# CIVILIAN ACQUISITION WORKFORCE PERSONNEL DEMONSTRATION PROJECT (ACQDEMO) PROGRAM EVALUATION REPORT

November 2024

*Public Release Version*

This report describes the status of the evaluation effort for the Department of Defense (DoD) AcqDemo and identifies areas for improvement, as required by legislation.

# Program Evaluation Report (2024)
## Using Fiscal Year (FY) 2023 Data
### *Public Release Version*

## 1 November 2024

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# 1.0 Executive Summary

This report describes the Department of Defense (DoD) Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) program evaluation effort for Fiscal Year (FY) 2023. Some of the data needed for a report is not available until the middle of the next fiscal year, so a given year's report is based on data for the previous year. 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 (AcqDemo Cost Study), trends in workforce demographics (Workforce Trends Report), and a summary of ratings, pay increases, and awards (End of Cycle Analysis Report). Major sections and findings in this 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 56,010 (based on rating cycle data) by 30 September 2023. Additionally, that section presents workforce trends for percentage of supervisors in the population as well as gains and losses each year, percentage of the population by gender, and other demographic trends.
- 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 (FEVS) data for 2023 shows that AcqDemo employee positive responses increased from 2022 to 2023 for 56 of the 83 agree/disagree items common to both surveys. AcqDemo positive responses were 6% greater than DoD positive responses for the Employee Engagement Index and 4% for the Global Satisfaction Index, AcqDemo positive responses were greater than All DoD for 88 of the 89 agree/disagree questions.
- The cost study section shows that pay costs are under control confirming AcqDemo's success at cost discipline. AcqDemo's new hire costs are in the expected range given the goal to be more competitive in hiring.
- The new flexibilities tables in Section 7.0 indicate a slow start in the use of new flexibilities to match General Schedule (GS) career ladder promotions and use of supervisory differential. The use of AcqDemo-only direct hire authorities is increasing.
- The Office of the Under Secretary of Defense for Personnel and Readiness (OUSD P&R) National Defense Authorization Act (NDAA) 2019 Section 1106 report to Congress for 2024, using 2023 data, shows AcqDemo average pay and awards as being similar Science and Technology Reinvention Laboratory (STRL) demonstration project amounts. It also shows for select FEVS questions that positive response rates are like the STRL demo results and are higher than those for the Defense Performance Management and Appraisal Program (DPMAP) and all federal employee results.
- The Business Rules Report and accompanying spreadsheet show that 94% of the 32 organizations that submitted their rules for the 2023 cycle had well-defined rules compared

to 80% in the 2021 Business Rules Report.  The report also recommends improvements to rules and lists best practices.
- The DoD Acquisition community recognizes that AcqDemo meets its needs and is choosing to convert additional organizations to it as indicated by an AcqDemo population increase of 5% in 2023 and that 25% of the DoD Civilian Acquisition Workforce (AW) is in AcqDemo.

The report concludes with a summary.

# 2.0 Introduction

The Department of Defense Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo) was implemented on February 9, 1999. AcqDemo executes a contribution-based compensation system that links employee pay to their contribution to the mission of their organization, broadbanding, simplified job classification, and a number of other performance and personnel management flexibilities A growing number of acquisition-related organizations from the Army, Navy, Marine Corps, Air Force, Space Force, Department of Defense agencies, Unified Combatant Commands, and the National Guard Bureau participate in AcqDemo. 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 AcqDemo and DoD's STRLs with personnel demonstration projects.

## 2.1 Purpose

The purpose of this report is to describe the status of the evaluation effort for AcqDemo and to identify areas for improvement, as required by legislation.

## 2.2 Overview

This document is organized into several sections, including Data Sources: Population; Broadbanding, Simplified Classification, and Contribution-based Compensation and Appraisal System; Federal Employee Viewpoint Survey; Costs Studies; New Flexibilities; OUSD Annual Report for NDAA 2019 Section 1106; and Summary and Follow-up Actions.

## 2.3 Data Sources

| Data Sources |
|---|
| FY23 Workforce Trends Report |
| FY23 Cycle Results Briefing |
| FY23 FEVS Summary |
| FY23 Cost Study |
| AcqDemo Quarterly Metrics Dashboard: FY23 |
| OUSD P&R NDAA 2019 1106 Report: FY23 Data |
| Business Rules for FY23 |

**Table 1: Evaluation Data Sources**

Table 1 lists the sources of data for evaluating AcqDemo for FY 2023. Summaries of the data sources are provided below.

**FY23 Workforce Trends Report:** This annual report tracks various demographics of the AcqDemo population over the 25-cycle history, mostly in the form of graphics and tables.

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.

**FY23 Cycle Results Briefing:** The briefing shows the results of the 2023 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. The report 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).

**FY23 FEVS:** The Office of Personnel Management (OPM) FEVS is an organizational climate survey administered to the federal workforce to provide agencies a snapshot of how their employees view their current work environment and help inform future agency action. There were eighty-four (84) questions in common with the 2022 survey. A full census was used with AcqDemo, where the response rate was 25%. Like 2022 the AcqDemo and STRL data were removed from All DoD to make the comparison be AcqDemo vs DPMAP. Eight Agency Specific Items were included for DoD.

**FY23 Cost Study:** The study 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 in AcqDemo. 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 STRL demonstration projects.

**FY23 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.

**OUSD P&R NDAA 2019 Section 1106 Report: Fall 2024:** 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 FY23 data to develop 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. The report allows AcqDemo to compare its values of the metrics with those for the STRL demos and DPMAP.

**Business Rules Report:** The business rule report includes a summary of the sets of performance management business rules provided by the participating AcqDemo

organizations for FY23 representing the Department of the Army, Department of the Air Force, Marine Corps, and 4th Estate.  The report provides a summary of the structure for Personnel Policy Boards (PPB) and rules they set for implementing AcqDemo in their organizations.

# 3.0 Population Section

In FY 2023, AcqDemo completed its 25th year with about 56,010 employees in 327 pay pools for population growth of 5% from 2022.  Note that for the evaluation effort we have three sources of data snapshots of the AcqDemo population, where each of the three has a different set of variables for each employee.  The choice of data source for a given evaluation effort is based on the available variables and the timing of the data source.

***Three Data Sources:*** The count in the FY23 Cycle Results briefing is based on data from the DCPDS for people in the AcqDemo support software data tables as of 30 September 2023, where the count is 56,010. The count used in the quarterly dashboard work is based on 30 September data in the Civilian Management Information System (CMIS) and is 56,281 to 56,302 depending on how many people have missing data for each dashboard item.  Note that CMIS is built by DoD from DCPDS but lags it.  The count used in the Workforce Trends report is based on the special extract of DCPDS data received by AcqDemo at the end of each pay period.  The extract closest to 30 September 2023 is the one used and it had a count of 56,201.

Figure 1 shows that the AcqDemo population has more than tripled since the return from the National Security Personnel System (NSPS) in 2011 as acquisition organizations recognize the advantages of AcqDemo over the GS system.  The growth from 2022 to 2023 was 5%.
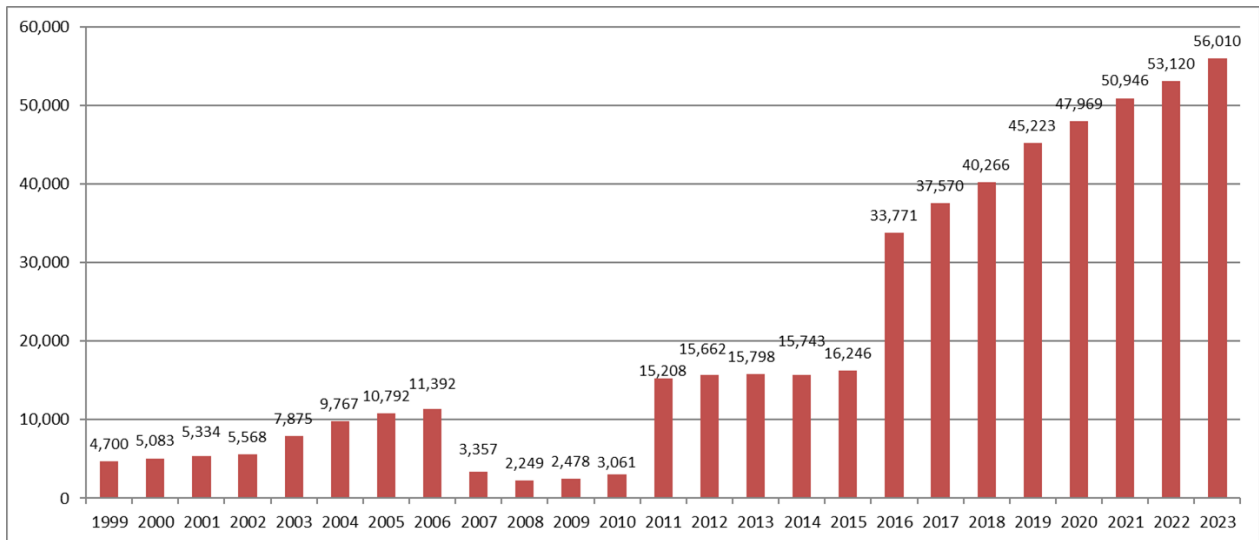


**Figure 1: AcqDemo Population Count 1999-2023**

Figures 2 and 3 show the location of the AcqDemo population by component, as a heat map and as a table reference for the map.
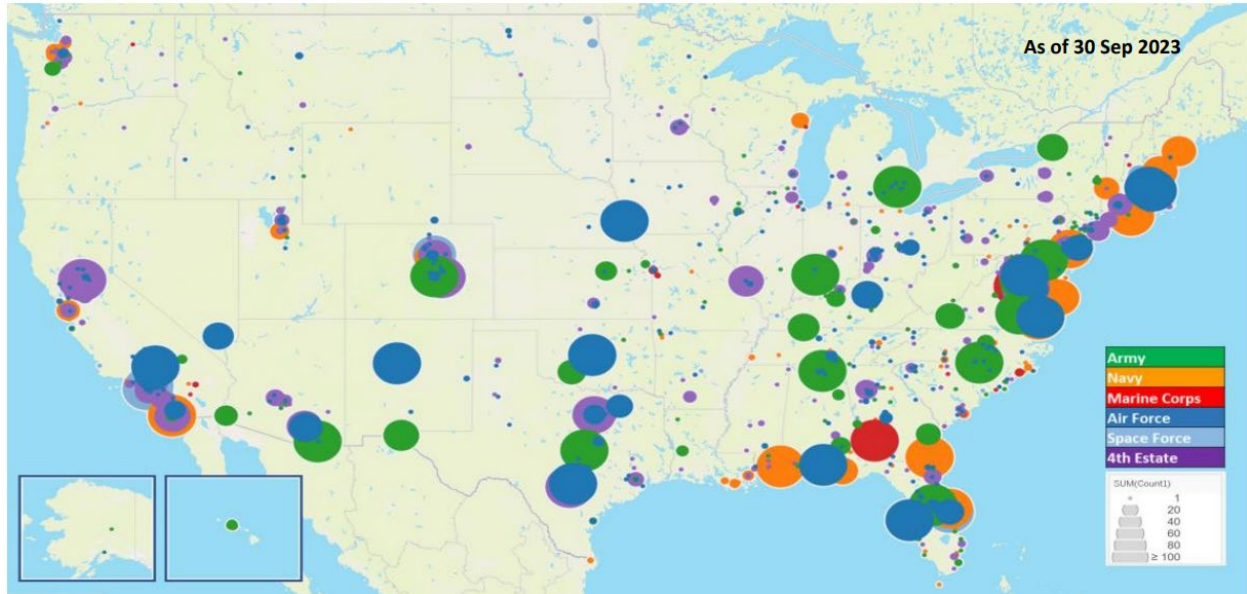


**Figure 2: AcqDemo U.S. Population Heat Map**

| AcqDemo Pop: 30 Sep 2023 | | | |
|---|---|---|---|
| **Component** | **USA** | **Overseas** | **Total** |
| **Army** | 13,802 | 176 | 13,978 |
| **Navy** | 7,931 | 25 | 7,956 |
| **Marine Corps** | 1,832 | 2 | 1,834 |
| **Air Force** | 21,868 | 94 | 21,962 |
| **Space Force** | 3,799 | 39 | 3,838 |
| **4th Estate** | 6,685 | 49 | 6,734 |
| **AcqDemo Total** | 55,917 | 385 | 56,302 |

**Figure 3: AcqDemo Population Counts by Component and Location**

The Workforce Trends Report includes various breakouts of the population. Several are shown below. Figure 4 shows the population counts by career path, where the NH (Business Management and Technical Management) career path now accounts for 96.3% of the AcqDemo Population.



**Percent End of FY Population by Career Path**

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NH | 78.0% | 79.3% | 80.9% | 81.6% | 85.4% | 87.5% | 88.5% | 89.1% | 88.3% | 86.9% | 88.1% | 89.6% | 93.0% | 93.4% | 93.9% | 93.3% | 93.9% | 95.5% | 95.6% | 95.9% | 96.3% | 96.4% | 96.2% | 96.2% | 96.3% |
| NJ | 6.0% | 5.4% | 5.4% | 5.0% | 4.0% | 2.9% | 3.0% | 3.0% | 2.1% | 3.4% | 3.3% | 3.3% | 2.5% | 2.5% | 2.5% | 3.2% | 3.0% | 2.5% | 2.5% | 2.4% | 2.2% | 2.3% | 2.3% | 2.4% | 2.3% |
| NK | 16.1% | 15.3% | 13.7% | 13.4% | 10.7% | 9.5% | 8.5% | 7.9% | 9.6% | 9.7% | 8.6% | 7.1% | 4.5% | 4.1% | 3.6% | 3.5% | 3.2% | 2.0% | 1.8% | 1.7% | 1.5% | 1.4% | 1.4% | 1.5% | 1.4% |

**Figure 4: AcqDemo Population by Career Path**

Figure 5 shows the percentage of the AcqDemo population that is part of the Acquisition Workforce, which results from the requirement that for an organization to join AcqDemo, at least one-third of population must be part of the AW and at least two-thirds must be either part of the AW or must provide direct support to the AW. Recent growth in the AcqDemo population has reduced the percentage in the AW to 66.1%. The NH Career path is predominantly AW with 78.7% of the NH population in the AW, where for NJ (Technical Management Support) and NK (Administrative Support ) it is 10.2% and 12.3%, respectively.
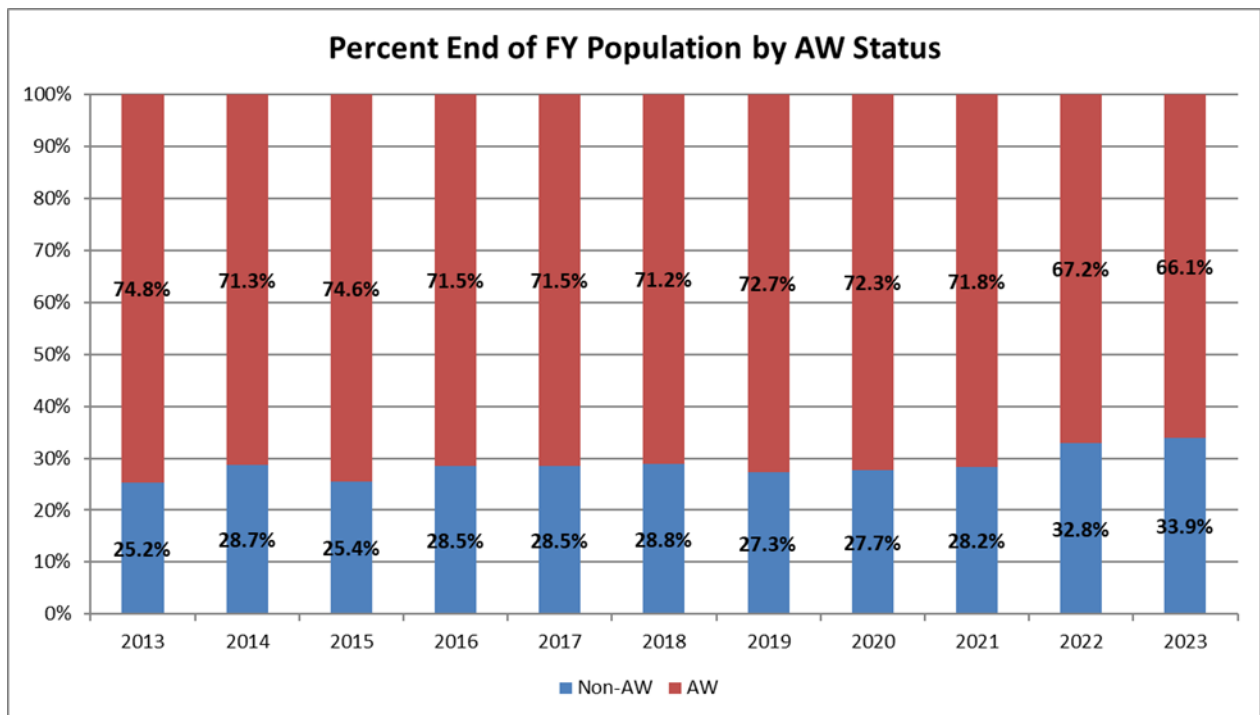


**Figure 5: AcqDemo Population by AW Status**

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 the GS/DPMAP percentage because many AcqDemo organizations were unable to convince their bargaining units to join AcqDemo. The second observation is that from 2007 to 2010 most supervisors were converted to NSPS, but returned in 2011, when NSPS was shut down.

**Percent Supervisors Among Losses, Gains, and End of FY Population**

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Losses | 0.0% | 22.8% | 22.1% | 29.4% | 33.7% | 26.0% | 23.6% | 22.3% | 32.6% | 8.4% | 6.2% | 8.3% | 1.3% | 24.1% | 25.5% | 24.3% | 24.4% | 24.8% | 33.1% | 38.1% | 35.7% | 34.8% | 33.4% | 34.1% | 34.0% |
| Gains | 0.0% | 27.6% | 13.0% | 17.2% | 30.7% | 23.2% | 17.2% | 16.5% | 7.2% | 6.5% | 7.2% | 3.0% | 26.8% | 18.2% | 17.6% | 19.4% | 27.2% | 36.8% | 41.7% | 28.2% | 29.6% | 24.7% | 24.1% | 26.2% | 22.1% |
| End FY Pop | 25.5% | 27.2% | 26.6% | 25.3% | 27.1% | 26.6% | 25.8% | 25.7% | 5.5% | 4.4% | 4.7% | 3.6% | 24.9% | 24.6% | 25.3% | 26.2% | 27.5% | 33.3% | 35.5% | 35.3% | 35.5% | 35.2% | 34.9% | 35.0% | 34.4% |

**Figure 6: Percent Supervisors in Gains/Losses 1999-2023**

The Workforce Trends 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. As the AcqDemo population has grown over the years, the percentage of the population that is NK has declined (see Figure 4), leading to a decline in the percentage of the population that is female.

**Percent Female by Career Path**
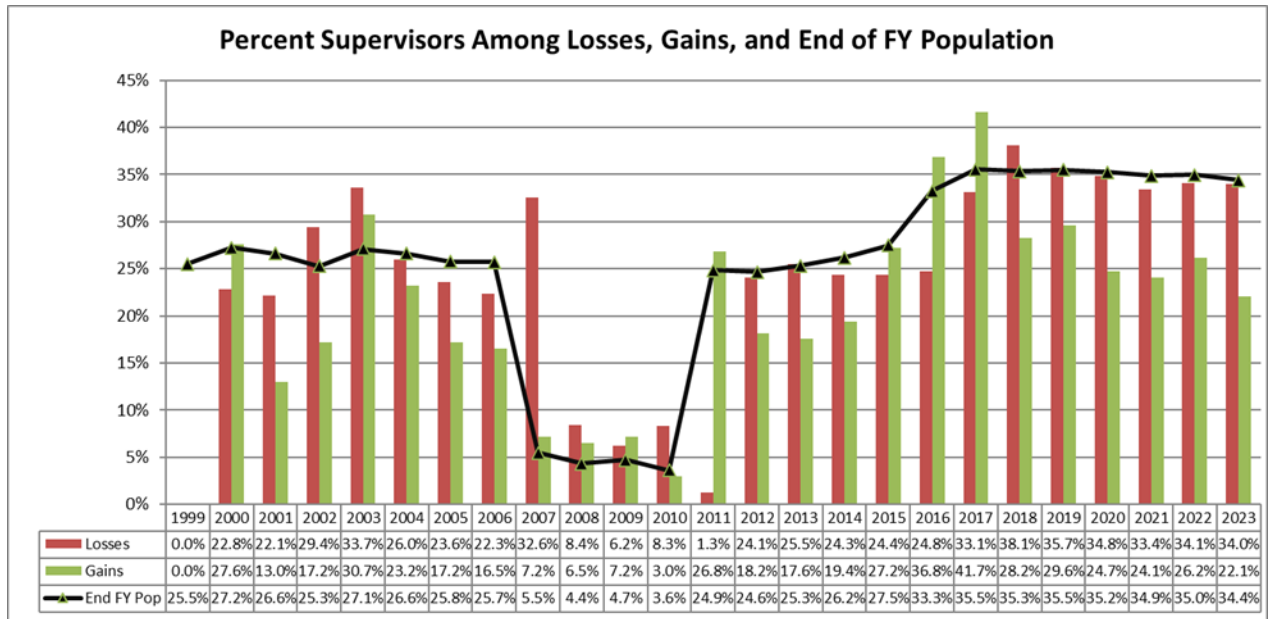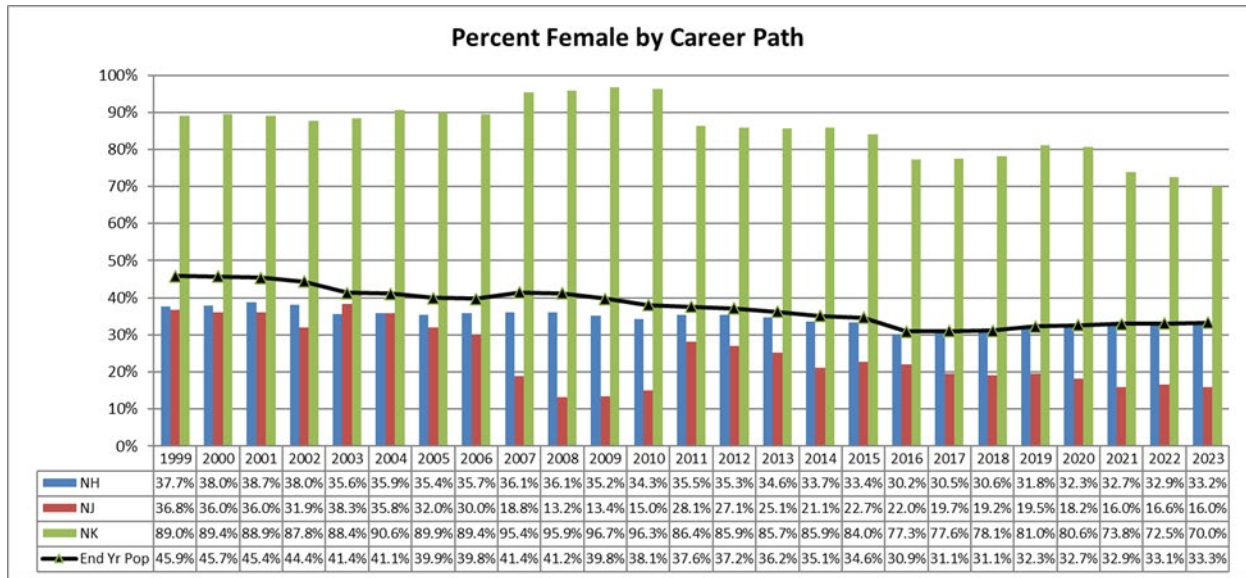
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NH | 37.7% | 38.0% | 38.7% | 38.0% | 35.6% | 35.9% | 35.4% | 35.7% | 36.1% | 36.1% | 35.2% | 34.3% | 35.5% | 35.3% | 34.6% | 33.7% | 33.4% | 30.2% | 30.5% | 30.6% | 31.8% | 32.3% | 32.7% | 32.9% | 33.2% |
| NJ | 36.8% | 36.0% | 36.0% | 31.9% | 38.3% | 35.8% | 32.0% | 30.0% | 18.8% | 13.2% | 13.4% | 15.0% | 28.1% | 27.1% | 25.1% | 21.1% | 22.7% | 22.0% | 19.7% | 19.2% | 19.5% | 18.2% | 16.0% | 16.6% | 16.0% |
| NK | 89.0% | 89.4% | 88.9% | 87.8% | 88.4% | 90.6% | 89.9% | 89.4% | 95.4% | 95.9% | 96.7% | 96.3% | 86.4% | 85.9% | 85.7% | 85.9% | 84.0% | 77.3% | 77.6% | 78.1% | 81.0% | 80.6% | 73.8% | 72.5% | 70.0% |
| End Yr Pop | 45.9% | 45.7% | 45.4% | 44.4% | 41.4% | 41.1% | 39.9% | 39.8% | 41.4% | 41.2% | 39.8% | 38.1% | 37.6% | 37.2% | 36.2% | 35.1% | 34.6% | 30.9% | 31.1% | 31.1% | 32.3% | 32.7% | 32.9% | 33.1% | 33.3% |

**Figure 7: Percent Female by Career Path**

Except for the NSPS years, the percentage of the population that is minority has remained about the same, between 23% and 28%., as shown in Figure 8.
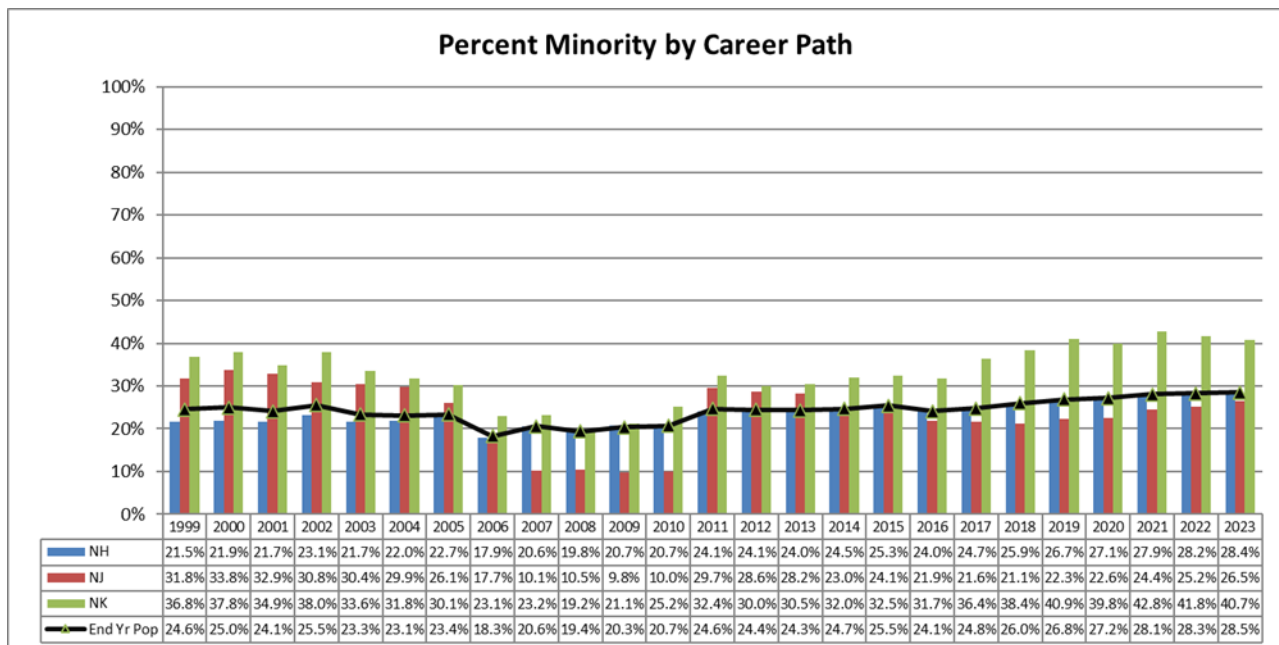
**Percent Minority by Career Path**

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NH | 21.5% | 21.9% | 21.7% | 23.1% | 21.7% | 22.0% | 22.7% | 17.9% | 20.6% | 19.8% | 20.7% | 20.7% | 24.1% | 24.1% | 24.0% | 24.5% | 25.3% | 24.0% | 24.7% | 25.9% | 26.7% | 27.1% | 27.9% | 28.2% | 28.4% |
| NJ | 31.8% | 33.8% | 32.9% | 30.8% | 30.4% | 29.9% | 26.1% | 17.7% | 10.1% | 10.5% | 9.8% | 10.0% | 29.7% | 28.6% | 28.2% | 23.0% | 24.1% | 21.9% | 21.6% | 21.1% | 22.3% | 22.6% | 24.4% | 25.2% | 26.5% |
| NK | 36.8% | 37.8% | 34.9% | 38.0% | 33.6% | 31.8% | 30.1% | 23.1% | 23.2% | 19.2% | 21.1% | 25.2% | 32.4% | 30.0% | 30.5% | 32.0% | 32.5% | 31.7% | 36.4% | 38.4% | 40.9% | 39.8% | 42.8% | 41.8% | 40.7% |
| End Yr Pop | 24.6% | 25.0% | 24.1% | 25.5% | 23.3% | 23.1% | 23.4% | 18.3% | 20.6% | 19.4% | 20.3% | 20.7% | 24.6% | 24.4% | 24.3% | 24.7% | 25.5% | 24.1% | 24.8% | 26.0% | 26.8% | 27.2% | 28.1% | 28.3% | 28.5% |

**Figure 8: Percent Minority by Career Path**

Figure 9 shows that losses tend to have higher pay than gains except in unusual years such as 2011, which saw the return of supervisors to AcqDemo from NSPS. This helps keep the average Overall Contribution Score (OCS) the same over time as illustrated in Figure 10 for the last eleven
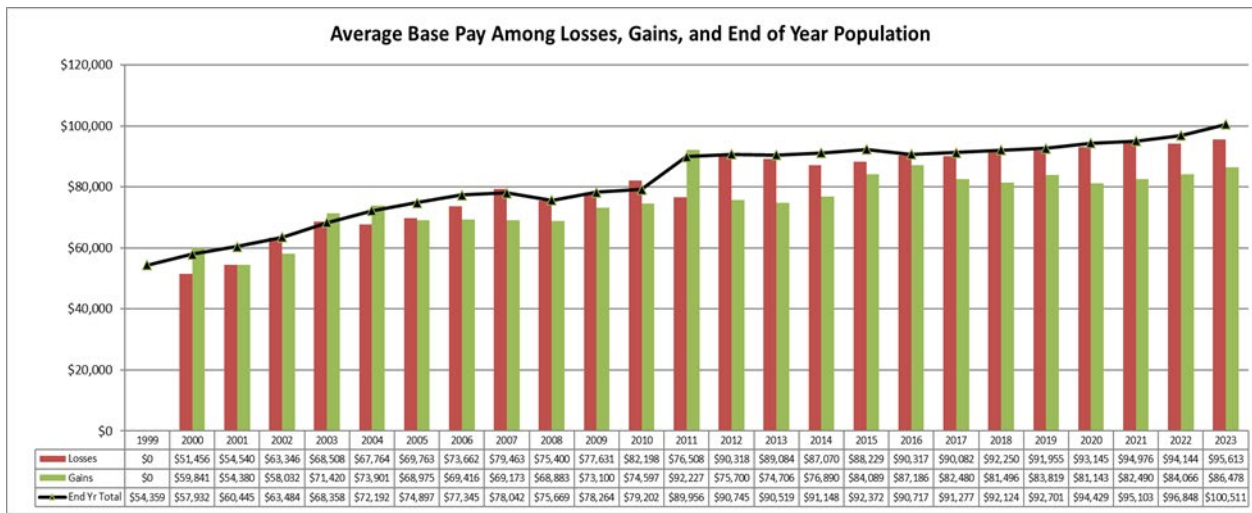


years.

**Figure 9: Average Base Pay Among Losses, Gains, and Total End of Cycle Year Population**
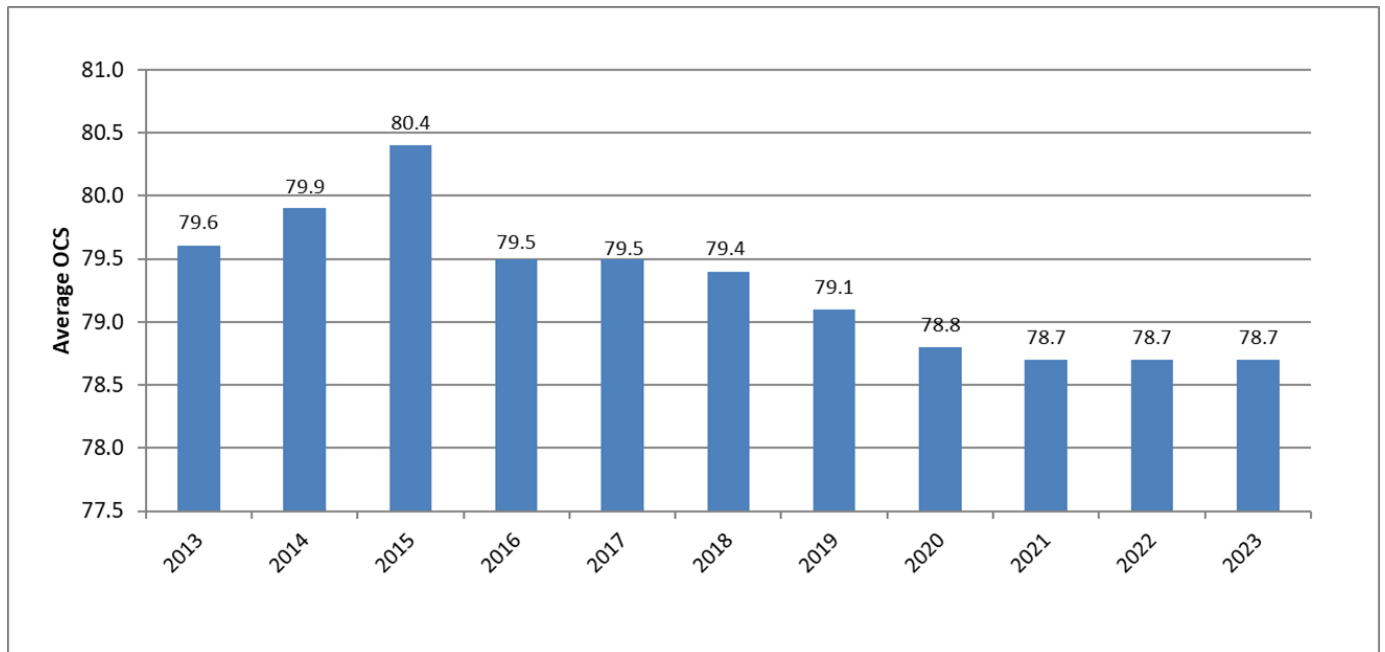


**Figure 10: Average OCS by Year 2013 to 2023**

# 4.0 Broadbanding, Simplified Classification, Contribution-based Compensation & Appraisal System (CCAS) Results 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 OCS based on ratings on three factors: (1) Job Achievement and/or Innovation, (2) Communication and/or Teamwork and, (3) Mission Support. 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 descriptions of duties and responsibilities compared to PDs.

Figure 11 displays a scatterplot of overall contribution score and basic pay for employees rated in the 2023 cycle. For most of the 327 pay pools in 2023, the middle blue line (the standard pay line) is the target for basic pay, where for Army and a few other organizations the upper rail is the target. Employees who plot above the upper rail (red line) usually receive no increase in base pay. Employees who plot on or below the upper rail receive the General Pay Increase. Rules for receiving a Contribution Rating Increase (CRI) in pay depend on target and plot position versus the rails. Contribution Awards (CA) are based on CA target. Anyone who plots below the target receives CA. Table 2 shows the number of pay pools using each target.

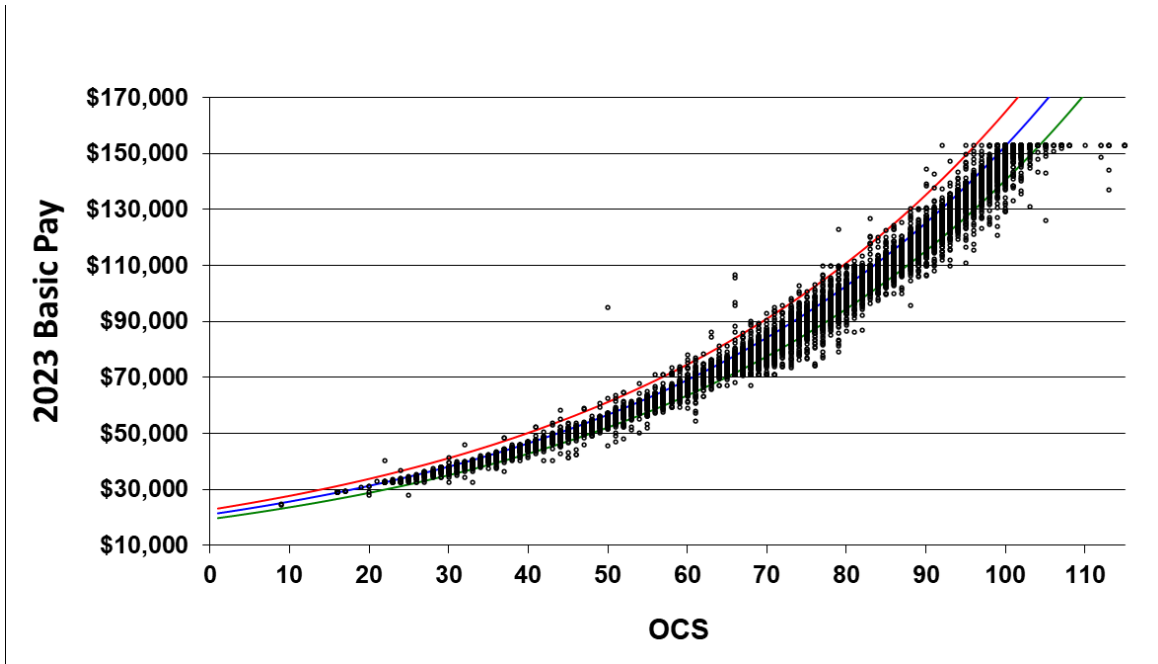| Component | 2023 Targets - Full Pop | | | | | |
| | CRI | | CA | | | |
| | SPL | Upper Rail | SPL | SPL +1% | SPL +2% | Upper Rail |
|---|---|---|---|---|---|---|
| Army | | 77 | | | | 77 |
| Navy | 55 | | | 11 | | 44 |
| Marine Corps | 6 | | | | | 6 |
| Air Force | 117 | | | | | 117 |
| Space Force | 26 | 1 | 1 | | | 26 |
| 4th Estate | 44 | 1 | | | 6 | 39 |
| AcqDemo | 248 | 79 | 1 | 11 | 6 | 309 |

**Table 2: Targets for CRI and CA**

**Figure 11: Scatterplot for 2023**

Pay increases are linked to target pay associated with the OCS the employee receives for the rating cycle compared to their current pay. Figure 12 shows that 97.4% of the employees are now in the appropriately compensated region (Region C), which is defined as the area on or 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 to appropriately pay employees for their contribution. The checkered part of the green bar represents employees who hit the maximum pay for their broadband. Depending on the policy of the pay pool, these employees may receive a carryover bonus for the dollar amount above the maximum.
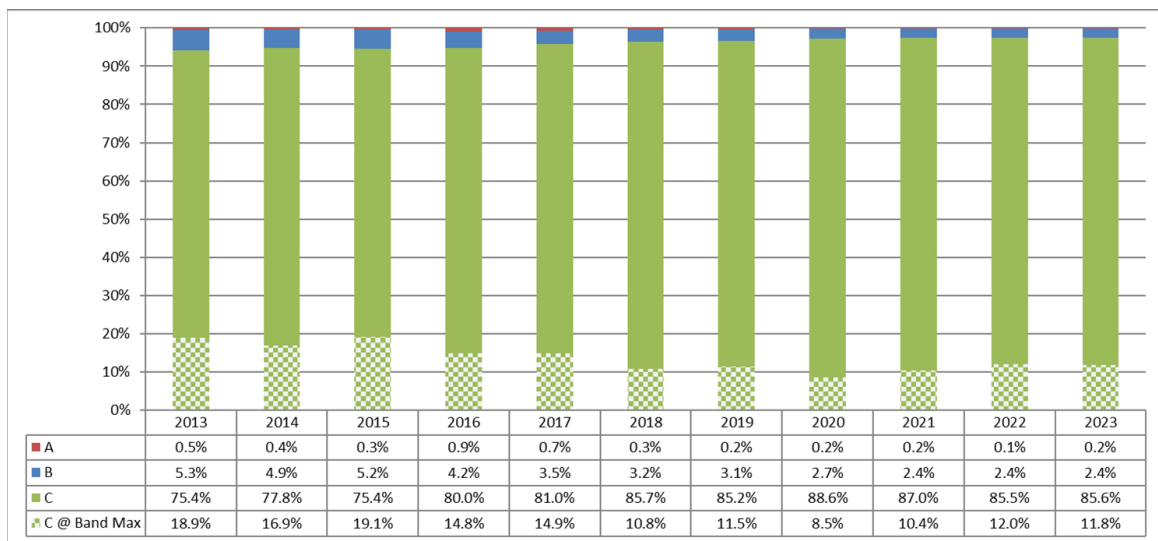


| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ■ A | 0.5% | 0.4% | 0.3% | 0.9% | 0.7% | 0.3% | 0.2% | 0.2% | 0.2% | 0.1% | 0.2% |
| ■ B | 5.3% | 4.9% | 5.2% | 4.2% | 3.5% | 3.2% | 3.1% | 2.7% | 2.4% | 2.4% | 2.4% |
| ■ C | 75.4% | 77.8% | 75.4% | 80.0% | 81.0% | 85.7% | 85.2% | 88.6% | 87.0% | 85.5% | 85.6% |
| ▧ C @ Band Max | 18.9% | 16.9% | 19.1% | 14.8% | 14.9% | 10.8% | 11.5% | 8.5% | 10.4% | 12.0% | 11.8% |

**Figure 12: Percent Population by Rail Region for 2013 to 2023**

Figure 13 shows the count and percent of pay pools by chosen CRI funding amounts in percentage of the sum of the base pay of the employees in the pay pool. New for 2023, any pay pool could pick 2.4% and expansion pay pools could use 2.5%.
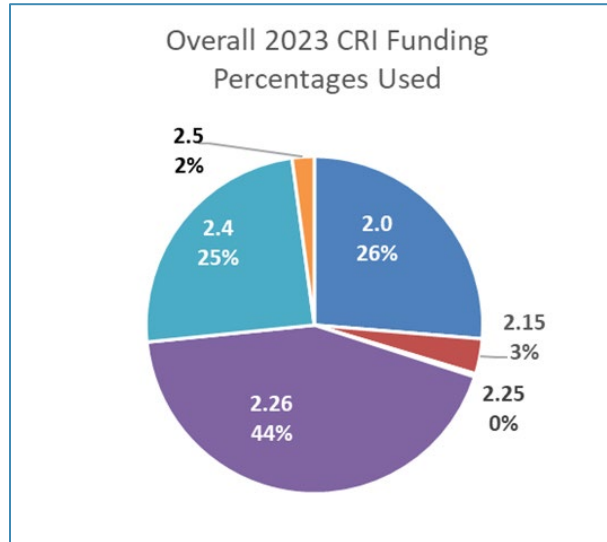


**Figure 13: Funding for CRI – % of Pay Pools**

The various choices for CA funding are shown in Figure 14, including number and percent of pay pools choosing each. The CA funding is the percent of the sum of adjusted base pay (base pay plus locality pay) for the employees in the pay pool. No more than 90% of the CA funding can be paid out as part of CCAS process, where the remainder is saved for other awards such a spot and special act awards given throughout the year.
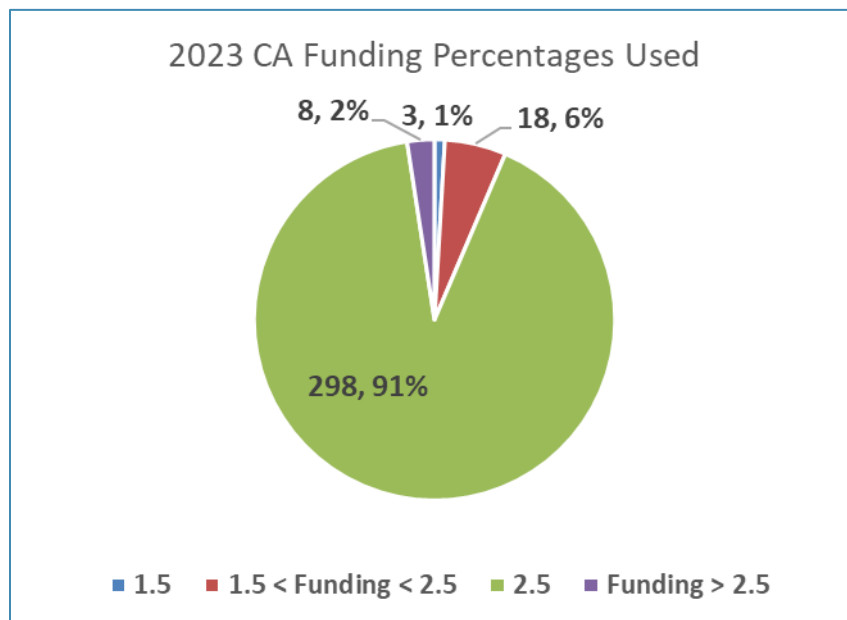


**Figure 14: Funding for CA – Pay Pool Count and %**

AcqDemo provides a broader range of pay increases than Title 5 (GS) due the pay for contribution approach. Figure 15 shows the range of basic pay increases, where employees on retained pay or receiving presumptive ratings are not included.
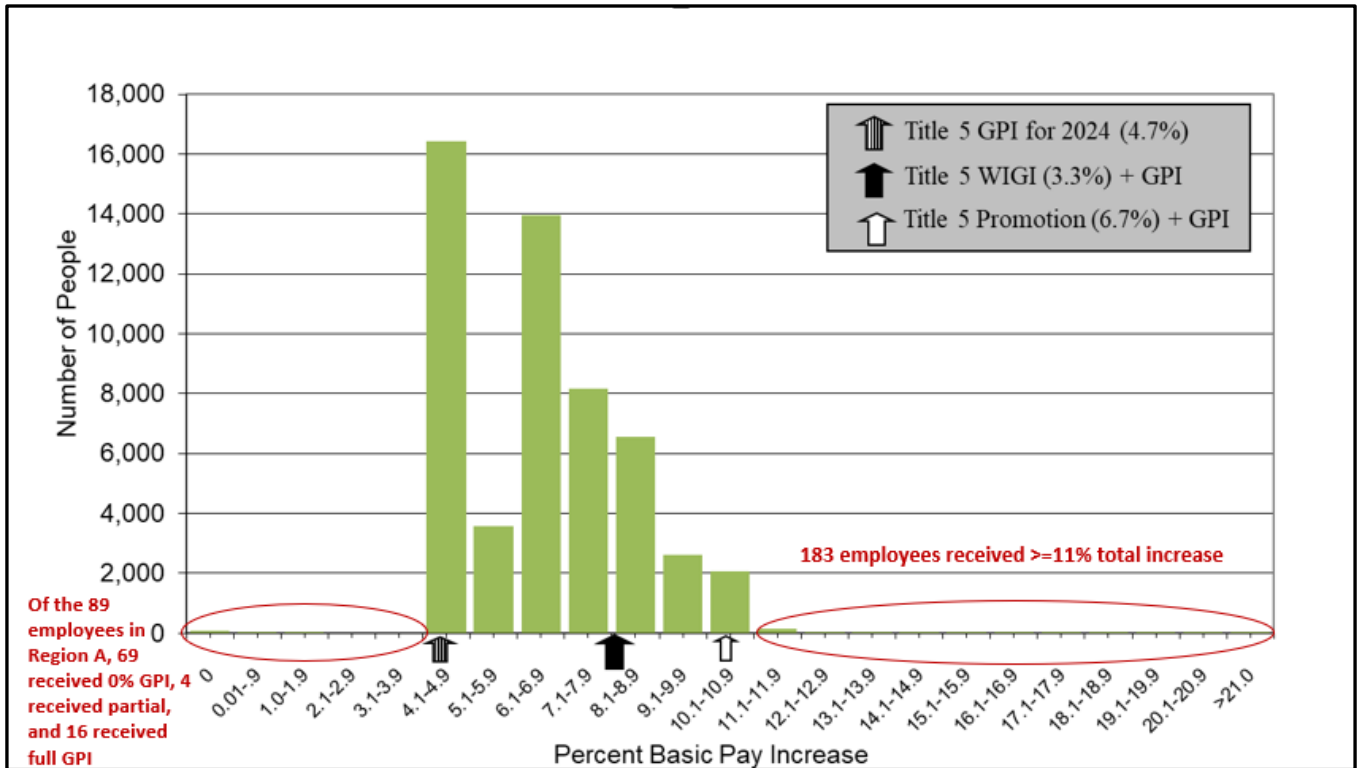


**Figure 15: Ranges of Pay Increases, Excluding Retained Pay and Presumptive Ratings**

An effect of 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 16 shows this effect. The Overcompensated Region (above the Upper Rail) has the greatest loss rate, but due to the small number of employees in the region (about 0.2% of the population) the loss rate varies significantly from year to year. One reason for these employees leaving is that most of them receive no basic pay increase and no Contribution Award. Employees in the Undercompensated Region (below the Lower Rail), which is about 2.4% of the population, receive greater than average pay increases and Contribution Awards and thus tend to have a lower loss rate than Appropriately Compensated (on or between the rails) employees.
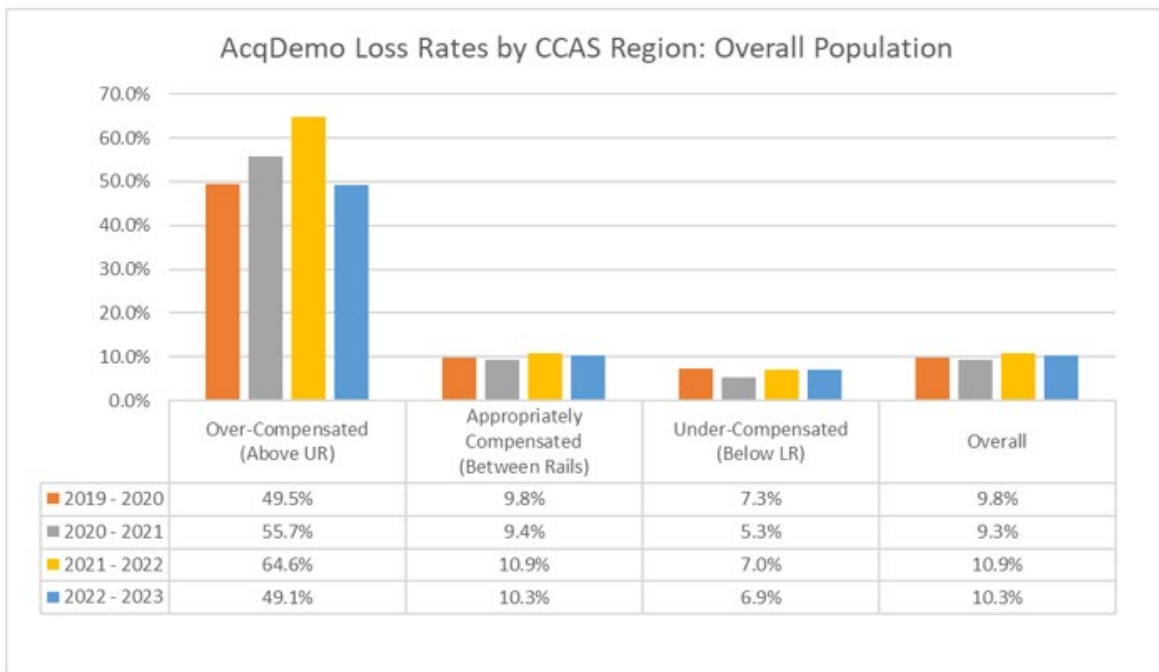


AcqDemo Loss Rates by CCAS Region: Overall Population

| | Over-Compensated (Above UR) | Appropriately Compensated (Between Rails) | Under-Compensated (Below LR) | Overall |
|---|---|---|---|---|
| 2019 - 2020 | 49.5% | 9.8% | 7.3% | 9.8% |
| 2020 - 2021 | 55.7% | 9.4% | 5.3% | 9.3% |
| 2021 - 2022 | 64.6% | 10.9% | 7.0% | 10.9% |
| 2022 - 2023 | 49.1% | 10.3% | 6.9% | 10.3% |

**Figure 16: Loss Rates by Region**

Figures 12, 15, and 16 show that CCAS is working as intended. Figure 12 shows that employees are moving to Region C (Appropriately Compensated) over time. Figure 13 shows that organizations are using a wide distribution of pay increases to reward employees for contribution. Figure 16 shows that employees in Region A (Overcompensated) have a high loss rate indicating that they leave AcqDemo without additional action by management other than withholding pay increases.

# 5.0 OPM's Federal Employee Viewpoint Survey (FEVS) Section

OPM attempts to collect FEVS data from federal employees including AcqDemo employees. For the 2023 FEVS:

- Full census of Federal Workforce was surveyed with a 25% AcqDemo response rate.
- 90 survey items were included in 2023, where 84 questions are common to 2022.
- Eight Agency Specific Items were included for DoD.
- In 2023, like 2022, "all DoD" responses did not include AcqDemo or the Science and Technology Re-invention Laboratory (STRL) demo responses
- AcqDemo results are compared to the DPMAP (DOD GS) and All Federal Employees.
- The number of respondents for all three groups is large enough that any difference in positive percentage is statistically significant.

For 2023, 13,905 AcqDemo employees responded for about a 25% response rate. Highlights of the 2023 results include:

**Employee Satisfaction:** OPM's 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 2023 GSI ratings are 70% positive compared to 63% for all DoD and 64% 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 six years, with 2023 ratings for AcqDemo at 78% positive compared to 72% for all DoD and all federal employees.

**Performance Confidence:** OPM's FEVS defines a Performance Confidence Index (PCI) that is an average of four items assessing employee's perception of their work unit's ability to achieve its goals and produce work at a high level. The 2023 PCI ratings were 88% positive for AcqDemo compared to 84% for all DoD and all Federal.

**Diversity, Equity, Inclusion, and Accessibility (DEIA):** The ratings are based on responses to 13 questions. The 2023 DEIA Ratings for AcqDemo were 79%, where they were 71% for all DoD and all Federal.

**Employee Experience Index:** The ratings are based on five questions that assess whether "employees actually experience the state of engagement" rather than the "conditions for engagement", which is measured by the Employee Engagement Index. 2023 was the first year OPM reported the Employee Experience Index, which was 76% for AcqDemo and 73% for all DoD and all Federal employees.

**Mission Accomplishment:**  In the 2023 FEVS, 87% of the AcqDemo population agrees that their organization is successful in accomplishing its mission compared to 81% for all DoD.

**Comparison of 2023 and 2022 Responses:**  The percentage of positive responses for AcqDemo increased for 56 out of the 83 agree/disagree questions in common between 2022 and 2023. The percentage of positive responses decreased in 2023 was only 4 questions.

By all the comparisons above, AcqDemo is doing well and better than DPMAP and All Federal and the trend over time is for more positive responses.

# 6.0 Costs Studies Section

## 6.1 Pay Costs

This section looks at pay growth and the pay of new hires under AcqDemo. AcqDemo's *Federal Register* requires cost discipline in the use of the AcqDemo pay flexibilities, where the concern was that AcqDemo pay would increase too quickly. Cost discipline means that the average annual base pay growth or pay progression under AcqDemo should be "close" to what it would have been if the population had remained in GS.

The second area is pay setting for new hires. AcqDemo's *Federal Register* and other authorities provide the flexibility for AcqDemo to be competitive in the marketplace for new hires, particularly for candidates currently in the private sector or school. Pay progression is covered first.

### 6.1.1 Pay Growth

The study of pay growth or pay progression uses a GS comparison group comprised of data for non-DoD federal agencies that is like the AcqDemo group in occupational series and a range of grades. This leads to conducting the study by career path. Due to the low number of employees in the NJ and NK populations, the study focuses on the NH career path, which accounts for 96.3% of the AcqDemo population (see Figure 4). Regression analysis is used to account for differences in the GS comparison group and the AcqDemo population. Regression coefficients are computed to estimate pay for annual GS populations using the following merit and demographic variables:

- Gender
- Minority status
- Education
- Equivalent band
- Supervisory status
- Retained pay status
- Bargaining unit status
- AW status and career field
- Average age and time in service

The result of the eleven-year study is that the average annual pay growth in AcqDemo is 0.18% per year greater than if the population had remained GS. This result is in the middle of the range of growth for the STRLs and shows that AcqDemo is exercising cost discipline in pay progression.

## 6.2   New Hire Pay

One goal of the demos is for organizations in demo to be more competitive in hiring than if their positions were still under the GS system, and thus new hire pay in demo is typically higher in demos.  New hire pay for AcqDemo is studied by comparing new hire pay in demo to what it would have been if the positions were still under GS.   The eleven-year study uses a similar set of data elements as the pay progression study to develop a regression function for GS new hire pay. It then applies the regression function to the AcqDemo new hires to estimate what they would have been paid if they were hired into GS.  AcqDemo hires from GS are not included because AcqDemo has specific policies that limit pay setting flexibility for employees hired from GS into demo.  Only the NH career was studied because the other two pay plans had fewer than 50 new hires per year, which is too few for the regression results to be reliable.

The result is that new NH hires into AcqDemo are estimated to have an average pay that is 9.6% greater than if they had been hired into GS, which is in the middle of the range of new hire pay results for the STRL demos.

## 6.3   Costs Summary

AcqDemo's pay growth rate tracks well with estimated pay growth if the employees had stayed GS, thus exhibiting cost discipline in pay progression.  Because organizations in demo strive to be more competitive in hiring than if their positions were still under the GS system, new hire pay in demo is somewhat higher.

# 7.0 New Flexibilities and Other Studies Section

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

## 7.1 Employee Recruitment and Hiring

Use of the Business and Technology Management Professional Direct Hiring Authority (DHA) doubled from FY21 to FY22 and nearly doubled again in FY23.  Figure 17 shows how the DHA's were applied.
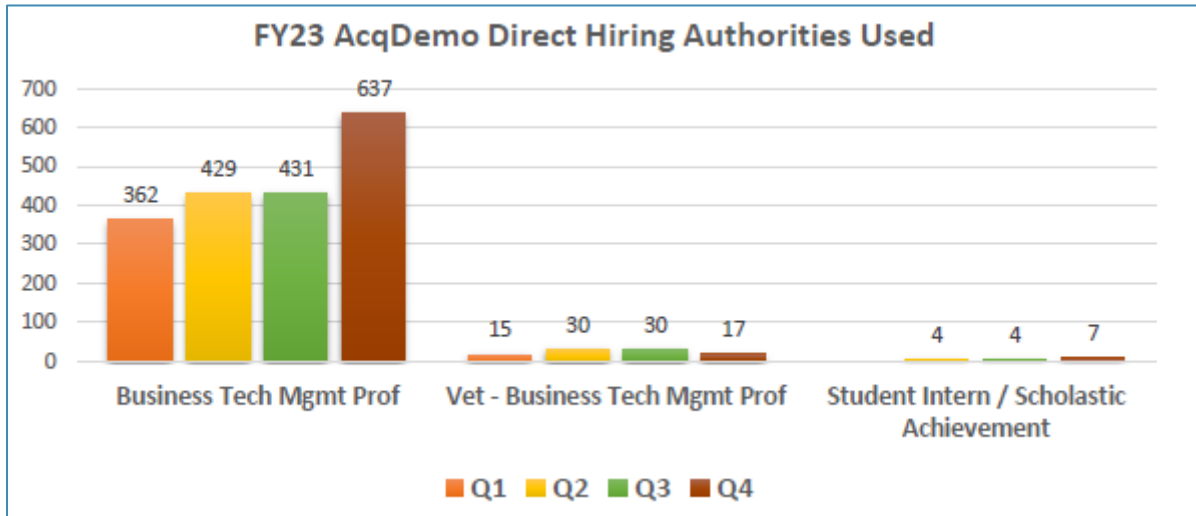


**Figure 17: Direct Hiring Authorities**

## 7.2 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 employees who would have been in career ladder positions in the GS system.  Before ACDP, many AcqDemo organizations were keeping career ladder employees in GS positions until they reached their target grade and were then converting them into AcqDemo. Figure 18 shows the use of ACDP in FY23, where the Marine Corps does not use it.

| Component | Band 1 | | | Band 2 | | | Band 3 | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Pop | ACDP | | Pop | ACDP | | Pop | ACDP | | Pop | ACDP | |
| | | Count | Percent | | Count | Percent | | Count | Percent | | Count | Percent |
| Army | 14 | 0 | 0.0% | 1,088 | 99 | 9.1% | 7,816 | 14 | 0.2% | 8,918 | 113 | 1.3% |
| Navy | 50 | 1 | 2.0% | 376 | 100 | 26.6% | 3,149 | 49 | 1.6% | 3,575 | 150 | 4.2% |
| Marine Corps | 0 | 0 | | 129 | 0 | 0.0% | 1,141 | 0 | 0.0% | 1,270 | 0 | 0.0% |
| Air Force | 3 | 0 | 0.0% | 1,386 | 29 | 2.1% | 14,512 | 14 | 0.1% | 15,901 | 43 | 0.3% |
| Space Force | 2 | 0 | 0.0% | 695 | 7 | 1.0% | 2,079 | 1 | 0.0% | 2,776 | 8 | 0.3% |
| 4th Estate | 3 | 0 | 0.0% | 447 | 96 | 21.5% | 2,911 | 3 | 0.1% | 3,361 | 99 | 2.9% |
| AcqDemo Total | 72 | 1 | 1.4% | 4,121 | 331 | 8.0% | 31,608 | 81 | 0.3% | 35,801 | 413 | 1.2% |

**Figure 18: FY 23 Use of ACDP**

## 7.3 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 19 shows the use of supervisory differential for both supervisors and team leads in FY23.  Army is the biggest user of supervisory differential with 30.2% of eligible supervisors/team leads receiving it, where overall in AcqDemo 7.7% receive it.   From discussions with the components, the use or non-use of supervisory differential in AcqDemo follows the usage pattern for the component for GS.

| Component | Band | Supervisor Count | Count Receiving Supervisor Differential | Percent Receiving Supervisor Differential | Average Percent Received | Max Percent Received | Min Percent Received |
|---|---|---|---|---|---|---|---|
| Army | 2 | 23 | 1 | 4.3% | 10.0% | 10.0% | 10.0% |
| | 3 | 966 | 287 | 29.7% | 4.7% | 10.0% | 1.0% |
| | 4 | 2,983 | 996 | 33.4% | 5.9% | 10.0% | 1.0% |
| **Army Total** | | **3,972** | **1,284** | **32.3%** | **5.6%** | **10.0%** | **1.0%** |
| Navy | 2 | 7 | | 0.0% | | | |
| | 3 | 444 | 7 | 1.6% | 3.6% | 6.0% | 1.5% |
| | 4 | 2,389 | 22 | 0.9% | 4.2% | 10.0% | 1.0% |
| **Navy Total** | | **2,840** | **29** | **1.0%** | **4.1%** | **10.0%** | **1.0%** |
| Marine Corps | 2 | | | | | | |
| | 3 | 116 | 46 | 39.7% | 3.0% | 3.0% | 3.0% |
| | 4 | 361 | 6 | 1.7% | 3.0% | 3.0% | 3.0% |
| **Marine Corps Total** | | **477** | **52** | **10.9%** | **3.0%** | **3.0%** | **3.0%** |
| Air Force | 2 | 181 | 3 | 1.7% | 8.0% | 10.0% | 7.0% |
| | 3 | 4,365 | 177 | 4.1% | 5.3% | 10.0% | 1.0% |
| | 4 | 4,301 | 61 | 1.4% | 6.5% | 10.0% | 1.5% |
| **Air Force Total** | | **8,847** | **241** | **2.7%** | **5.6%** | **10.0%** | **1.0%** |
| Space Force | 2 | 57 | 4 | 7.0% | 7.5% | 10.0% | 5.0% |
| | 3 | 463 | 31 | 6.7% | 6.5% | 10.0% | 1.0% |
| | 4 | 661 | 28 | 4.2% | 6.6% | 10.0% | 1.0% |
| **Space Force Total** | | **1,181** | **63** | **5.3%** | **6.6%** | **10.0%** | **1.0%** |
| 4th Estate | 2 | 37 | | 0.0% | | | |
| | 3 | 918 | 13 | 1.4% | 5.2% | 8.6% | 1.0% |
| | 4 | 1,234 | 36 | 2.9% | 7.1% | 10.0% | 1.0% |
| **4th Estate Total** | | **2,189** | **49** | **2.2%** | **6.6%** | **10.0%** | **1.0%** |
| Overall AcqDemo | **2** | **305** | **8** | **2.6%** | **8.0%** | **10.0%** | **5.0%** |
| | **3** | **7,272** | **561** | **7.7%** | **4.8%** | **10.0%** | **1.0%** |
| | **4** | **11,929** | **1,149** | **9.6%** | **5.9%** | **10.0%** | **1.0%** |
| **Overall AcqDemo Total** | | **19,506** | **1,718** | **8.8%** | **5.6%** | **10.0%** | **1.0%** |

**Figure 19: FY23 Use of Supervisory Differential**

## 7.4   Other Studies

A quick study using CMIS data from 30 September 2023 found that 11% of AW portion of the AcqDemo population was covered by bargaining units versus 43% for the entire AW. The study also found that AcqDemo was 25% of the AW.

# 8.0 OUSD(P&R) Annual Report to Congress Section 1106 Report

## 8.1 Introduction

Section 4703(j) of title 5, United States Code (U.S.C.), requires Federal agencies with personnel demonstration projects authorized under section 4703 to submit an annual report to the Office of Personnel Management (OPM), the Office of Management and Budget, the Committee on Homeland Security and Governmental Affairs of the Senate, and the Committee on Oversight and Reform of the House of Representatives 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 National Defense Authorization Act for Fiscal Year (FY) 2004 (Public Law 108-136; 5 U.S.C § 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.

DoD OUSD P&R submits the report annually and requests data from AcqDemo, the STRL demos, and DPMAP to produce the report. The results shown here are from the draft report for FY2024, which is based on data from FY2023. In compiling this report, DoD compared data for AcqDemo and the 23 STRL Lab Demos against data received on all appropriated fund employees covered by DPMAP. The data covered include the FY 2023 performance appraisals, compensation, monetary awards, and 2023 FEVS results.

For performance appraisals, the STRLs had pass-fail ratings where AcqDemo and DPMAP had ratings of 1-3-5. The top rating for AcqDemo was given more often than for DPMAP. Compensation and monetary awards for AcqDemo were similar to those for the STRLs. For the FEVS questions positive responses for AcqDemo were compared with the STRLs, DPMAP, and all federal employees. In all the FEVS results reported AcqDemo and the STRLs had a higher percentage of positive responses than DPMAP which was, in turn, greater than or equal to the percentage for all federal employees. The FEVS data continues to indicate that AcqDemo employees, overall, value their work experience and appreciate a high-functioning work unit.

Finally, the FEVS data continues to reflect that employees covered by AcqDemo report a greater sense of mission impact, higher employee engagement, and better recruitment and retention outcomes, than employees in DPMAP or other federal employees. Positive responses for AcqDemo employees indicate that the flexibilities available under AcqDemo directly support mission needs and overall employee satisfaction.

# 9.0 Business Rules Report 2024 for Cycle 2023 Data

The Business Rules Report documents how Components/DoD Agencies implement and sustain AcqDemo within their organizations. The intent is to ensure that participating organizations are properly using AcqDemo flexibilities to hire, train, reward, and retain the acquisition workforce and support positions. The report also identifies best practices that can be shared and recommends improvements where applicable. The 2024 report covers 32 sets of rules that were submitted for the FY 2023 cycle, where the number of topics covered varied.

## 9.1   Review Summary

Personnel Policy Board: Business rules are developed by an organization's Personnel Policy Board (PPB) which is comprised of three to seven members from specific leadership positions. The 2024 review found that 94% of the submitted business rules had well defined rules and responsibilities, as compared to 85% in 2021.

Promotion/Hiring:   The majority of organizations provided guidelines for setting pay for promotions, reassignments, change to lower broadbands and new hires (69% as compared to 63% in the last review). They have rules on maximum percent pay increase and level of approval authority. Many included a copy of their pay-setting worksheets which included the pay increase justification and the approval authority.

Accelerated Compensation for Developmental Positions (ACDP):  About 75% of the organizations reviewed discussed ACDP in their business rules. This is compared to 51% from the last study conducted in 2021. Some stated they will not utilize ACDP. Others kept their interns in the General Schedule until they reached their target grade. Some ACDP employees may not be eligible for the Contribution Rating Increase or the Contribution Award (CA), however, their salaries are included in the Pay Pool.

Supervisory and Team Leader Cash Differential:  The PPB defines the strategy and philosophy for using the cash differential and is reviewed annually. Positions must meet eligibility guidance from the Operations Guide:

> a) Organizational level and scope, difficulty, and value of position warrants additional compensation.

> b) Supervisory and/or team leader positions are extremely difficult to fill; or

> c) Salary inequities may exist between the supervisor/team leader and nonsupervisory/non-team lead subordinate's basic pay.

Several organizations added additional requirements such as basing the percentage amount on the scope and complexity of the responsibilities, defining maximum percentages, providing a worktable for computing the cash differential. In addition, a few placed limitations such as limiting it to only supervisors and not team leads, and the number of employees supervised. The number of rules including Supervisory Differentials increased to 94% in this study as compared to 80% in 2021.

Pay Pool Management:  Most business rules provided guidance to pay pool panels and included a timeline for end-of-cycle activities, guidelines for communication of post-cycle organizational

results, and various methods to encourage employees to write self-assessments such as providing examples for each factor, having employees provide input describing their contributions throughout the year and while some required mandatory mid-year employee self-assessments, others were encouraged but not required.  100% of those reviewed addressed pay pool management whereas the last study indicated 93%.

Contribution-based Compensation Appraisal System (CCAS Management):  Many organizations provided award percentages for CRI and CA on the pay pool funds, including any set aside monies for discretionary use. Detailed information was provided for those organizations that used control points. Guidance was also provided on how to use Very High Scores, the use of Time-Off Awards in conjunction with CAs, specifics on the assignment of GPI to employees in Zone A to include to reduce or deny it. Most business rules included grievance procedures, and all had indicated the 15 days for employees' reconsideration window. Both the current study and one from three years ago showed 100% of the business rules covered CCAS management.

Conclusion:  AcqDemo participating organizations have meaningful and well-organized business rules that provide a solid framework for a successful pay pool process. However, the review indicates that there are continuous improvement opportunities for organizations to view their business rules not only to define the pay pool process and CCAS management, but to additionally communicate more precise compensation strategies that include pay setting policies for promotions, new hires, developmental positions, and other flexibilities. To obtain the minimum requirements when establishing/modifying business rules, we recommend organizations review the Business Rules template located in the AcqDemo Operating Guide, Chapter, 6, Appendix A. To maintain transparency, business rules are to be published annually and made available to employees to enhance their trust and avoid misperceptions of the pay pool process.

# 10.0   Evaluation Report Summary

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.

The population of AcqDemo has tripled from 2011 to 2023 as acquisition organizations see the benefits of AcqDemo over the GS system.  The overall AcqDemo population growth from 2022 to 2023 was 5% yielding a population of 56,103.

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.

Twenty-five percent of the AcqDemo population responded to the 2023 FEVS.  Overall results were encouraging with AcqDemo agree responses increasing for 56 of the 83 agree/disagree questions that were common to both the 2022 and 2023 surveys.  AcqDemo positive response percentages for FY2023 for the five indices reported by OPM were greater for AcqDemo than non-demo DoD (DoD less AcqDemo and the STRL demos) and all federal employees as highlighted below:

- The Employee Engagement Index for AcqDemo was 78% versus 76% for non-demo DoD employees and 72% for all federal employees.
- The Global Satisfaction Index was 70% for AcqDemo versus 69% and 63%.
- The Diversity, Equity, Inclusion and Accessibility Index was 79% versus 78% and 71%.
- The Performance Confidence Index for AcqDemo was 88% versus 87% and 84%.
- The Employee Experience Index was 76% for AcqDemo versus 75% and 73%.

For 88 of 89 agree/disagree questions for 2023 FEVS, AcqDemo responses had a higher agree percentage than non-demo DoD employees.

The new flexibility and other studies section (7.0) indicates mixed use of the new pay flexibilities of ACDP and Supervisory Differential.  It also shows increasing use of Direct Hiring Authorities.  The section reports that 11% of AW portion of the AcqDemo population is covered by bargaining units, where 43% of the entire AW is covered.  Twenty-five percent of the AW is in AcqDemo.

The draft OUSD P&R report required by Section 1106 of the 2019 NDAA shows that AcqDemo results continue to be about the same as results for the STRL demos and somewhat better than DPMAP results.

The Business Rules report shows that AcqDemo organizations are improving the clarity of the rules they apply to the implementation and sustainment of AcqDemo.

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**Perspective:** Evaluating personnel demonstration projects, like other personnel and performance systems, is challenging because there is neither a single nor simple measure of success. Factors other than the flexibilities authorized by the Federal Register are evolving and changing, such as hiring authorities available to all DoD or AW organizations. Also, the AcqDemo population has increased, decreased, and then increased again. For these reasons, AcqDemo management pulls together multiple standalone evaluations, assessments, data and metrics to get a broad understanding of the health of the AcqDemo program. This meta-analytical approach provides different views of the effects of AcqDemo on performance management and mission accomplishment. The annual results data indicate that the contribution-based compensation and appraisal system links monetary rewards to measures of contribution to mission. The cost study indicates that the costs are under control. The workforce trends report shows a vibrant population. On nearly all measures, the FEVS shows the AcqDemo population being more positive than comparable populations. The business rules report shows effective oversight of AcqDemo by the participating organizations. The OUSD P&R response to the 1106 report shows that AcqDemo compares favorably to the STRL demos and DPMAP. A major indicator of the positive effects of AcqDemo is its expansion to additional organizations with a total of over 56,000 employees.