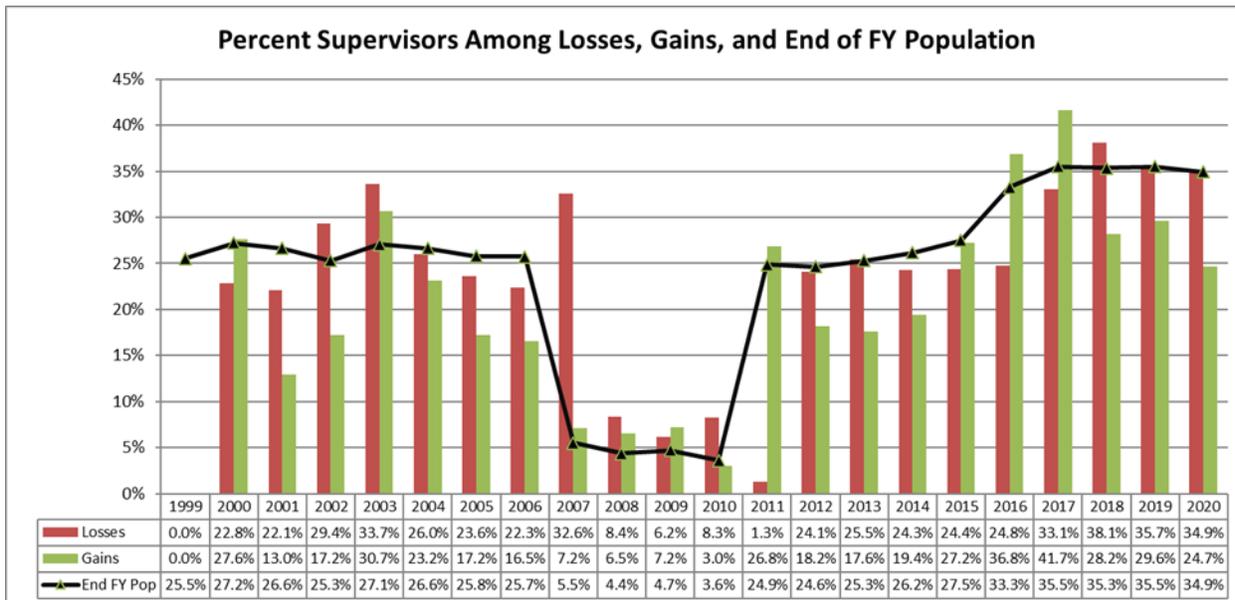


Figure 6 Percent Supervisors in Gains/Losses 1999-2020

The Workforce Trend Report also includes charts showing the diversity of the AcqDemo population. Figure 7 shows that the administrative career path, NK, has the largest percentage of female employees.

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As the AcqDemo population has grown over the years, the percentage of the population that is NK has declined, leading to a decline in the percentage of the population that is female.

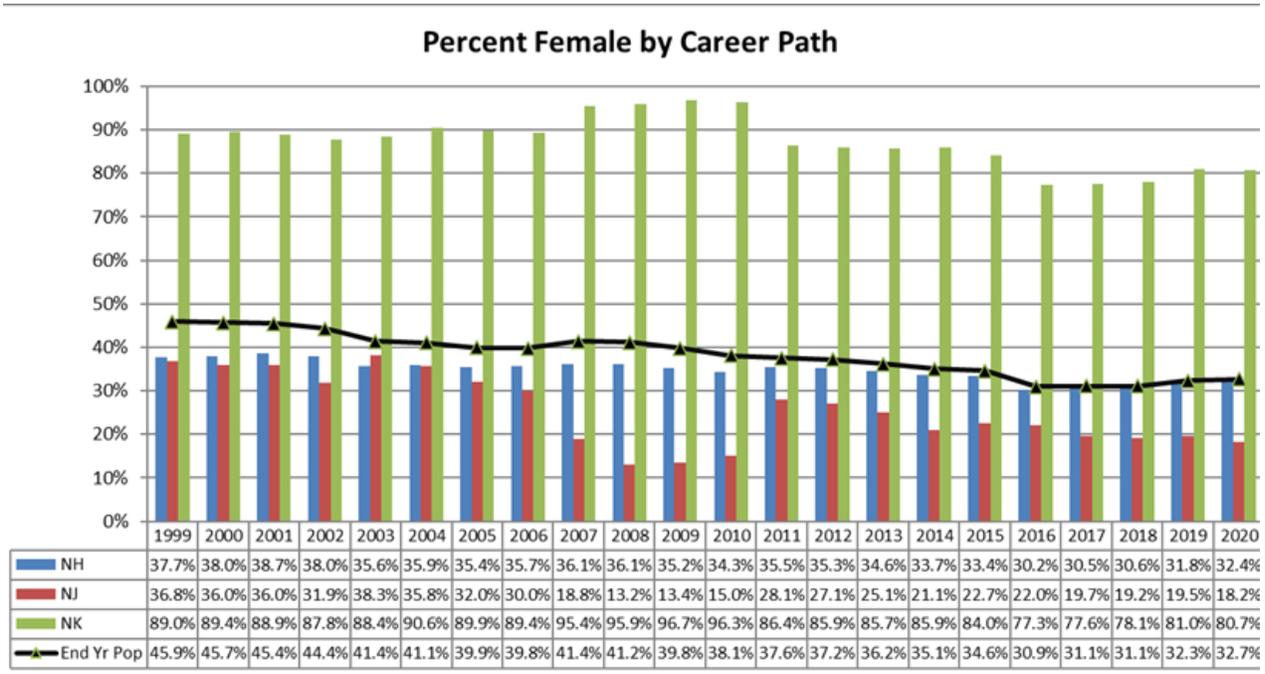


Figure 7 Percent Female by Career Path

The gender and minority status breakouts are shown in Figures 7 and 8:

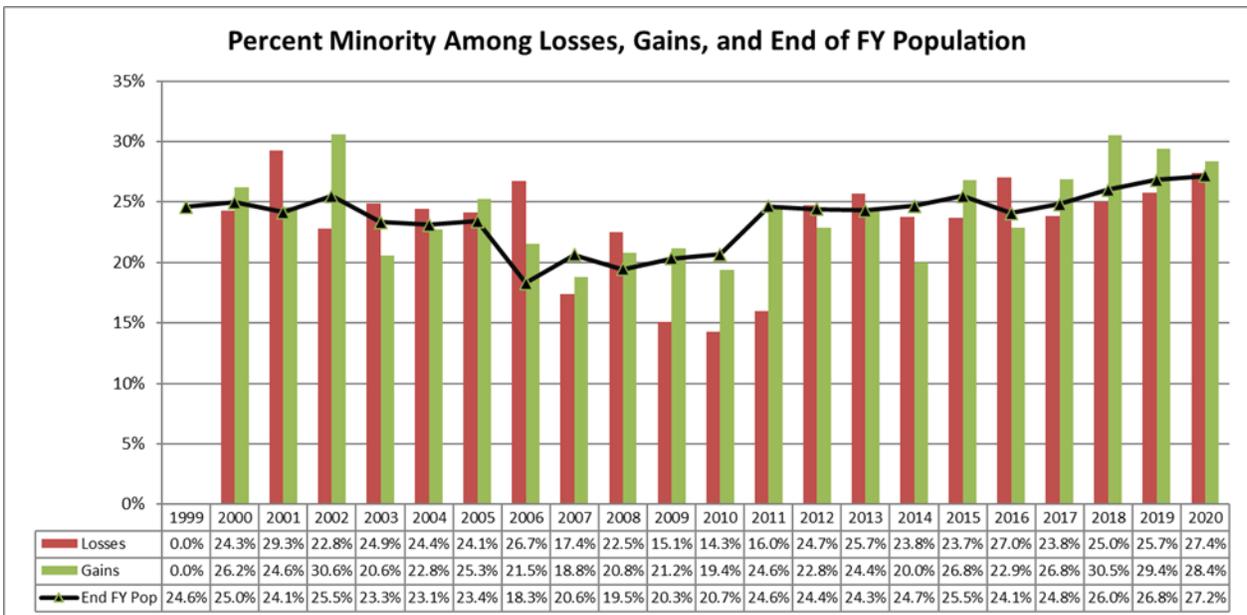


Figure 8 Percent Minority in Gains/Losses 1999-2020

Except for the NSPS years, the minority population has remained relatively stable at around a quarter of the population.

BROADBANDING, SIMPLIFIED CLASSIFICATION, CONTRIBUTION-BASED COMPENSATION & APPRAISAL SYSTEM (CCAS) SECTION

Broadbanding, simplified classification, and CCAS are the main features of AcqDemo and are designed to pay employees for their contribution to the mission, which is determined through a Standard Pay Line (SPL) that links base pay to Overall Contribution Score (OCS) based on ratings on three factors: problem solving, communication, technical or business management, and teamwork and leadership. Broadbanding consolidates levels of work into three or four groups of GS grades, depending on career path.

AcqDemo’s simplified job classification system differs from the OPM classification system by utilizing only three factor levels (listed above) instead of the nine evaluation factors commonly used in the OPM Classification Standards. Thus, creating a Position Requirements Document (PRD) for an AcqDemo position is simpler than creating a Position Description (PD) for a GS position. The objectives in developing the new PRD are 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. PRDs are typically shorter than the PDs due to three factors vs nine factors and more general in duties and responsibilities compared to PDs.

Pay increases are linked to SPL pay associated with the OCS the employee receives for the rating cycle compared to their current pay. Figure 9 shows that 97% of the employees are now in the appropriately compensated region (Region C), which is defined as the area between the Upper Rail and the Lower Rail, which are respectively 8% above and below the SPL. Thus, over the years, the policy of increasing or freezing pay to match the target pay through CCAS has worked.

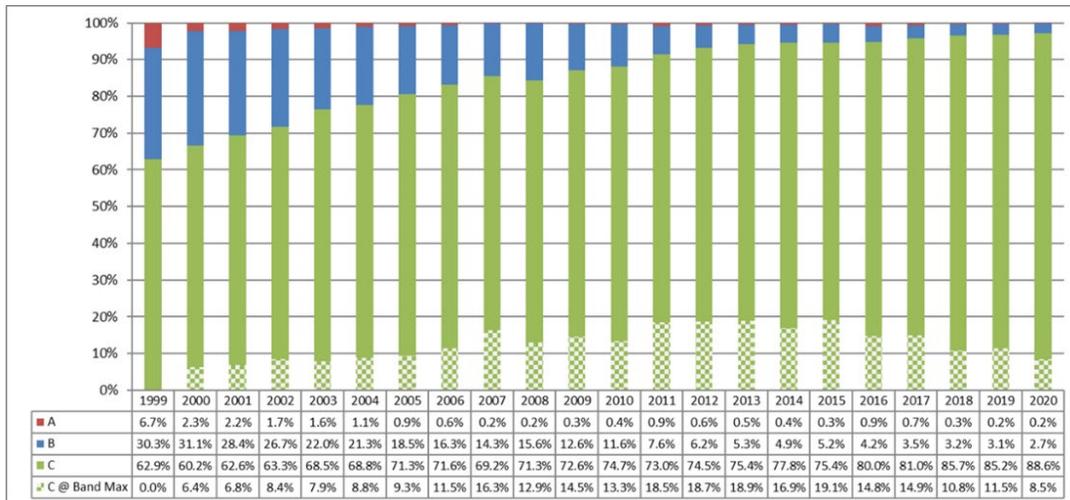


Figure 9 Percent Population by Region

AcqDemo provides a broader range of pay increases than Title 5 (GS) due the pay for contribution approach. Figure 10 shows the range of basic pay increases.

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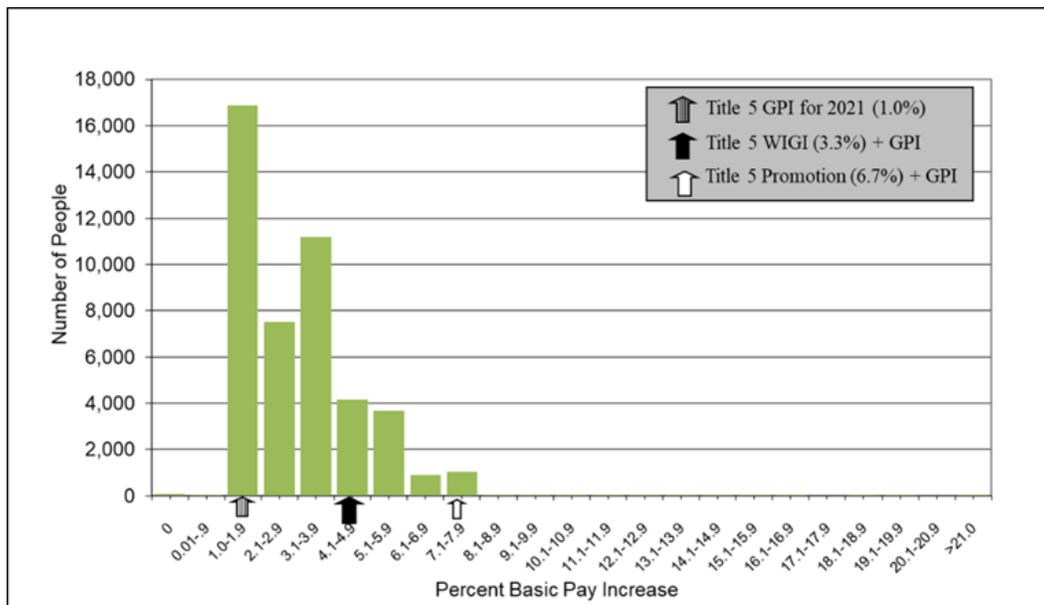


Figure 10 Ranges of Pay Increases

- 71 employees received no base pay increase
- 97 employees received a base pay increase => 9%

An effect to CCAS is that employees whose OCS is less than expected for their pay tend to improve or leave. The table of loss rates in Figure 11 shows this effect. The Overcompensated Region has the greatest loss rate, but due to the small number of employees in the region (about .2% of the population) the loss rate varies significantly from year to year. One reason for these employees leaving is that they receive no pay increase and no Contribution Award. Employees in the Undercompensated Region are contributing in the top 3% of employees and receive greater than average pay increases and Contribution Awards and thus tend to have a slightly lower loss rate than Appropriately Compensated employees.

Loss Rates by Rail Region			
Cycle	A: Overcompensated	B: Undercompensated	C: Appropriately Compensated
2019 to 2020	49.5%	7.3%	9.8%
2018 to 2019	46.6%	7.2%	9.8%
2017 to 2018	35.5%	8.0%	10.0%

Figure 11 Loss Rates by Region

Figures 9, 10 and 11 show that CCAS is working as intended.

OPM'S FEDERAL EMPLOYEE VIEWPOINT SURVEY (FEVS) SECTION

OPM attempts to collect FEVS data from all federal employees including AcqDemo employees. For the 2020 survey, several of the questions used for evaluation of AcqDemo were dropped to make room for Congressionally mandated COVID 19-related questions. For 2020, 35% of AcqDemo employees responded to the survey. The next several items report results from FEVS for FY20.

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Employee Satisfaction: OPM’s Federal Employee Viewpoint Survey (FEVS) defines a Global Satisfaction Index (GSI) comprised of four questions about employee satisfaction with their job, pay, and organization and their willingness to recommend their organization to others. AcqDemo 2020 GSI ratings are 73% positive compared to 70% for all DoD and 69% for all federal employees.

Employee Engagement: OPM’s FEVS also defines an Employee Engagement Index (EEI) comprised of 15 questions that relate to an employee’s sense of purpose that is evident in their display of dedication, persistence, and effort in their work or overall attachment to their organization and its mission. AcqDemo’s EEI ratings have been consistently higher than full DoD and the federal workforce in each of the past five years, with 2020 ratings at 79% positive compared to 74% for all DoD and 72% for all federal employees.

Mission Accomplishment: In the 2020 FEVS, 90% of the AcqDemo population agrees that their organization is successful in accomplishing its mission compared to 85% for all DoD.

Differences in Performance: The question: *“In my work unit, differences in performance are recognized in a meaningful way.”* had the largest 6-year increase in positive responses going from 33.9% to 56.3%. This indicates that employees are recognizing that CCAS is working: pay is linked to contribution.

Overall Results: All AcqDemo 2020 FEVS responses were uniformly more positive than DoD and the Federal-wide FEVS results, particularly regarding senior leadership. The only item where DoD responses were more positive than AcqDemo was on the question, *“My workload is reasonable.”*

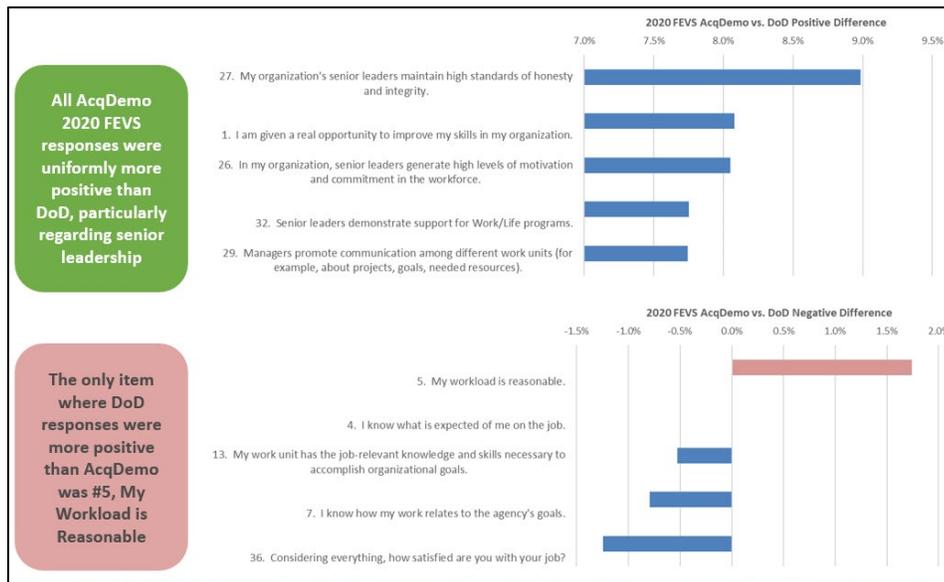


Figure 12 2020 FEVS Responses

Overall, the 2020 AcqDemo FEVS responses were materially more positive than 2019. AcqDemo continued the trend of higher scores year after year, with AcqDemo FEVS rating higher than the Federal and DoD response. 34 out of 37 core questions saw positive responses improve by 3%+. The top section of Figure 12 shows five questions where the AcqDemo positive response are more than 7.5% greater than the DoD responses. The bottom chart compares AcqDemo negative response with DoD, where AcqDemo has a greater negative response percentage than DoD for only one question: “My workload is reasonable.” Participation increased 35% of workforce from about 30% in prior years.

ACQDEMO SURVEY 2021 SECTION

FEVS does not have questions covering all the flexibilities and goals of AcqDemo so AcqDemo periodically administers its own attitude survey. The current survey has been administered in 2012, 2014, 2016, and 2021, where, as mentioned above, several FEVS question were added to the 2021 version of the survey. This section summarizes results from the recent April 2021 administration of the survey.

Questions aimed at gaining an understanding of AcqDemo employees’ organizational environment such as “I understand the mission of this organization” and “I understand how my job relates to the mission of the organization” had the largest proportion of positive responses (94.02%).

One area that the survey identifies as needing improvement is employee understanding of how to advance in their careers under AcqDemo. Questions related to career opportunities account for 2 of the top 5 questions with the most negatives responses as depicted in Figure 13.

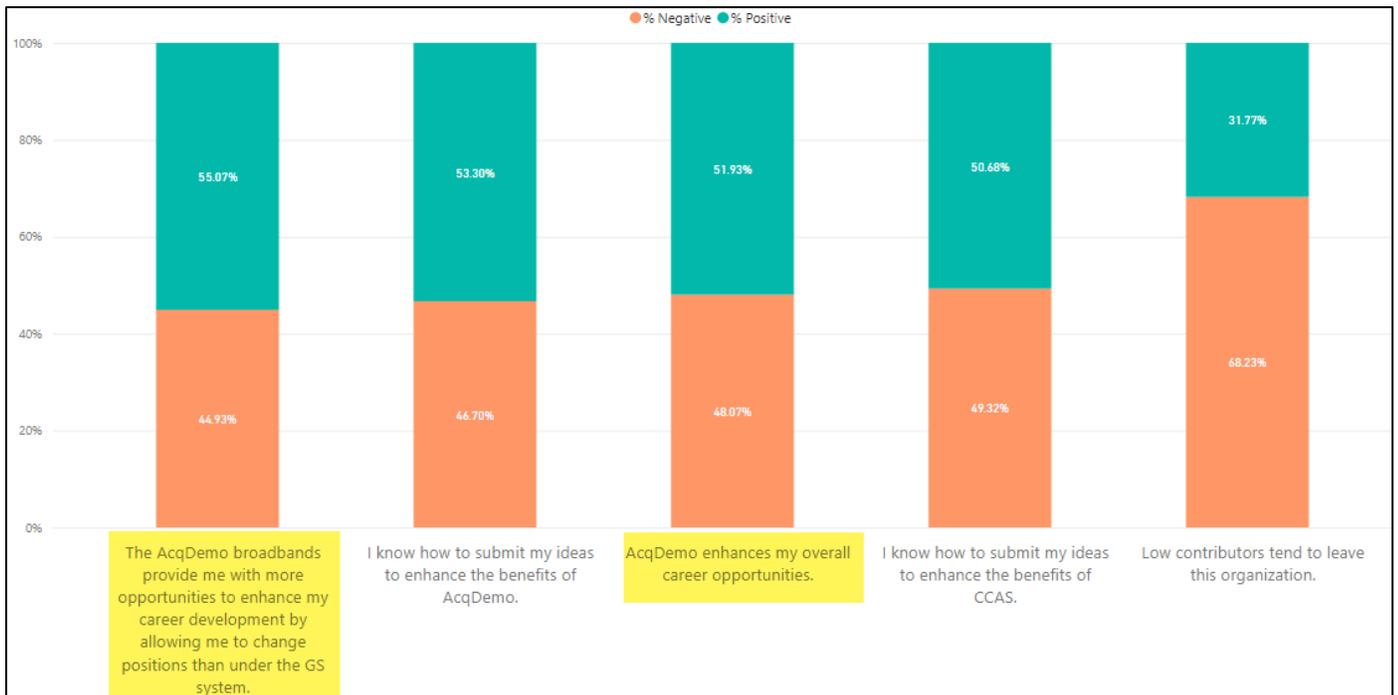


Figure 13 AcqDemo Survey Top 5 Negative Responses

AcqDemo is a Pay Banded system that allows organizations to advance employees into roles with greater responsibility without the need for an actual promotion.

Survey Employee Section Summary

Lawler’s Criteria

Edward E. Lawler is a leading academic studying pay for performance. He developed a set of criteria for a successful pay for performance system.

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Lawler's Criteria for Effective Pay for Performance Systems	
1. Significant rewards can be given and tied to performance	
2. Information is communicated to employees about how rewards are given	
3. Supervisors are willing to explain and support the reward system	
4. Rewards can vary widely, depending on performance	
5. Meaningful performance appraisal sessions can take place	
6. Performance can be objectively and inclusively measured	
7. High levels of trust exist or can be developed between supervisors and subordinates	
<i>For #2,3,5,6,7: "Yes" means agreement of 66% or more based on employee surveys</i>	

Figure 14 Lawler's Criteria

OPM has used Lawler's criteria to determine if demos are successful and ready to become permanent. AcqDemo introduced Lawler's criteria (questions 2, 3, 5, 6 and 7) to its survey in 2016 and (2, 5, 6, and 7) in 2021. A comparison between 2016 and 2021 shows an improvement in the four common questions from Lawler's criteria.

Questions that met/surpassed Lawler's 66% target in 2021:

- Meaningful contribution and performance appraisal sessions can take place – 66%
- High levels of trust exist or can be developed between supervisors and subordinates -71%

Satisfaction

Measured overall participant satisfaction with job/career. Employee positive responses increased from 55% in 2016 to 66% in 2021:

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Figure 15 Overall Job/Career Satisfaction

Employee Perception of AcqDemo

The question measures overall participant perception of AcqDemo (see Figure 16).

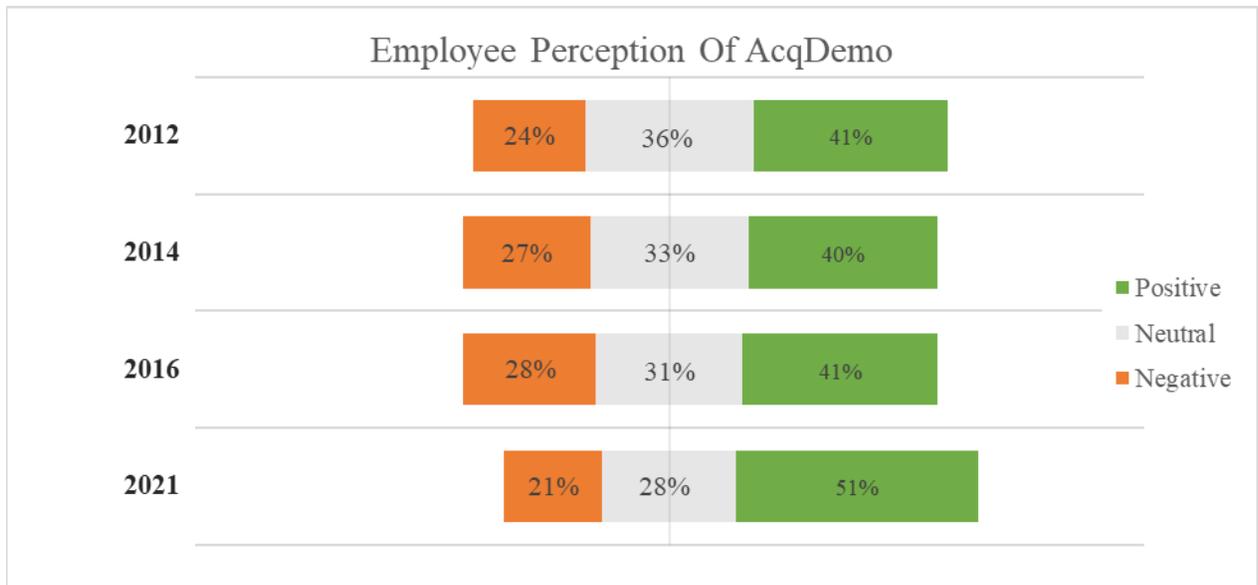


Figure 16 Employee Perception of AcqDemo

- Historically, about 40% of AcqDemo employees had a positive perception of AcqDemo with about another third neutral. In 2021, 51% were positive and 28% neutral.

Employee Understanding of CCAS

This question measures employee understanding of CCAS. Positive responses in 2021 returned to the 2014 level of about 67% of employees agreeing that they understand CCAS. Improving understanding is another area for further study.

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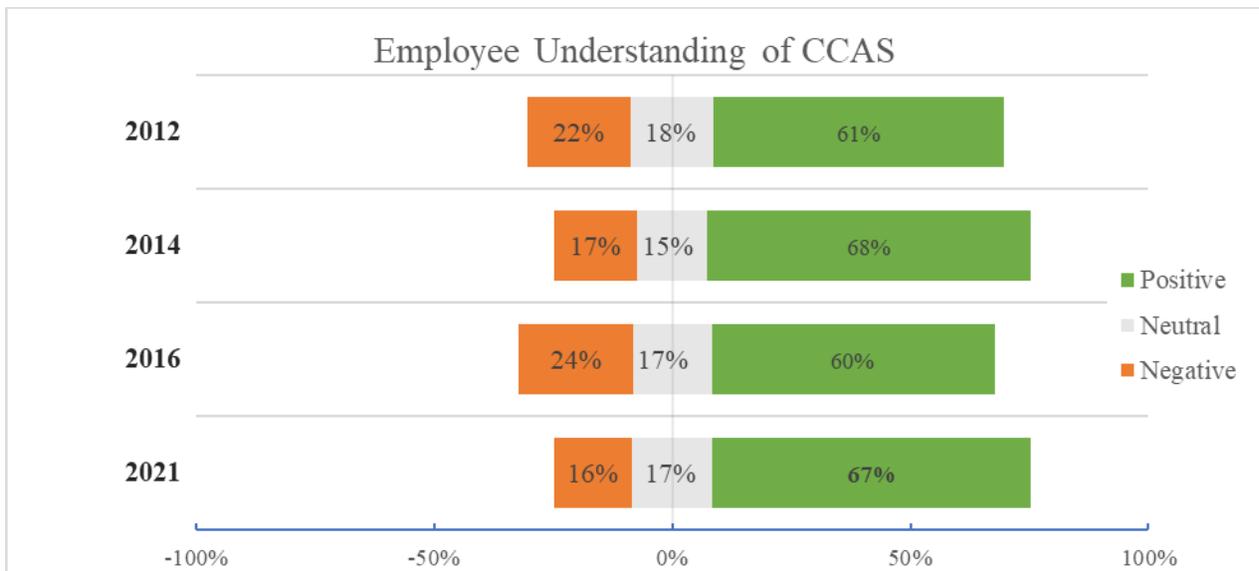


Figure 17 Employee Understanding of CCAS

Supervisor Section Response Summary

AcqDemo Hiring Comparison to GS

If participants hired personnel under both AcqDemo and GS, questions in this category assessed the selectivity and speed of the hiring process in AcqDemo against GS.

Compare the first row for each question with the last row: Except for the 2021 survey, supervisors think that hiring under GS allowed them to be more selective than under AcqDemo. In every survey, supervisors think that hiring under GS is faster than under AcqDemo. Hiring is clearly an area for further study.

Question	Response	2012	2014	2016	2021	Trend
If yes, how much do you agree or disagree that AcqDemo allows you to be more selective than the GS system?	Negative	28.41%	32.35%	37.71%	▼ 30.90%	
	Neutral	44.52%	45.49%	47.01%	▼ 37.89%	
	Positive	27.08%	22.16%	15.28%	▲ 31.21%	
If yes, how much do you agree or disagree that the hiring process was faster under AcqDemo than under the GS system?	Negative	30.87%	34.43%	40.35%	▼ 36.05%	
	Neutral	45.98%	45.67%	44.78%	▼ 42.95%	
	Positive	23.15%	19.90%	14.87%	▲ 21.00%	

Figure 18 Supervisor Comparison to GS

AcqDemo Overarching Program Evaluation Narrative

Supervisor Understanding of CCAS Process

- Supervisor positive responses to understanding CCAS dropped from 79% in 2106 to 63% in 2021 less than the percentage for employees.
- The drop in positive ratings by supervisors is an area for further study.

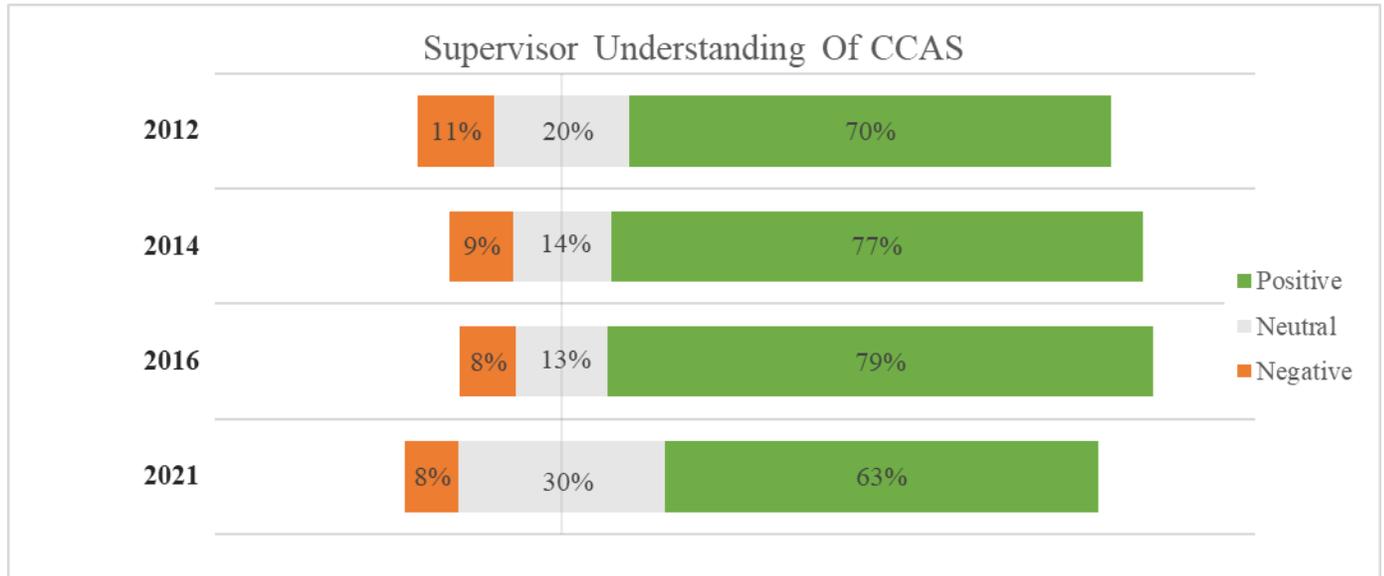


Figure 19 Supervisor Understanding of CCAS

Employee’s Understanding of Contribution vs. Performance

- The AcqDemo employee’s section responds to question, “I understand the difference between Contribution and Performance” (see Table 20). Responses were similar for each survey with 76% to 80% of employees saying they understand the difference.

Question	Response	2012	2014	2016	2021	Trend
I understand the difference between Contribution and Performance.	Negative	9.43%	8.81%	11.84%	9.25%	
	Neutral	11.94%	11.29%	11.71%	11.49%	
	Positive	78.63%	79.90%	76.45%	79.26%	

Figure 20 Employee Section – Understanding the Difference between Contribution and Performance

- Supervisor’s responses to question “The employees I supervise understand the difference between Contribution and Performance” (see Figure 21):
 - Positive responses from supervisors dropped from almost 74% in 2016 to 57% in 2021.
 - This is very different from employees’ responses on how well they understand the difference between contribution and performance. It is another area for further study.

AcqDemo Overarching Program Evaluation Narrative

Question	Response	2012	2014	2016	2021	Trend
The employees I supervise understand the difference between Contribution and Performance.	Negative	8.50%	10.06%	6.98%	▲ 8.92%	
	Neutral	23.24%	19.37%	19.38%	▲ 34.06%	
	Positive	68.26%	70.57%	73.64%	▼ 57.03%	

Figure 21 Supervisor Section – Understanding the Difference between Contribution and Performance

Supervisor Perception of Position Requirements Document (PRD)

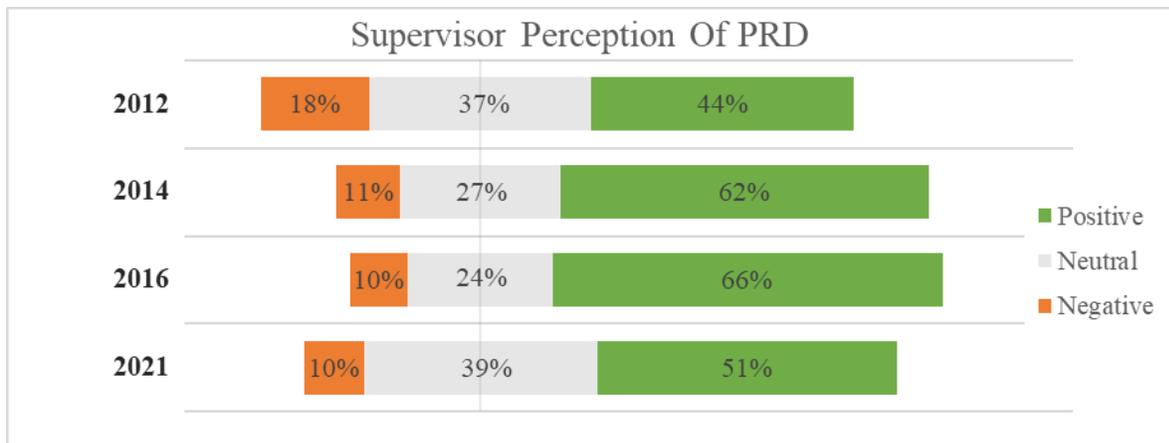


Figure 22 Supervisor Perception of PRD

Figure 22 shows a drop in supervisors' perception of the PRD by 15% from the last 2016 survey to just over half being positive in 2021. This is another area for further study.

SPECIAL STUDIES SECTION

Each year specific questions from the PMO or stakeholders lead to analyses to answer the questions.

Employee Retention Summary

AcqDemo's employee retention rates for the last three years are nearly identical to the retention rates for the DPMAP (DoD GS) population.

	Retention Rates		
% Retained	2017-2018	2018-2019	2019-2020
AcqDemo	89.9%	89.0%	90.2%
DPMAP	90.0%	88.9%	90.0%

Figure 23 Retention Rates AcqDemo vs DPMAP

Distribution of Performance Ratings

AcqDemo allows supervisors and managers to make meaningful distinctions between employees in performance ratings, where a rating of 1 is Unsuccessful, 3 is Fully Successful, and 5 is Outstanding:

2019 Performance Rating Distribution			
Percent by Rating	1	3	5
AcqDemo	0.5%	40.0%	59.5%
DPMAP	0.4%	54.4%	45.2%

Figure 24 Performance Ratings AcqDemo vs DPMAP

Fairness of AcqDemo

The fairness of AcqDemo can be studied several ways. One is by conducting studies of hard data: ratings, pay increases, and awards by demographic group. Another is by analyzing perceptions of fairness from surveys or focus groups. Two measures are used for hard data for each cycle: (1) median delta Overall Contribution Score (OCS) and (2) median net draw. The Equal Employment Opportunity Commission (EEOC) recommends the use of median rather than mean due to the outsized effects that outliers can have on the mean.

1. Delta OCS is defined as the employee's rated Overall Contribution Score for the cycle minus their expected OCS computed using their current basic pay.
2. Net draw is the sum of the employee's pay increase and bonuses (carry over and CCAS) in dollars, minus the dollars funded for the employee using the CRI funding percentage and CA award funding percentage for the pay pool, divided by the employee's basic pay so that the result is a percentage. Studies look at differences by gender (male and female), minority status, veteran's status, targeted disability(visible) status, age, and supervisory status.

The two metrics show little variation by demographic group except for age, where OPM uses under 40 vs 40 and over for the study break point. Not surprisingly, 40 and over do less well on both metrics because AcqDemo pay ranges (along with almost every pay system in the U.S.) has caps on pay by level of work. Figures 25 and 26 show perceptions of fairness from the 2019 FEVS using 2019 question numbering. Both figures show AcqDemo positive responses are improving. Unfortunately, OPM dropped both questions from the 2020 FEVS.

AcqDemo Overarching Program Evaluation Narrative

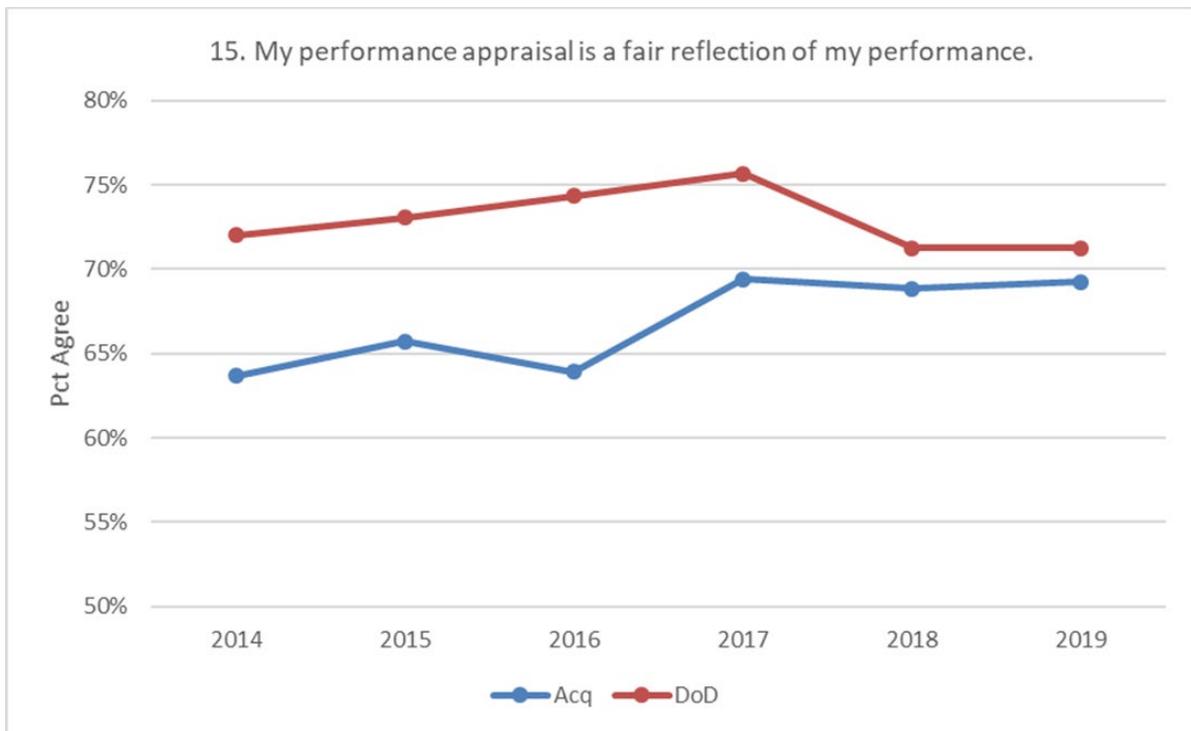


Figure 25 AcqDemo vs DoD Perception of Fairness

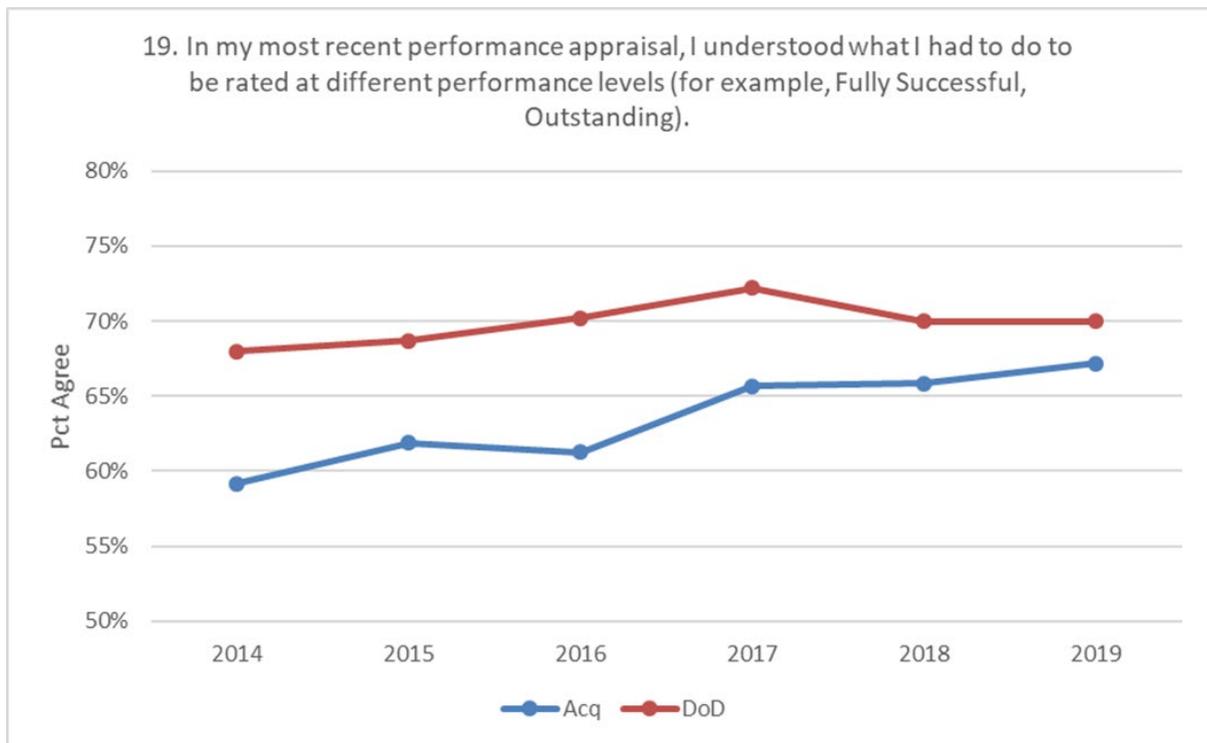


Figure 26 AcqDemo vs DoD Understanding of Performance Appraisal

Both metrics indicate that most employees believe in the fairness of the design of AcqDemo and the way it is administered.

COSTS STUDIES SECTION

AcqDemo has exercised cost discipline in managing the costs of the workforce. From Figure 27*, over the seven years from 2013 to 2020, base pay for employees in AcqDemo has grown just 0.1% faster per year than if the employees had remained in GS. Differences in the pay for new hires in AcqDemo are 9.9% greater than GS, primarily explained by the tendency of GS organizations to hire at the bottom of the career ladder, while many AcqDemo organizations have new hires remain as GS employees until they reach their career ladder target grade and then convert them to AcqDemo. Also, those organizations that hire directly into AcqDemo positions can set starting pay anywhere within the pay band based on employee qualifications. Both approaches tend to increase starting base pay over GS. The new hire increase percentage is similar to the percentages from the four of the STRL demos studied thus far as seen in Figure 28*. The figures have two columns for AcqDemo, one for the same time period as the STRL study and the other that is an updated study for just AcqDemo (indicated by the red arrow). As the use of the new ACDP flexibility grows in AcqDemo, the difference in new hire pay may decline as hiring patterns change.

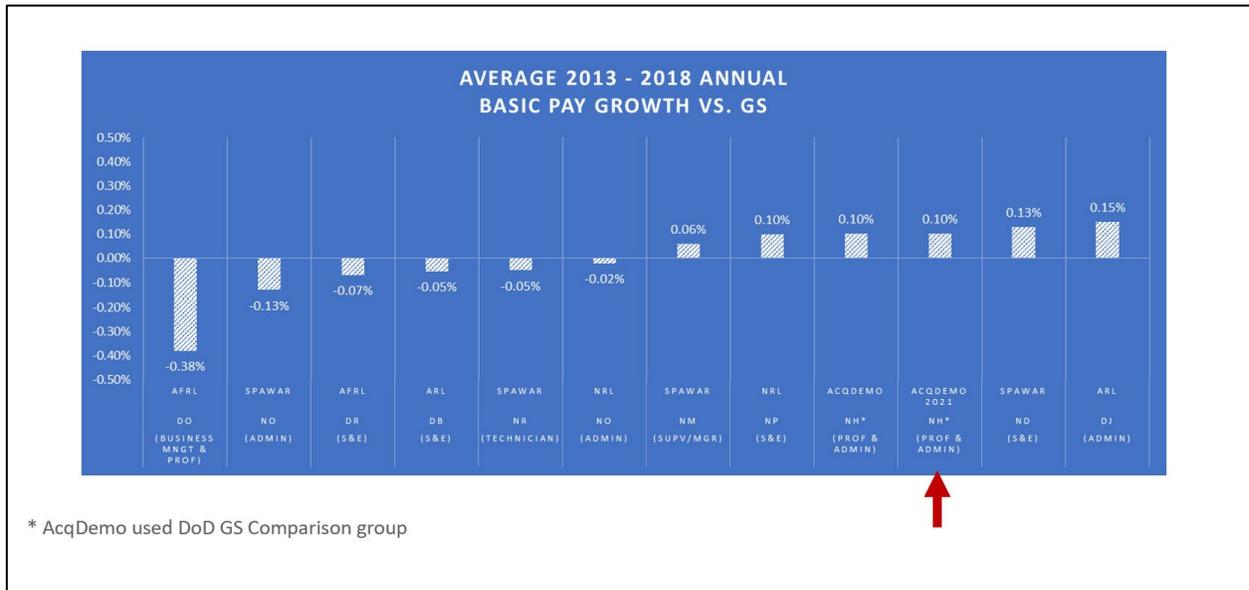
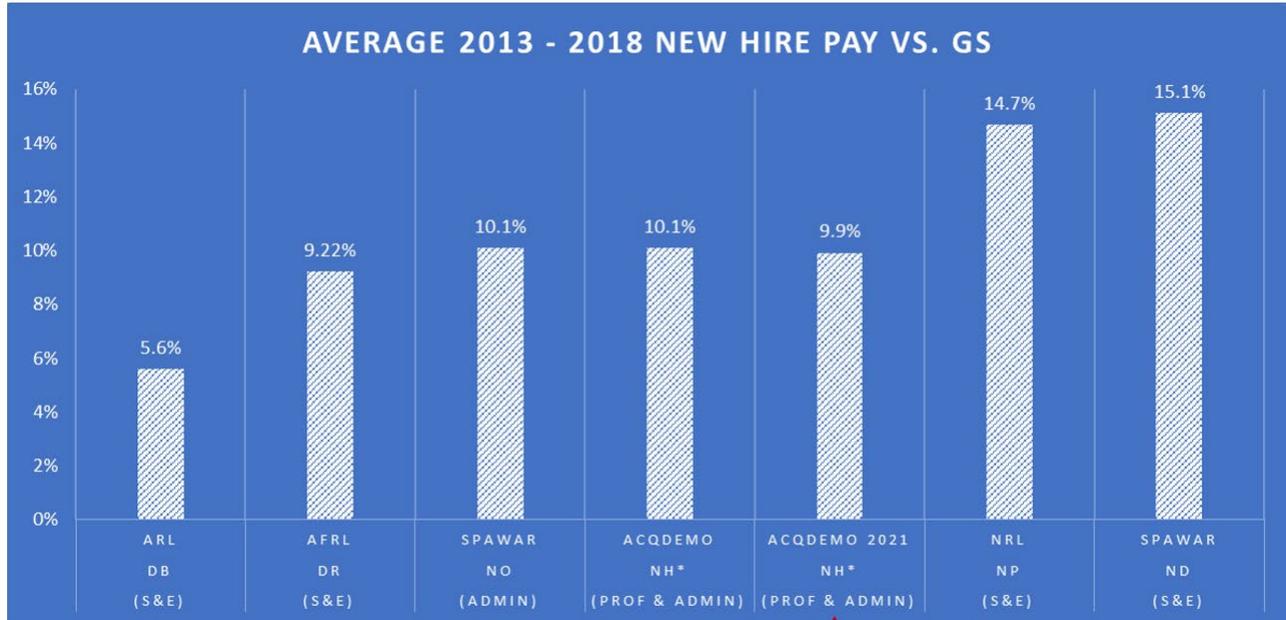


Figure 27 Basic Pay Growth in AcqDemo vs STRL

AcqDemo Overarching Program Evaluation Narrative



* AcqDemo used DoD GS Comparison group

Figure 28 New Hire Pay in AcqDemo vs STRL

Note that the AcqDemo pay studies used a DoD GS comparison group, where the STRL studies used a multi-agency laboratory GS comparison group.

* Figures 27 and 28 will be updated once the ongoing 2020 STRL cost study is completed.

NEW FLEXIBILITIES SECTION

The 2017 Federal Register added new flexibilities to AcqDemo. Results of analysis of these flexibilities follows.

Employee Recruitment and Hiring

In the FY19 FEVS, 44% of the AcqDemo population agrees that their organization attracts people with the right skills, where 45% agree for all DoD. The FEVS dropped the question for FY20. Figure 29 shows the use of AcqDemo hiring authorities for FY20.

AcqDemo Overarching Program Evaluation Narrative

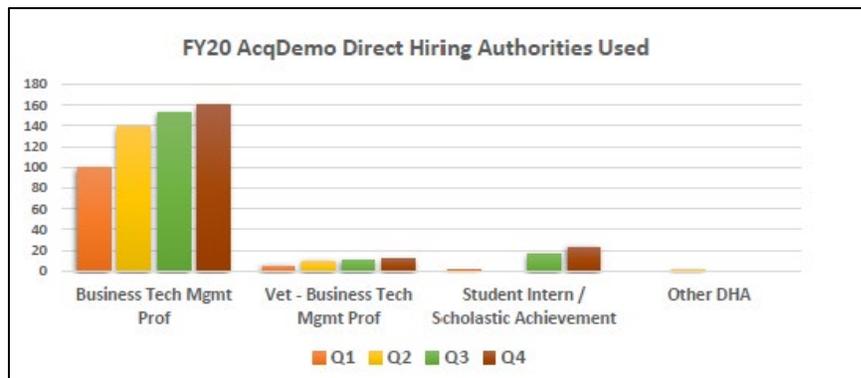


Figure 29 Direct Hiring Authorities

Accelerated Compensation for Developmental Positions (ACDP)

ACDP, one of the flexibilities introduced with the 2017 Federal Register, allows for out of cycle pay increases for what would have been employees in career ladder positions in the GS system. AcqDemo organizations were keeping career ladder employees in GS positions until they reached their target grade and were then converting them into AcqDemo. Organizations had to manage employees in two systems and convert them from GS to AcqDemo at the appropriate time in their careers. The intent of ACDP is to simplify career management for the organizations. The Business Rules Report noted that many AcqDemo organizations still do not use ACDP. The implication is that these organizations prefer to wait until career ladder employees reach their target grade before converting them out of GS and into AcqDemo.

Count of Band Population Receiving ACDP		
Career Path and Band	Pop	ACDP
NH-1	67	18
NH-2	3,703	288
NH-3	31,201	98

Figure 30 AcqDemo Use of ACDP

Supervisory Differential

Supervisory and team leader cash differentials may be used by organizations as an additional tool to incentivize and compensate supervisors and team leaders as defined by the OPM General Schedule Supervisory Guide or Leader Grade Evaluation Guide in situations where:

1. Organizational level and scope, difficulty, and value of position warrants additional compensation;
2. Supervisory and/or team leader positions are extremely difficult to fill; or
3. Salary inequities may exist between the supervisor/team leader and non-supervisory/non-team leader subordinates' basic pay. Figure 31 shows the use of supervisory differential for both supervisors and team leads in FY20. Again, the Business Rules Report indicated that a number of organizations do not use supervisory differential pay.

AcqDemo Overarching Program Evaluation Narrative

Supervisors & Team Leads Receiving Differential		
Number of Supervisors & Team Leads	Number Receiving	% Receiving
16,923	1,167	6.9%

Figure 31 Use of Supervisory Differential

ALTERNATIVE PERSONNEL SYSTEM ASSESSMENT REPORT SECTION

This DCPAS assessment compared and evaluated four DoD personnel systems. This section is adopted with some edits from a letter sent by the PMO to senior leaders on 7 July 2021.

Goals

The OUSD(P&R), Defense Civilian Personnel Advisory Service (DCPAS) recently completed an assessment and evaluation of select DoD Alternate Personnel Systems (APSs). While the final report has not been released, the AcqDemo Program Office was able to review the draft 21-page report.

The report rates AcqDemo at or near the top when evaluated across nineteen metrics. This was a six-month effort that took a deep dive to evaluate and assess nineteen metrics that aligned to the four primary goals of an APS:

- 1) **Attract** talented employees in a competitive environment;
- 2) **Retain** the most talented performers;
- 3) **Reward** high performance and disincentivize poor performance; and
- 4) **Improve** workforce performance and alignment of personnel management to mission accomplishment.

Systems Studied

The following DoD APSs were evaluated:

- Science and Technology Reinvention Laboratory (STRL), 2800 employees (only one of 21 different STRLs was included in the study)
- Acquisition Workforce Personnel Demonstration Project (AcqDemo), 4460
- General Schedule (GS), 12,512 employees
- Defense Civilian Intelligence Personnel System (DCIPS), 9880 employees
- DoD Cyber Excepted Service (CES), no employee data provided

The numbers reflect the employees included in the evaluation, but not the total number of employees in the various systems. For example, 50,900 employees are in AcqDemo. The AcqDemo employee count reflects the specific Naval Sea Systems Command (NAVSEA) population used in the DCPAS evaluation.

AcqDemo Overarching Program Evaluation Narrative

Metrics

The nineteen metrics used to evaluate the APSs are:

Goal	Metric	Metric #
Attract	Average Time to Fill Open Positions	1
Attract	Unique Position Description Ratio	2
Attract	Vacancy Percentage	3
Attract	FEVS Recruitment Question	4
Retain	Salary Increase Delta Between Performance Levels HP - SP	5
Retain	Salary Increase Delta Between Performance Levels SP - LP	6
Retain	Salary Increase / Performance Rating Correlation	7
Retain	Standard Deviation of Salary Increase	8
Retain	Proportional Loss Rate Differentials - HP	9
Retain	Proportional Loss Rate Differentials - SP	10
Retain	Proportional Loss Rate Differentials - LP	11
Reward	Bonus Delta Between Performance Levels HP - SP	12
Reward	Bonus Delta Between Performance Levels SP - LP	13
Reward	Bonus / Performance Rating Correlation	14
Reward	Standard Deviation of Bonus Percentage	15
Reward	Performance Rating Distribution - HP	16
Reward	Performance Rating Distribution - LP	17
Improve	FEVS APS Performance Index	18
Improve	FEVS APS Foundational Support Index	19

Figure 32 APS Metrics

The vendor that conducted the evaluation used a visual to highlight the strength and weaknesses between the four systems evaluated. The nineteen numbers link to the key metrics used in the evaluation (Figure 32).

In Figure 33, the Green-shaded areas are a strength, Yellow-shaded areas are marginal, and the Red-shaded areas mean they were not evaluated because of limited or incomplete data. You can see that AcqDemo and the Defense Civilian Intelligence Personnel System (DCIPS) were rated the best. A cursory glance at the sunburst charts reveals considerable differences between the effectiveness of AcqDemo and DCIPS's performance management systems and those of GS and STRL. We will highlight the strengths of AcqDemo and DCIPS on the Retain and Reward goals, respectively.

AcqDemo Overarching Program Evaluation Narrative

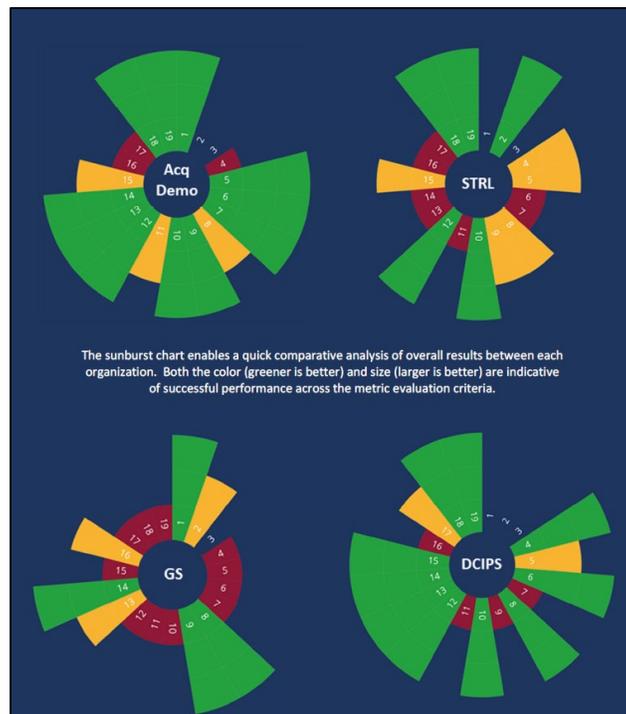


Figure 33 Organizational Performance Across all APS Metrics

Summary of the nineteen metrics:

- Metrics 1 – 4 correspond to the **Attract** goal. In this area, AcqDemo and GS both showed an ability to quickly fill open positions (Metric 1).
- Metrics 5 – 11 correspond to the **Retain** goal. AcqDemo showed the greatest ability to differentiate salary increases between levels of performance (Metrics 5 & 6). Moreover, AcqDemo exhibited the strongest correlation between performance and salary increases (Metric 7), indicating that higher employee performance is associated with greater salary increases. AcqDemo also presented a moderately sized standard deviation of salary increases (Metric 8). DCIPS was observed to have the largest standard deviation of salary increases; however, without a substantial relationship to performance, this variability is less meaningful. Lastly, AcqDemo demonstrated the most consistent ability to retain employees who demonstrate higher levels of performance relative to those with lower levels of performance (Metrics 9-11). Overall, AcqDemo showed the most promising performance on the **Retain** goal.
- Metrics 12 – 17 correspond to the **Reward** goal. DCIPS showed the strongest ability to differentiate bonus amounts between levels of performance (Metrics 12 & 13). Both DCIPS and AcqDemo exhibited a strong correlation between performance and bonus amounts (Metric 14), suggesting that higher employee performance is associated with greater bonus amounts. DCIPS also demonstrated a large amount of variability in their bonuses with the largest standard deviation observed (Metric 15). All organizations struggled to identify a proportionate amount of high and low performers (Metric 16 & 17). However, GS identified a percentage of high performers (Metric 16) that was closest to the goal of 15.8% and DCIPS identified a percentage of low performers closest to the goal of 2.2%. (Metric 17).
- Lastly, Metrics 18 and 19 correspond to the **Improve** goal. All organizations, with the exception of GS, demonstrated above average scores on the APS Performance Index (PI; Metric 18) and the Foundational Support Index (FSI; Metric 19). This finding suggests employees within these organizations feel their respective organizations are successfully implementing the components and functional support processes associated with a well-performing personnel management

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system. It is important to look at this data in combination with the quantitative metrics to determine if perceptions and reality align and explore any discrepancies that may exist (i.e., the system is perceived in a positive light, but the data suggest improvements can be made).

Focus Groups

The study also conducted employee and supervisor focus groups for each system studied. Overall, focus group participants across these organizations showed support for their respective APSs and largely indicated that they have clear advantages over the traditional GS system. Many noted that they feel competitive salaries under these systems facilitate more effective recruitment; however, competing with industry in this area is still a challenge.

DCPAS Study AcqDemo Results

AcqDemo, the APS approved by OUSD(A&S) and managed under the Defense Acquisition University (DAU)/Human Capital Initiatives (HCI) proved to be a top-rated system.

OUSD(P&R) ANNUAL REPORT TO CONGRESS SECTION

OUSD (P&R) Annual Report to Congress: A Comparison of Certain Costs and Benefits of Personnel Demonstration Projects and Other Department of Defense Personnel Systems as Required by Section 4703 of Title 5, United States Code Section: *The information shown below is adopted from the above-named report with minor edits.*

Section 1106 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2019 (Public Law 115-232) required Federal agencies with personnel demonstration projects authorized under section 4703 of title 5, United States Code to submit an annual report to Congress that includes:

- The aggregate performance appraisal ratings and compensation costs for employees under a demonstration project;
- An assessment of the results of the demonstration project, including its impact on mission goals, employee recruitment, retention, and satisfaction, and which may include the results of the survey authorized under section 1128 of the NDAA for FY 2004 (Public Law 108-136; title 5, U.S. Code, section 7101 note), commonly referred to as the Federal Employee Viewpoint Survey (FEVS), and performance management for employees; and
- A comparison of the items listed above with employees not covered by the demonstration project.

In compiling this report, the Department of Defense (DoD) compared data concerning the 21 Science and Technology Reinvention Laboratories Personnel Demonstration Projects (STRL Lab Demos) and the DoD Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) against data on all appropriated fund employees covered by the Defense Performance Management and Appraisal Program (DPMAP). The report utilizes FY 2019 aggregate data to include performance appraisal, compensation, performance-based awards, and annual FEVS results for all DoD employees covered by these performance management programs.

Appraisal Ratings and Compensation Costs

Tables 1, 2, and 3 provide appraisal ratings for employees under STRL Lab Demos and AcqDemo as compared to the aggregate ratings of employees covered by DPMAP for the FY 2019 appraisal cycle. Overall, 99 percent of DoD employees, including STRL Lab Demos and AcqDemo, earned a rating of record of Fully Successful or higher, leaving less than one percent of employees with a rating of record

AcqDemo Overarching Program Evaluation Narrative

below Fully Successful. Unlike the STRL Lab Demos that saw no change in rating distributions from FY 2018, both the AcqDemo and DPMAP saw shifts. Specifically, the AcqDemo population saw a 4.47% increase in those rated Level 5, with a decrease in those rated Levels 1 and 3.

DPMAP saw a reduction in those rated Level 5 (4.0%), and an increase in those rated Levels 1 and 3. Although difficult to postulate in generalities based on the uniqueness of each population, these shifts could be defined by increased intentional application of the performance standards and the full realization of the phased implementation of Departmental employees into DPMAP. Specifically, the number of employees rated in FY 2019 increased from FY 2018 by 40 percent as phased implementation of DPMAP concluded in FY 2019, which covers a vast majority of DoD civilians (FY 2018: 60 percent were phased into DPMAP; FY 2019: 100 percent).

Table 1- STRL Lab Demos Performance Ratings for FY 2019

STRL Lab Demos	Less than Fully Successful	Fully Successful or Higher	Total
Count	76	64,213	64,289
Percent	0.12%	99.88%	100%

Table 2- AcqDemo Performance Ratings for FY 2019

AcqDemo	Level 1 Unacceptable	Level 3 Fully Successful	Level 5 Outstanding	Total
Count	229	17,322	25,782	43,333
Percent	0.53%	39.97%	59.50%	100%

Table 2- DPMAP Performance Ratings for FY 2019

DPMAP	Level 1 Unacceptable	Level 3 Fully Successful	Level 5 Outstanding	Total
Count	2,010	292,691	243,392	538,093
Percent	0.37%	54.39%	45.23%	100%

Table 4 and Table 5 denote the total salary costs and total performance-based award amounts awarded by performance management population for FY 2019, revealing no statistically significant changes from FY 2018. It is important to note that there are slight differences in the awards packages provided by each population. The total amount awarded in STRL Lab Demos included ratings-based awards, contribution increases, and non-ratings-based awards; AcqDemo included ratings-based awards and contribution increases; and DPMAP included ratings-based awards and non-ratings-based awards.

**Note that the wording of this section from OUSD P&R is confusing, but the tables appear to be clear with Table 4 being base pay and Table 5 awards.*

AcqDemo Overarching Program Evaluation Narrative

Table 4- Total Salary Costs and Total Salary per Employee for FY 2019

	Total Salary Cost	Total Salary Cost per Empl	Cost Comparison to FY 2018
STRL Lab Demos	\$7,006,594,995	\$108,985	0.01% decrease
AcqDemo	\$5,109,361,533	\$112,981	0.02% increase
DPMAP	\$41,689,080,502	\$77,475	0.2% decrease

Table 5- Total Amount Awarded per employee for FY 2019¹

	Total Amount Awarded	Total Number of Awards	Total Awards Cost per Empl
STRL Lab Demos	\$140,410,252	64,289	\$2,184
AcqDemo	\$87,118,780	45,223	\$1,926
DPMAP	\$751,282,840	762,603	\$1,622

Assessment and Comparison of the Results of the Demonstration Projects

Impact on Mission Goals

Employees at the STRL Lab Demos and AcqDemo continue to express a positive perception of their organization’s contribution to the DoD mission and the work they perform (Table 6). While there were no relevant changes from FY 2018, AcqDemo employees increased their rating by one percent in “Mission Accomplishment.” When compared to the overall DoD and Federal workforces, STRL Lab Demos and AcqDemo scored higher and saw statistical improvement whereas both DoD workforce and Federal workforce ratings did not change from FY 2018. In summary, the STRL Lab Demos and AcqDemo communities continue to rate slightly higher in all areas.

Table 6- Comparison of Mission Accomplishment and Quality of Work Performed

	Mission Accomplishment (FEVS 39)	Work Performed (FEVS 28)
STRL Lab Demos	82%	87%
AcqDemo	85%	86%
All DoD Employees ¹	81%	84%
All Federal Employees	77%	84%

Impact on Recruitment, Retention, and Satisfaction

The personnel demonstration projects were authorized to provide the Department with the ability to create personnel systems to better support its unique mission needs. Personnel demonstration project supervisors have the authority necessary to make timely personnel decisions, manage and classify positions, recruit and hire, and set starting salaries and pay for advanced degrees. These authorities have been streamlined and simplified for efficiency while continuing to promote fair and equitable human resources practices. DoD’s personnel demonstration projects use the full range of direct hire and other hiring authorities along with pay band setting and various retention incentives to attract, hire, and maintain a world-class workforce. Additionally, in the STRL Lab Demos expanded developmental opportunities give these authorities the ability to conduct sabbatical-type programs to further enhance and develop their workforce, which could contribute to overall employee satisfaction and retention. Conversely, although the Department continues to pursue hiring and compensation flexibilities to better attract unique or hard-

¹All DoD Employees includes STRL Lab Demos and AcqDemo

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to-fill skillsets or locations, the flexibilities afforded under traditional title 5 authorities do not provide the flexibilities of those of the personnel demonstration projects which can ultimately affect retention and subsequently FEVS results.

Table 7 compares results of three major indices from the FY 2019 FEVS across the STRL Lab Demos and AcqDemo. AcqDemo underperforms the overall DoD by one percent in Recruitment but continues to outperform the DoD on Global Satisfaction and Employee Engagement.

Table 7- Comparison of Recruitment, Employee Satisfaction, and Employee Retention

	Recruitment (FEVS 21)	Employee Satisfaction² (Global Satisfaction Index)	Employee Retention³ (Employee Engagement Index)
STRL Lab Demos	45%	69%	72%
AcqDemo	44%	67%	73%
All DoD Employees⁴	45%	66%	70%
All Federal Employees	44%	69%	69%

Impact on Work Experience, Work Unit, Supervision, Leadership, and the Agency

As depicted in Table 8 below, AcqDemo continued to outperform the DoD and Federal government overall across five indices when rating employee's views of work, their work unit, their agency, supervision, and organizational leadership.

Table 8- Comparison of Employee view of Work Experience, Work Unit, Agency, Supervision, and Leadership

	Work Experience (FEVS 1-19)	Work Unit (FEVS 20-29)	Agency (FEVS 30-41)	Supervisor (FEVS 42-52)	Leadership (FEVS 53-62)
STRL Lab Demos	88%	81%	86%	91%	86%
AcqDemo	75%	61%	65%	79%	66%
All DoD Employees⁵	74%	56%	61%	75%	62%
All Federal Employees	73%	56%	59%	75%	60%

Performance Management

Contribution and performance-based pay systems under STRL Lab Demos and AcqDemo have enabled management to focus employee efforts on mission contribution as scores continue to remain higher across employee perceptions of merit promotions, performance awards, and performance-based pay than those of DoD and other Federal Agencies. It is important to note that while these two populations continue to rate higher, the distribution of awards based on performance increased by approximately two percent for all performance management programs in DoD and Federal employees overall.

Table 9- Comparison of Employee Perceptions on Promotions, Awards, and Pay Raises for 2019

	Promotions Based on Merit (FEVS 22)	Awards Based on Performance (FEVS 25)	Pay Raises Based on Performance (FEVS 33)
STRL Lab Demos	47%	52%	43%
AcqDemo	47%	51%	43%

²Employee Satisfaction is an OPM defined Global Satisfaction Index (GSI) comprised of FEVS questions 40, 69, 70, and 71

³Employee Retention is an OPM defined Employee Engagement Index (EEI) comprised of 15 FEVS questions 3, 4, 6, 11, 12, 47, 48, 49, 51, 52, 53, 54, 56, 60, and 61

⁴All DoD Employees includes STRL Lab Demos and AcqDemo

⁵All DoD Employees includes STRL Lab Demos and AcqDemo

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All DoD Employees ⁶	39%	48%	29%
All Federal Employees	39%	48%	28%

OUSD P&R Report Conclusion

It is difficult to provide a definitive assessment of the compensation structure due to data limitations, overlapping data, multiple rating patterns, and differing performance management appraisal cycles. However, the preliminary comparison of FY 2018 to FY 2019 FEVS data suggests a positive correlation between the contribution-based performance management program and employee confidence in pay raises and awards as demonstrated by the FEVS results of STRL Lab Demos and AcqDemo when compared to those of the General Schedule system, which covers most DoD DPMAP and Federal employees. Eleven of the 13 FEVS questions or indices cited above show significantly higher positive scores than employees not in the STRL Lab Demos and AcqDemo, providing strong evidence that personnel in these projects feel the personnel system and compensation structure better supports their unique mission needs.

EVALUATION REPORT SUMMARY AND FOLLOW-UP ACTION SECTION:

The data show that the main interventions of AcqDemo: broadbanding, simplified job classification, and the Contribution-based Compensation and Appraisal System are working as planned in motivating employees to contribute to the mission, rewarding them based on their contribution, and retaining employees who have increasing contributions and motivating under-contributing employees to improve or leave. Rating and payout data show that CCAS is fair across demographic groups and surveys show that employee perceptions of fairness are improving over time. Developing training or communication to improve the transparency of the Contribution-based Compensation and Appraisal System may be an area for further engagement and study.

The population of AcqDemo has tripled from 2011 to 2020 as acquisition organizations see the benefits of AcqDemo over the GS system. One shortfall in the AcqDemo population is the limited participation of bargaining units, which is 10% for AcqDemo versus just over 50% for the Acquisition Workforce. Increasing participation by bargaining units may be an area for further engagement and study.

Pay progression and new hire costs are under control compared to modeled costs under GS and match up well with costs under the STRL demos.

Overall results from the FEVS and AcqDemo survey are positive. Several areas of concern were identified by the AcqDemo Survey:

- Communicating with employee on how to advance their careers under AcqDemo
- Selectivity and speed of hiring
- Understanding of CCAS
- Declining supervisor satisfaction with Position Requirements Documents

The special studies indicate a relatively slow start in the use of new pay flexibilities of ACDP and Supervisory Differential. The business rules for some organizations either say they will not be used or are silent on them. This will be communicated to the AcqDemo organizations, and it may be an area for further engagement and study.

⁶All DoD Employees includes STRL Lab Demos and AcqDemo

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While the DCPAS study of personnel systems was very positive on AcqDemo, it did include a few misunderstandings. Another follow-up action is to review the final report from the study and provide feedback to DCPAS.

The OUSD P&R report was also favorable to AcqDemo. The report is an annual deliverable to Congress, so a follow-up action is to provide data to P&R every fall, usually in August.

With tightening of the DoD budget and some push back from OPM on the proliferation of performance management systems, the questions and challenges to demonstration personnel systems will come, but AcqDemo has a strong array of data available to address them. Several action items can support the availability of data. One is to update the AcqDemo survey and administer it periodically. A last action item would be to improve data on the use personnel policy flexibilities such as hiring, ACDP, and Supervisory Differential.